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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 42

10.02 AM FRIDAY, 24 SEPTEMBER 2021

COMMISSIONER NJ OWEN

COMMISSIONER CF JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MR DAVID LEIGH and MS KALA CAMPBELL and MR MICHAEL FEUTRILL SC and MS ELLY STURGEON as Counsel Assisting the Perth Casino Royal Commission

MR ANTHONY WILLINGE as Counsel for Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

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

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

MR KANAGA DHARMANANDA SC and MS CLARA WREN and MR HANWEN CHAN and MS CHRISTABEL MOFFAT and MR JOSEPH GARAS SC and MS HEATHER MILLAR 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 DAVID SHAW as Counsel for Ms Melanie Strelein Faulks

MR ALEX WARD-NOONAN as Counsel for Mr Joshua Preston

MR GANDHI as Counsel for Ms Vasula Kessell

COMMISSIONER JENKINS: There are some housekeeping matters before we commence this morning. Ms Strelein Faulks, would you bear with me whilst I deal with those housekeeping matters.

5

We sit this morning to hear the evidence of Ms Strelein Faulks in a restricted hearing. I am aware some orders have been made in that respect but I want to make sure everybody is clear about them.

10 The first thing that has to be made clear is the hearing is closed to everybody other than those who have been given leave to appear in respect of certain people today. All other persons who do not have leave to appear must leave the hearing room, remain outside of the hearing room and away from the hearing room, so they cannot hear what is said in the room until further order. That applies also to the remote
15 room itself.

In respect of people who have leave to appear, I will go through it and make sure the only people in the room are people who have leave. Mr Leigh, you appear to assist the Commission today.

20

MR LEIGH: Just to confirm, Commissioner, I appear with Ms Kala Campbell as well.

COMMISSIONER JENKINS: Thank you for that. Mr Dharmananda, you appear
25 and have leave to appear for the Crown entities. Could you please name those who you appear with today who also have leave?

MR DHARMANANDA: Clara Wren, Hanwen Chan, Christabel Moffat.

30 COMMISSIONER JENKINS: Thank you for that. Ms Seaward, you appear for the Department.

MS SEAWARD: Yes, with Mr Sardinha as well.

35 COMMISSIONER JENKINS: Thank you. Mr Sadler, you appear for the GWC. Mr Willinge, you appear for Consolidated Press Holdings.

MR WILLINGE: Yes, Commissioner. There is no-one with me in the room but I do have an instructing solicitor monitoring remotely to the extent that is permitted.

40

COMMISSIONER JENKINS: I am not quite sure they will be able to do so because there is no streaming of --- no, sorry, we have actually managed to get her online. So, her alone. Can you name her for me?

45 MR WILLINGE: Yes, Commissioner. It would either be Rick Saha or Stephanie Andrews.

COMMISSIONER JENKINS: Thank you. Leave is given to both of those persons

10:05AM

to appear remotely. Mr Dharmananda.

5 MR DHARMANANDA: Commissioner, Andrew Maher has been admitted into room 4 remotely. He is in Melbourne with a partner of Allens. He needs to be admitted into room 3, if that could be arranged?

10 COMMISSIONER JENKINS: All right. We will see that we can do that. And Mr Ward-Noonan.

MR WARD-NOONAN: Yes, I appear for Mr Preston.

15 COMMISSIONER JENKINS: Thank you. I think that is everybody. Except, of course, for the remote room where we have Mr Shaw and Ms Strelein Faulks; is that right?

MR SHAW: Yes, Commissioner.

20 COMMISSIONER JENKINS: Thank you.

MR LEIGH: Commissioner, I understand there is one other solicitor there, Gabby O'Hara, who is assisting in that room.

25 COMMISSIONER JENKINS: Is that correct, Mr Shaw?

MR SHAW: Yes, Commissioner, and that's acceptable.

30 COMMISSIONER JENKINS: Thank you. I think we are now ready to proceed, as long as we have sorted out the problem with access by the Crown solicitor from Melbourne. Will it be all right, Mr Dharmananda, if we commence?

MR DHARMANANDA: I am not sure how long that link will take, Commissioner.

35 COMMISSIONER JENKINS: I just enquired and I was told the process but not exactly how long it would take. Apparently they have to leave the room they are in, be sent the link for the new room and then connect to the new link.

OPERATOR: Have they joined hearing room 3 before remotely?

40 MR DHARMANANDA: Yes.

OPERATOR: Can they use the hearing room 3 link rather than the hearing room 4 link? If he needs the meeting ID, I can provide that.

45 MR DHARMANANDA: I think preliminary steps, Commissioner, with respect to Mr Shaw, the examination can proceed while this is being arranged so we don't lose too much time.

10:08AM

COMMISSIONER JENKINS: Thank you, Mr Dharmananda.

Ms Strelein Faulks, before you give your evidence, you must take an oath or an
5 affirmation. What would you prefer to take?

WITNESS: An affirmation, please.

10 **MELANIE STRELEIN FAULKS, AFFIRMED**

COMMISSIONER JENKINS: Mr Shaw, do you wish to examine your witness?

15 MR SHAW: Yes, Commissioner.

EXAMINATION-IN-CHIEF BY MR SHAW

20

MR SHAW: Commissioner, can the witness statement be put on the screen, please,
CRW.998.002.0622_R. Ms Strelein Faulks, could you please --- sorry,
Commissioner, we are just getting the statement on without the little extra box. Can
we scroll down to the signature.

25

COMMISSIONER JENKINS: You want to go to the last page?

MR SHAW: Yes, please. Thank you.

30 COMMISSIONER JENKINS: I don't know that we have an unredacted ---

MR SHAW: Yes. Can you confirm that is your statement and the matters in there
are true and correct to the best of your knowledge, information, and belief?

35 MS STRELEIN FAULKS: Yes, they are.

MR SHAW: Commissioner, I tender the witness statement.

40 COMMISSIONER JENKINS: The witness statement of Ms Strelein Faulks, bearing
that identifier number, will. Be an exhibit in the Commission.

**EXHIBIT #CRW.998.002.0622_R - WITNESS STATEMENT OF MELANIE
STRELEIN FAULKS, DATED 16/09/2021**

45

COMMISSIONER JENKINS: Our vision of you is frozen. I think we need to do

10:11AM

something about that before we proceed.

5 MR SHAW: Sorry, Commissioner, you were cutting out there. We are having a slight technical difficulty. We can't see you on the screen and the sound has just cut out.

10 COMMISSIONER JENKINS: I was saying that our vision of you is frozen, so we need to do something about that before we commence. Please bear with us.

MR SHAW: Thank you, Commissioner.

COMMISSIONER JENKINS: I am told we will be another two minutes.

15 MR SHAW: Thank you, Commissioner.

20 COMMISSIONER JENKINS: We are back live now. Before we commence, I indicate that we will take morning tea somewhere around 11.15 for 20 minutes. If it is necessary to do so, I will sit until about 1.30 in order to conclude the evidence of Ms Strelein Faulks.

Yes, Mr Leigh?

25 MR LEIGH: Thank you, Commissioner.

CROSS-EXAMINATION BY MR LEIGH

30 MR LEIGH: Ms Strelein Faulks, can you hear and see me okay?

MS STRELEIN FAULKS: Sorry, I can hear you but I can't see you at the moment.

35 COMMISSIONER JENKINS: What can you see at your end?

MS STRELEIN FAULKS: I can now see Mr Leigh.

40 MR LEIGH: Ms Strelein Faulks, I am one of the Counsel Assisting the Commission in relation to this inquiry. My first question for you is, you say in your witness statement you joined Crown in 2006 as sales coordinator in the hotel area; is that correct?

MS STRELEIN FAULKS: That is correct.

45 MR LEIGH: Then you transferred across to the Responsible Gaming area in 2010?

MS STRELEIN FAULKS: Correct.

10:14AM

MR LEIGH: In the course of questions this morning, I will refer to Responsible Gaming with the acronym "RG" frequently. Once you were in the Responsible Gaming area, you were then promoted internally within that area until 2014, when
5 you became the General Manager; is that correct?

MS STRELEIN FAULKS: That is correct.

MR LEIGH: At paragraph 23 of your statement, you explain that you did not have
10 any experience in terms of casino operations prior to joining Crown Perth in 2006?

MS STRELEIN FAULKS: That is correct.

MR LEIGH: At paragraph 25, you explain that you received on-the-job training
15 from other staff in the Responsible Gaming area, including the former Departmental Officer Mr Michael Egan?

MS STRELEIN FAULKS: Correct.

MR LEIGH: At paragraph 28, you list a number of ---
20

MR SHAW: Can I ask the witness to take her written statement out because it will be easier than trying to read the screen. Sorry, Mr Leigh, it will assist if the witness has her written statement in front of her. We have you on the screen and the
25 statement is a bit smaller, and I think it would be helpful to have the written statement on the table.

MR LEIGH: Thank you, Mr Shaw.

MR SHAW: Sorry, Commissioner. Thank you, Mr Leigh.
30

MR LEIGH: In paragraph 28, you list a number of courses you have completed relevant to your role in the Responsible Gaming area since working with Crown?

MS STRELEIN FAULKS: Yes.
35

MR LEIGH: My question is: have you completed those courses only since becoming the General Manager or have you completed some of those courses while working as an RG adviser as well?
40

MS STRELEIN FAULKS: They are through my time with the Responsible Gaming team.

MR LEIGH: Of those courses, how many are completed by all RG advisers?
45

MS STRELEIN FAULKS: The ones that we propose for staff to attend, because some of them already come into the role having attended some of these courses in previous roles. But the ones listed would be in regards to domestic and family

violence, ASIST training, which is the Applied Suicide Intervention Skills Training, Mental Health First Aid, also known as psychological first aid, and Body Language Awareness and Profiling.

5

MR LEIGH: Thank you. Do you have any other formal qualifications that may be relevant to your role such as, for example, in psychology or social work or anything of that nature?

10 MS STRELEIN FAULKS: I do not.

MR LEIGH: At the outset, I will ask you some questions about the causes of gambling-related harms. Can we please bring up CRW.700.050.0082 at page 2. This appears to be training materials for persons who are looking to become RG advisers.
15 Do you have that on the screen?

MS STRELEIN FAULKS: I do, yes.

MR LEIGH: Did you have a role in writing this training program or approving it?
20

MS STRELEIN FAULKS: I didn't write the training program. It was actually written by a former senior adviser within the team.

MR LEIGH: Are you familiar with the program?
25

MS STRELEIN FAULKS: I am, yes.

MR LEIGH: Will you go to page 14, please. Leading up to this page, the program reviews some of the discussion of gambling addiction in the DSM-V and prior
30 versions of that work. You see the first dot point there talks about how gambling affects the brain in a way that is similar to other drugs?

MS STRELEIN FAULKS: Yes.

MR LEIGH: The fourth dot point explains there can be diminished cognitive control over the urge to engage in addictive behaviours. Do you see that?
35

MS STRELEIN FAULKS: I do, yes.

MR LEIGH: Can we please go to page 15. There is an explanation of the role of dopamine in problem gambling. In the third dot point from the bottom, there is a reference to "PG", which I take to be problem gamblers:
40

PG found to have high levels of dopamine metabolites (indicating high *dopamine turnover*).
45

Does that match your understanding of the biological basis for gambling addiction?

MS STRELEIN FAULKS: Yes.

5 MR LEIGH: On page 16, in the second dot point from the bottom, it says that the brains of addicted individuals generally have particular characteristics that make them hypersensitive to dopamine with a low serotonin baseline. Again, that is something you are familiar with?

10 MS STRELEIN FAULKS: It is, yes, at a very, yeah, surface level though. I mean, obviously I don't have a psychology degree behind that, but that is my understanding, yes.

MR LEIGH: Yes. The final dot point on that page:

15 Due to the high turnover of dopamine, problematic gamblers may be highly *motivated to continue pleasure seeking behaviour without recognition that it is time to stop.*

20 Again, appreciating what you said about the high-level understanding, is that dot point consistent with your own understanding of the situation?

MS STRELEIN FAULKS: Yes.

25 MR LEIGH: In summary, is it the case that the research Crown provides and the education Crown provides to its RGAs explains that some people are particularly vulnerable to gambling-related harm because of their brain function and such people will struggle with being able to stop gambling on their own?

30 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: In light of that, do you consider, as a general proposition, that it is appropriate for Crown to provide whatever support or assistance it reasonably can to enable people who are vulnerable to gambling-related harms, to impose limits on their gambling and then stick to those limits?

35 MS STRELEIN FAULKS: Yes.

40 MR LEIGH: Going back to your witness statement, there is some discussion from paragraph 60 onwards where you talk about training that the Crown employees receive in relation to RG issues. If I have read it correctly, there is, first, a 45-minute session during a two-day orientation to discuss RG issues; is that correct?

MS STRELEIN FAULKS: That's correct, yes.

45 MR LEIGH: There's an online training module which takes about 30 minutes to complete?

MS STRELEIN FAULKS: Correct.

10:20AM

MR LEIGH: You say in your statement that module must be completed or passed by finishing a test with a 100 per cent score; is that right?

5 MS STRELEIN FAULKS: That's correct, yes.

MR LEIGH: That is a multiple choice test. It doesn't require persons to, for example, write out answers to questions; is that right?

10 MS STRELEIN FAULKS: That is correct.

MR LEIGH: You can take the test as many times as you require?

MS STRELEIN FAULKS: Correct, yes.

15

MR LEIGH: Would you agree it is not a very difficult test to pass?

MS STRELEIN FAULKS: I think that would depend on the individual.

20 MR LEIGH: From your perspective, when you completed the test, did you find it a difficult test to pass?

MS STRELEIN FAULKS: No, but I also wrote the content or contributed to the writing of the content, so I am very familiar with it.

25

MR LEIGH: Yes. You then explained that the online training was previously repeated once every two year but is now repeated more frequently at once a year. Is that correct?

30 MS STRELEIN FAULKS: That's correct.

MR LEIGH: That repeated content, is it a different module or is it the same module that people do the first that is then done again?

35 MS STRELEIN FAULKS: It is, it is the same module.

MR LEIGH: You then say, additionally, security officers, dealers, hosts and EGM attendants get another 30 to 45-minute face-to-face training when they commence work with Crown. Is that right?

40

MS STRELEIN FAULKS: That is correct. So that's more of a targeted training to translate how they are able to assist RG in their roles and particular things they may encounter.

45 MR LEIGH: If you are a new employee starting at Crown today, say an EGM attendant, you would receive, in total, perhaps just a little under two hours of instruction in relation to Responsible Gaming before you start working on the floor?

MS STRELEIN FAULKS: Correct.

MR LEIGH: After that, there is a 30-minute refresher course each year?

5

MS STRELEIN FAULKS: Correct. But there's also other touch points as well, through staff briefings and the like.

MR LEIGH: Are there any other assessment points other than the actual multi-choice test, the online test? Are there any other assessments of an employee's understanding of RG after that time?

10

MS STRELEIN FAULKS: No, we don't currently undertake any other assessments.

MR LEIGH: Can we pull up CRW.700.044.0672. This is a copy of the online training course, I understand from your statement. Do you recognise them?

15

MS STRELEIN FAULKS: I do.

MR LEIGH: Scrolling through until page 5, the introductory pages talk about Crown values and a bit of background as to the business. When we get to page 5, there is now a demonstration to employees as to what to look for in relation to problem gambling, in the form of Dave's story, Dave being the dealer in the scenario. The first slide sets up a scenario where a patron comes to a table to gamble at 10.00 am on a Thursday. We might have to zoom in to make that apparent on that top slide. In terms of the time being mentioned there, is that time significant because it's considered there is less chance a person will be suffering from gaming-related harm if they come to the casino in the evening?

20

25

MS STRELEIN FAULKS: No.

30

MR LEIGH: What is the significance of the time?

MS STRELEIN FAULKS: There is no significance of the time used. I think it was just to give an example.

35

MR LEIGH: But if we go to the slide at the bottom of the page, you can see at the top there is a statement that this will be a way of getting an overview of what Responsible Gaming is all about. Underneath that there is some text which explains the first part of the scenario, that a patron "continually leaves the table only to return moments later". Then it says the dealer suspects he's going to the ATM to get money.

40

Would you agree the use of the word "continually" in that scenario is suggesting to Crown staff that it is only when there is a very high level of departures and returns that it might be some form of problem gambling?

45

MS STRELEIN FAULKS: That's not how I interpret that, no.

MR LEIGH: How is that meant to be read, from your perspective?

5

MS STRELEIN FAULKS: I would read that, you know, one or --- two or more occasions.

10 MR LEIGH: Over on page 6, there is another sign of problem gambling illustrated where the patron loses a hand and then "slumps hard into his chair and puts his head in his hands". Would you agree that is quite an extreme demonstrative behaviour in that scenario?

MS STRELEIN FAULKS: No, I would not agree.

15

MR LEIGH: Going to the next slide, the patron is composing himself before losing again and then "stares at the ceiling". You see from the photo that the patron has at some stage loosened his tie and his collar has become askew. Do you see that?

20 MS STRELEIN FAULKS: I do, yes.

MR LEIGH: Would you agree the picture there is a very demonstrative, almost exaggerated, instance of a patron behaving in response to a loss at the casino?

25 MS STRELEIN FAULKS: No, not necessarily. It is behaviour we do see.

MR LEIGH: Do you commonly see behaviour like that?

30 MS STRELEIN FAULKS: On occasion, yes, we do. Each individual reacts differently. Some may respond in that way, some may be more collected and it may not be as apparent.

35 MR LEIGH: Looking at those two photos we saw before, the head in the hands and now staring at the ceiling, is that common behaviour you see from many patrons, that they display that range of emotions?

MS STRELEIN FAULKS: No, as I said --- well, it does occur.

MR LEIGH: My question is: is that common?

40

MS STRELEIN FAULKS: Not necessarily, no. As I said though, each individual reacts individually. We have observed that behaviour, yes.

45 MR LEIGH: On page 7, there is a new slide with the words "Dave's starting to feel uncomfortable". It makes the comment that the patron is obviously not enjoying himself but seems determined to keep going, and then puts more chips on the table. The slide goes on to suggest that this is the point where the dealer can make a decision as to whether to keep dealing or contact the manager.

My question is, and we've gone through those slides in a little bit of detail, would you agree that, cumulatively, what is being suggested to the person watching the course is that there will be a reasonably significant series of displays before a suggestion that a patron is experiencing some form of distress?

MS STRELEIN FAULKES: No, I don't agree. I think --- this is one piece of training material that we use. We also, through discussions and through orientation, which is that two-day induction course, talk about the fact that some of these behaviours may not be as obvious. This is just an example that has been provided, it's not the only example provided.

MR LEIGH: In terms of the training materials you refer to in your witness statement, the materials we have received in answer to summonses, I certainly have not been able to find any other examples of photographs suggesting what patrons might look like. Are you saying there are other examples where photos are given and scenarios and role plays are provided to RGAs or to employees, to show them what patrons might look like?

MS STRELEIN FAULKES: No, there isn't other photos that are used, but the presentations are delivered by an RGA and the slides are used to guide the conversation. But they provide commentary around real-life interactions they have had with customers as well.

MR LEIGH: I am suggesting to you, when you look at the way the slides are structured, it shows those four different scenarios, if you like, those instances, the repeaters or continual appearances and reappearances to the ATM, the slumping hard into the table with head in hands, the staring at the ceiling, the loose tie, the askew collar, and after all four of those things the comment is that the dealer is starting to become uncomfortable.

My suggestion to you is, cumulatively, the training course seems to set a very high bar as to what employees would see before they became concerned about problem gambling. Do you agree with that?

MS STRELEIN FAULKES: I take your point, Mr Leigh, yes. In this example it is quite exaggerated, the behaviour.

MR LEIGH: Go down, please, to page 28 of this document and zoom in on that top slide, please. These observable signs we have here, I understand these are the same observable signs that also appear in Crown's Responsible Gaming Code of Conduct?

MS STRELEIN FAULKES: They are, correct.

MR LEIGH: These are the same sorts of things that were alluded to in that training example as the sorts of things staff might look out for?

MS STRELEIN FAULKS: Yes.

5 MR LEIGH: The signs include things like gets angry while gaming, declining grooming or appearance, and unrealistic remarks about gaming. Would you agree those are all quite subjective things to provide as signs?

10 MS STRELEIN FAULKS: I think so, but these are the ones that we can observe. Sometimes with gamblers who are having issues with their gaming behaviour, you know, it could be the opposite, you know, quite the extreme in terms of being quite secretive. That's not something that can necessarily be observed by someone.

15 MR LEIGH: What I am driving at is, the information which is provided by Crown doesn't seem to provide guidelines to staff as to understand when those subjective thresholds have been met. For example, where it says declining grooming or appearance, is that met by a tie being loose or a shirt being untucked? What is the threshold?

20 MS STRELEIN FAULKS: That could be, yes, just someone who potentially may not be grooming themselves because of lack of sleep or perhaps being --- you know, not spending a significant amount of time at home attending to personal hygiene. It could be, you know, that they used to wear jewellery, for example, that they're not now wearing. They used to have their hair groomed more previously. So it could be a variety of different things.

25 MR LEIGH: Those examples you just gave me, are they in a policy document or a guide that people actually receive, so they know what to be looking out for by way of appearance?

30 MS STRELEIN FAULKS: No, but they, again, would be the examples provided by the advisors when they are presenting the training.

35 MR LEIGH: Looking at the third dot point down, you have "often gambles for long periods without a break". What is a long period?

40 MS STRELEIN FAULKS: That depends on the individual as well. We could say a long period, that could be that the staff have noticed this particular customer is gaming for a longer period than they normally would, so it could be in that context. Or it could be that they have noticed they haven't been to the bathroom for a break or, you know, gone to get a refreshment or something along those lines. We don't put a number on it because it is different for each individual.

45 MR LEIGH: The way you describe that, in terms of staff might notice that persons are playing differently or staying longer than they ordinarily would, seems to suggest that it relies on staff not only noticing the player in front of them at the time, but also remembering what that player's historical behaviour would be as well?

MS STRELEIN FAULKS: Correct, yes. Well, gaming staff do have good

relationships with their customers. They do get to know them quite well, particularly the frequent customers.

5 MR LEIGH: In terms of that word "frequent", another one of the dot points references the frequent trips to an ATM. How many trips is frequent over the course of an hour?

10 MS STRELEIN FAULKS: Well, I would count that as just if there was multiple exits from the casino. I would be looking at two, that would be my interpretation of it.

15 MR LEIGH: Again, in terms of that interpretation, is that advised to staff, that they should understand that frequent means two?

20 MS STRELEIN FAULKS: Well, particularly security staff. This is something we discuss with them in their targeted training because they are stationed at the entry points of the casino, where customers have to leave to access the ATMs. We would be talking to them about those observations and what that exit period would generally look like. We talk to them about, generally, how long would it take to use an ATM, how long would it take to walk there. If you notice people are going for very frequent --- sorry, leaving for very short periods of time, it's likely they are going to an ATM. They are not going back to a hotel room or going to the lobby lounge to get a coffee, things like that. We put it in the perspective of time.

25 MR LEIGH: In terms of that example you gave about speaking to security officers at the doors, my understanding is there are multiple entries and exits to the casino floor; is that correct?

30 MS STRELEIN FAULKS: That is correct, yes.

35 MR LEIGH: There is no real way we can guarantee the staff will see patrons and, if they do, you are then expecting staff to be able to recollect the patrons; is that correct?

40 MS STRELEIN FAULKS: That is correct, yes. But they do have the option to go out other exits, but we do find, or certainly my observation is that people tend to play within a certain part of the casino and they would normally have a particular entry point into the casino as well.

45 MR LEIGH: Do you think the expression of the observable signs that are set out in this document and also in the code, at the level of generality they are expressed at, might make it difficult for staff to form a view as to whether a patron is, in fact, exhibiting observable signs?

MR LEIGH: I think if they're taken in isolation, which is the example you are given, yes.

MR LEIGH: If it was the case that staff were having difficulty in determining whether they thought they were seeing observable signs, do you think they might default back to considering what their training showed, that is reasonably demonstrative examples, and conclude there are no observable signs, unless they reach that sort of level that is set out in their training?

MS STRELEIN FAULKS: No, I don't agree with that. The message we provide to all staff is if something doesn't feel right, sound right, look right, report it. We don't ask them to make a determination as to whether the behaviour is problematic, we simply ask them to refer and we will investigate.

MR LEIGH: Moving now to that issue, how you say how the system works, staff are asked to call people and then you go from there. You deal with that at paragraphs 101 and 102 of your witness statement. You explain that employees who detect observable signs will either call the RG team, activate an alert button or speak to an RG adviser on the floor.

Starting with that last one, speaking to an RG adviser on the floor, is that just if one happens to be walking past and doing the rounds at that moment?

MS STRELEIN FAULKS: It could be both. They can either request that an RGA goes to the floor or it may be that an RGA is up on the floor, dealing with an incident, and they will get their attention and have a conversation with them. But the RGAs also make a point, when they are walking the floor, that they do walk past employees and give them an opportunity to engage with them, as needed, as well.

MR LEIGH: Is it more common, in terms of the overall ways that RGAs get to incidents, for them to be called or summonsed by the alert button?

MS STRELEIN FAULKS: Well, that's a function that is available for table game staff. It is not available to gaming machines. I just want to be clear that that's a part of the table games system. We do get reports through there but what we would do, if we did receive an alert, is we would try to contact the inspector at that table to find out more information about that individual, so we can have a look at if we do currently have a profile or if there's any information on file, before we go up. But it really depends on the role of the individual who is reporting as to what means they have to contact us.

MR LEIGH: To make sure I understand the technical aspect of this, if it is the case you are at a table and you hit that alert button ---

MS STRELEIN FAULKS: Yes.

MR LEIGH: ---- the system, how does it then work? Is an SMS sent to the phones carried by each of the RGAs or does that page someone else, who then calls the RGAs? What is the actual process?

MS STRELEIN FAULKS: It goes direct to the RGA. The reason the dealers have that is because they can't move away from their workstation, from their table, and they may not be able to get the immediate attention of inspectors, so they have the ability to press a button. It's a quick action, they can press it, it sends the information through to us by SMS and then we can immediately respond.

MR LEIGH: If it is not a table game, if it is in an EGM area, which say was the other option, is it more likely to be a phone call?

MS STRELEIN FAULKS: Normally they have radios, so they would normally radio to a supervisor or that would go through to a back of house --- they may be in a back of house area, where they can call from there, or a supervisor will have a mobile phone where they can contact us.

MR LEIGH: If there has been, say, a radio call that has gone out seeking some assistance because an employee has observed a patron in some distress, what is the process then amongst the RGAs to determine who will respond to that call, if there are, perhaps, multiple RGAs who are at that stage free?

MS STRELEIN FAULKS: If we have information on the customer, we may determine to allocate that to someone who has dealt with that person previously, so they have a good understanding of their history. But otherwise it would be whoever can respond in that instance.

MR LEIGH: Then, once the RGA attends, seeing the incident which has taken place, I understand they may then speak with that patron about the options available?

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: Those options might include things like the patron deciding to self-exclude?

MS STRELEIN FAULKS: That would be one option, potentially. It depends on the reason for the interaction with that customer.

MR LEIGH: Yes. If it is a customer who is experiencing problem gambling, then self-exclusion is a key component of Crown's RSG program?

MS STRELEIN FAULKS: Yes.

MR LEIGH: Once the RG advisers have been called to deal with the customer, a record is made of the initial concern and response in the form of a Concerning Behaviour Report; is that right?

MS STRELEIN FAULKS: That's correct.

MR LEIGH: This CBR, I understand, is inputted into the iTrak system; is that right?

10:40AM

MS STRELEIN FAULKS: Correct, yes.

5 MR LEIGH: Who is the person that actually types up the information that goes into that report?

10 MS STRELEIN FAULKS: It would be the RGA who has attended that incident, generally speaking. If it's at shift handover, they may provide the information to another RGA to upload that information and then they would, when they're next on shift, go back to that incident.

MR LEIGH: But how do they write that information up? Is it done by, for example, an iPad they carry, or do they go back to a computer somewhere and, if so, where?

15 MS STRELEIN FAULKS: They do have iTrak on their phones for when they are up on the floor but, generally speaking, they would come back to the office. It's just a lot easier and quicker to log that report when they're back in the office.

20 MR LEIGH: We have been given copies of many reports in answer to various summons we have issued. Some of them have names like assistant summary report, incident summary report, patron welfare summary report, revocation summary report and third party summary report. My question is: are all those different reports kept in different systems or are they all printouts from iTrak using a different filter?

25 MS STRELEIN FAULKS: That's correct. No, all our reports or incidents are logged in iTrak and then that's just a search function of how we extract that information.

30 MR LEIGH: When the RGA has finished dealing with whatever the issue was, they will return to, I'm assuming, the Responsible Gaming centre and then type up the report into iTrak; is that correct?

MS STRELEIN FAULKS: Correct, yes.

35 MR LEIGH: I will ask some questions now about the effectiveness of that system we are describing. In relation to the number of people who go through the casino, the casino provides statistics to the GWC on a monthly basis that set out various pieces of information, one of which is the number of people going through the casino.

40 In the course of 2021 it appears that number has ranged from about 370,000 to about 530,000 a month, for those months where there was not a COVID shutdown. Does that sound about right to you?

45 MS STRELEIN FAULKS: I'll have to take your word on that. No, I'm not familiar with that number.

MR LEIGH: Are you familiar with the general average number of persons who go

through the casino on any given day?

5 MS STRELEIN FAULKS: I think my numbers are more based around annual, which I believe is about 10 million. I haven't done the math, sorry.

10 MR LEIGH: Based on the numbers we have been looking at for 2021, it appears there is something between 10,000 and 20,000 people a day on average, and I think your numbers for 10 million would be even higher. You would obviously accept there is no way that RGAs roaming the floor would be able to, themselves, observe the behaviour of all those patrons? They rely on other employees to observe for them?

15 MS STRELEIN FAULKS: Agree.

MR LEIGH: They are, essentially, their eyes and ears on the ground with the whole of the staff complement?

20 MS STRELEIN FAULKS: Correct.

MR LEIGH: The effectiveness of the RG advisers, the functions they perform, depends on the effectiveness of reporting from ordinary employees?

25 MS STRELEIN FAULKS: To some degree, yes.

MR LEIGH: Does Crown carry out any inspections or reviews outside of the RG training program to determine whether or not employees have successfully learned and retained information as to observable signs?

30 MS STRELEIN FAULKS: No, there are no formal assessments, no.

MR LEIGH: Does Crown ever carry out any form of testing? For example, they might send in a person to enact the observable signs, to see whether or not they are detected and, therefore, whether the system is working effectively?

35 MS STRELEIN FAULKS: No, we haven't deployed a mystery shopper type scenario, if that's what you are referring to. No.

40 MR LEIGH: Does Crown now have, or has Crown ever at any stage had, any other form of assessment to try to determine whether the RG system is working properly?

45 MS STRELEIN FAULKS: Not formally, no. As I mentioned before, the RGAs are in constant contact with staff, having conversations with them, speaking to them about RG practices and things like that. So through those conversations, we understand there is a high level of understanding of responsibilities and Responsible Gaming practices, which also include the reporting of observable signs.

MR LEIGH: I will call up and show you some statistics. Again, these are statistics

that you --- I am told there is an issue with some of these documents, that there has been a claim in relation to some of the data I wish to show you. If I was to suggest to you that the data which is collected from the casino and provided to the GWC shows
5 there is something in the order of, on average, two to four concerning behaviour reports per day over the course of a month, would that seem about right to you?

MS STRELEIN FAULKS: That would seem about right, yes.

10 MR LEIGH: Do you appreciate that those concerning behaviour reports don't just revolve around observations, but they also include other things such as, for example, the issuing of NRLs, a notice of revoking licence?

MS STRELEIN FAULKS: Correct. They would have been associated with an
15 incident of a concerning behaviour.

MR LEIGH: Yes, I totally agree. But there are other incidents that show in that same table which report things, for example, like asking to borrow money, sleeping, becoming agitated, all of which things, I assume, would have been recorded as well
20 as the NRL?

MS STRELEIN FAULKS: Correct, yes. They're the categories we use when reporting incidents. We would do concerning behaviour and from that, there would be a subcategory where we would record the different types of incidents, as you've
25 just listed.

MR LEIGH: My point is, there is a degree of double counting in the overall number of CBRs, such that the overall average figure of between two and four a day might be somewhat overstated in terms of what is actually being observed by Crown staff, in
30 terms of observable signs?

MS STRELEIN FAULKS: That could be correct, yes. In terms of that --- there may be an action as a result of an observation, so it's still part of the investigation that we're undertaking.
35

MR LEIGH: I will show you some documents now, in order to suggest what perhaps might be expected to be the number of observations at the casino, in light of anticipated or potential problem gambling.

40 Firstly, you refer to the Productivity Commission's 2010 report into problem gambling at paragraph 48 of your witness statement. You make the comment there that it is not entirely certain that the study reflects problem gambling in WA and it would be beneficial to have studies so as to understand the actual prevalence of gambling and issues relating to gambling in Western Australia; is that correct?
45

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: At paragraph 49, you note that Crown has not carried out any research

into this issue?

MS STRELEIN FAULKS: Correct.

5

MR LEIGH: Would you agree that Crown Perth, as a monopoly casino provider with sophisticated data tracking capability, would be in an ideal position to conduct research of that kind?

10

MS STRELEIN FAULKS: I think they could contribute to the research. I don't know whether it would be appropriate for Crown to run that research independently.

MR LEIGH: Do you know whether it has ever actually been discussed within Crown to do this research?

15

MS STRELEIN FAULKS: Well, there are discussions at the moment where there is a scope being proposed for some research, particularly around loyalty as well.

20

MR LEIGH: Historically, has there ever been any proposals and, in particular, have you ever proposed any such research?

MS STRELEIN FAULKS: I haven't proposed any research, no.

25

MR LEIGH: Even though you make the point that it is not clear the Productivity Commission's statistics will necessarily apply to Western Australia, Crown does refer to that report in its own training materials, doesn't it?

30

MS STRELEIN FAULKS: It does, with the lack of any other research, or current research, to refer to.

MR LEIGH: Are you aware in that research it suggests that 4 per cent of Australian adults play EGMs at least once a week and that of that cohort, 15 per cent would be problem gamblers and a further 15 per cent are at moderate risk of harm?

35

MS STRELEIN FAULKS: Yes, I understand that is in the research. I'm not sure if that directly relates to Western Australia, given that we've only got gaming machines at the casino.

40

MR LEIGH: Are you aware of how many Crown Rewards members gamble weekly?

MS STRELEIN FAULKS: Weekly, no, I'm not familiar with that number.

45

MR LEIGH: Can we call up, please, CRW.700.067.0989. This is a spreadsheet provided to us by Crown that shows the number of Crown Rewards members who have had gaming activity in the past 12 months. I direct your attention to the number of persons in that final row of the table, 2021, the number of persons in each of those categories, Member, Silver, Gold and Platinum. Would you agree there is a good

10:50AM

chance that anyone who has a Gold or above membership may be going to the casino on a weekly basis?

5 MS STRELEIN FAULKS: I'm not sure. Sorry, is there more to that table up the top? Sorry, I don't understand the context of the numbers, sorry.

MR LEIGH: We have been told this table shows the active number of Crown Rewards members, and by "active" that is people who have been to the casino in the
10 last 12 months. We have the numbers under each category of membership that suggests how many members there are in those categories. Hopefully you can see row 18 for 2021?

MS STRELEIN FAULKS: I can, yes.

15 MR LEIGH: I am asking you to take a look at the number of persons making up the membership categories.

MS STRELEIN FAULKS: All right. Thank you, yes.

20 MR LEIGH: My question is: would you agree if you are a person who is a Gold or above member, there is a reasonable chance you are going to the casino on a weekly basis, given the number of points and status credits required to become a Gold member or above?

25 MS STRELEIN FAULKS: On a weekly basis? Yes, possible.

MR LEIGH: Solicitors assisting the PCRC have analysed EGM data for carded play, and I assume you know what I mean in relation to carded play?

30 MS STRELEIN FAULKS: Yes, I do.

MR LEIGH: That suggests something in the order of 2,500 people went to the casino at least 50 weeks in 2019, so the last year before COVID interruptions.

35 MS STRELEIN FAULKS: Sorry, what's that number, 2,500?

MR LEIGH: 2,500. I ask you to assume that is correct for the purposes of these questions.

40 MS STRELEIN FAULKS: Okay.

MR LEIGH: If that figure is right and if it is the case that 15 per cent of persons who are attending for EGM gaming at least once a week are problem gamblers, then you
45 agree the Productivity Commission report suggests something in the order of 375 Crown Rewards members would be attending the casino each week who are problem gamblers?

MS STRELEIN FAULKS: Sorry, I don't agree with that statement. I mean, I would need to understand the numbers further. Just because someone is attending on a weekly basis doesn't necessarily mean they are experiencing problem gambling.

5

MR LEIGH: No. Of course, I am asking you to assume, I suppose, that the Productivity Commission report is correct and the figures I have provided to you are correct. If that is the case, would you agree, as a matter of logic, it follows that there would be something in the order of 375 problem gamblers a week attending the casino?

10

MS STRELEIN FAULKS: Yes. But to my previous point, though, I'm not sure if those numbers correlate with WA, given we only have gaming machines at the casino and not in venues. I would suspect it's lower in WA, but I don't know. That's just an assumption on my behalf.

15

MR LEIGH: Can we please call up CRW.510.073.1703. This is a letter from Dr Alex Blaszczyński to Sonja Bauer, the Crown Group GM for Responsible Gaming, I understand?

20

MS STRELEIN FAULKS: Yes, correct.

MR LEIGH: You refer to Dr Blaszczyński in your witness statement as the head of Crown's independent Responsible Gaming Advisory Panel?

25

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: Do you consider him to be a well qualified and eminent expert in relation to problem gambling?

30

MS STRELEIN FAULKS: I do, yes.

MR LEIGH: I don't think you were a recipient of this letter, so you may not have seen it before. Looking at the first paragraph under "1" and "2", there is discussion about loyalty card play and a review of that as it relates to Crown Casino's loyalty card.

35

Going to the fourth sentence, it says:

40 Taken together, only a minority of customers at gambling venues use loyalty *cards*, but a majority of those users are *problem gamblers*.

Do you see that?

45 MS STRELEIN FAULKS: I do. I believe that's in reference to Crown Melbourne; is that correct ?

MR LEIGH: I believe that's right, yes.

MS STRELEIN FAULKS: Right, okay.

5 MR LEIGH: My question to you is: obviously, as you say, there are questions about
the precise correlation between Melbourne and Crown Perth. You point out the
different environment, in that there is not gambling outside of the casino. But the
general point being made here by Dr Blaszczyński, that many people using loyalty
cards are problem gamblers, if that applies to Western Australia, it would be the case,
10 wouldn't it, that many people would be expected to be problem gamblers who are
Crown Rewards members here in Perth?

MS STRELEIN FAULKS: Correct, yes.

15 MR LEIGH: If it is the case that it is not perhaps a majority of customers, as is
suggested here, but even a substantial percentage of patrons who make use of the
Crown Rewards card in Perth who are problem gamblers, then there would likely be
hundreds of problem gamblers using the casino every day?

20 MS STRELEIN FAULKS: I think you still need to put it in the context that the
statistics provided by the Productivity Commission talk about around 3 per cent of
people experiencing harm. So even though you have, with your example, 2,500 I
think it was, I would believe the number to be lower in WA. But I'm not an expert in
that field. I understand the point you're making, but I don't know whether I agree
with it.

25 MR LEIGH: So you would not accept, on the general information I have taken you
through, that there is a basis to suspect that the amount of people actually being
detected at the Perth Casino is substantially less than the amount of people who are
actually experiencing problem gambling at the Perth Casino?

30 MS STRELEIN FAULKS: Again, we can't make the assumption, or I'm not making
the assumption that they are all problem gamblers. But I understand the point you're
trying to make, I just don't know if I agree with the math behind it.

35 MR LEIGH: In that case, I will move on to a different topic and ask you some
questions about self-exclusion. The Solicitors Assisting the Commission have
carried out some analysis of the patrons who were subject to self-exclusion in 2020
and they have prepared an aide-memoire in relation to that, which should come up on
your screen now, PCRC.0007.0005.0001.

40 Based on the spreadsheets provided to us by Crown, 182 persons in 2020 sought self-
exclusion. We analysed the names of those 182 persons who sought self-exclusion.
You see on the summary figures coming up now, 105 have not been identified in any
way, and various other persons have been identified, for example, as low-attendance
45 high-value players at EGMs and, finally, 32 had previously come to the attention of
RG members, there had been an RG report in the nature of a concerning behaviour
report, before they sought self-exclusion.

In short, of the 182 people who self-excluded, 150 had not been previously detected as having exhibited observable signs. That is over 80 per cent of the persons who sought self-exclusion had not been detected. Does that surprise you?

5

MS STRELEIN FAULKS: No, not necessarily. We have a lot of people present to self-exclude who may not have had prior engagement with the team. But I think it's important to note, though, that people self-exclude for a variety of different reasons. Some people may self-exclude to support a loved one. They may not actually be experiencing gambling harm themselves. They may do it to be proactive. So they've identified that their gambling behaviour has changed somewhat. They may have other goals they are working towards, financial goals, study goals, things like that, so they want to remove any distractions. So, that 182 would not necessarily represent all people experiencing harm with gambling.

10

15

MR LEIGH: Accepting all those examples you gave, that people may have different reasons for seeking self-exclusions, would you agree that, generally speaking, persons who seek self-exclusion do so because they have already suffered a degree of gambling-related harm and wish to ensure they don't suffer any more harm?

20

MS STRELEIN FAULKS: No, I don't agree with that statement. That's not what we see through the customers that we deal with in terms of self-exclusion.

25

MR LEIGH: Is it your evidence that most customers who self-exclude are not suffering problem gambling?

30

MS STRELEIN FAULKS: I don't know whether I would say most, but a very high percentage. We find that people who self-exclude, quite often the gambling is a secondary issue for them. They are dealing with other life stressors and they do find they may have started to come to the casino. It may be something they haven't done before and they're wanting to remove that while they deal with the other issues they're currently dealing with. They don't want it to be a distraction to them.

35

MR LEIGH: I understand the point you make about why some people might choose self-exclusion, it might not necessarily be linked to harm. But I am trying to get a clear answer as to whether you say the majority of persons who self-exclude do so because of harm, or the majority do not do so because of harm?

40

MS STRELEIN FAULKS: I think it would be somewhat balanced because I don't know the answer to that in terms of the numbers. I haven't looked at it. It's just that based on my experience of being an RGA, being on the revocation committee, there are a high number of people who self-exclude for other reasons other than gambling harm.

45

MR LEIGH: If we assume, for the sake of argument, that of the 182 persons who self-excluded, half did so for other reasons, that would leave 90 persons who excluded on the basis of harm; would you agree with that?

MS STRELEIN FAULKS: I'm happy to use that as an example, yes.

5 MR LEIGH: Of those 90-odd persons, approximately 30 were detected by the casino. That still leaves 60 persons excluded on the basis of harm who had never been previously detected by casino staff. Would you agree that?

10 MS STRELEIN FAULKS: I would accept that, but I think it's important to understand, though, that people who are experiencing harm with their gambling are more often than not very secretive about their behaviour. We can have a customer come into the casino who may smile on the way in, smile on the way out, and not observe any signs of problematic behaviour. They're not always --- we can't always detect if someone is experiencing harm.

15 MR LEIGH: Yes, and the figures we are looking at here would seem to suggest there is a very high percentage of occasions where it is not possible to detect harm?

MS STRELEIN FAULKS: Sorry, can you repeat that statement?

20 MR LEIGH: You made the point that it may be some people don't show demonstrative harm, so they are not observed as suffering from problem gambling. My suggestion to you is it might be the case that a large number, perhaps the majority of persons, don't show any such harm because it seems the majority of persons are not being detected?

25 MS STRELEIN FAULKS: I'm not sure if I agree with that. I think its in the behaviour of the individual and I think that's probably the important point to make here, that all individuals react differently in terms of how they respond to gambling harm. But I don't believe that every individual will display signs that can be detected
30 by an adviser or by other staff at Crown.

MR LEIGH: Would you agree with me, in relation to people who are not detected, that there are four possible explanations. Either staff are not sufficiently well trained or experienced to observe the signs, or they are too busy and distracted with other
35 tasks to notice the signs, or they notice the signs but don't realise that cumulatively they rise to the level of problem gambling, or finally, four, they simply have patrons who do not exhibit signs because, as you say, they might be secretive?

40 MS STRELEIN FAULKS: Yes, I think that could be a fair statement in some circumstances, yes.

MR LEIGH: Whatever the reason might be in terms of why these things are not being detected, do you think it is acceptable, in a scenario such as I took you to for
45 2020, that of the 182 persons who self-excluded, there had only been prior observations of 32?

MS STRELEIN FAULKS: To me, these numbers sound reasonable when we're

dealing with individuals.

5 MR LEIGH: I will change tact now and ask you about a slightly different issue, which is in relation to the actual structure of the self-exclusion program. Can we have, please, CRW.700.033.0900 at page 7, dot point 2. You understand that when a person is self-excluded, their membership status is {inaudible} here and all of their loyalty points are lost; is that correct?

10 MS STRELEIN FAULKS: That is correct, yes. They're downgraded to Member tier.

MR LEIGH: Yes. That policy, this document we are looking at now, is a policy you approved; is that right?

15 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: Self-exclusion, as I understand it, is for at least a year in length and the status of a member is calculated every six months. So I understand why being self-excluded would make it appropriate to reset member status to the base level. Why are the points forfeited?

20 MS STRELEIN FAULKS: Because of that membership cycle, is my understanding, because they're going to be excluded for a minimum of 12 months, if not longer, and those points, if they're not used within a certain period of time, can be forfeited, I guess.

MR LEIGH: I have read the terms and conditions of the loyalty program and I am not able to determine anywhere in those terms and conditions which indicate that points may be forfeited after a period of time. Are you confident that is the case?

30 MS STRELEIN FAULKS: My understanding is that Crown --- if the points are not used within a certain period of time, Crown does have the ability to remove those points.

35 MR LEIGH: But you don't know what the period of time is?

MS STRELEIN FAULKS: No. I think it --- well, no, I don't know the answer. I was just going to say, I would be speculating. I'm not sure of the number.

40 MR LEIGH: Do you accept that Rewards points can be used for things more than just gambling related? You can use Rewards points for hotel services, at restaurants and any other services Crown provides?

45 MS STRELEIN FAULKS: Yes.

MR LEIGH: A person who has been self-excluded from the casino obviously cannot go onto the casino floor anymore, but they can still attend Crown and make use of

those hotels and restaurants and other services Crown provides?

MS STRELEIN FAULKS: Correct, yes.

5

MR LEIGH: The self-exclusion process requires people to lose potentially valuable points that may have other benefits for them?

MS STRELEIN FAULKS: Yes, that correct.

10

MR LEIGH: Do you accept that, generally speaking --- and I note you have given other examples but, generally speaking, if a person is excluding because of concerns about the harm they are experiencing, they are likely to have been a heavy gambler?

15

MS STRELEIN FAULKS: Sorry, no, I don't agree with that statement.

MR LEIGH: If a person excludes because they are suffering harm --- and obviously you have explained there are other scenarios why a person may self-exclude. But if a person chooses to self-exclude because they are suffering harm, it would generally follow that they would have been gambling heavily before that?

20

MS STRELEIN FAULKS: Not necessarily, no.

MR LEIGH: Do you accept it could follow that they had been gambling heavily before that?

25

MS STRELEIN FAULKS: It could but, yes, there's multiple variables to how people respond to gaming. I mean, we have had people who self-exclude after one visit to the casino.

30

MR LEIGH: If a person had been gambling heavily and they had been using their Crown Rewards card, that person would also, as a result, have earned or accrued a substantial number of points?

35

MS STRELEIN FAULKS: Yes, I agree with that.

MR LEIGH: Making that person then lose all of their points may function as a disincentive for them to seek self-exclusion, even if they were suffering gaming related harm; would you accept that?

40

MS STRELEIN FAULKS: There is an option where customers can look to cash out their points as well, prior to self-excluding. If someone was to present to us and say they felt that losing their points was a barrier for them for self-exclusion, we would look to facilitate a cash-out or something for them to enable them to self-exclude.

45

MR LEIGH: Is that in a written policy anywhere?

MS STRELEIN FAULKS: It's not because it's not common practice, no. But we are

certainly alive to the fact some people may not want to self-exclude if they have a high level of points on their membership.

5 MR LEIGH: Moving on to different topic area, in relation to revocations of self-exclusions, I understand that when revocation is to occur for a self-exclusion, a patron can apply for that to occur?

10 MS STRELEIN FAULKS: That's correct, yes. The customer has to initiate an application for revocation.

MR LEIGH: In order for that to be something the casino would consider, they must also have had a counselling session with an external agency prior to applying?

15 MS STRELEIN FAULKS: Correct. We wouldn't consider an application to be active unless we have received an application from the individual, which would then prompt a referral from us, normally to Gambling Help WA, that's where 99% of our customers would go for revocation. Then we would have to have a report from a qualified professional and that would then cause that application to become active.

20 MR LEIGH: Once that report comes in, that patron then meets with an RGA and discusses their circumstance and the RGA writes a report in relation to the application. Is that correct?

25 MS STRELEIN FAULKS: Not necessarily. We may receive an application form and the counsellor feedback based on the information they've received and when we review it against the information we know about that customer, we may choose to not proceed with that application through to interview. But, going on your example, if the application is approved, yes, it would go through to an interview with an
30 adviser.

MR LEIGH: The adviser then writes up the report after that meeting with the client, the patron?

35 MS STRELEIN FAULKS: Correct. So the report would include information based on the interview with the individual, information included in the counsellor's report and information known to Crown as well.

40 MR LEIGH: The Commission heard evidence on Wednesday from Ms Kelly Townsend, who is the GM of Marketing, who explained she had been given the task from time to time of reviewing these reports that were generated by RGAs. I understand that you appointed her to that role?

45 MS STRELEIN FAULKS: I did, yes. But that is under the old Revocation Committee structure. That has since changed.

MR LEIGH: Accepting that it's changed, just focusing on the old role for a moment, why was it that you considered it appropriate for Ms Townsend to be a person making recommendations in relation to revocation?

MS STRELEIN FAULKS: Ms Townsend was appointed that responsibility as part of her role with the Responsible Gambling Management Committee. So the people that sat on the Revocation Committee, so to speak, they were providing second
5 recommendations, were all members of the Responsible Gaming Management Committee with the exception of those that sit on the RG subcommittee and that subcommittee is used for escalation of matters if the adviser recommendation differs from that provided from a committee member.

10 MR LEIGH: So because Ms Townsend was on the Responsible Gaming Management Committee she was one of the persons eligible to provide reviews of revelation reports. Is that right?

MS STRELEIN FAULKS: Correct, yes.

15 MR LEIGH: Does that mean that all members on that RGMC at some point would have performed the same role?

MS STRELEIN FAULKS: Correct, yes.

20 MR LEIGH: And there's no --- or at least there wasn't, previously, any further assessment as to the qualifications of those persons to perform that role?

MS STRELEIN FAULKS: No, I don't believe they needed to have any further
25 qualifications. The report was based on the advice from the RG adviser and the qualified professional in terms of the application that was put forward. So the role that Ms Townsend would have would be to review it as a third party, not as an RG specialist, so to speak.

30 MR LEIGH: If we can please bring up CRW.701.005.5429. Do you recognise this document?

MS STRELEIN FAULKS: I do, yes.

35 MR LEIGH: Looking under the heading "Procedure", which is a bit further down the page, there's an indication there that applications will only be accepted after 12 months from the start date of self-exclusion. Do you see that?

MS STRELEIN FAULKS: I do, yes.

40 MR LEIGH: It says "generally only be accepted". In what circumstances might it be accepted outside of 12 months, as in less than 12 months?

MS STRELEIN FAULKS: There isn't any exception to that.

45 MR LEIGH: Okay. I understand that self-exclusions can be for a period --- a minimum period of one year, two years or three years. If a person had self-excluded

for three years would they be able to apply for revocation of that after 12 months?

MS STRELEIN FAULKS: No.

5

MR LEIGH: So although it says 12 months there, we should read that as essentially being a minimum of whatever the self-exclusion was in the first instance?

MS STRELEIN FAULKS: Correct, yes.

10

MR LEIGH: Can we go to page 2, please. You see there is some commentary in the first full paragraph --- we've moved past that. At 4.1.2, please, at the bottom of this page. I'll just ask you this last question. You can see comments there about "contacting the customer via phone, to reinforce requirements to adhere to agreed strategies". What is that referring to by the reference to "agreed strategies"?

15

MS STRELEIN FAULKS: So the strategies are generally formulated when they're in session with their counsellor. So when I say generally, because through Gambling Help WA, that's part of the process. If they were to go to an independent qualified professional outside, so maybe a psychiatrist, psychologist, treating physician, we provide them with a note to the report writer where we stipulate that they --- there are certain requirements we need them to address in their report. That doesn't always occur when we're dealing with third parties. So what would happen is when they come into session with the RGA, we would then revisit those strategies, if they had been set by Gambling Help WA. If they haven't, in the instance I've just provided, then we would try --- we would look to establish those with them. In their letter that they receive once their application's approved, it actually lists those strategies and they have to adhere to them for a minimum of 12 months on their return to the casino. So they are --- they include time on site, time spent gambling, frequency of visits, and spend, generally, and each individual may determine to have some other requirements that they want to build into those strategies as well.

20

25

30

MR LEIGH: Thank. Commissioner, I'm in your hands as to proceeding. There might be a natural breakpoint in about the next three, four minutes of my questioning.

35

COMMISSIONER JENKINS: Just let me know.

MR LEIGH: Thank you. Just going back to what you were talking about there a moment ago when you were explaining the different types of strategies that there might be in terms of time and spend, there's nothing in the policy document which stipulates that a person who has filed for self-exclusion must have strategies. Is that a requirement for persons coming back to the casino?

40

45

MS STRELEIN FAULKS: Sorry, it just went a bit funny there, your voice. Would you remind repeating that question?

MR LEIGH: So you were explaining to us the nature of what strategies a person could have and when I've looked through this policy document there's no express

statement to the effect that a person must nominate strategies in order to have their self-exclusion revoked. Is it the case that they are required to stipulate strategies when getting their self-exclusion revoked?

5

MS STRELEIN FAULKS: They must, yes. It's a mandatory requirement.

MR LEIGH: What are the minimum strategies that a person must provide?

10 MS STRELEIN FAULKS: There needs to be --- so time, time spent on site, frequency of attendance and spend. There are --- we have had some customers who don't necessarily want to lock into certain strategies. They feel that it may be, you know, not suit their designed, you know, level of play or how they want to structure their return to gambling, but we do make that a mandatory requirement, that we have
15 some understanding so we've got a baseline of how we can assess their return to gambling and whether they are adhering to them.

MR LEIGH: The reason that you're insistent upon having strategies in place is because you recognise that a person who has previously self-excluded may be
20 particularly vulnerable to gambling-related harm?

MS STRELEIN FAULKS: Potentially, yes. It's more so we can monitor them as well, so monitor their return to the casino. So this is a plan that the individual puts together and that's so we can remind them, you know, as they do their three-month
25 follow-up with us, we can check in with them to see if that return is going to as they had planned. Some people come back to the casino and, you know, it's a different experience for them. So this is just really to guide them and keep them on track as to what they are telling us they want it to look like prior to their return.

30 MR LEIGH: You made the point there that it essentially allows for monitoring. Does that ultimately depend on the patron making use of their Crown Rewards card when gambling at the casino in order to be tracked? Because if, for example, they were to use cash, it would not be possible for the Casino to know how much they would be spending?

35

MS STRELEIN FAULKS: Sorry, when you say cash, do you mean carded or uncarded?

MR LEIGH: Uncarded, yes.

40

MS STRELEIN FAULKS: Yes, okay. That is one element of how we would assess a person's return. So we do review their data. We're not just looking at turnover, for example, we would also be looking at frequency of attendance. So checking if they've had any coupons that may be non-gaming but it indicates that they've been on
45 site. We also have staff observations of customers as well. And then --- but we do rely on self-report also.

MR LEIGH: Yes. What I'm putting to you is that I understand the point that you're

11:19AM

making that you're relying on staff to observe and there would be every effort made to see that a person is complying with their strategies. The nature of the services offered at Crown, because it is not compulsory to use a Rewards card or other
5 identifying card when gambling, it's not possible to know with certainty whether patrons are observing their strategies, particularly in relation to their spend limits?

MS STRELEIN FAULKS: Correct.

10 MR LEIGH: Commissioner, this might be a convenient time.

COMMISSIONER JENKINS: Thank you. Ms Strelein Faulks, we will take morning tea now. So we will have a break until 11.40. So we will have a break for
15 20 minutes and could you please be back where you are and ready to commence then?

MS STRELEIN FAULKS: Will do, thank you.

20 **ADJOURNED** **[11:20A.M.]**

RESUMED **[11:41A.M.]**

25 COMMISSIONER JENKINS: Yes, Mr Leigh?

MR LEIGH: Thank you, Commissioner.

30 Ms Strelein Faulks, the last thing we were discussing before the break was in relation to the revocation policy. I will now ask you some questions about an example of a person who has sought revocation in the past. Before we bring the document up on screen, I will caution you, please make sure we don't mention that person's name so it is not captured for the transcript.

35 PCRC.0007.0005.0001 is the analysis document our solicitors have prepared to assist the Commission. Can we go back to page 5, please. There is an entry at the bottom of the page and you see that patron, if you look at the left-hand side, chose to self-exclude on January 2020. Going down that list, in the middle of the page it shows
40 the history of that patron.

You see they first self-excluded in 2011. There was a revocation in 2012, with a subsequent further self-exclusion that same year. Another revocation the year after, with a further self-exclusion that same year as well. This goes over to the next page
45 to show there had been subsequent additional self-exclusions and revocations.

MS STRELEIN FAULKS: Sorry, Mr Leigh, can I ask, when you talked about the revocation, are you referring to an approved revocation or inquiry? I just noticed on

that previous screen it had "revocation inquiry", so that was just an inquiry about the process.

5 MR LEIGH: That's totally right. If we go to the next page, it follows through with the history which shows where the revocation is actually granted. I don't think it is until 2019, at the top of the page, that a final revocation is approved.

10 Can we go back to the previous page, please. Looking at the bottom of the page, in February 2019 the last revocation is approved.

MS STRELEIN FAULKS: Right, thank you. Yes.

15 MR LEIGH: My point simply is, obviously, we don't know the details of this patron. I haven't taken you through the particular history and what might be in the reports. But for patrons where there is this nature of self-exclusion, revocation, self-exclusion, revocation, as a general proposition, would you accept that persons in that category may have some underlying problem which means that they are vulnerable to gambling-related harms?

20 MS STRELEIN FAULKS: In the particular case you have put forward, this individual was experiencing family and domestic violence, which contributed to her attending the casino. Her gambling wasn't necessarily problematic, but it was a place of refuge for her.

25 MR LEIGH: Again speaking generally and not necessarily limiting it to one person, in circumstances where there are multiple revocations and then self-exclusions sequentially, is there a point it reaches where Crown will no longer permit revocations?

30 MS STRELEIN FAULKS: No, no. We have considered that and it is on a case-by-case basis. We made a determination that we felt if we put a limit on the number of times someone can self-exclude, it may prevent them from seeking help.

35 MR LEIGH: Was that decision informed by external research or assistance by experts?

40 MS STRELEIN FAULKS: It was initially through consultation with what I refer to as the Responsible Gaming Working Ops Group, which comprised the three General Managers at the Crown properties of Responsible Gaming, two psychologists and then there were further discussions with Professor Blaszczyński on the matter. We settled on that outcome, that we would assess them on a case-by-case basis.

45 MR LEIGH: That makes it sound like it was quite a recent decision. When was that finalised?

MS STRELEIN FAULKS: I believe we had a matter go before the committee in, sort of, late 2020 which prompted this discussion, because we put it as an action item

in the papers, from memory.

MR LEIGH: Thank you. I will show you one final thing in relation to this
5 document. Can we please go to page 11, again bearing in mind not to mention the
names of any patrons. Looking at the first entry on this page, there is discussion in
the middle column as to a person attempting re-entry after being self-excluded. I will
draw your attention to the third row, or third line:

10 RG were not on-site, so he was advised they would contact him.

I will also show you the source document this comes from, CRW.700.039.4445. This
is an Excel spreadsheet provided to the Commission. Can we please go to the 2020
15 tab at the bottom, then down to row 330. Is this, what we are looking at here, output
from the iTrak system?

MS STRELEIN FAULKS: It is, yes.

MR LEIGH: Looking under row G, again there is a narrative about what we looked
20 at a moment ago. There is discussion about how the patron was stopped and his
identity was confirmed. Then again those words:

As RG was not on-site, was advised that an RG representative would contact *him*
25 *later*.

Looking at the date in column B, it is 8 December 2020, which is a Tuesday, and it is
5.08 pm. So it is ordinary working hours on a week day and it appears that RG is not
on-site. Can you think of any reason why that might be?

30 MS STRELEIN FAULKS: No, I'm not sure. I mean, that doesn't fall into a --- no. I
was just thinking whether that was impacted by COVID but it wouldn't have been
because we still had people attempting to re-enter the casino at that point. No, I can
only --- I'm only assuming that, potentially, we may have been in a training session
at that point in time, so security were responding to RG incidents. But they would ---
35 we would be available by phone to respond, if needed.

MR LEIGH: I will take you to another instance in a moment which talks about RG
not being available, but that says an RG was not on-site. My question is, in a general
40 sense, and I understand you don't know the reasons why for that entry, is it
acceptable for RG not to be available on-site at the casino?

MS STRELEIN FAULKS: There are very limited times when we're not available,
like the example I've just given if we are in training. But security are well-armed
with responding to Responsible Gaming matters, and we are always available to
45 return or to respond to an incident, if needed.

MR LEIGH: Looking at the entry above, which is on 2 December, this is another
entry where there is discussion about a person attempting to enter. On this occasion,

the patron leaves before RG could attend. You would agree, in an ideal world, an RGA would always be able to attend where a patron is attempting to re-enter once self-excluded?

5

MS STRELEIN FAULKS: Correct, but I'd need to understand the circumstances because sometimes people just refuse to wait for us to attend. So it may not be that we hadn't responded immediately to it, it may be that that person chooses to leave. Security don't have the ability to prevent them from leaving.

10

MR LEIGH: Yes. In this case, obviously, you see there is discussion that the person leaves before RG could attend. But you also see they were advised by someone that further re-entries would result in a barring upgrade. So they clearly had a conversation with this person, they conveyed to this person the significance of what they were doing, they explained what the consequences would be in future and then that person left. So it wasn't as if the patron turned on their heels and ran, is it?

15

MS STRELEIN FAULKS: I think that commentary could be delivered quite quickly.

20

MR LEIGH: So your view is that there is simply no basis to infer from that how long it may have been the patron was there?

25

MS STRELEIN FAULKS: No, not at all. And where there's not an opportunity for an RG adviser to speak to an individual, the normal course of action would be that we would try to contact them by other means, by telephone namely, to provide them with information, if we didn't feel that had been provided to them, either by security or we felt there was additional information we need to do provide them.

30

For example, if this individual had multiple attempts at re-entry, for example, and we hadn't had an opportunity to speak with him, then we would endeavour to follow up with them to provide them with information.

35

MR LEIGH: If it was the case there were RGAs roaming the floor at the time this person came along and they were on the main gaming floor, then depending which entrance this patron was at, those RGAs would only have been 50 to 100 metres away from that entry?

40

MS STRELEIN FAULKS: Potentially. Potentially, yes, I do accept that. They may have been dealing with another incident, though, that may have taken priority.

45

MR LEIGH: In terms of that point, I understand obviously from time to time there may be other tasks that require attention. Of that cohort group we looked at before, the 182 persons who self-excluded in 2020, when analysis was done and those names were searched, of those persons alone, there were seven instances in 2020 where they presented at the casino and attempted to re-enter, but RGAs were not able to attend to speak with the patron. And there have been five instances in 2021, so far this year, where RGAs have not been able to attend in the time taken to have an incident noted by security.

Are you of the view it is likely that in each of those instances, RGAs would have been dealing with other tasks, so it was not possible for them to get to the scene?

5 MS STRELEIN FAULKES: That would have to be my assumption because every effort would be made to attend. So there must have been something that prevented them from being able to attend on that occasion.

10 MR LEIGH: But you would agree, as a general proposition, if a person who is self-excluded is attempting to enter the casino, they are having difficulties controlling their compulsion to gamble at that time?

15 MS STRELEIN FAULKES: Not necessarily. Some people just choose to ignore the terms and conditions of the restrictions of a self-exclusion.

MR LEIGH: Why are they choosing to do that? For what reason are they choosing to come into the casino?

20 MS STRELEIN FAULKES: The one we hear most commonly is that they're bored.

MR LEIGH: Would you accept, if we are seeing the steady rates of failures for RGAs to be able to attend in relation to the small cohort, that might be symptomatic of a larger issue as to there not being enough RGAs on duty or on the floor to attend to all the demands on their time?

25 MS STRELEIN FAULKES: I don't think it would be classified as a failing, sorry, first of all. But, yes, I mean we're dealing with human behaviour, you know, and we're responding to incidents. I don't know what that number would be, you know. I mean, how do you determine that?

30 MR LEIGH: Are you aware of how many occasions, any given day or week or month, RGAs are called but are not able to reach an incident site before a patron has left or are otherwise not able to deal with an issue?

35 MS STRELEIN FAULKES: I don't have that number to hand, no, but it would be very infrequent.

40 MR LEIGH: In terms of the ideal number of persons to be acting as RGAs at any given time, you mentioned before that you try to have persons on the floor, patrolling the floor and keeping an eye out. If it was the case that there were to be some persons on the gaming floor, how many would you expect to have on the main gaming floor, ideally?

45 MS STRELEIN FAULKES: Are we talking in the future or --- sorry, I'm not understanding the question.

MR LEIGH: In terms of Crown Perth's level of patronage, the number of people

who go through at present, and I think you mentioned before 10 million people a year, what would be the ideal number, from your perspective, as to the number of RGAs to have available on the floor at all times?

5

MS STRELEIN FAULKS: I don't know the answer to that. We're still making further assessments as to whether we have a suitable level of coverage for the RGAs. But I think it's important to note though, I mean, the percentage of the population that experience gambling harm is quite low, so yes, we're talking about 10 million people attending the casino but, I mean, they're not all problem gamblers. So a large portion of people who attend the casino or the complex, for that matter, are doing so for recreational purposes.

10

MR LEIGH: At paragraph 99 of your statement, you say there will now be three RGAs 24/7 going forward. Previously, there has been two to three RGAs on duty at any time?

15

MS STRELEIN FAULKS: Correct.

MR LEIGH: In terms of that moving-forward number, the fact you have now settled on three or the casino has settled on three, are you aware of whether there was any consultancy or research or analysis done to determine whether three was the right number?

20

MS STRELEIN FAULKS: No, there was not. But we are going through, or commencing a process where we will look at whether we need additional resources for peak times, for example.

25

MR LEIGH: I understand the Responsible Gaming centre is being expanded and that will now make available three interview rooms in the future; is that correct?

30

MS STRELEIN FAULKS: That is correct, yes.

MR LEIGH: That suggests there would be at least the contemplation of having three simultaneous interviews with patrons. If that is right, wouldn't that also require additional RGAs to be on-site and available as well?

35

MS STRELEIN FAULKS: Potentially. We're not working off the model that we're going to be having back-to-back meetings in all three rooms at all times, though. It's just to have availability, for those spaces to be available. Not just for patrons, but for family members and support services that may come on-site as well. It's just making sure we have the facilities to house those people, if and when needed.

40

MR LEIGH: I understand it is something of a work in progress, from your earlier answers. Do you have a sense of when it will be determined what the final number of RGAs will be?

45

MS STRELEIN FAULKS: I don't think we're ever going to land on a definite

number. I think it's going to continue to be reviewed. As gaming, you know, the landscape changes, so do our customers as well. I think it would be amiss of us to determine a number and be comfortable with that. It's always going to be under further review.

MR LEIGH: Shifting topic now a little to ask you questions about the extent to which people in the RG area interact with other parts of the Crown business. At paragraph 39 of your statement, you talk about the report that is sent on a daily basis, and you explain you get shift reports and a VIP compliance report each day.

MR SHAW: Sorry, which paragraph?

MR LEIGH: That is paragraph 39.

MR SHAW: Thank you.

MR LEIGH: Do you have that?

MS STRELEIN FAULKS: I do, thank you.

MR LEIGH: Thank you. Are they the only reports you get each day?

MS STRELEIN FAULKS: Yes, I believe so.

MR LEIGH: Do all members of your team get those reports, so all RGAs?

MS STRELEIN FAULKS: No. They receive the security shift report, they do not receive the Pearl Room or the VIP compliance reports.

MR LEIGH: We have heard from other witnesses who receive additional reports on a daily basis, such as EGM patron monitor reports and table game patron table monitor reports. Do you think RGAs would benefit from receiving additional reports and particularly reports that show numbers of patrons who are spending significant amounts of money or patrons who are showing an increase in their spend over time?

MS STRELEIN FAULKS: Without having seen the report, I don't know if I can comment on it. I don't know whether it necessarily needs to go to the RGAs.

MR LEIGH: Have you ever inquired of or requested additional reports for the purposes of your work?

MS STRELEIN FAULKS: No, I have not.

MR LEIGH: At paragraph 102 of your witness statement, you say that when an RGA adviser is called to an incident by a member of staff, they will search iTrak in order to see what information there might be about that individual.

MS STRELEIN FAULKS: Correct. Sorry, which paragraph?

MR SHAW: 102.

5

MR LEIGH: 102.

MS STRELEIN FAULKS: Thank you.

10 MR LEIGH: My question is: in relation to the information that might be available, is it a standard profile that members can log on to take a look at what information is kept by the casino, or are staff members essentially doing a keyword search for the patron's name to see what might come up?

15 MS STRELEIN FAULKS: They would put the name into the search and that would bring up the profile of the individual, if there is one.

MR LEIGH: If there is one?

20 MS STRELEIN FAULKS: Yes.

MR LEIGH: In what circumstances is a profile created?

25 MS STRELEIN FAULKS: Any touch-point RG has with an individual, we would create a profile for them. If we weren't aware of the name, for example, if the customer refused to disclose, then we would create what's called an FNULNU, which is first name unknown, last name unknown, and we would allocate a number to that and we would try to identify that person going forward.

30 MR LEIGH: You also explain around this portion of your witness statement that you look at SYCO for the person's gaming history?

MS STRELEIN FAULKS: Correct, yes.

35 MR LEIGH: If you are using SYCO for gaming history, does that mean it is only picking up that part of the patron's history which is carded play?

MS STRELEIN FAULKS: Correct, yes.

40 MR LEIGH: At paragraph 199 of your statement, you mention that the RG team monitors live gaming data, as opposed to historical data. I want to understand what that means, in terms of live gaming data; what you can actually see and how you get access to it?

45 MS STRELEIN FAULKS: Okay. I'm just going to that paragraph. I believe that is in reference to the alert, so the Splunk alerts we receive. That's linked back to the play period monitoring.

MR LEIGH: When you say live data, is that just time on-site? There is nothing else that is captured live and is evolving over time?

5 MS STRELEIN FAULKS: That's correct, yes. It's an indication of time on-site.

MR LEIGH: In relation to play history, you see in the second line there, reviews customer play history, what sort of information is recorded in play history?

10 MS STRELEIN FAULKS: That would be number of visits to the casino, it may look at spend, those types of things.

MR LEIGH: That is all the information available to the RGAs. If RGAs want to disseminate information to the remainder of the casino, is there a process by which
15 they can do that?

MS STRELEIN FAULKS: Sorry, in terms of what information?

MR LEIGH: So, to come up with an example, if a number of RGAs have observed
20 that patrons were apparently exhibiting distress when using a particular EGM and the RGAs want people to keep an eye on that machine, to make sure there was nothing strange about the way it was operating that was distressing patrons, could they send out some sort form of alert to let employees know what they had observed?

25 MS STRELEIN FAULKS: Yes, that's correct. We refer to it as an email alert that we would send out to either all gaming business units or, if we know that person is particularly a table or gaming machine, we may just direct it to that particular department.

30 MR LEIGH: The next topic I want to ask you about is advertising and the extent to which you are consulted in relation to that. Can we please call up CRW.700.066.0869 at page 6. This is a World of Entertainment email analysis document. You see here some promotions which have been sent to what is called "Riverside Stream". We understand that to mean Crown Rewards patrons who are at
35 Silver status or above.

MS STRELEIN FAULKS: Correct.

MR LEIGH: Do you recognise the adverts you see on that screen?
40

MS STRELEIN FAULKS: I recognise them as general marketing material that I've seen. I don't know if I've seen these ones in particular, though.

MR LEIGH: Have you seen ads of this nature before, in terms of the "2X Status Credits" multiplier or the "3X Gaming Machine Point Multiplier"?
45

MS STRELEIN FAULKS: I have, yes.

MR LEIGH: Are you asked to comment on these promotions before they are emailed out?

5 MS STRELEIN FAULKES: Not necessarily. If it's using the same mechanics that it has used previously, that have been approved, then no. It's only if --- because our legal department review all the marketing. If they saw something that they felt would benefit from an RG review, then it would be directed to myself.

10 MR LEIGH: From an RG perspective, obviously these mails are going out to Crown Rewards members, the loyalty program members. We previously saw the comments from Dr Blaszczyński, saying that loyalty card members are the majority of problem gamblers. You have explained you don't necessarily accept that is the case for Western Australia.

15 My question is: given that the people who are the heaviest gamblers may well be loyalty card or Rewards members, is it appropriate, in your view, that these sorts of ads be reviewed by RSG before they are sent?

20 MS STRELEIN FAULKES: Sorry, as I mentioned, if it's a new mechanic, then I would be asked to look at it. If it's something that's already in market, so to speak, then I don't look at them because there is no changes to them.

MR LEIGH: I understand you are not asked to look at these because they continue
25 an existing arrangement. What is your view as to this nature of advertisement, to say to gamblers who are members of a reward program "You can get double status credits or triple machine loyalty points"? Do you consider those are suitable or acceptable advertisements from an RSG perspective?

30 MS STRELEIN FAULKES: I think they're suitable.

MR LEIGH: In relation to EGMs, electronic gaming machines, are you consulted on the purchase of EGMs or asked to provide advice as to whether proposed games are suitable for the casino?

35 MS STRELEIN FAULKES: Not on a standard gaming machine, no. My understanding is they have not changed, really, since the introduction in 1985. What I have been asked to comment on, though, when Crown was looking at skill-based games, which was a new product, then I was asked to consult on RG matters in that
40 regard.

MR LEIGH: Do you understand, from research or your own experience, EGMs to be a particularly potentially addictive form of gaming?

45 MS STRELEIN FAULKES: I believe they can be for some individuals, yes.

MR LEIGH: In those circumstances, do you think it might be appropriate for you or another member of the RG team to review EGM games before they are purchased by

the casino?

5 MS STRELEIN FAULKS: I don't believe so. They have to adhere to a national standard and then there is also the WA Appendix which sits behind that as well, which has requirements for them to meet RG standards.

10 MR LEIGH: You don't think it would be potentially appropriate for RG to consider those games and look at standards that might not be captured in the Appendix, such as, for example, where the games make use of losses disguised as wins?

MS STRELEIN FAULKS: No, because, I mean, it's an approved product.

15 MR LEIGH: On a slightly different issue in relation to potential interaction between RSG and other areas of the casino, do you think it might be appropriate for there to be advertising within the casino that might be used, for example, to warn patrons of the potential risks of some of the products, in the same way there are warnings on tobacco or liquor?

20 MS STRELEIN FAULKS: I think within the casino and via the website as well, there is information available to customers on the odds of winning and the rules of the game. I'm not sure if taking the approach they have in the tobacco industry, in terms of marketing, is necessarily productive or effective when we're looking at Responsible Gaming. If you have an image, for example, that shows someone quite
25 distressed or stating they are having particular issues with their gambling, you may run the risk that not everyone will identify with that. So they would then make the --
- or draw a conclusion that their gambling isn't problematic enough for them to seek help.

30 MR LEIGH: I'm thinking of something more like what we have with the liquor campaigns, where there are health promotions run to the effect of "Don't have more than two standard drinks per day". That you might have signs up saying something to the effect of "Research suggests that a safe limit for gambling is", and whatever the limit is suggested by research. Would you consider that might be a helpful
35 promotion from an RSG perspective?

MS STRELEIN FAULKS: No, I'm not convinced that's helpful. I think we need to be very mindful, when we're talking about gambling and gaming in a casino, that you've got to apply it to the individual. Everyone's circumstances are different. To
40 set a limit, whatever that may be, may be harmful for someone in a particular group and it may not be harmful for others.

MR LEIGH: Sorry, to be clear, I'm not suggesting setting a limit, I'm suggesting an advert to the effect of, for example, "Some research suggests that safe limits for
45 EGM use include turnover of less than \$300 per year, single sessions of no more than \$35, no more than 40-minute sessions and no more than 10 sessions per year". So some research --- I'm not saying that is conclusive, but some research suggests those limits might be safe limits. My question is whether it might be helpful to say these

are limits which research suggests might be helpful, as opposed to imposing a hard limit?

5 MS STRELEIN FAULKS: No, I don't agree with that message. I think that it's all completely relative to the individual.

MR LEIGH: Earlier this year you have come up with some additional proposals for the RG system, haven't you? I think you discuss that at paragraph 210 of your
10 statement. You talk about a paper that was put together by you and other General Managers of Responsible Gaming at the various Crown properties, and you explain that in coming up with those proposals, you consulted with psychologists in Melbourne.

15 MS STRELEIN FAULKS: Yes.

MR LEIGH: Can we please call up CRW.512.124.0019. At the bottom of the page is an email from Mr Cameron to Sonia Bauer, cc'ing yourself and Luke Overman as well. I understand Mr Overman is the GM of Responsible Gaming in Melbourne.

20 MS STRELEIN FAULKS: Correct.

MR LEIGH: And Mr Cameron is the Responsible Gaming Manager in Sydney; is that right?

25 MS STRELEIN FAULKS: Correct.

MR LEIGH: Mr Cameron describes the attached paper as "urgently requested, hastily compiled but well considered". Would you agree with that characterisation
30 that the paper was well-considered by the three General Managers?

MS STRELEIN FAULKS: I would, yes.

MR LEIGH: The recommendations in that paper were endorsed by each of the
35 General Managers?

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: Can we please call up CRW.512.124.0064. Do you recognise that
40 document as being the carefully considered document referred to in that email?

MS STRELEIN FAULKS: Yes.

MR LEIGH: Going to page 3, again, all the names of the various General Managers
45 are at the bottom of that page. You'd had a chance to review this paper and agree with its contents before it was sent; is that correct?

MS STRELEIN FAULKS: I believe I saw the final draft before it went. I'm not

sure. We were on a very tight time limit with this one.

5 MR LEIGH: Go back to page 1, please. Looking at the top where the italicised writing is, it opens by noting that the GMs are implementing a strategy to position Crown as a leading organisation in Responsible Gaming. Do you see that?

MS STRELEIN FAULKS: I do, yes.

10 MR LEIGH: You note in the next paragraph that Crown is going through a significant organisational and cultural transition. There is some discussion as to the vision as to what Crown may emerge as, once that transition is complete. Lastly, the next paragraph says that the paper will set out some changes of a kind that will demonstrate Crown's commitment to achieving those goals.

15 The goal being talked about there, especially in the last sentence of that middle paragraph, is that Crown will become a truly fit and proper entity to hold a casino licence. Do you see that?

20 MS STRELEIN FAULKS: Sorry, is that down a bit further? Sorry, yes. I was looking further down. My apologies.

MR LEIGH: Let me know when you have had a chance to read that paragraph.

25 MS STRELEIN FAULKS: Yes, I've read that.

MR LEIGH: Bearing in mind that introduction, the first dot point says:

30 Crown Substantial Cultural Change - Nothing else can be achieved without it
You suggest by that comment that the culture of Crown, as it existed when you wrote this document in May 2021, had to substantially change in order for the company to be fit and proper to hold a casino licence. Isn't that what you meant by that?

35 MS STRELEIN FAULKS: I think that was referring more to the Responsible Gaming department.

MR LEIGH: In terms of Crown would have to make some changes to its Responsible Gaming in order to become fit and proper?

40 MS STRELEIN FAULKS: Yes.

45 MR LEIGH: You make it clear in the fourth dot point what you have in mind in relation to that cultural shift when you talk about management and staff having to appreciate equally, and then you lay out two things there, the value of gaming profit centres and licence retention side of the business. By the licence retention side, you mean Responsible Gaming?

MS STRELEIN FAULKS: Correct. I think it's important to note though, as well, that this is in consideration of all three properties, with some of this probably being more pointed towards other properties than Perth.

5

MR LEIGH: Yes. You don't say that in the paper, do you? There's no reference here to "some properties are this" and "some properties are that". The statement there is about Crown's culture overall?

10 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: The general point you make in that introduction and those dot points is that up, until that point at least, and of course there are changes going on, but up until that point, Crown had prioritised gaming profit over everything else and, in particular, over Responsible Gaming?

15

MS STRELEIN FAULKS: I don't know whether I agree with that statement in its entirety. I feel there has probably been an under-appreciation of the RG department in terms of what was required from a resourcing point of view.

20

MR LEIGH: That under-appreciation had gone on for many years, hadn't it?

MS STRELEIN FAULKS: I would agree with that, yes.

25 MR LEIGH: As recently as February this year, you were fighting to get Crown to pay proper regard to RG and to properly fund RG and not just focus on gaming profits, weren't you?

30

MS STRELEIN FAULKS: I was, yes.

MR LEIGH: Can we call up CRW.700.046.1446. This is an email from you to various Crown executives, including Mr Lonnie Bossi, on 1 February.

MS STRELEIN FAULKS: Yes, I can see that.

35

MR LEIGH: In the third paragraph there is discussion about what you have been doing for a period of time. It talks about campaigning for a number of years to have the RG team's remuneration reviewed. Starting at the end of the third line:

40 In a nut shell the RG Team's current rem, in my view, is far too low given the *complex nature of their role and responsibilities. For a number of years this has directly impacted the functioning of the RG department due to staff turnover resulting in the department being underresourced for months on end.*

45 Those are your words, right?

MS STRELEIN FAULKS: Correct, yes.

12:16PM

MR LEIGH: You were explaining in that email, in terms of the people you were communicating to, that Crown's focus on profit centres at the expense of the RG team was having real and negative consequences?

5

MS STRELEIN FAULKS: Sorry, I'm not sure if I refer to the revenue departments in there.

MR LEIGH: Let's go two paragraphs down, beginning with the words "Scrutiny of the RG Department".

10

MS STRELEIN FAULKS: Right, okay. Yes, I see that.

MR LEIGH: There is some discussion about insufficient parity of remuneration with other business units, particularly gaming centres.

15

COMMISSIONER JENKINS: Yes, Mr Dharmananda?

MR DHARMANANDA: This document was not in the bundle delivered late last night. I wonder if the witness may be afforded an opportunity to read this document in her own time, rather than in the time dictated by Counsel Assisting?

20

MR LEIGH: I will note I am instructed it is in the bundle that was provided but if it assists, we are happy for a 5-minute break, if that is convenient to the Commissioner?

25

COMMISSIONER JENKINS: Ms Strelein Faulks, would you like to refresh your memory of the document?

MS STRELEIN FAULKS: Yes, if I can take a moment, please.

30

COMMISSIONER JENKINS: We will adjourn for five minutes.

35 **ADJOURNED**

[12:18P.M.]

RESUMED

[12:28P.M.]

40

COMMISSIONER JENKINS: Yes, Mr Leigh?

MR LEIGH: Have you had the opportunity now to review that document?

MS STRELEIN FAULKS: I have, thank you, Mr Leigh.

45

MR LEIGH: In relation to the question I was asking as to the nature of the commentary in this document, in this email, would you agree the basic point you make is there had been an insufficient focus or attention on the RG team resourcing,

as compared to the resourcing for other business units, particularly the gaming unit?

MS STRELEIN FAULKS: Yes, I think that would be a fair statement.

5

MR LEIGH: Going back to your document that we were looking at a moment ago, being the document in which you were calling for cultural changes, that is, in essence, the cultural change you were calling for, isn't it?

10 MS STRELEIN FAULKS: Yes.

MR LEIGH: Can we please go back to CRW.512.124.0064. Looking at the bottom of that page, there are some recommendations that are made and they're beneath a heading saying "Immediate". Do you see that?

15

MS STRELEIN FAULKS: I do, yes.

MR LEIGH: Is that because the suggested changes that are being proposed by you and the other General Managers of Responsible Gaming are so likely to be beneficial, from an RSG perspective, that they should be implemented immediately?

20

MS STRELEIN FAULKS: Yes, I think beneficial --- we would consider them to be beneficial but also some of them, we believed, could be implemented quite quickly.

MR LEIGH: Yes. You wouldn't characterise the recommendations that follow throughout the remainder of this document as being the entirety of the changes that should be made by Crown into the future but, rather, these are what you saw as the immediate changes that should be made right away?

25

MS STRELEIN FAULKS: Correct, yes. I believe this list will continue to evolve over time.

30

MR LEIGH: Yes. You see down the bottom, we have play period, trial and evaluation. On the second page, you see the second item there is mandatory carded play. It goes through to make various other recommendations.

35

Before we look at those specific recommendations, I will show you one other document, CRW.512.124.0021. This an email from Ms Sonja Bauer to Mr Steven Blackburn on the same day, 19 May. In her email at the bottom, she is proposing a high-level summary of proposals to Mr Blackburn. Have you seen this email before?

40

MS STRELEIN FAULKS: Sorry, I will just need to take a moment to read. No, I haven't seen that email before.

MR LEIGH: I will show you the attachment to this document, which is CRW.512.124.0023. You see, for example, the first proposal that is specified as time limits on play, which is one of the proposals you have come up with in your documents?

45

MS STRELEIN FAULKS: Yes.

5 MR LEIGH: Nowhere in this document is there a proposal for mandatory carded play. My question to you is: did you speak to Ms Bauer about these recommendations and have you been informed by her as to why she did not propose the same recommendations that you suggested to Mr Blackburn?

10 MS STRELEIN FAULKS: No, there wasn't an opportunity for consultation prior to that list or that table being compiled by Ms Bauer. My understanding is that those that were omitted from it, it doesn't mean they're not going to progress, they're just not being progressed at this point in time.

15 MR LEIGH: Going back to CRW.512.124.0064, the first proposal you specify in that document, being the proposed listed period of play.

MS STRELEIN FAULKS: Yes.

20 MR LEIGH: You recommend there or, rather, the group of General Managers collectively recommended a maximum of 12 hours of play?

25 MS STRELEIN FAULKS: It wasn't a period of time that was determined by the, as I refer to it, working ops group. We had been provided a directive that we would be moving to 12 hours.

MR LEIGH: Do I understand you correctly that that's not a time you proposed, that was a time you believed had already been specified and directed to you?

30 MS STRELEIN FAULKS: Correct.

MR LEIGH: Who was the person that so directed?

35 MS STRELEIN FAULKS: My understanding is that Mr Xavier Walsh from the Melbourne property came up --- well, he put the proposal forward for the 12 hours and it was then subsequently agreed with the other CEOs at other properties.

MR LEIGH: Did you have any input into that decision or was it, essentially, a fait accompli by the time you received it?

40 MS STRELEIN FAULKS: That's correct, yes. I wasn't consulted in regards to moving to a 12-hour period. That doesn't mean I don't support it, but I wasn't consulted when the decision was made.

45 MR LEIGH: Accepting you were not involved in that decision, do you consider that the 12 hours that has been chosen is appropriate or it should be less than that?

MS STRELEIN FAULKS: I think it requires further evaluation, as what we had

proposed for the 18 hours. What we do know is that just less than 70 per cent of our customers come on-site for four hours. I think, from memory, 97 per cent of our customers are on-site for less than 12 hours, so it would seem appropriate.

5

MR LEIGH: In terms of the proposal to differentiate between domestic and international visitors, with international visitors allowed to be there for 18 hours, do you consider that is appropriate?

10

MS STRELEIN FAULKS: I do, in terms of when we're talking about international customers, we're talking about program players that would be coming over for the sole purpose of attending the casino.

MR LEIGH: Do you read that as meaning limited to junket players, essentially?

15

MS STRELEIN FAULKS: Yes, that's my interpretation of it.

MR LEIGH: If it was merely a tourist from an overseas location, then you would not suggest 18 hours would be appropriate?

20

MS STRELEIN FAULKS: No, but my understanding is that they wouldn't be playing in a VIP space anyway if they're not a member. That's when I was referring it to program play.

25

MR LEIGH: Are you generally aware of the research which exists in relation to limits of play time, some of which is referred to in the research in the Crown Responsible Gambling Code, would suggest that three or four hours might be considered to be times associated with harmful gambling?

30

MS STRELEIN FAULKS: Yes, I understand that is the opinion in some of the research. Yes.

MR LEIGH: On that basis, you still consider it appropriate to have a 12-hour limit at the moment, subject to further evaluation?

35

MS STRELEIN FAULKS: I do, yes. I mean, being mindful that, you know, we're not suggesting that someone gambles for 12 hours straight.

MR LEIGH: But they could do under this policy, couldn't they?

40

MS STRELEIN FAULKS: There would be alerts triggered within that period of time which would have an interaction with other gaming staff or an adviser.

MR LEIGH: I understand, but the policy would allow a person to sit at a machine and play for 12 hours nonstop, wouldn't it?

45

MS STRELEIN FAULKS: Potentially, yes. But the intention is there will be interaction with gaming or an adviser, so gaming staff or an adviser.

MR LEIGH: Moving to the second recommendation, which is on page 2, and that's the mandatory carded play. If I understand it correctly, the essence of this proposal is that no patron would be permitted to gamble, whether that be on table games or
5 EGMs, unless they produced an identifying card of some kind and that card allowed for their play to be tracked?

MS STRELEIN FAULKS: Correct, yes.

10 MR LEIGH: That would allow you to do, for table games and not just EGMs, a correct identification of when people started playing and how long they had been playing for?

MS STRELEIN FAULKS: Correct, yes.

15 MR LEIGH: Because at the moment with uncarded play, the casino really has to rely on the observation of staff to identify how long people have been playing for, which is not precise?

20 MS STRELEIN FAULKS: Correct.

MR LEIGH: At paragraph 118 of your statement, you explain that currently the alerts that are sent out when people are advised of length of play time, the timer starts when a card is first inserted or relied upon for carded play?
25

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: In simple terms, carded play is essential to give Crown the opportunity to properly track players and make sure players are playing within a safe envelope, if
30 you like?

MS STRELEIN FAULKS: I'm not sure of the meaning of the last part of that sentence but, yes, carded play does allow us to monitor customers.

35 MR LEIGH: If you had carded play and you have comprehensive data as to how players are playing, you will then be in the best position to assist those players if they are exhibiting signs of problem gambling?

MS STRELEIN FAULKS: Yes, somewhat, yes. I mean there's lots of variables in
40 terms of data though, but it would provide an additional tool to alert us potentially to customers.

MR LEIGH: The second aspect of the change you have suggested in that point, number 2, is a track your play app. Is the idea behind that that players would have
45 24/7 access to their own gambling history so they could see very clearly how much they had gambled and how long they had been gambling for?

MS STRELEIN FAULKS: That's correct, yes. I'm not exactly familiar with that product as such but I understand the concept.

5 MR LEIGH: But, again, that concept or that product depends on there being the mandatory kind of play in order to be useful to the patron?

MS STRELEIN FAULKS: Correct.

10 MR LEIGH: The next issue is item 3, cashless gaming across all Crown properties. You explain in the first sentence, again, this is dependent on having funds loaded on to membership cards, so it also requires carded play. But the point you make is that if it's the case that payments are made out of a cashless account, the casino will have proper access to track spend across all gambling products. Isn't that right?

15 MS STRELEIN FAULKS: Yes.

MR LEIGH: Because right now you can't precisely track what a person might play or lose, for example, on table games?

20 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: If you had a cashless payment, you would then be able to require patrons to pay into that account with Crown a certain amount of money, and then if they have wins or losses, it's paid back into, or rather wins are paid back into that account so at all times the casino can see the true amount of money that's been wagered by the patron?

25 MS STRELEIN FAULKS: Correct, yes.

30 MR LEIGH: That would, of course, require that Crown would no longer be able to, for example, cash out chips or provide cheques if a person had a win?

35 MS STRELEIN FAULKS: Correct. So they obviously have the ability to cash out of their account, though.

MR LEIGH: Yes. And my understanding is that that would also have AML benefits for Crown but that's not the reason for why you proposed it. You were concerned about the RSG aspects is that right?

40 MS STRELEIN FAULKS: That was the focus of this paper, yes.

MR LEIGH: Looking then to the next point, which is Crown loyalty program, you say in that first sentence there's a major overhaul of the loyalty system is required to shift away from gaming customers. Is your concern here, from an RSG perspective, that if the focus of the rewards program is on gaming then patrons will feel encouraged to game in order to accrue points?

MS STRELEIN FAULKES: No, I think our position wasn't that entirely. I mean, we obviously appreciate the loyalty system is for gaming and non-gaming. It was more about building in elements of reward for customers who, you know, set some
5 Responsible Gaming limits, I suppose, for lack of a better word, to their gambling behaviour.

MR LEIGH: When you made this proposal, were you aware of the research that was referred to in the letter from Dr Blaszczyński that we looked at earlier that linked
10 problem gambling and loyalty programs?

MS STRELEIN FAULKES: I'm not aware of whether I had seen that paper before or after.

MR LEIGH: Are you generally aware of research suggesting that there is a link between loyalty programs and problem gambling as has, for example, been put before the Responsible Gaming Management Committee in its environment scans?

MS STRELEIN FAULKES: Yes. I'm alive to that opinion, yes.
20

MR LEIGH: And being alive to that opinion, do you know whether it's ever been suggested within Crown prior to this May document, that it would be appropriate to examine the loyalty program to make sure it wasn't causing or contributing to gambling harm?
25

MS STRELEIN FAULKES: Not that I am aware of but that's not to say that that discussion hasn't happened.

MR LEIGH: Is the language choice that you use here, that it's a major overhaul that's required, suggestive of your view that there's a likelihood the existing program is causing or contributing to gambling-related harms?
30

MS STRELEIN FAULKES: No, not necessarily. Sorry, I'd just like to make the point that this was authored by three people, so that's not necessarily my language. I certainly agree with the fact that a review needed to be undertaken of the loyalty system. I probably wouldn't have said major.
35

MR LEIGH: In terms then, of the last point to ask you about in this point 4, you say there, I think it's the fourth line down :
40

"An elimination of high-end discretionary gifting outside of structured tiers".

Are you referring there to gifts that might be provided by hosts to patrons?

MS STRELEIN FAULKES: So this was in regards to staff receiving incentives.
45

MR LEIGH: So, "VIP gaming customer gifts and experiences to be broadened across the resort's customer base." The language seems to suggest that the gifts that

are being given are being given to customers?

MS STRELEIN FAULKS: Sorry. Sorry, which point are you reading from?

5

MR LEIGH: So we're in item 4 and in the middle of that item you can see from the third line down starting with the words "VIP gaming" and then going on for the next two sentences.

10 MS STRELEIN FAULKS: Sorry, I'll just take a moment to read that. Right, sorry, can you repeat the question?

MR LEIGH: My question to you is, is what that's referring to, is that referring to hosts giving gifts to patrons?

15

MS STRELEIN FAULKS: Yes.

MR LEIGH: And you're suggesting, or you cumulatively, the GM managers of all the casino properties, are suggesting that that should cease?

20

MS STRELEIN FAULKS: I think it was more around in terms of not being focused on gaming rewards so much but it should be extended for non-gaming or so.

25 MR LEIGH: Are you of the understanding that hosts in the casino are generally instructed to provide gifts for, amongst other reasons, driving business and promoting gambling by those customers?

MS STRELEIN FAULKS: Yes, I think that would be a fair statement.

30 MR LEIGH: {Inaudible} procedure in that case but in terms of that basic proposition, using gifts as a way of encouraging attendance at casinos and, as a result of that, encouraging additional spending at casinos, do you consider that to be an appropriate approach or policy from an RSG perspective?

35 MS STRELEIN FAULKS: I think if it's done within certain limits or constraints it could be appropriate.

MR LEIGH: What sort of constraints or limits might make that appropriate?

40 MS STRELEIN FAULKS: There would have to be some structure around what those gifts may look like in terms of spend or turnover. I think it would --- I don't think the host should be given complete discretion to provide gifts outside of set guidelines. I think that would potentially would be inappropriate.

45 MR LEIGH: Do you think there should be a review of a patron's spending history before gifts are given to make sure that the patron is not already exhibiting signs of problem gambling or distress?

MS STRELEIN FAULKS: Yes, but I'm not sure how a review of their data would reveal that information.

5 MR LEIGH: For example, if their data showed that there had been a spike in spending, such that they were now spending significantly more in a given month than they had in previous months, that might be a sign that there was some trigger causing them to change their behaviours which might signal harm; would you agree with that?

10 MS STRELEIN FAULKS: Potentially. I think you would need to understand the circumstances behind it. I wouldn't make the direct conclusion that it was linked to gambling harm, for example.

15 MR LEIGH: So if I could perhaps just try and summarise this, your perspective is that you don't consider that the use of hosts to provide gifts to gamblers is necessarily problematic, it may be appropriate depending on limits and conditions?

20 MS STRELEIN FAULKS: Correct. I think it's like any loyalty program. People sign up to a loyalty program primarily to be rewarded. So I think that that's something that if Crown had a loyalty program that would be an expectation from their customers.

25 MR LEIGH: Yes, but we're talking here about gifts which are given on a discretionary basis by hosts as opposed to fixed gifts in relation to particular points that have been accumulated.

MS STRELEIN FAULKS: Okay, yes, I take the point.

30 MR LEIGH: Do you see the distinction between these types of gifts?

MS STRELEIN FAULKS: I do, yes, yes.

35 MR LEIGH: And do you consider those types of gifts, the purely discretionary gifts that are not points based, do you consider those are problematic from an RSG perspective?

40 MS STRELEIN FAULKS: No. As I said before, no, not necessarily but I do think there should be some rules and guidelines around what those gifts are and the timing around those.

45 MR LEIGH: All right. Are you generally aware that one of the functions of Crown Perth hosts is to work on the main gaming floor or other areas of the casino to find patrons who might be eligible for membership in the Pearl Room and then invite or encourage them to apply?

MS STRELEIN FAULKS: Yes, I understand that is one of their responsibilities.

MR LEIGH: Is there any obligation on hosts to consult with the RSG team before seeking to develop a patron in that way and invite them into the Pearl Room?

5 MS STRELEIN FAULKS: There is, on a member's account, if they have had a previous exclusion, for example, there is a code that's placed on their account that would be an indicator to a host that they should not be approaching that customer to invite them into a VIP program.

10 MR LEIGH: So putting aside that example, if it's the case that there's a patron in the casino and they're gambling at a reasonably high level and the host considers approaching that person and inviting them to join the Pearl Room, is there an expectation that the host will first discuss that with RSG before making that approach?

15 MS STRELEIN FAULKS: No, not outside that code that is visible to them on the person's membership or in some cases they might not have membership.

20 MR LEIGH: And putting aside then the situation that I asked about in terms of onus or expectation that they will speak to RSG, is it the case that they ever, as a matter of practice, simply speak to RSG to confirm whether it's appropriate to approach a particular patron?

25 MS STRELEIN FAULKS: They do on occasions. So it may be that they will send us --- sorry, this isn't in reference to a gift per se but it may be they're doing an event, they may send us a list that they want us to review prior to them extending invitations to those members.

30 MR LEIGH: I'm just going to take you through a standard document for the Pearl Room recruitment. That's CRW.700.025.4166. Do you recognise this document?

MS STRELEIN FAULKS: No, I do not.

35 MR LEIGH: Do you recognise the name at the bottom of the document there?

MS STRELEIN FAULKS: I do, yes. Ms Barrow hasn't been with Crown for a number of years.

40 MR LEIGH: What was her position before she left?

MS STRELEIN FAULKS: I'm not sure of her exact title. I am familiar with Ms Barrow but I can't recall what her title was.

45 MR LEIGH: Thank you. Can we go to page 2, please. There is an explanation as to the purpose of the standard operating procedure and you can see there it's dealing with the recruiting of potential local PR members which I read as Pearl Room members. Would you agree with that?

12:51PM

MS STRELEIN FAULKS: Sorry, I'm just reading through. Yes, thank you.

5 MR LEIGH: Can we please go to page 4, which shows the application form that was being used at this time. Now, I understand from your witness statement that it is now the case that Pearl Room members are required to provide a source of wealth declaration.

10 MS STRELEIN FAULKS: Yes.

MR LEIGH: But of course at this time, back in 2017, it appears that all that was required in the bottom left-hand corner of that screen, was occupation.

15 MS STRELEIN FAULKS: Yes, that would be my recollection.

MR LEIGH: Can we then please go over to page 5. And you can see in the middle of that page a dot point, "invitation, patrons selected and invited by VIP Gaming".

20 MS STRELEIN FAULKS: Yes.

MR LEIGH: Then your point that you made a moment ago, that self-excluded patrons must not be approached, that's also captured in that third dot point?

25 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: Now, the next point to go to, please, is page 11. I'll just let you read that page quickly.

30 MS STRELEIN FAULKS: Okay, thank you.

MR LEIGH: There's a reference there to the PR 100K criteria in the second paragraph. Are you familiar with that criteria?

35 MS STRELEIN FAULKS: I am, yes.

MR LEIGH: And am I right in understanding that it's a requirement that patrons who are members of the Pearl Room must gamble at least \$100,000 in the previous 12 months in order to remain a member of the Pearl Room?

40 MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: In general terms becoming a member of the Pearl Room ultimately results in an obligation to maintain the same level of spending if a patron wishes to retain membership?

45 MS STRELEIN FAULKS: Correct, yes. So if they don't meet - so they could become a member one month and then they could effectively lose their membership the following.

MR LEIGH: The next thing I wanted to ask you about is that red highlighted text in the middle of the page that the criteria is not to be disclosed to members. Would you agree with me that on the plain reading of that it's suggesting that staff are not
5 allowed to tell patrons of the casino that they will be required to keep spending money when they are speaking to them about becoming Pearl Room members?

MS STRELEIN FAULKS: I don't know. I can't comment on what conversations are had with the hosts and the customer. My understanding would be, though, that they
10 understand that there is a criteria to gain membership because membership is by invitation only.

MR LEIGH: To be clear, I'm not asking you about the conversations with the patrons, because I appreciate you're not there for those conversations. My question
15 is about the instruction to staff members contained in the standard operating procedure. I'm suggesting to you that the instruction which is captured in the red, is an instruction to staff members not to tell patrons that they will have to keep spending \$100,000 a year if they become members.

MS STRELEIN FAULKS: That may be the case. I just want to clarify, though, that that's not the current position.

MR LEIGH: No, no, I understand and, as we've noted, this is a historical document, it's a 2017 document, but I'm still taking you through and asking you some questions
25 about the document, the process that then existed.

MS STRELEIN FAULKS: Yes.

MR LEIGH: So in relation, then, to a person becoming a member of the Pearl
30 Room, once they do that, they're entitled to access an exclusive area of the casino?

MS STRELEIN FAULKS: Correct, yes.

MR LEIGH: They also get other perks such as being entitled to be provided with
35 free alcoholic beverages while they're in that part of the casino?

MS STRELEIN FAULKS: Yes. I believe it may be determined by a tier, though I'm not sure if all members automatically have access to free alcohol.

MR LEIGH: Yes. Would you agree that, generally speaking, once a person has
40 been a member of the Pearl Room for some time and has experienced the exclusivity and the perks that come with being a member, they may wish to retain their membership?

MS STRELEIN FAULKS: Well, some, yes.

MR LEIGH: And that it might be a temptation to people to continue spending at a level that they could not necessarily afford in order to try and maintain their

membership?

5 MS STRELEIN FAULKES: Potentially, yes. But we also have a lot of Pearl Room members that don't play in the Pearl Room, they prefer to play on the main gaming floor. So I think again, it's based on the individual.

10 MR LEIGH: Yes. My question is really getting to the point of saying if it is a case that a person who is invited to be a member then chases after the requirements to stay a member, could that person ultimately end up in a situation where they are spending beyond what they could afford to spend?

MS STRELEIN FAULKES: Yes, that is possible.

15 MR LEIGH: And if that person had been advised of the necessary cost upfront, before seeking membership, may have declined to become a member?

MS STRELEIN FAULKES: Potentially, yes.

20 MR LEIGH: So the proposition I'm ultimately coming to is to say, from an RSG perspective, do you consider that what was being instructed to staff at that time was appropriate?

25 MS STRELEIN FAULKES: No. But I wasn't aware of that, either.

MR LEIGH: One final question, also in relation to the Pearl Room, and the way that people are members of the Pearl Room. I understand that it used to be the case that Crown Perth's policy was that once you were excluded, you chose self-exclusion, it was then not possible to be a member of the Pearl Room for seven years; is that correct?

30

MS STRELEIN FAULKES: Correct.

MR LEIGH: Subsequently, that time has been reduced so that it initially went down to 12 months and now in order to align with Crown Melbourne it's been reduced further to six months; is that correct?

35

MS STRELEIN FAULKES: That is correct.

40 MR LEIGH: So the consequence of those changes is that a person who had previously been self-excluded may be entitled to join a membership or a club, the Pearl Room, which would require that person to, thereafter, spend at least \$100,000 turnover per year in that room. Is that correct?

45 MS STRELEIN FAULKES: Correct, yes.

MR LEIGH: Again, from an RSG perspective, do you think it's appropriate to allow a person who is so shortly back from self-exclusion to sign up for a membership

which requires them to spend or to gamble such significant quantities of money?

5 MS STRELEIN FAULKES: Well, that person would have to have stipulated in their strategies on their return to the casino that level of play to then make them eligible for membership.

10 MR LEIGH: I'm not sure you answered my question. My question is whether you consider it to be appropriate to allow a person who has so recently finished their self-exclusion, to become a member of a club that requires them to spend \$100,000 per annum in turnover?

15 MS STRELEIN FAULKES: Well, I think we've got measures in place so if someone revokes a self-exclusion they do do a three-month follow-up with us. That's a mandatory follow-up. Then if they wanted to gain membership to the Pearl Room they would also have to attend a meeting with an adviser. So there's opportunity to assess their current situation.

20 MR LEIGH: Thank you. The final question I had, just going back to what you had previously laid out in some of those suggestions in your May 2021 document, about things that might be improvements, those were all focused at the Casino. More broadly, thinking in terms of the gaming regulation framework, do you think it may be of assistance to the Casino and patrons in Western Australia, if there was a body tasked with ensuring the minimising of gambling-related harm and I'm thinking here
25 analogue to the Victorian Gambling Research Foundation which does that kind of job in Victoria?

30 MS STRELEIN FAULKES: Yes, I'm certainly open to the idea. I think that the Victorian Responsible Gambling Foundation do play a very important role in Victoria.

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

35 COMMISSIONER JENKINS: Thank you, Mr Leigh. We'll go right to left. Mr Sadler.

MS SADLER: No.

40 COMMISSIONER JENKINS: Mr Willinge?

MR WILLINGE: No, thank you, Commissioner.

COMMISSIONER JENKINS: Mr Dharmananda.

45 **CROSS-EXAMINATION BY MR DHARMANANDA**

MR DHARMANANDA: Thank you. I just have three questions for you. The first is with respect to that document that Counsel Assisting took you to which was prepared

01:00PM

in May, about which you give some evidence in your witness statement. How did that document come about, Ms Strelein Faulks?

5 MS STRELEIN FAULKS: Sorry, in regards to the request for us to compile that document?

MR DHARMANANDA: Yes.

10 MS STRELEIN FAULKS: So that was communicated to us through Ms Sonja Bauer and we were given, I think, a time limit of, I think it was about 18 hours, to compile that document.

MR DHARMANANDA: And you describe in your witness statement that that was a
15 "blue sky thinking".

MS STRELEIN FAULKS: Yes.

MR DHARMANANDA: And what did you mean by that?
20

MS STRELEIN FAULKS: The way Ms Bauer put it to us was that think about really anything and everything that you would like to see for RG or you think may be beneficial that we need to explore, given that, really, no limitations was, I think, her words that she used. So basically everything can be on the table.

25 MR DHARMANANDA: That included some things that were on a wish list?

MS STRELEIN FAULKS: Yes, that's correct.

30 MR DHARMANANDA: You were asked earlier today before the break some questions by Counsel Assisting about what steps there are to evaluate the effectiveness of the RG program at Crown. Do you recall those questions?

MS STRELEIN FAULKS: Yes.
35

MR DHARMANANDA: You give some evidence about this at paragraph 18(b) of your witness statement where you make mention of the role of a Responsible Gaming Evaluation Manager. Do you see that?

40 MS STRELEIN FAULKS: I do, yes.

MR DHARMANANDA: If I could ask, please, operator, to put on screen CRW.700.033.1430, this is the position description for that role. You'd be familiar with this, would you not?
45

MS STRELEIN FAULKS: I am, yes.

MR DHARMANANDA: And you will see that the last bullet under the "Objectives

and Role" --- if you scroll down, please, operator --- it involves the design and creation of projects that will:

5 "Critically review and empirically evaluate the efficacy of Crown Resort's policies, practices and procedures."

Do you see that?

10 MS STRELEIN FAULKS: I do, yes.

MR DHARMANANDA: That would encompass a review of the capacity and capability of relevant staff.

15 MS STRELEIN FAULKS: Correct, yes.

MR DHARMANANDA: Thank you. You were asked certain questions about carded play just a few moments ago. Do you recall that?

20 MS STRELEIN FAULKS: I do, yes.

MR DHARMANANDA: Is it fair to say that the differences of opinion about the validity and efficacy of carded play as a measure relevant to Responsible Service of Gambling?

25 MS STRELEIN FAULKS: Yes.

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

30 COMMISSIONER JENKINS: Thank you, Mr Dharmananda.

35 **QUESTIONS BY THE COMMISSION**

COMMISSIONER JENKINS: Ms Strelein Faulks, I have some questions for you. I see in your statement you say that prior to moving to the Responsible Gaming team you were in sales. What prompted you to move from sales to Responsible Gaming?

40 MS STRELEIN FAULKS: I had become quite familiar with Pamela Evans, who was the previous manager, and through discussions with her it really sparked my interest in Responsible Gaming at Crown Perth. I probably should add that that role that I had in sales that was part time, so it allowed me the opportunity to take the kids
45 to school and pick them up. So that wasn't a career path, so to speak, it was just a job.

COMMISSIONER JENKINS: Thank you. In respect of the current office at the

Perth Casino, that's the Responsible Gaming office, we've been told that there's a proposal for a new office; that's correct?

5 MS STRELEIN FAULKS: That is correct, yes.

COMMISSIONER JENKINS: I think last time I heard it was still waiting the Minister's approval for the expansion; is that right?

10 MS STRELEIN FAULKS: That is correct, yes. I think we --- sorry, we have received the concept approval and now we're just waiting on the final approval of the plans.

15 COMMISSIONER JENKINS: Now looking at your office as it is, it might be described as adequate but not built for purpose, one might say. What's your view as to the new proposed office as to not only the number of the offices that will be available, that is the space, but also in terms of the general amenity of it?

20 MS STRELEIN FAULKS: Yes. I think --- I contributed to the design of the plans and I certainly think that it's going to be purpose built for the team but with also the ability to expand, if needed, going forward.

25 COMMISSIONER JENKINS: So will you have input into its interior decoration, for want of a better word?

MS STRELEIN FAULKS: I have. I have been asked to consult on that as well but I will be deferring to the experts in that space. But in terms of the look and feel and how we want the office to operate, that --- I am being consulted in that space.

30 COMMISSIONER JENKINS: Can I put it to you like this: That when one goes from the glitz of the main gaming floor to the current office, the current office then presents as a very bland, undecorated space. Is that intentional or not?

35 MS STRELEIN FAULKS: No, it's not intentional. I think it was by way of design that it sort of has ended up like that. I certainly take your point that it's --- I wouldn't consider the current centre to be on brand in terms of the other features of the casino as well. So we're certainly mindful of that with the new centre and we want to make sure that there is a flow through of the Crown brand into that centre as well.

40 COMMISSIONER JENKINS: Can I ask you about the placement of the office as well. Take from me I'm no expert on these things so I'm seeking your view as someone who has got a lot more expertise in this area than me. I would understand that placing the office away from the main gaming floor has the advantage of removing someone who might have a problem with gaming to a safe space. Is that
45 right?

MS STRELEIN FAULKS: That is correct, yes.

COMMISSIONER JENKINS: Is there any legitimate consideration that having somewhere that was identified as a Responsible Gaming safe place actually closer to, if not within the gaming footprint, might be an advantage so someone who can sort
5 of go there on the spur of the moment, so to speak, to get into a safe space where they can receive help might be an advantage?

MS STRELEIN FAULKS: There could be an advantage, I suppose, to have a somewhat, you know, satellite office on the main gaming floor. But we couldn't
10 have the main centre purely on the gaming floor because it would restrict those that are excluded from being able to seek help as well.

COMMISSIONER JENKINS: I understand.

15 MS STRELEIN FAULKS: Yes. So we have looked at and considered where we would have a host desk, for example, or something on the floor where people could come up and speak to us. The only concern around that may be that if it's out in the open, that people may not want to be seen approaching that desk and seeking help.

20 COMMISSIONER JENKINS: Can I then ask you about your pamphlets. Again, making the same comment that compared to other Crown advertising, they are very bland, not --- in a nutshell, may not be seen as very attractive to someone to want to pick them up.

25 MS STRELEIN FAULKS: Yes.

COMMISSIONER JENKINS: Has there been any consideration given to redesigning them?

30 MS STRELEIN FAULKS: There has. Probably - I will answer that in two parts, if I may. We have considered putting images on our brochures before, but we - I think it's quite difficult to work out what would be an appropriate image. So, you know, as you refer to, the casino marketing material at the moment, it does dictate someone
35 having a good time at the casino, for example. I don't think that would necessarily be appropriate to have people sort of smiling and seeming to enjoying themselves on a Responsible Gaming brochure, but then we wouldn't want to go to the opposite extreme either and having someone looking quite distressed that then people might not identify with. So I think with lack of finding a happy medium, we've gone with the view that having a brochure that's somewhat discreet, and that's why we have
40 maintained that blue branding as well.

We certainly know from staff that they identify with the RG brand being the blue, and we have had feedback from customers as well that they also identify that. Because it does sort of - to your point, it does sort of stand out to be quite different to
45 the other collateral(?) at the casino, which I think does somewhat have some advantages.

COMMISSIONER JENKINS: During the course of this inquiry, I've seen the

gaming machine operations report, the daily report, and I've made the comment to other witnesses that it doesn't contain any information about RSG in it, and just want to ask you, why not? Do you see that as a deficiency?

5

MS STRELEIN FAULKS: I don't actually receive that report so I'm not familiar with its content. But I think we've always held the position that if there is any RG matters, that they need to be referred immediately to the team. So, I mean, whilst they could provide a reference to an incident in the report, my expectation would be that they would report it directly to us quite similar to what appears in the Pearl Room compliance report. So they log the information in there, but they actually contact us directly as well. We also have had a look at shift handover reports as well to see whether we need to look at capturing any RG information. But, again, it would be the expectation that those reports would come through in realtime to us.

10

COMMISSIONER JENKINS: How, then, as you say, you rely upon the gaming floor staff to some extent to identify patrons who might have an issue. How do you ensure that, as you say, one shift, from one shift to another shift those observations are kept track of? It might be observations that one staff member makes doesn't think that they're so significant that it should be referred immediately to RSG, but then if somebody in a second shift saw the same thing, they would see a pattern, maybe, and be able to make a more informed choice as to whether to contact RSG. How do you ensure that that occurs?

15

MS STRELEIN FAULKS: Yeah, so historically that has been verbally communicated, that shift changeover. This is my understanding, obviously, and I'm not there for the handover. But we have had discussions with the Executive General Manager at both table games and marketing - sorry, not marketing, gaming machines, and their managers, to build in an RG handover, so to speak, in those documents. So we can evidence it as well. I think that's important. But also to your point, to make sure that that information is recorded and not forgotten at handover.

20

COMMISSIONER JENKINS: Reading your statement, I gathered that RSG itself doesn't do a weekly or daily report that gets distributed to managers?

25

MS STRELEIN FAULKS: No, that's correct. So we do a shift report at 6.00 am and 6.00 pm which is circulated within the team and to Ms Bauer.

30

COMMISSIONER JENKINS: But not more widely?

35

MS STRELEIN FAULKS: No, that's correct.

40

COMMISSIONER JENKINS: Is there any reason why that doesn't occur?

45

MS STRELEIN FAULKS: No. Security and surveillance have access to iTrak so they can see our incidents in terms of what impacts the status of a customer, but some of the information that we collect is - it's more from an administration point of view. So we don't generally share that out widely.

COMMISSIONER JENKINS: You were asked questions relating to RSG's input into certain things, and I wanted to ask you specifically whether you were asked to comment on the Perth Casino's application to amend the WA Appendix to the standards, the Australian Standards. The application I'm talking about is an application that was made to the regulator in 2019, and it included an application to increase the speed of play of EGMs from 5 to 3 seconds --- when I say increase, it's the increase the rate of play --- to allow multiline betting and also to decrease the return to player. Were you consulted in respect to that application?

10 MS STRELEIN FAULKS: No, I was not.

COMMISSIONER JENKINS: So when you were asked about whether the Responsible Gaming team should be consulted in respect to new EGMs, you said that - your answer was no, and that seemed to be based, in part, on the basis that the introduction of such machines or games were required to comply with the standard.

MS STRELEIN FAULKS: Yes.

20 COMMISSIONER JENKINS: So do you see the standard as having some Responsible Gaming protections in it?

MS FAULKS: I do, yes. But I suppose probably to the point of the request to the regulator to make those variations, I think that --- I believe I should have been consulted on changes, fundamental changes to the game.

COMMISSIONER JENKINS: Has anything occurred since then to make you satisfied that in future you would be consulted?

30 MS STRELEIN FAULKS: I think only that it's opened up the discussion, and I think people are certainly alive to the fact that going forward, there is an expectation that I will be consulted, whether it's at my level or whether it's with the Group General Manager in the first instance.

35 COMMISSIONER JENKINS: In respect - sorry, start again. Do you think that Crown Rewards members should be automatically provided with a copy of their gaming statement on a monthly or a weekly basis?

40 MS STRELEIN FAULKS: I did my reference to that in my statement, and I am not convinced and, look, I'm not aware of any research in regards to this. But we do have a high level of customers that print, like voluntarily print their statements at Crown. So on average, from my recollection, 2018-19, I think it was 5,000 statements were printed by customers. I'm not convinced that necessarily sending someone a statement will, you know, that they will actually read it as well --- I certainly know my husband reminds me to open my bank statements and have a look at those! So I think, you know, I think the voluntary system probably - I would - my view is that people are reading it because they want to read it, they want to

understand it. As I mentioned, I don't think mandatory sending it to them is necessarily going to have that same impact or result.

5 COMMISSIONER JENKINS: Next topic. There's been publicity about a certain patron, Daniel Petkov. Do you know the patron I'm referring to?

MS STRELEIN FAULKS: I do, yes.

10 COMMISSIONER JENKINS: Do you think, in hindsight, that the RSG team at Perth Casino should have identified him as a potential problem gambler prior to his arrest and well prior to his arrest?

15 MS STRELEIN FAULKS: I'm not sure we would have been able to, based on my understanding of the way he presented at the casino. If there was probably a review of more the higher level players, I mean we could have potentially done an assessment there or asked some questions in that regard. But, yeah, no, he hadn't come to our attention so we hadn't had any reports from gaming staff to indicate that a review may be required.

20 COMMISSIONER JENKINS: You have been asked today about the signs, potential signs of a problem gambler, that staff are asked to look out for, that might identify someone who should be spoken to by RSG. Can I ask you then about does the example of someone like Mr Petkov indicate that there are other signs that the
25 Responsible Gaming team should be monitoring, such as the level of spend, the amount of time spent in the casino, the number of visits someone has at the casino, to identify potential problem gamblers as opposed or in addition to, other signs that you have identified and been asked about today?

30 MS STRELEIN FAULKS: I think there is potentially value in using that data to assist with an assessment of a customer. But ultimately, I think that would lead to a conversation, so I don't think we're going to get the answers just based on data, but that could then potentially trigger an alert with us that would then prompt us to have a conversation with that customer. Yes.

35 COMMISSIONER JENKINS: So do those three things that I've mentioned, are they monitored by the RSG team alone?

40 MS STRELEIN FAULKS: No, not at the moment. No, they are not. But we are in discussions at the moment with the customer analytics team, and since the appointment of the Responsible Gaming Data and Reporting Manager that sits in Melbourne but it's a group function, that will be one of the responsibilities of that role going forward.

45 COMMISSIONER JENKINS: After - I'll put it an incident like Mr Petkov, does the RSG team do any kind of audit or investigations to determine why he didn't - a patron of that nature did not come to their attention?

MS STRELEIN FAULKS: We would. It's not a formal review, so to speak, but we would have a look at that particular case study to identify whether there was any opportunity for that person to be identified at an earlier stage.

5

COMMISSIONER JENKINS: Is that one of the ways that the RSG team identifies gaps in its processes?

MS STRELEIN FAULKS: It does. The program is being continually, you know, evolving, you know, since the casino opened, for example. So back in 1985 it was security that managed the RG element and the programs. You know, then when we moved to 2006 when we had a team appointed and that was just a manager and an adviser, from my recollection, to then moving to the opening of the centre in 2009 and then from there we progressed to 2012. We went to a 24-hour service as well. So I think just like a progression of the centre and the resourcing that's attributed to RG, we also do the same with evaluation with our programs as well over time.

COMMISSIONER JENKINS: In answer to a question from Mr Leigh about Perth Casino and RSG team being involved in research and analysis of the extent of problem gaming, you said that you thought the casino could contribute to that but perhaps not do it itself. Do you have the same view in respect to, say, public education programs and that sort of thing, that it's best that if the casino, as a gaming operator, contribute rather than actually do the work themselves, by itself?

MS STRELEIN FAULKS: Yeah, in some regard, yes. I mean we as an RG team do try to raise awareness within the community. So we do go out to stakeholders and speak to them as well. So there is an element of us taking that public health message out into the community but we don't have any formal advertising, I suppose, or messaging that goes out.

30

COMMISSIONER JENKINS: Now we've heard evidence about the Problem Gambling Support Services Committee. Are you aware of that committee?

MS STRELEIN FAULKS: I am, yes.

35

COMMISSIONER JENKINS: And the casino contributes financially to that committee and also has a representative on it.

MS STRELEIN FAULKS: I am aware, yes.

40

COMMISSIONER JENKINS: As I understand it, that representative is not a member of the RSG team, is that right?

MS STRELEIN FAULKS: That's correct. But from there, myself and the general manager of marketing was appointed to be part of a task force to have a look at some of the marketing material that is being used by the Problem Gambling Support Services Committee. So my understanding is going forward we will have a more active role in the committee but not necessarily as a representative of Crown at the

table, so to speak, but in separate working groups. That will then inform the committee going forward.

5 COMMISSIONER JENKINS: Thank you, Ms Strelein Faulks. Those were all the questions I had. Mr Leigh, is there anything arising from those?

MR LEIGH: No, thank you, Commissioner.

10 COMMISSIONER JENKINS: Mr Shaw.

MR SHAW: No, I don't have any re-examination, thank you, Commissioner.

15 COMMISSIONER JENKINS: Thank you, Ms Strelein Faulks for your attendance today, and thank you for bearing with us until this time. The summons will remain in place in case we have some more questions for you. However, you are now free to leave. Thank you very much for your attendance today and assistance, as I've said. Thank you.

20 MS STRELEIN FAULKS: Thank you.

COMMISSIONER JENKINS: Thank you, counsel. We will now adjourn until 2.00 pm.

25

ADJOURNED

[1.28 PM]

30

RESUMED

[2:03P.M.]

VASULA KESSELL, AFFIRMED

35 MR GANDHI: Thank you, Commissioner, I appear for Ms Kessell.

EXAMINATION-IN-CHIEF BY MR GANDHI

40

MR GANDHI: Ms Kessell, you prepared a statement that you wish to tender in response to your {inaudible}, is that right?

MS KESSELL: Yes.

45

MR GANDHI: The reference to the document is CRW.998.002.0733. Is that the

first page of your statement?

MS KESSELL: No, 721.

5

MR GANDHI: 721. Can we go to the last page of your statement. Is that a schedule to your statement VK-1 that lists a number of documents?

MS KESSELL: Yes.

10

MR GANDHI: I understand you wish to make one amendment to your statement at paragraph 20. What is the amendment you wish to make?

MS KESSELL: In brackets it says "against the unredeemed chip reports". I would like to change "unredeemed chip reports" to "chip accountability reports".

15

COMMISSIONER OWEN: Can you repeat that, please?

MS KESSELL: Sure. "Unredeemed chip reports" in the brackets changed to "chip accountability reports".

20

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

MS KESSELL: Yes.

25

MR GANDHI: I tender that statement.

COMMISSIONER OWEN: Thank you, Mr Gandhi. The witness statement of Vasula Kessell, dated 22 September 2021, bearing the identifier number CRW.998.002.0721, with the amendment Ms Kessell has made to paragraph 20, is admitted into evidence as an exhibit.

30

35 **EXHIBIT #CRW.998.002.0721 - WITNESS STATEMENT OF VASULA KESSELL, WITH AMENDMENT, DATED 22/09/2021**

COMMISSIONER OWEN: Mr Feutrill?

40

CROSS-EXAMINATION BY MR FEUTRILL

45 MR FEUTRILL: Ms Kessell, my name is Michael Feutrill, I'm Counsel Assisting the Commission. I will ask you some questions. Can I start with the paragraph you amended, I want to be quite clear I have this right. I delete the word "unredeemed" so the actual report is called the chip accountability report?

MS KESSELL: Yes.

5 MR FEUTRILL: Thank you. While we are in your statement and on that page, can you go to paragraphs 15 and 16. You have dealt with training you have received in respect of AML and CTF. In 16, you make reference to some other training. Are you able to provide the Commission with a more expansive explanation of the AML training, in particular, that you have received, other than the training you refer to in paragraph 15?

10 MS KESSELL: It was prior years. So the one in paragraph 15 was only up to a certain date. Going forward, since I commenced, there was additional AML standard online training.

15 MR FEUTRILL: Is it only online training you did?

MS KESSELL: Yes.

20 MR FEUTRILL: How frequently did you do that online training?

MS KESSELL: I believe it's every two years.

MR FEUTRILL: Did you do it every two years?

25 MS KESSELL: Yes.

MR FEUTRILL: Approximately how long did it take you to complete the AML online training each second year?

30 MS KESSELL: I don't recall how long it would have taken me several years ago, but approximately 30 minutes.

35 MR FEUTRILL: In general terms, what kinds of information did the online training give you about AML and CTF risk?

MS KESSELL: In relation to AML, it was threshold transactions, how to see suspicious activity on the gaming floor, what would be unusual activity on the gaming floor, the requirement to report for threshold transactions over \$10,000.

40 MR FEUTRILL: Was there anything specifically dealing with transactions and suspicious matters?

45 MS KESSELL: It was transactions mainly through the cage transactions or through the machines.

MR FEUTRILL: What was the online training in respect of those transactions through the cage?

MS KESSELL: If a patron came to the cage with over \$10,000 in cash, a threshold transaction would be completed by the cage.

5 MR FEUTRILL: What about sums less than \$10,000?

MS KESSELL: For sums less than \$10,000, only if there was suspicious behaviour in relation to the sums under \$10,000.

10 MR FEUTRILL: Were any examples given of the suspicious kinds of behaviour?

MS KESSELL: For example, going to the cage, maybe \$5,000, going to the table, not actually transacting with the chips, going to another table and still not transacting, and cashing in the chips.

15

MR FEUTRILL: What about breaking up larger transactions into smaller transactions, was there anything of that category in the online training?

MS KESSELL: I don't recall.

20

MR FEUTRILL: Did you receive any other either education or training in respect of AML and CTF risks in your education, as in when you were being educated in your accounting and finance degree?

25 MS KESSELL: That I recall, no.

MR FEUTRILL: What about during the course of your training to become a chartered accountant?

30 MS KESSELL: No, not that I recall.

MR FEUTRILL: Just another question that is really a matter of identifying, if you don't mind, paragraphs 41 and 42 of your statement. You mention the VIP Credit Team in paragraph 41. Who is the VIP Credit Team?

35

MS KESSELL: The VIP Credit Team is mainly through Melbourne, it's a centralised area, and we would have a team member from VIP Credit in Perth.

MR FEUTRILL: Who is that?

40

MS KESSELL: It varied over time but it is currently Maxine Kaminski.

MR FEUTRILL: What position does that person hold? Are they an accountant?

45 MS KESSELL: No, a credit officer.

MR FEUTRILL: A credit officer. The balance of the team in Melbourne, how large

is the team in Melbourne?

MS KESSELL: I'm not certain how large the team is in Melbourne.

5

MR FEUTRILL: I want to ask you some questions about --- do you recall you received with your summons a list of topics of various questions, or topics for you to deal with. One of them is question 22, which I want to ask you about. Can I remind you of what the question was. This document is PCRC.0001.0002.0001. Can you confirm you remember seeing --- you have received this recently and this is what you used to prepare your statement?

10

MS KESSELL: Yes.

MR FEUTRILL: Scrolling forward to question 22, you see the question was directed to:

15

For the period of your employment, and including any changes there may have been from time to time, your knowledge of.....inward and outward telegraphic transfers.

20

In your statement in paragraphs 48 onwards , you deal specifically with, I think, the position as it stands now, as of October 2020. I would like, if I may, to take you back and ask you to consider what the position may have been some time before that and, primarily, in the period between 2013 and 2020. I take it you were familiar in the finance area with the Casino Manual (Operations)?

25

MS KESSELL: During that time?

MR FEUTRILL: Yes.

30

MS KESSELL: Not that familiar with the Casino Manual.

MR FEUTRILL: Were you familiar with the section dealing with main bank?

35

MS KESSELL: No, I wasn't familiar.

MR FEUTRILL: You were not?

MS KESSELL: No.

40

MR FEUTRILL: What about the telegraphic transfer operating procedures.

MS KESSELL: I'm only familiar more recently.

MR FEUTRILL: There were aspects of those procedures though, that the Finance Department dealt with, were there not?

45

MS KESSELL: I'm not sure.

MR FEUTRILL: How about I take you to --- if I begin by asking you some
5 questions, it may be you will know the answer to these, in any event. Can I start by
taking you to section 3A, main bank, which is CRW.707.016.1939. There is a non-
publication order on this document. Can we scroll, please --- I don't have the page
number. Section 4.7.1. Perhaps scroll to the next page, which will show the first
10 page of the --- keep going, sorry. Could we move to section 4.7.1. Thank you. Are
you familiar with these parts of the main bank section of the casino manual?

MS KESSELL: No, I'm not familiar.

MR FEUTRILL: Can we scroll to 4.8.1 and the area dealing with receipt of deposits.
15 Are you familiar with that section?

MS KESSELL: No, I'm not familiar with reading that section previously.

MR FEUTRILL: Any of these sections?
20

MS KESSELL: No.

MR FEUTRILL: Perhaps we can move through, then, to 4.11, which deals with
25 telegraphic transfers. Can I draw your attention on the second of those pages to item
6, where it makes reference to the quadruplicate being forwarded to finance. Are
you familiar with that part of the procedure?

MS KESSELL: I'm not familiar with that. I'll just read it. I'm not familiar with the
30 number of duplicates but I'm familiar with the TT, the telegraphic transfer form.

MR FEUTRILL: It might be easier if we take you straight to the Standard Operating
Procedures at this time, CRW.529.001.9093. In your statement you refer to a
document referred to as a release of telegraphic transfer to patrons.

35 MS KESSELL: Mm-hmm.

MR FEUTRILL: Do you recall being familiar with this telegraphic transfer standard
operating procedure at some point in the time you've been ---

40 MS KESSELL: No, I'm not familiar with this document.

MR FEUTRILL: At all?

MS KESSELL: No.
45

MR FEUTRILL: Have you seen it before?

MS KESSELL: No. It's a cage document, by the title. No, I haven't.

MR FEUTRILL: Were there standard operating procedures for the receipt of telegraphic transfers for the Finance Department in this period?

5 MS KESSELL: In what period?

MR FEUTRILL: In 2013.

MS KESSELL: No.

10

MR FEUTRILL: Is the document you refer to in your statement at paragraph 48 the only one there has been since you have been working in finance?

MS KESSELL: Yes.

15

MR FEUTRILL: So it is the first one ---

MS KESSELL: That's been written, yes.

20

MR FEUTRILL: That's been written. Do you recall, from the time you were working in the Finance Department, what the procedure was you utilised when dealing with telegraphic transfers before 2020 and the procedure was written?

MS KESSELL: Sorry, can you repeat the question?

25

MR FEUTRILL: Are you familiar with the procedure before you wrote it in 2020?

MS KESSELL: I was familiar with what we did, from my point of view, in relation to the transfers.

30

MR FEUTRILL: Was that procedure of a similar nature to the procedure as it is today?

MS KESSELL: There are additional items on --- there are additional requirements in the procedure than there was previously.

35

MR FEUTRILL: I will take you through the mechanics of it. Was it the case in 2013 to 2020 that a copy of the document you have identified as the requisition to release deposit funds at cage was provided to the Finance Department?

40

MS KESSELL: It was provided to the Finance Department, yes.

MR FEUTRILL: Was it the case that attached to that document were the validating documents to say receipts or extracts from the bank statements, and that sort of thing, indicated what the nature of the source of the funds was and the patron?

45

MS KESSELL: I'm not familiar with what was attached to the form.

MR FEUTRILL: Perhaps I will show you document CRW.510.135.0190. Now, you worked in the finance area for some time?

5 MS KESSELL: Yes.

MR FEUTRILL: There appear to have been two areas in the Finance Department that received copies of this requisition to release form. One is what someone referred to as a telegraphic transfer officer or words to that effect. Are you familiar with that?

10

MS KESSELL: I'm not familiar with that term, no.

MR FEUTRILL: What about income control?

15 MS KESSELL: Income control, yes.

MR FEUTRILL: Income control, what was their function?

MS KESSELL: Income control would enter the transactions into the system, into the accounting system, and would generally --- and they would check the documentation.

20

MR FEUTRILL: Is there a non-publication order on this? Okay. You should have in front of you on your screen --- we have asked for these to be produced back to 2013, but so far we only have a sample and we have an example here from 2017. Is that the form to which you have made reference in your statement?

25

MS KESSELL: Yes.

MR FEUTRILL: It contains some information about the requisition. In your time in the Finance Department, are you familiar with this form? Have you seen it and used it yourself in carrying out functions in Finance?

30

MS KESSELL: Not to carry out my role, no.

35 MR FEUTRILL: Have you participated in the income control function?

MS KESSELL: No.

MR FEUTRILL: Have you supervised people who participate in that area?

40

MS KESSELL: The manager reports to me.

MR FEUTRILL: Are you aware of what material they receive on a daily basis to carry out their role in the Finance Department?

45

MS KESSELL: Not fully, no.

MR FEUTRILL: Have you had occasion to review documents like this in the past?

MS KESSELL: No.

5

COMMISSIONER JENKINS: Sorry, the manager of which team reports to you?

MS KESSELL: Income control.

10 MR FEUTRILL: Are you unable to assist the Commission at all with respect to this document and the attachments to it? I will take you to the attachments on the following page. There are three attachments which are bank statements or extracts from a bank statement from the Riverbank Investments account.

15 MS KESSELL: I'm not familiar with this form of download from the banks.

MR FEUTRILL: You have written a Standard Operating Procedure that is current today, haven't you?

20 MS KESSELL: Yes.

MR FEUTRILL: That Standard Operating Procedure deals with how the income control function of Finance is to record transactions referred to in the requisition to release form and incoming deposits, doesn't it?

25

MS KESSELL: Yes.

30 MR FEUTRILL: This is referred to in your statement, Ms Kessell, and this document is CRW.7 00.025.1546. Bearing in mind this is the current procedure, I want to ask you some questions. I understand you are the author or you drafted this procedure?

MS KESSELL: With assistance.

35 MR FEUTRILL: With assistance. I draw your attention to the first page where it refers to "Patron Receipts".

MS KESSELL: Yes.

40 MR FEUTRILL: A paragraph beginning "Cage downloads the bank statements on a daily basis", et cetera. There is a dot point that says:

Forward the blue copy of the "Requisition to: Release Deposited Funds At Cage" to Income Control.

45

MS KESSELL: Yes.

MR FEUTRILL: Then income control will complete various things. It refers to "on

receipt" of that form "will check to ensure the TT is not aggregated".

MS KESSELL: Yes.

5

MR FEUTRILL: The way in which the Finance Income Control Department check to see it is not aggregated is as regard to the validating materials attached to the requisition to release form. Correct?

10

MS KESSELL: No. For my purposes, it would be when they get to the point that they review the bank statements, to make sure all the transactions {inaudible} that they note at that stage that it's not aggregated, because I wasn't fully aware that the bank statement was attached behind the requisition.

15

MR FEUTRILL: So, Income Control's function has not changed since 2013, has it, in this respect?

MS KESSELL: That is a new section.

20

MR FEUTRILL: All right. But in terms ---

MS KESSELL: {Inaudible} aggregation.

25

MR FEUTRILL: Would you focus on the part that says "Income Control will complete the following." This is making journal entries as a consequence of transactions that have taken place between --- in the bank account of Crown Perth?

30

COMMISSIONER JENKINS: Can we have up on the screen the relevant portion of the document you are referring to?

MR FEUTRILL: I'm sorry. There are two bullet points under "Income Control will complete the following".

35

COMMISSIONER JENKINS: Thank you.

MR FEUTRILL: I appreciate this is the procedure today with respect to the first part of the bullet point, but it has always been the case, hasn't it, that income control enter the journal entry in the general ledger for the debit to the gaming bank account and credit to the patron deposit?

40

MS KESSELL: Yes.

45

MR FEUTRILL: So in the past, in order to make that entry what information did the Finance Department have available to it?

MS KESSELL: They would have had the documents from cage and the bank statement.

MR FEUTRILL: So they had the bank statements and the documents from cage. Can I ask, when that entry is made in terms of debiting the gaming bank account, is that an entry that is made for each individual deposit that has been made into the bank account?
5

MS KESSELL: Prior to December '20 or currently?

MR FEUTRILL: Let's start with prior.
10

MS KESSELL: Prior, they would have taken the amount of the TT off the form, so it would have been a consolidated figure, so they wouldn't have entered individual items as per the bank statement.

MR FEUTRILL: When it came to identifying, let's say, a consolidated sum of \$100,000 and it was made up of a number of smaller amounts, the person entering the consolidated sum into the gaming bank account with the bank account details must have had to know what disaggregated amounts made up that larger sum, correct?
15

MS KESSELL: Correct.
20

MR FEUTRILL: What information did they have available to them to identify the individual deposits that made up the consolidated sum?
25

MS KESSELL: I'm unsure what they would have had from the cage, but the bank statement would have had the individual amounts on it.

MR FEUTRILL: They would have had the requisition to release form and whatever was attached to that?
30

MS KESSELL: Yes.

MR FEUTRILL: By cage?
35

MS KESSELL: Yes.

MR FEUTRILL: In order for the journal entry to be made, the income control person in Finance would need to be satisfied that the amounts were correctly recorded in the requisition to release the form.
40

MS KESSELL: Yes.

MR FEUTRILL: And that the individual deposits were correctly allocated to that form?
45

MS KESSELL: Yes. They match, yes.

MR FEUTRILL: That's right. If there was not a match, what would the outcome be? If, for example, the person in Finance determined that they could not find an appropriate voucher attached to the requisition to release form to correlate with the aggregated sum, what would be the outcome in that situation?

MS KESSELL: As I haven't done the role myself, I can only assume they'd speak to cage to determine why there was a difference.

MR FEUTRILL: What I am asking you is, part of the role of the Income Control Department was to validate the transactions; correct? To be satisfied that the appropriate records had been completed by the cage, inwards, for the accounts to be correctly prepared? You're nodding?

MS KESSELL: Yes, I can understand. Yes.

MR FEUTRILL: That was their function, wasn't it, part of their function?

MS KESSELL: Yes.

MR FEUTRILL: If, for example, the form had been incorrectly completed, it wasn't signed by the right person, so it wasn't essentially a valid transaction, they would have made an inquiry; correct?

MS KESSELL: I'm unsure about the signature but if the dollars did not match, they should contact the cage.

MR FEUTRILL: There is also in that second bullet point a reference to the main bank control sheet and a reference to SYCO and a journal. There are two other journal entries there, the patron deposit account and cage funds. Is that a ledger that deals with tracking the patron's individual allocation of the front money? Is that what the purpose of that journal is?

MS KESSELL: The journal is to recognise the deposit from the patron into that general ledger account, yes.

MR FEUTRILL: You debit the gaming --- I'm just looking, there's two different records here. One's debiting the main gaming bank account and you're crediting a patron deposit, so you're recognising that money has come from a patron.

MS KESSELL: Yes.

MR FEUTRILL: In the next entry, what is the purpose of that? You're dealing with ---

MS KESSELL: Clearing the above transaction is credit patron deposit and the next transaction clears it out of the patron's deposit into cage funds.

MR FEUTRILL: By those two steps, in effect, you are crediting the cage with the funds that have been deposited by the patron?

5 MS KESSELL: Yes.

MR FEUTRILL: Is that process essentially the same process that has been undertaken by income control for the time that you have been in Finance?

10 MS KESSELL: That's my understanding, yes.

MR FEUTRILL: The second step, which is the release of the funds to the cage, at what point does that take place? When do they become effectively available for gaming purposes at the cage?

15

MS KESSELL: I'm not certain at what point in the cage.

MR FEUTRILL: Well, is it the case this is happening, if you like, after the event? So after the person, the patron has arrived, they have arrived at the cage and said, "I would like to start gaming now, I want some chips"? This is happening post-event because it is part of the administration of the accounts, or is it a step that must take place before the patron would be able to start gaming?

20

MS KESSELL: The accounting entry could happen at any point after.

25

MR FEUTRILL: Is the driving mechanism for whether the funds become available, the requisition to release form.

MS KESSELL: The form, yes, received.

30

COMMISSIONER JENKINS: Sorry, received by whom?

MS KESSELL: By income control, to do the journal entry.

35 COMMISSIONER JENKINS: Can the funds be released before income control do its bit?

MS KESSELL: Yes.

40 COMMISSIONER JENKINS: The whole process can occur at the cage and then after that, income control ---

MS KESSELL: Yes. The accounting can occur afterwards.

45 COMMISSIONER JENKINS: Thank you.

MR FEUTRILL: I appreciate you are now dealing with, again, the current --- I'm focusing on inward funds, not the outward requisitions at the moment. I appreciate

you are dealing here with the current process, I believe. In paragraph 58, you have there:

- 5 If Cage request finance to reject a deposit.....then it is the Finance team's *responsibility to contact the relevant bank.....*

Et cetera. What do you mean by that statement "If Cage requests Finance to reject a deposit", given ---

10

MS KESSELL: Sorry, it's got Melanie's.

COMMISSIONER JENKINS: I think we have a different statement.

- 15 MR FEUTRILL: We have the wrong statement. It is CRW.998.002.0721 at pinpoint 0728. If you just read that paragraph, my question really is what exactly does that mean?

- 20 MS KESSELL: So, currently, cage sees on the bank statement an inward transaction and it doesn't meet the guidelines, for example, being from a third party, or the description doesn't have the patron ID in the description, cage will request finance to return the funds.

- 25 MR FEUTRILL: So it is essentially the opposite then, it's the other way around? If you receive the requisition form and it appears to have something wrong with it, for example, it doesn't meet the guidelines, it's a third party not the patron, then you instigate a process by which the funds are returned to the party who deposited them, the third party?

- 30 MS KESSELL: We would organise the bank to send the funds back. We may not receive the requisition if it's not been accepted.

- 35 MR FEUTRILL: In the past, and I'm now talking before you wrote the SOP and before the procedures changed to preclude third party deposits, there was a period of time during which there was, nonetheless, a prohibition on companies depositing funds with the casino, unless there was an appropriate authority given. In the circumstances where a deposit was received by the Finance Department from, say, for example, a company without the requisite authority, is the process you have just described the same as would have taken place before 2020?

40

MS KESSELL: No.

- 45 MR FEUTRILL: Why is that? If the Finance Department received a deposit that was inconsistent with a company policy, why would it not then have raised that with the cage?

MS KESSELL: Firstly, it's cage who would request the return in relation to the company. Finance would not be aware of the investigation in relation to the deposit

that cage had made.

5 MR FEUTRILL: But if, for example, the requisition to release form arrived and it's from a third party or a company, not the patron identified in the release form, and there is not attached to that form the required authority from the CFO or whoever the required person was, wasn't it part of the function of income control to check to ensure the procedures had been met before recognising the deposit in your accounts?

10 MS KESSELL: No.

MR FEUTRILL: Why was that not part of its function?

15 MS KESSELL: If the requisition did arrive, Finance would assume that all the checks and balances by cage would have been completed.

MR FEUTRILL: So there was no validation, on your evidence, of transactions transacted in the cage by the time they reached the Finance Department?

20 MS KESSELL: Sorry?

MR FEUTRILL: You weren't undertaking any validation role at the time the Finance Department/income control was dealing with requisition to release forms from the cage?

25 MS KESSELL: Not in relation to the company.

30 MR FEUTRILL: In other words, I want to be clear, Ms Kessell, you were not considering the requisition to release form from the perspective of whether it conformed with the company policy?

MS KESSELL: No.

35 MR FEUTRILL: Is that the case today?

MS KESSELL: Yes.

40 MR FEUTRILL: So the situation, as we sit here today, is that when requisition to release forms are received by income control, the person who is entering the details into the accounting system is not checking those forms to see that they conform to the telegraphic transfer policy of the company?

MS KESSELL: Yes.

45 MR FEUTRILL: I think you may have answered my next question, which is directed to paragraph 59d) of your witness statement. Actually, you may not have answered this one. To understand how income control dealt with the ledgers, you have made reference there to reconciling general ledger accounts. The reconciliation process

involves some form of checking, doesn't it?

5 MS KESSELL: It would check that the balances either reconciled to a report or to the bank statements.

MR FEUTRILL: You wouldn't be checking --- is the effect of that answer, you're not checking every individual transaction, you're checking that the balances match?

10 MS KESSELL: Correct.

15 MR FEUTRILL: If there is an error in the balance, you then chase the rabbit down the hole to find out why? Okay. In two places --- in paragraph 62 you mention some accounts that were held with the HSBC before 2013. You make reference in paragraph 70 to accounts in the name of Riverbank. You know I am referring to Riverbank Investments, obviously?

MS KESSELL: Sorry?

20 MR FEUTRILL: You are familiar with the name Riverbank Investments?

MS KESSELL: Yes.

25 MR FEUTRILL: Riverbank Investments had accounts with HSBC in 2013, didn't it?

MS KESSELL: That's what I recall, yes.

30 MR FEUTRILL: They were closed as a consequence of a strategic review undertaken by the HSBC to exit the gaming sector globally?

MS KESSELL: That's my understanding.

35 MR FEUTRILL: You had some interactions at that time with the HSBC Bank, did you not, about the closure?

MS KESSELL: I don't recall, but I did see the documents attached.

40 MR FEUTRILL: You have been shown some documents since you prepared your statement that indicate you received a letter from HSBC, but you don't have any recollection of receiving it?

MS KESSELL: No.

45 MR FEUTRILL: Did you have an understanding, in 2013, of why HSBC was exiting the gaming sector globally?

MS KESSELL: No.

MR FEUTRILL: After that, you were involved with setting up some accounts with the ANZ Bank?

5 MS KESSELL: Yes.

MR FEUTRILL: For Riverbank Investments?

MS KESSELL: Yes.

10

MR FEUTRILL: You are a signatory on those accounts?

MS KESSELL: Yes.

15 MR FEUTRILL: They were established in the names of both Burswood Nominees and Riverbank Investments?

MS KESSELL: Yes.

20 MR FEUTRILL: At least some of those accounts were for the purposes of gaming, patron deposits for gaming?

MS KESSELL: All of them, if I remember correctly.

25 MR FEUTRILL: To be clear, when you say "all of them", do you mean all of those associated with Riverbank Investments?

MS KESSELL: And Burswood Nominees.

30 MR FEUTRILL: And Burswood Nominees. Did Burswood Nominees, to your knowledge, have any other accounts?

MS KESSELL: Yes.

35 MR FEUTRILL: That is to say, non-patron gaming accounts?

MS KESSELL: Non-gaming accounts, yes.

MR FEUTRILL: What about Riverbank Investments?

40

MS KESSELL: No.

MR FEUTRILL: As far as you were aware, the only purpose of the Riverbank Investments account was to receive funds from patrons for gaming?

45

MS KESSELL: Yes.

MR FEUTRILL: Is it fair to say the only activity of Riverbank Investments was to

receive funds from patrons for gaming?

MS KESSELL: Yes.

5

MR FEUTRILL: Did you have an appreciation in 2013, when the accounts were opened, of the reason or need for Crown Perth to operate or receive funds {inaudible}.

10 MS KESSELL: Sorry, can you repeat that?

MR FEUTRILL: Did have an understanding or appreciation of the reason for Crown Perth utilising a separate legal entity, namely Riverbank Investments, to receive funds from patrons for gaming?

15

MS KESSELL: No.

MR FEUTRILL: Did it occur to you at the time it was an unusual thing to have a separate company named Riverbank Investments receiving funds from patrons for gaming?

20

MS KESSELL: Not that I recall, no.

MR FEUTRILL: Why did it not occur to you that it was unusual?

25

MS KESSELL: It was an historical account. It had been there since I arrived.

MR FEUTRILL: Did you ask any questions of those who were supervising you?

30 MS KESSELL: Not that I recall.

MR FEUTRILL: It was intended, was it not, around this time to establish an account in the name of Riverbank Investments in Hong Kong?

35 MS KESSELL: Not that I recall.

MR FEUTRILL: I ask you be shown CRW.529.011.6113?

40 SPEAKER: Can I ask that any personal details of Crown staff be redacted on that document, please, if it is going to stay on public screens. Thank you.

MR FEUTRILL: Scroll down, please, to the email of 28 October 2013 with the reference "Account opening with ANZ - Hong Kong". "Hi, Travis", et cetera. It is from you. Do you have any recollection of opening an account for Riverbank Investments in Hong Kong at this time?

45

MS KESSELL: No, I don't recall. No, I don't recall --- the Hong Kong country currency maybe, but not country.

MR FEUTRILL: In the course of opening accounts, was it part of your responsibility to gather the necessary documentation together to provide to the bank, so the account opening forms and any authorities?

5

MS KESSELL: To collect the paperwork in relation to setting up a bank account, yes.

MR FEUTRILL: I ask you be shown CRW.505.002.0006. Have seen that document previously?

10

MS KESSELL: No. It would be part of the documentation we received.

MR FEUTRILL: Have you seen that before you came to give your evidence today or not?

15

MS KESSELL: No, no.

MR FEUTRILL: Do you recall seeing it in or about 2013?

20

MS KESSELL: No.

MR FEUTRILL: As part of a suite of documents to open an account in Hong Kong?

MS KESSELL: No. I don't recall that document.

25

MR FEUTRILL: Was an account opened for the Riverbank Investments company in Hong Kong, to your knowledge?

MS KESSELL: Not that I recall.

30

MR FEUTRILL: I draw your attention to paragraph 74 of your statement. You deal with some matters in the early part of 2014 and you refer to receiving an email from Mr Costin.

35

I show you CRL.563.004.6311. Ms Kessell, this is a different document reference to the one referred to in your statement, but I think it is possibly the same document. That is the email referred to in paragraph 74 of your statement, isn't it?

MS KESSELL: Yes.

40

MR FEUTRILL: Do you recall receiving it at or about, you know, in the early part of 2014, now you have had time to reflect on it?

MS KESSELL: I vaguely recall the email.

45

MR FEUTRILL: When you say you vaguely recall it, is one of the reasons you have

a recollection of it because it raises a matter of some serious concerns for the ANZ about the operation of the ANZ account?

5 MS KESSELL: No, I just remember the setup of the emails for some reason, the way the questions were down the bottom. I don't recall what was in the email.

MR FEUTRILL: Do you have a recollection of understanding the ANZ to be raising questions about, in effect, possible structuring through the ANZ Riverbank account?

10 MS KESSELL: I don't recall.

MR FEUTRILL: You will notice that the email was addressed, although it's been blacked out, to both you and Mr Craig Spence. You were reporting to Mr Spence at the time, were you not?

15 MS KESSELL: Yes.

MR FEUTRILL: Do you recall having any discussions with him about the contents of this email?

20 MS KESSELL: I don't.

MR FEUTRILL: Did you receive any further information from Mr Costin about the nature of these transactions?

25 MS KESSELL: No, I don't recall.

MR FEUTRILL: In case this may refresh your memory, we will show you CRL.557.001.0718. This is not an email addressed to you, Ms Kessell. The attachment to it is CRL.557.001.0721.

SPEAKER: While that document is coming up, there does appear to be, potentially, the depositor's information on the deposit slip. Could that be redacted, please?

35 MR FEUTRILL: The preference would be for this to remain nonpublic.

COMMISSIONER OWEN: Sorry, Mr Feutrill?

40 MR FEUTRILL: Commissioner, could this be shown only to the Commissioners and the witness, rather than the public, so we can actually use it?

COMMISSIONER OWEN: Yes. That appears to have been done.

45 MR FEUTRILL: Thank you.

Ms Kessell, were you provided with a copy of this document amongst the materials before you came to give evidence today?

MS KESSELL: Yes.

5 MR FEUTRILL: Having looked at it before you came in, is it a document you can remember having received in the early part of 2014?

MS KESSELL: I don't recall this document at all.

10 MR FEUTRILL: Is the best evidence you are able to give this Commission that you have no recollection of receiving this in 2014?

MS KESSELL: No recollection of this document.

15 MR FEUTRILL: The operator will need to black out the personal details again on CRL.557.001.0911. This is subject to non-publication. Again, this is not an email that was sent to you but I draw your attention to about the middle of the page. It is an email from Mr Costin to Mr Barton, starting "Ken, I've spoken to Craig", and there is a paragraph there. Do you recall whether you had an appreciation and understanding at the time of what the nature of the transactions the subject of ANZ's
20 inquiries were?

MS KESSELL: Not the transactions, no. I don't recall.

25 MR FEUTRILL: Does this paragraph here accord with your recollection of discussions you had at the time with Mr Spence?

MS KESSELL: I don't recall having any discussions.

30 MR FEUTRILL: Can you read that paragraph. Does that accord with your recollection of the way in which accounts operated by Crown Perth at the time utilised money changers?

MS KESSELL: Can you ask the question again?

35 MR FEUTRILL: Were you aware in 2013 that funds were received into the Riverbank Investments account through the use of money changers?

MS KESSELL: I don't recall.

40 MR FEUTRILL: You don't recall being aware of it in 2014?

MS KESSELL: No, I don't recall the money changers, no.

45 MR FEUTRILL: Were you aware that funds were received into the Riverbank Investments account at any time between 2013 and 2020 from non-ADI, meaning non-authorised deposit institutions, into the Riverbank Investments account?

MS KESSELL: I don't specifically, recall, no.

MR FEUTRILL: You don't specifically recall?

MS KESSELL: No.

5

MR FEUTRILL: Do you have any recollection at all?

MS KESSELL: I'm familiar with the term money changers, but I don't recall the transactions.

10

MR FEUTRILL: Was it not common knowledge within the Finance Department that funds were received from third party money changers in South-East Asia?

MS KESSELL: Not that I recall.

15

MR FEUTRILL: You became aware around this time, did you not, that the ANZ intended to close the Riverbank Investments accounts?

MS KESSELL: Yes.

20

MR FEUTRILL: You were involved at the time in approaching the CBA to open new accounts for Riverbank Investments?

MS KESSELL: I was not. I don't recall being involved with approaching the CBA, no.

25

MR FEUTRILL: Were you involved in the process by which the accounts were opened?

30

MS KESSELL: I've been involved with the administration of the paperwork.

MR FEUTRILL: The administration and paperwork?

MS KESSELL: Yes.

35

MR FEUTRILL: You were?

MS KESSELL: Yes.

40

MR FEUTRILL: Do you recall that?

MS KESSELL: Not specifically.

MR FEUTRILL: But you know you were because you have read the documents?

45

MS KESSELL: Yes.

MR FEUTRILL: Do you have a recollection of having some discussions with Ms Vanderklau in the first half of 2014 about the ANZ inquiries?

5 MS KESSELL: No, I don't recall that meeting.

MR FEUTRILL: You don't recall having a meeting with her?

10 MS KESSELL: No. I've only seen the documents as per what was provided. I don't recall the meeting.

MR FEUTRILL: You don't have any recollection of any discussions with her in around March 2014?

15 MS KESSELL: No, I don't.

MR FEUTRILL: You have seen the document she prepared for Mr Preston?

20 MS KESSELL: Only what was provided through the documents here.

MR FEUTRILL: You have read that before today, did you?

MS KESSELL: No.

25 MR FEUTRILL: What I mean to say is, you received it as part of a package of documents in preparation for giving your evidence today?

MS KESSELL: Yes.

30 MR FEUTRILL: When you read through it, was that notice, that note I refer to, a document you recall having seen in 2014?

35 MS KESSELL: I didn't completely read it but, no, that document definitely did not look familiar to me.

MR FEUTRILL: When you read through it, did the information in it accord with your recollection of the way in which the accounts were operated in 2014?

40 MS KESSELL: I didn't completely read the document, I just skimmed through to look at it and noticed that I've never seen it, that document. Well, I don't recall receiving that document before.

45 MR FEUTRILL: CRW.529.001.9091, please. Can I ask you to consider under the heading "Account Structure", was that a matter of which you had direct knowledge in 2014?

MS KESSELL: Paragraph 1 are you referring to?

MR FEUTRILL: Yes?

MS KESSELL: Apart from the "held through Melbourne", yes.

5

MR FEUTRILL: Is that consistent with your memory of the way in which the accounts were structured in 2014?

MS KESSELL: Yes.

10

MR FEUTRILL: And under the heading "Account Purpose", the first two bullet points in particular?

MS KESSELL: Yes.

15

MR FEUTRILL: There is another heading "Patron Accounts" and there is a heading:

1. Overview of channels employed to collect funds from Patrons.

20

There are three bullet points. Is that consistent with your recollection of how these accounts were operated in 2014?

MS KESSELL: I'm not familiar with the part --- I don't recall the section on money changers or through the overseas Crown office.

25

MR FEUTRILL: Is that information you think would have been available to those in cage, rather than in finance? What about the heading:

2. Cash Deposit/Over the counter deposits

30

MS KESSELL: Sorry, is that ---

MR FEUTRILL: I am asking if that accords with your recollection of the way in which the accounts were operated, or deposits were received, in 2014?

35

MS KESSELL: Sorry, it's just coming up on the screen.

MR FEUTRILL: I'm sorry. My fault.

40

MS KESSELL: Once again, it says money changers.

MR FEUTRILL: Is the effect of that, you had no knowledge in 2014 that the cage was depositing funds into the Riverbank Investments account?

45

MS KESSELL: I don't recall in 2014.

MR FEUTRILL: Scrolling down to heading 6:

6. Use of nonbank/non-ADI foreign exchange providers

Does that accord with your understanding in 2014?

5

MS KESSELL: I'm familiar with Crown Perth doing EFTs from the bank account to the patron's overseas account.

MR FEUTRILL: Yes.

10

MS KESSELL: I'm not sure what the overseas officers would do.

MR FEUTRILL: What about the first bullet point:

15

Crown Perth does not use non-bank or non-ADI to send money overseas. Does that accord with your recollection?

MS KESSELL: That's my understanding. It's similar to the second paragraph, so it would only be transferred from our bank account.

20

MR FEUTRILL: Yes, I see. So you mean to say utilising the services of your bank?

MS KESSELL: Yes.

25

MR FEUTRILL: The second bullet point in 7, is that consistent with your recollection of how the accounts are reconciled by Finance in 2014?

MS KESSELL: It depends what they mean by reconciled, so if reconciled is what we explained earlier in relation to checking the bank statements back to the balance of the general ledger. I'm not sure what they mean by cage reconciling.

30

MR FEUTRILL: I will put a hypothesis to you and I have the same question, which is why I draw your attention to it. Was it part of your role in Finance to do what one might describe as a sweep? When there was sufficient funds in the Riverbank Investments account surplus, the surplus would be swept across into another operating account of Crown Perth?

35

MS KESSELL: Yes.

40

MR FEUTRILL: Was that part of your functions in Finance?

MS KESSELL: Yes.

45

MR FEUTRILL: As part of that process, was it necessary for you to have access to the online banking platform to do that?

MS KESSELL: Yes.

MR FEUTRILL: In reviewing the online banking platform, was part of that function to consider the deposits into the account and transactions out of the account?

5 MS KESSELL: No.

MR FEUTRILL: By what means, then, did you know there was a surplus to be transferred across into the main accounts?

10 MS KESSELL: General --- just the balance of the account. We didn't necessarily need to know what was in or out, just the balance.

MR FEUTRILL: So you periodically looked at the balance and went "That looks good"?

15

MS KESSELL: Yes.

MR FEUTRILL: Did you have any idea at that time what transactions may have been in the pipeline coming out of the account?

20

MS KESSELL: No.

MR FEUTRILL: How did you determine how much to leave in the account after you swept the surplus? Was there a float you maintained or something?

25

MS KESSELL: No, there was no float but we would always leave a sum of money in there.

MR FEUTRILL: How did you determine the sum of money you were going to leave there?

30

MS KESSELL: No particular process.

MR FEUTRILL: Did you, in the course of this, require the authority of anyone else or was this something that was within your own --- in your own authority to do?

35

MS KESSELL: Own authority to do.

MR FEUTRILL: Can I ask, while we are still on this document, about "KYC Processes". I think you mentioned this already but just to confirm, the last bullet point there, is that a matter that was within your knowledge in 2014?

40

MS KESSELL: I'm not familiar if it was in 2014. I am familiar that we were --- we couldn't accept funds from companies unless the directorship was looked at. I don't know particularly what year that was.

45

MR FEUTRILL: At some time before 2020, you become aware of that ability,

subject to those conditions, to receive funds from ---

MS KESSELL: That's my understanding and my recollection, yes.

5

MR FEUTRILL: You are aware, obviously, that the ANZ account closed and the CBA account was opened. Can you be shown CRW.529.011.1741. This email was sent in April 2014 to, amongst others, you. Do you have a recollection of receiving that email?

10

MS KESSELL: No, I don't recall.

MR FEUTRILL: I draw your attention to the second-last paragraph. Do you recall there being a concern within Crown Perth at the time that your bank accounts were going to come under scrutiny from AML legislation?

15

MS KESSELL: No, I don't recall.

MR FEUTRILL: Do you recall there being a concern about transactions under the \$10,000 threshold meeting even greater scrutiny?

20

MS KESSELL: No, I don't recall.

MR FEUTRILL: Are you able to assist the Commission at all with any recollection of events in March and April 2014 associated with the closure of the ANZ account?

25

MS KESSELL: No. Apart from the fact that it was closed, no.

MR FEUTRILL: You mention in your statement receiving an email from Mr Costin on 29 April. The reference we have been using is, again, different to the one in your statement. It is CRL.605.016.4170. It is a longer chain. The one you refer to in your statement is just from Mr Costin to you. I direct your attention to that part of this document, at the bottom of 4170, top of 4171. I direct your attention to the paragraph beginning, "The closure of the Riverbank accounts was expected", et cetera. Then there is a sentence:

30

35

Can customers be advised by relevant people that multiple cash deposits in branch under the \$10,000 reporting threshold will not be accepted in the new CBA accounts, as we don't want this process to occur again with CBA in six months times deciding to close the Riverbank and Southbank accounts due to the suspect transaction.

40

Do you recall there being a process put in place at all after that event, after this email was received, whereby deposits under \$10,000 were not to be received into the Riverbank Investments accounts?

45

MS KESSELL: No, I don't recall.

MR FEUTRILL: When you say you don't recall, is that because there was no such process put in place, to your knowledge?

5 MS KESSELL: To my knowledge, I'm not familiar with the process.

MR FEUTRILL: What I mean to say is, were you aware of any operating procedure or direction given to any person in Crown Perth after this email was sent to the effect that multiple deposits under \$10,000 would not be received into the Crown Perth patron accounts?
10

MS KESSELL: I'm not aware.

MR FEUTRILL: You are not aware?
15

MS KESSELL: No. Not that I recall, no.

MR FEUTRILL: Did you prepare any instruction to the Finance Department account control indicating that, as part of the procedures from that point onwards, multiple deposits under \$10,000 would not be received into patron accounts?
20

MS KESSELL: I don't believe so, no.

MR FEUTRILL: Sorry?
25

MS KESSELL: I don't believe so, sorry, no. I don't recall, no.

MR FEUTRILL: Is that a matter that was within your authority in the Finance Department, to provide a direction to income control to the effect that patrons who deposited multiple cash deposits under \$10,000 would not have their funds accepted?
30

MS KESSELL: Sorry, I still don't quite understand.

MR FEUTRILL: In other words, when income control was receiving the requisition to receive funds, one of the things they would be on the lookout for is if there were multiple deposits under \$10,000 and, if so, they were not to accept the funds from the patron?
35

MS KESSELL: No, they weren't given that instruction. It was not finance's responsibility to review the bank statements in that manner.
40

MR FEUTRILL: Who, in your view, had the responsibility to give effect to Mr Costin's instruction in that email?

45 MS KESSELL: Cage.

MR FEUTRILL: Who, at the time, was the person responsible for cage procedures?

MS KESSELL: I'm not certain who is directly responsible for the procedures. The General Manager of Cage and Count.

5 MR FEUTRILL: So whoever occupied the position of General Manager of Cage and Count in April 2014 is, in your view, the person responsible for implementing any changes to the Standard operating Procedures at that time; is that right?

10 MS KESSELL: I'm not certain if it's his responsibility, but it was Mr David Brown.

MR FEUTRILL: But you said earlier you thought the responsibility for implementing the direction lay with cage?

15 MS KESSELL: Yes.

MR FEUTRILL: Who else, other than the general manager of cage and account, had responsibility for the design of the Standard Operating Procedures?

20 MS KESSELL: Would have been his cage management team as well. I'm not familiar who directly was responsible.

MR FEUTRILL: Was there a person to whom Mr Brown reported?

25 MS KESSELL: What year would that be?

MR FEUTRILL: 2014.

MS KESSELL: April?

30 MR FEUTRILL: Yes.

MS KESSELL: That would have been Mr Craig Spence.

35 MR FEUTRILL: I see.

MS KESSELL: If I remember correctly.

40 MR FEUTRILL: Is it the case that cage and finance fell under the management of the Financial Controller in Crown Perth, the Chief Financial Officer?

MS KESSELL: Chief Financial Officer, yes.

45 MR FEUTRILL: You knew, did you not, that at this time Crown Perth had an obligation to detect, or at least assist in the detection, and to report suspicious transactions to AUSTRAC?

MS KESSELL: Yes.

MR FEUTRILL: You must have known that if for no other reason than the online training you have been doing periodically?

5 MS KESSELL: The online training is not specific in relation to bank accounts.

MR FEUTRILL: No, but you must have been aware, or you were aware, were you not, that there was an obligation on the part of Crown Perth to report suspicious transactions to AUSTRAC?

10

MS KESSELL: Yes.

MR FEUTRILL: You understood, didn't you, that responsibility lay with every employee of Crown Perth, not only the cage, for instance?

15

MS KESSELL: Yes.

MR FEUTRILL: Any person within the organisation who identified a suspicious transaction of whatever character, had an obligation to make a suspicious matter report, didn't they?

20

MS KESSELL: Suspicious matter report --- it may be an unusual activity report.

MR FEUTRILL: The unusual activity report is a more recent invention, isn't it?

25

MS KESSELL: I'm not certain. I'm unsure of that.

MR FEUTRILL: For the sake of argument, if you identified in the course of your function in the Finance Department something in a banking context that appeared to be suspicious, what was the procedure, to your knowledge, for reporting a suspicious matter in those circumstances?

30

MS KESSELL: I'm not familiar with normal procedure.

35 MR FEUTRILL: Is the effect of that answer that, as far as you are aware, and we are now talking about the period 2013 to 2020, there was not a specific procedure for the Finance Department to make suspicious matter reports?

MS KESSELL: That's right. It was not our function, our core function to review the bank statements for unusual activity.

40

MR FEUTRILL: I am now referring to notwithstanding it may not have been in your function to review for any activity, if activity came to your attention by whatever means, by what process were you to make a suspicious matter report, if you chose to do so?

45

MS KESSELL: Can I just add some context to your comment?

MR FEUTRILL: Sure.

5 MS KESSELL: Firstly, we'd have to have the training to determine if a matter did look suspicious, which is via the online training. At the time, prior to December '20, I cannot recall the method we used to deliver the report of the suspicious matter.

MR FEUTRILL: What's the method now?

10 MS KESSELL: The method now is a UAR, an unusual activity request. I believe there's a portal which you can request that.

MR FEUTRILL: When you say you believe, have you operated the portal to see how it works?

15

MS KESSELL: No, I've not been into the portal.

MR FEUTRILL: So there is a portal. Prior to that, to the best of your recollection, by what means would a person who thought something suspicious was taking place have brought that to the attention of AUSTRAC?

20

MS KESSELL: It's suggested you speak to the AML officer.

MR FEUTRILL: When you say the AML officer, do you mean at the relevant time - -- not the compliance officer, not Mr Preston, but the person who held the office of AML officer?

25

MS KESSELL: That would be my understanding.

30 MR FEUTRILL: You were obviously aware that the CBA ultimately did close the Riverbank Investments account in 2019?

MS KESSELL: Yes.

35 MR FEUTRILL: You received an email to that effect. I will take you to it, CRL.605.016.7020. I want to ask you about the paragraph which begins:

We are working with our relationship banks to attempt to open new patron *accounts*

40 Can you tell the Commission your understanding of what steps were being taken to open new patron accounts in 2019?

MS KESSELL: I'm not familiar with the steps to open new bank accounts.

45 MR FEUTRILL: Did you have an understanding of what was intended in 2019 in respect of patron accounts?

MS KESSELL: No.

MR FEUTRILL: Did you understand, in 2019, them to include patron accounts for
5 Riverbank Investments?

MS KESSELL: Sorry, can you ---

MR FEUTRILL: The reference in this email to opening new patron accounts, did
10 you understand that in 2019 to be a reference to patron accounts for Riverbank
Investments?

MS KESSELL: I don't recall.

15 MR FEUTRILL: Riverbank Investments accounts had been closed?

MS KESSELL: Yes.

MR FEUTRILL: Did you understand this to be a reference to opening new patron
20 accounts for Riverbank Investments?

MS KESSELL: No, I don't recall.

MR FEUTRILL: Were new accounts opened for Riverbank Investments?
25

MS KESSELL: No, not recently.

MR FEUTRILL: Do you know the reason they were not opened?

30 MS KESSELL: No, I don't recall.

MR FEUTRILL: This was 2019; we are not talking about a long time ago.

MS KESSELL: No. I believe a decision was made not to open any further
35 Riverbank accounts.

MR FEUTRILL: Who do you believe made that decision?

MS KESSELL: I don't recall.
40

MR FEUTRILL: What is the basis for your belief, then?

MS KESSELL: Nothing was opened subsequently.

45 MR FEUTRILL: Were you in contact with any banks yourself in an attempt to open
accounts?

MS KESSELL: No.

MR FEUTRILL: Can we go back to your witness statement. For this task, we may need to do a little bit of juggling of the document I referred to earlier, PCRC.0001.0002.0001, which is a list of topics, because your statement gives the
5 answers but not the questions. If it is possible, operator, can we put up both the statement and the questions.

With the topics, can we scroll to topic question 6. I want to come back to question 7. Question 7 deals with whether or not there are any systems, policies and procedures
10 for the identification and management of the risks of miscalculation of casino taxable revenue payable. In your answer, you set out, if you like, a description of the process that is undertaken to calculate the casino tax.

My question really is: is that intended to address the substance of the question, which
15 is, is there a system, policy and procedure for the identification and management of the risk of miscalculation? For instance, you describe how it is calculated, but how do you identify if it has been miscalculated, if at all?

MS KESSELL: With the checks and balances in place, as stated in my document,
20 and also reconciliation processes completed.

MR FEUTRILL: I simply ask this for clarification. The point you make in those paragraphs is you are essentially saying that the system and process has in place a
25 number of checks and balances within it and that is the defence against miscalculation?

MS KESSELL: Yes.

MR FEUTRILL: I turn now to question 8. There are some aspects of this --- I think
30 we need, first of all, to establish a common ground of what we are talking about, actually, because it may be the questions could have been more tightly drafted for you.

Looking at topic 8, it asks about the nature and type of deductions used to calculate
35 all sums paid out as winnings. You understand that is part of the deductational process for the calculation of casino tax. Then it gives a number of includings and in your statement you have addressed directly the includings. But you have not said anything more about the nature and type of deductions used to calculate sums paid
40 out as winnings. Will you hold that thought for a moment because I will come back to that.

There is also a reference in d to bonus jackpots. You made specific reference in your
answer to your knowledge that during the period of your employment, jackpot
45 payments including bonus jackpot payments, random prizes and time-based gaming events have been treated as deductions. I want to ensure that we all understand what you mean by bonus jackpots, that's my first question. What, in your mind, is a bonus jackpot?

MS KESSELL: In answering this question, I was generalising with jackpots. So, with a bonus jackpot specifically, I'm not familiar with an example of what that might be.

5

MR FEUTRILL: Do we read that then as if the words "bonus jackpots" were not in paragraph 26, because you don't have in your mind a view of what a bonus jackpot is?

10 MS KESSELL: No, but any jackpot from a gaming activity would be classed as a deduction {inaudible} as winnings.

MR FEUTRILL: It might help to start by identifying what kinds of jackpots are offered by Crown Perth. Do you have knowledge of the categories of jackpots that are provided as part of the incentives or promotions as part of the gaming activities of Perth Casino?

15

MS KESSELL: No {inaudible}.

20 MR FEUTRILL: In the process then of calculating the taxable casino tax, how do you identify if a matter is to be included as a deduction or not, if you had no appreciation of what the bonus jackpots are?

MS KESSELL: Jackpots appear in the IGT system and are noted as part of the casino tax calculation.

25

MR FEUTRILL: I will stop you there. The jackpots, let's call them all jackpots for the time being, are identified in the IGT Advantage system. Who is the person responsible for deciding if something is going to be classified as a jackpot in that system? Is that you or someone else?

30

MS KESSELL: No, it's not me.

MR FEUTRILL: Who makes that decision?

35

MS KESSELL: I'm not certain, sorry.

MR FEUTRILL: Who is responsible, if you like, for determining the promotions that will be offered at the Perth Casino from time to time? How is that determined?

40

MS KESSELL: I'm not sure.

MR FEUTRILL: Do you have an understanding, of when a promotion is identified, how that then makes its way into an accounting process for the purposes of identifying whether it should be a deduction or not?

45

MS KESSELL: I'm not sure.

MR FEUTRILL: I will put some propositions to you about general categories of promotions and see if you are familiar with those, at least. It might be easiest to start, if I could, with a letter. You are not the author but it might give us, at least,
5 some structure to these questions. It is CRW.708.002.5692.

I appreciate this letter is from a period of time in the past but can I draw your attention to the heading "Background Information", and a series of what are referred to as jackpot and bonus prizes that were then approved for EGMs, and there is
10 reference there to A through to G. Are you familiar with any or all of those items described there?

MS KESSELL: I'm familiar with the titles of some but I don't actually know the jackpot itself.
15

MR FEUTRILL: They are general descriptions, are they, for kinds of jackpots?

MS KESSELL: Yes.

MR FEUTRILL: Carded lucky draw jackpot, do you know what that is?
20

MS KESSELL: Not specifically, no.

MR FEUTRILL: Do you know how that would be reflected in the IGT Advantage system?
25

MS KESSELL: No.

MR FEUTRILL: Do you know what carded lucky time jackpots are?
30

MS KESSELL: No.

MR FEUTRILL: Again, do you have any idea how that would be reflected in the IGT Advantage system?
35

MS KESSELL: Not directly, no.

MR FEUTRILL: Do you know who would know the answer to these questions?

MS KESSELL: No, sorry.
40

MR FEUTRILL: What department is responsible then for setting up the accounting so that when a bonus is paid or a jackpot goes off, it's recorded in the IGT system appropriately as a deduction?
45

MS KESSELL: I'm not certain.

MR FEUTRILL: You're not certain who it is?

MS KESSELL: No.

MR FEUTRILL: Sorry, I have been asked again if you can speak up louder?

5

MS KESSELL: Not certain, sorry.

MR FEUTRILL: Just for the sake of completeness, Ms Kessell, I will go through all of these. What about extra play bonus?

10

MS KESSELL: I'm familiar with the term but I wouldn't be for sure certain exactly what that means.

MR FEUTRILL: Do you know if it is still offered?

15

MS KESSELL: I'm not sure.

MR FEUTRILL: Lucky coin jackpots?

20

MS KESSELL: No.

MR FEUTRILL: Lucky time jackpots?

MS KESSELL: No.

25

MR FEUTRILL: Point play?

MS KESSELL: No.

30

MR FEUTRILL: Scheduled return play bonus?

MS KESSELL: No.

35

MR FEUTRILL: Do you have any familiarity at all with the way in which the jackpots are devised and promoted at the Perth Casino?

MS KESSELL: No.

40

MR FEUTRILL: I will ask you some questions that you may be familiar with. Are you familiar with the expression something like an EGM credit?

MS KESSELL: Yes.

45

MR FEUTRILL: Do you know what that would involve, if it were to be some form of promotion given by Crown Perth? What is an EGM credit?

MS KESSELL: It's a bonus credit, so based on play.

MR FEUTRILL: Based on play. Is that something that is connected to the loyalty program?

5 MS KESSELL: I'm not concern.

MR FEUTRILL: I will take you back to your statement for a moment, paragraphs 25a) and b). Are we talking about the same thing there, are we talking about EGM credits?

10

MS KESSELL: {Inaudible} credits.

MR FEUTRILL: Is that the same concept?

15 MS KESSELL: I'm not certain if there's other methods to get the credit, but I know the loyalty points will provide you with a credit.

MR FEUTRILL: So there may be other ways of gaining loyalty points to get EGM credits, but we are talking in 25a) and b) about loyalty reward points accrued, that's to say by gaming turnover?

20

MS KESSELL: Yes.

MR FEUTRILL: They are not treated as deductions, on your evidence?

25

MS KESSELL: Correct.

MR FEUTRILL: What about something known as a time-based jackpot, do you have similarity with that concept?

30

MS KESSELL: My understanding is that within a certain time period, a jackpot would go off and that's my understanding of that jackpot.

MR FEUTRILL: Is that a jackpot of a kind that is referred to in paragraph 26 of your statement, where you say if that's a jackpot that goes off in those circumstances, then it is a deduction?

35

MS KESSELL: Yes.

40 MR FEUTRILL: Are you familiar with the concept known as consolation? No?

MS KESSELL: No.

MR FEUTRILL: I will try for a better description because that is the only thing I wrote down. It is a process known whereby the prizes are doubled for a period of time. Is this a process of which you are aware?

45

MS KESSELL: No.

5 MR FEUTRILL: Are there any other jackpots of which you are aware that can be earned through gaming on an EGM; for example, a free room or free parking or some food and beverage vouchers? You are nodding.

MS KESSELL: Yes, sorry.

10 MR FEUTRILL: Is that part of the prizes that can be won on EGMs, to your knowledge?

MS KESSELL: Not to my knowledge.

15 MR FEUTRILL: How, to your knowledge, does one obtain some free accommodation or a food and beverage package, or whatever it might be, at the Perth Casino via the gaming activity of a patron?

20 MS KESSELL: My understanding is that it is outside of the gaming activity, so you wouldn't ---- it does not appear through the system of RGT.

MR FEUTRILL: It doesn't appear on RGT, is that what you are saying?

25 MS KESSELL: Does that mean, on your evidence, it is unconnected to the degree of play of the patron in order to be rewarded with some free accommodation or food and beverage, or something else?

30 MS KESSELL: I'm not familiar if they do receive free accommodation or food and beverage. They may receive food and beverage if they're playing within, for example, Riverside, but that would not go through as a deduction or through as a prize.

35 MR FEUTRILL: If a patron is, say, gaming for some length of time and turning over a significant amount of money, they may be given some accommodation or a food and beverage package, based on what criteria?

MS KESSELL: I'm not familiar with any criteria.

40 MR FEUTRILL: To be clear, is this what you refer to in your statement in paragraphs 33 and 34?

MS KESSELL: Yes.

45 MR FEUTRILL: It is. I think there is a connection between those paragraphs and paragraph 27 as well. You might be able to help us with paragraph 27, because some people in the room have an idea about accounting. You may be able to assist us. Do you recall you refer in paragraph 27 to an email you sent to the Gaming and Wagering Commission?

MS KESSELL: Yes.

5 MR FEUTRILL: I won't take you to the email but I will take you to the attachments, which is CRW.706.005.0211.

10 SPEAKER: Can I rise at this point? I am instructed that this document contains patron information and commercially sensitive revenue information. Could it perhaps remain on the personal screen, not the public screen.

COMMISSIONER OWEN: Yes. Take it down from the public screen, please.

15 MR FEUTRILL: I want to make sure I understand correctly the paragraph under the heading "Gaming Patron Complimentary Accommodation". Is this an example of the circumstance you described where someone is provided with accommodation gratis in one of the gaming rooms? Is that right?

MS KESSELL: Yes.

20 MR FEUTRILL: The hotels record the revenue for gaming patrons' accommodation under "Accommodation - Gaming". Is it the case that the room charge that would normally be paid by a person for the room is effectively recorded as revenue by the hotels?

25 MS KESSELL: Yes.

MR FEUTRILL: That is then internally charged to the gaming division, whether it be table games or gaming machines? It is a charge against their internal account?

30 MS KESSELL: Correct.

MR FEUTRILL: No money has actually flowed into Crown at this stage, though, for that service. The sentence say:

35 The revenue along with the complimentary amounts will include *accommodation provided at a reduced rate*. *That, I don't understand. Does that mean the revenue is reflected as the full room charge and the discount is then charged to the gaming division?* Sorry, the sentence says: The revenue along with the complimentary amounts will include *accommodation provided at a reduced rate ie includes amounts*
40 *paid by the gaming patron.*

What does that mean?

MS KESSELL: They might receive a lower accommodation rate. For example, if

you use your Rewards card, you might get a discount rate, and the patron --- so that's one part of it. They may be given a complimentary, up to \$150, and then the patron will pay the remaining amount.

5

MR FEUTRILL: So the promotion may be partly paid and partly free. If it is partly paid, you are reflecting the reduction as one of these charges to the gaming --- the internal charge to the gaming; is that the effect of it?

10 MS KESSELL: The whole amount would go to hotel as revenue.

MR FEUTRILL: Yes.

15 MS KESSELL: Then the proportion that is the complimentary amount, say the \$150, will be charged directly to the table games expense.

MR FEUTRILL: The next sentence says:

20 The complimentary amounts are supported by a SYCO voucher or Authority to charge. That is the internal mechanism by which you recognise that this revenue is not really revenue, it is a gift to a patron?

MS KESSELL: Yes. It's the authority for the hotel to provide the accommodation.

25 MR FEUTRILL: The accommodation?

MS KESSELL: Yes.

30 MR FEUTRILL: I think I now understand it. The last sentence says:

As this general ledger line includes more than just complimentary accommodation The revenue ultimately reflects amounts that are not actually received, that's what you are saying there?

35 MS KESSELL: Yes.

MR FEUTRILL: That is borne out when you go through all the figures in the expense items to the table games, et cetera?

40 MS KESSELL: Yes.

MR FEUTRILL: What I would like to understand is, given there is no income or no revenue actually being received by the casino --- the hotels, what happens to the charge? How you do deal with that on the general ledger basis, the charge to the

gaming division, table games or electronic gaming? How do you deal with that?

5 MS KESSELL: It goes to their expense account. So the revenue will be one side and the expense for table games will be the other side. They negate each other.

10 MR FEUTRILL: We could go through it for each of them but I suspect it's the same answer to the question. I take you to the last document, which is sent by a separate email, which is the reconciliation.

MS KESSELL: Yes.

15 MR FEUTRILL: What, perhaps, is missing is that those earlier emails and the --- so the earlier email and each of the attachments to it indicate how you are accounting for these internally. Is it the case there is then no connection between the charge to -- - the expense item and what is in the reconciliation at CRW.706.005.0233? I will ask that again because it is not up on the screen.

MS KESSELL: Yes.

20

MR FEUTRILL: Were you conveying to the Gaming and Wagering Commission that here is the way we account for those charges internally and those charges are not then reflected in the winnings or deductions in the reconciliation?

25 MS KESSELL: Correct.

30 MR FEUTRILL: Again, so I understand this, there is a table on the left-hand side, "Casino Taxable Revenue Reconciliation (May 21)". There is a description of all the sources of revenue in the top three lines and they are coloured blue, yellow and green. Then there's a heading "Jackpot Movements". Do I understand the jackpot movements to be, in effect, we can substitute jackpot movements for winnings in terms of the calculation of the casino tax?

35 MS KESSELL: Not winnings.

MR FEUTRILL: Not winnings?

MS KESSELL: Yes, sorry, winnings, yes.

40 MR FEUTRILL: In other words, you have amounts coming in at the top, \$32-odd million?

MS KESSELL: Yes.

45 MR FEUTRILL: Then a number for winnings and then the revenue item is one minus the other?

MS KESSELL: Yes.

MR FEUTRILL: So in each of those jackpot items they do not include the free accommodation, parking or food and beverage on those spreadsheets?

5 MS KESSELL: No.

MR FEUTRILL: I see. Just while in this document, there's a reference to escrow jackpot gaming machines. What is --- escrow, to the mind of a lawyer, brings to mind something that's held without there being a transaction. So what is the escrow
10 account or escrow mean, exactly?

MS KESSELL: So it's an amount held to issue jackpots. For example, if you have a machine on the gaming floor that they're going to retire and the jackpot hasn't been issued from that machine, the amount of that jackpot needs to appear in the escrow
15 account because it needs to, at some point, be issued as a jackpot.

MR FEUTRILL: I see, but in player detail there's been no payment to any third party by the Crown Casino at that point, has there?

20 MS KESSELL: That's why there's a movement --- the jackpot movement. It's an accounting reconciliation.

MR FEUTRILL: It's a book entry, is it?

25 MS KESSELL: Yes.

MR FEUTRILL: So it goes from one ledger, or one account to another, but no --- at this point in time, no money has left Crown Perth, has it?

30 MS KESSELL: No. So can I explain a little bit?

MR FEUTRILL: Yes, if you can.

MS KESSELL: So for casino tax purposes, we can only deduct actual jackpots paid.
35

MR FEUTRILL: Yes.

MS KESSELL: For accounting we will accrue the jackpots as we go along and that's why we use the movement in the jackpot.
40

MR FEUTRILL: I see. So this is the --- I understand now. This is the difference between month-to-month, if you like, and jackpot escrow sum?

MS KESSELL: Yes.
45

MR FEUTRILL: I see. Thank you for clarifying that. Now I just want to take you back to your statement. You need to bring up, sorry, operator, can you bring back up

the statement and the topics which are PCRC.0001.0002.0001 and go to topic 9. And you have dealt in answer to topic 9 with this in paragraphs 27, 28 and 29 and 30, I think, in your statement. Now we've just been through 27, that --- in that --- those
5 documents you are really describing interactions between you, that's to say you personally, and also Crown Perth and the GWC. So that's not really, if you like, any investigation undertaken by Crown Perth, is it, you're just simply giving some context to investigations of a general nature that have taken place into some of the topics that were dealt with in the Royal Commission in Victoria.

10

MS KESSELL: Yes, I felt it was. Although requested, I still felt that it was an investigation, in a sense, to confirm.

MR FEUTRILL: So in the case of paragraph 29, where you're dealing with something done with Melissa Smith, what exactly do you mean in paragraph 30
15 when you say you were --- you came to the view the treatment of poker tournaments was appropriate. So what we're not really clear on, Ms Kessell, is how you came to that view. So could I ask you how does the casino derive revenue from poker tournaments?

20

MS KESSELL: There is a fee to join the poker tournament and majority of that fee is paid out as part of the winnings of the tournament and Crown will take an administration fee for the tournament.

25 MR FEUTRILL: So do I understand from that description, then, the fee to participate is paid to Crown to begin with?

MS KESSELL: Yes.

30 MR FEUTRILL: The prizes from the tournament are paid out of the fees paid to enter it?

MS KESSELL: Yes.

35 MR FEUTRILL: And Crown Perth takes a Commission, presumably the balance, after taking into account any other expenses, from what's left, is that the ---

MS KESSELL: Administration fee.

40 MR FEUTRILL: Administration fee.

MS KESSELL: That's my understanding.

45 MR FEUTRILL: Is the administration fee reflected in the casino tax revenue equation?

MS KESSELL: No.

MR FEUTRILL: I see. So the way --- you consider that to be not falling within the requisite definition of casino tax revenue in the State agreement?

5 MS KESSELL: That's my understanding, yes.

MR FEUTRILL: I see. Why are you satisfied, by way of that process, that it was not revenue to be recognised as part of the casino tax revenue?

10 MS KESSELL: The meeting was held with a number of people who are familiar with the poker tournaments and all involved and --- it was a little while ago and just pre-COVID --- and the people within the meeting felt that the administration fee should not be included in casino, in the revenue. That's all I can recall.

15 MR FEUTRILL: Who were the people at the meeting?

MS KESSELL: Angelina Bowden-Jones, Global Head of Tax, Claude Marais, Denise Vanderklau, Wayne Carey who is in table games, Colin Lam who is part of my team, Ishak Atan.

20 MR FEUTRILL: What about Melissa Smith?

MS KESSELL: No.

25 MR FEUTRILL: Angelina Bowden-Jones , what's her position?

MS KESSELL: She's the Global Head of Tax.

MR FEUTRILL: Is she located in Perth or Melbourne?

30 MS KESSELL: Perth.

MR FEUTRILL: Okay, now, can I take you back to your statement in paragraph 28 and I understand, before your lawyer gets to their feet, that you're claiming privilege over this report. I'm not going to ask you to divulge any communications.

35 COMMISSIONER OWEN: Mr Feutrill, before you embark on this, we need to break. Ms Kessell, we'll have a short break. We'll break for ten minutes and come back at --- we'll break for eight minutes and come back at 4:10.

40

ADJOURNED **[4:02P.M.]**

45 **RESUMED** **[4:11P.M.]**

COMMISSIONER OWEN: Mr Feutrill?

MR FEUTRILL: May it please the Commission.

Ms Kessell, perhaps we should have the question rather than the answer up to start
5 with. We go to question 9 and so I think --- the substance of your answer to this
question is in paragraph 28. So you have indicated there that you have an
understanding that Ernst & Young, or EY, has been engaged to conduct a review of
Crown Perth's approach to calculating casino tax payable in relation to EGM activity.
So that's EGM specific. Is that your understanding?

10 MS KESSELL: Yes.

MR FEUTRILL: And you've not seen a final version of that report. We understand
it's been received and I appreciate that privilege has been claimed over it. Have you
15 seen a draft of that report?

MS KESSELL: Yes.

MR FEUTRILL: Obviously the missing element in the question here is the outcome
20 of that investigation and no doubt that's the subject of the claim for privilege. So you
haven't seen the final report, so I take it then that you really aren't able to --- we don't
know one way or the other whether the outcome of that report is either the opinion of
the authors of the report is that the Crown Casino has paid every cent it ought to have
paid by way of casino tax or it may not have. You just don't know based on the final
25 report because you haven't read it; correct?

MS KESSELL: Correct.

MR FEUTRILL: So if I could take you back to your answer to question 6, then,
30 which is a question around whether --- the question would be is what we want to see,
sorry, operator. The question is whether Crown Perth has paid the correct amount of
casino tax revenue to the State Government. The basis for your answer, which is the
best of your knowledge, it has paid the correct amount of casino tax, that answer is
absent knowledge of the final report from Ernst & Young; is it not?

35 MS KESSELL: Correct.

MR FEUTRILL: So that answer really needs to be qualified, doesn't it, by the fact
40 that you don't know whether or not Ernst & Young has concluded one way or the
other as to whether or not Crown Perth has, in fact, paid the correct amount of casino
tax, do you?

MS KESSELL: My understanding at this point in time, from what I know, I stick to
my statement. I believe we have.

45 MR FEUTRILL: From what you know but you are missing at least one piece was
information, aren't you?

MS KESSELL: Correct.

MR FEUTRILL: So what I'm saying to you, is that answer in 17 ought to be
5 qualified by the extent of your knowledge which is absent the outcome of the EY
report?

MS KESSELL: That's potentially the case, yes.

10 MR FEUTRILL: I'm sorry, I didn't quite catch that.

MS KESSELL: Yes.

MR FEUTRILL: Thank you. I have no further questions.

15

COMMISSIONER OWEN: Are there any applications? Mr Evans.

MR EVANS: Just a couple of accounting issues and I will deal with one of them and
my learned friend Mr Sadler will deal with a couple of others, if I might.

20

CROSS-EXAMINATION BY MR EVANS

25 MR EVANS: Ms Kessell, I just want to understand, and Mr Feutrill took you to this,
but there's a question of what's been called on a couple of occasions called the Crown
sweep, Mr Feutrill took you to that. I just want to understand, if I can, a live
example of that and the particular set of bank statements may assist which Mr Sadler
will also ask you about. Could I have up GWC.0001 .0007.0357 on room screens
30 only? And the pinpoint is page 28. You would recognise this, Ms Kessell, as the
casino account for Burswood Nominees, that's the principal AUD account you use
for casino activities?

MS KESSELL: Yes.

35

MR EVANS: Now, in the usual way that comprises a series of debits and credits and
I want to pay attention for one second to the credit side because it's the first item to
see. Three lines down, 1 July 2019 there's an item marked credit. That's a deposit
into the account. Transfer from Prosegur, collect from Prosegur. Now Prosegur is
40 the casino's cash handling facility, the company that takes cash off the casino when
the casino has surplus cash and delivers cash to the casino when required?

MS KESSELL: Correct.

45 MR EVANS: So is that deposit meant as a reciprocal of the sweep, it's a return of
money from --- into the casino account from your cash handling facility?

MS KESSELL: So it would be money banked from the cage.

MR EVANS: Money banked from the cage, is it?

5

MS KESSELL: Which goes to Prosegur and gets banked.

MR EVANS: Right, thank you. I understand that. So that's a transfer of money from
and to the cage. So if we look at Prosegur we see a cash transfer to and from the
10 cage. So if it's cash going out it's cash going out from the cage, if it's cash going in
it's cash coming into the cage, is that right?

MS KESSELL: Yes.

15 MR EVANS: So if we roll down that page onto the next page, in the middle of page
29, this time it's a debit. That's a withdrawal from the account. Again, we've got a
Prosegur item of 2,350,000. So that's cash going out of the cage to Prosegur; is that
right?

20 MS KESSELL: Yes.

MR EVANS: And below that is a \$4 million transfer to a bank account?

MS KESSELL: Yes.

25

MR EVANS: Which bank account is that?

MS KESSELL: I believe that's our payments account to pay suppliers.

30 MR EVANS: Right. So it's a corporate account, effectively. So you're sweeping
money out of the casino account into a corporate account to use for corporate
purposes?

MS KESSELL: No. That one's Burswood's bank account.

35

MR EVANS: So it's Burswood's. Okay. So it's, in a sense, moving funds out of the
casino fund to the next layer within the organisation, your local corporate account; is
that right?

40 MS KESSELL: I wouldn't call it a layer. It's just basically transferring money from
one of our Burswood Nominees accounts to another of the Burswood Nominees
accounts.

MR EVANS: But not one used for casino operations?

45

MS KESSELL: No.

MR EVANS: Thank you. Thank you, I understand that. Thank you.

COMMISSIONER OWEN: Mr Sadler.

5 MR GANDHI: If I may raise an issue. I fully understand the procedures by the Commission, but it seems to be unusual to have two separate counsel cross-examining a witness on the topics but I'm in the hands of ---

10 COMMISSIONER OWEN: It is unusual but this is an administrative inquiry and we allow some flexibility.

MR GANDHI: Thank you, Commissioner.

CROSS-EXAMINATION BY MR SADLER

15

MR SADLER: Thank you, Commissioners. Can we - similar topic, Ms Kessell. Can I have brought up GWC.0001.0007.0212. So this is a letter --- this is a letter sent, at least under the hand of Mr Spence, to the department on 7 February 2014. At that
20 time, I believe Mr Spence was the CFO?

MS KESSELL: Correct.

25 MR SADLER: Are you familiar with this letter?

MS KESSELL: I'm familiar with more recent letters, but yes, I'm familiar with this.

MR SADLER: So you understand they're sent monthly to the department?

30 MS KESSELL: Yes.

MR SADLER: And you said more recently. Is there a point in time where you perhaps took over drafting them or preparing them or reviewing them?

35 MS KESSELL: More recently reviewing them, more recently, yes.

MR SADLER: So take it from that, then, you didn't or you don't recall or you didn't draft this particular letter?

40 MS KESSELL: No.

MR SADLER: Okay. Do you know who would have drafted this letter?

45 MS KESSELL: I'm not sure where it originated but it does come from my team.

MR SADLER: Finance team?

MS KESSELL: Yes.

MR SADLER: You will see there on the front cover it says at point 2 --- I'll bring up
5 my version of it. At point 8 on that one it's providing the casino account for the
Hong Kong dollars and do you understand where it says "casino account" there to be
a casino account as required by direction 5.1 of the Burswood Casino directions? Or
even just the Burswood Casino directions?

10 MS KESSELL: Yes, I'm familiar with.

MR SADLER: If we could just have a look at a couple of statements there. If we
could turn to pinpoint on page 3. And this is similar to --- shouldn't be on the public
15 screen but it doesn't look like it is. So this is the Burswood nominee Hong Kong
dollar account. You see that at the top?

MS KESSELL: Yes.

MR SADLER: If we go to page 5 of this same document, you see the Riverbank
20 Investment there and, again, it's a Hong Kong account, that's on the right-hand side.
Do you know why the Hong Kong dollar Riverbank account was provided?

MS KESSELL: My knowledge from today I know --- I have been given some
information as to why it potentially might be included. However, I'm uncertain for
25 sure if that's the case.

MR SADLER: Could you tell us your --- under the caveat of you being uncertain?

MS KESSELL: Yes. The Hong Kong dollar program, the new program
30 implemented, whether there's Hong Kong dollar chips, my understanding that's why
the Hong Kong dollar Riverbank account was included.

MR SADLER: Is this the foreign currency chip program that you refer to at
35 paragraph 36(c) of your statement, I think, if you have it in front of you?

MS KESSELL: I don't recall referring to the program in the statement.

MR SADLER: Foreign currency chip program Hong Kong dollar, 36(c) of your
40 witness statement.

MS KESSELL: Can I see that on the screen, please?

MR SADLER: Coming up. There we are.

45 MS KESSELL: That's part of the portal. Yes.

MR SADLER: So they're related?

MS KESSELL: Yes.

MR SADLER: Can you explain to the Commission what the Hong Kong --- about
5 your recollection of the foreign currency chip program for the Hong Kong dollars
are?

MS KESSELL: It's basically the same as AUD, it's just in Hong Kong dollars.

10 MR SADLER: Do you know when that program was implemented?

MS KESSELL: I believe it was 2012.

MR SADLER: I'll bring up a document quickly. Now this is the document I'm
15 about to show you, GWC.0004.0002.0012, is actually an internal department
memorandum. So you wouldn't have seen this document before, it wasn't provided to
you, but it does talk about the Hong Kong dollar accounts so it might refresh your
memory. That's fine. I'll just leave that for the transcript and I'll move on. Can we
please bring up GWC.0001.0007.0357. This was just up on the screen before. So
20 here we have the same format of letter and this one's dated 23 August 2019. Did you
have a hand in drafting this letter? Or reviewing it, sorry, I think was your evidence,
not drafting it.

MS KESSELL: I'm familiar with the letter, yes.
25

MR SADLER: And down in the penultimate paragraph you see a paragraph reading
"As discussed with Mr Paul Hulme". Could you just read that paragraph? Mr
Hulme's evidence to the Commission was that that paragraph was --- he drafted this
letter and he inserted that paragraph into it after discussion between yourself, Mr
30 Preston and himself around that time. Do you recall that discussion?

MS KESSELL: Not directly.

MR SADLER: Not directly.
35

MS KESSELL: No.

MR SADLER: Okay. His evidence was that there was no good reason provided for
why the statements hadn't been given to the department before that date. Is this
40 ringing a bell to you?

MS KESSELL: Yes.

MR SADLER: Yes. At that point in time, had you thought of the Hong Kong dollar
45 chips at that point in time and did you discuss that, do you recall? Or was that there
was no answer or no reason given as to why the others say that's been provided?

MS KESSELL: I don't recall my conversation.

MR SADLER: No further questions.

COMMISSIONER OWEN: Thank you, Mr Sadler. Any other applications?

5

COMMISSIONER MURPHY: I'm fine.

COMMISSIONER OWEN: Commissioner Jenkins.

10 COMMISSIONER JENKINS: I have a few questions. In respect to the
correspondence you received in March and April 2014, that's the email
correspondence about the concerns of ANZ and the Riverbank account, do you recall
whether that, in any way, raised concerns in your mind about whether Crown was
15 accurately reporting to AUSTRAC these suspicious accounts --- transactions, I
should say?

MS KESSELL: Sorry, no, I don't recall.

20 COMMISSIONER JENKINS: So you don't --- I will ask this question. After you
received the 29 April 2014 email, which was cc'd to you, which referred to
suspicious transactions, multiple transactions less than \$10,000, did you give any
instructions to your staff in Finance to make sure that those sorts of multiple
transactions were not occurring or appearing in the bank statements?

25 MS KESSELL: I don't believe so.

COMMISSIONER JENKINS: If the same set of circumstances arose today, would
you do anything different to what you did in 2014?

30 MS KESSELL: Definitely. Yes. So my team would be informed and if I personally
noticed the transactions, I would report them as an unusual activity report.

COMMISSIONER JENKINS: And why would you do that today and not have done
it in 2014?

35

MS KESSELL: Today we have far more knowledge on the AML requirements and
more details as to how potential money laundering could occur.

40 COMMISSIONER JENKINS: Back in 2014 you understood that there was a
requirement to lodge suspicious matter reports with AUSTRAC in relation to
suspicious matters. Is that right? You're nodding your head.

MS KESSELL: Yes.

45 COMMISSIONER JENKINS: You were aware that the ANZ had referred to
multiple deposits in the Riverbank ANZ account on the same date for the same
patron as being suspicious transactions?

MS KESSELL: I don't recall that email.

COMMISSIONER JENKINS: But that's the email you received, isn't it?

5

MS KESSELL: Yes, it is, but I don't recall opening it because I was already familiar with the fact that the bank was closing the accounts. I might not have opened that email.

10 COMMISSIONER JENKINS: You were --- you had treasury functions, didn't you, response --- so that you were responsible for the bank accounts that Perth Casino was operating?

MS KESSELL: Responsible for the administration side of the bank accounts.

15

COMMISSIONER JENKINS: Yes. So when you became aware that ANZ was closing the account, you would have wanted to know why, wouldn't you?

MS KESSELL: I don't recall asking why the accounts were closed.

20

COMMISSIONER JENKINS: That's what I'm really asking you, Ms Kessell. If you had those responsibilities back there in 2014, still have them today, but you're saying that you didn't even follow up as to why ANZ was closing the account, what satisfaction can the Commission have that you would do that today if the same circumstances arose?

25

MS KESSELL: As I said, more knowledge. Back then, and it is really still now, it's not Finance's responsibility to walk through every transaction within the bank statement for unusual activities.

30

COMMISSIONER JENKINS: In respect of the telegraphic transfer of release forms and the attachments to it, are you saying that although they come to the income control department within Finance at the Perth Casino, you don't see them?

35 MS KESSELL: I don't see the incoming and the outgoing TTs, I personally see.

COMMISSIONER JENKINS: And just explain to me what the difference is. The incoming TT records what? So what do you say you don't see?

40 MS KESSELL: I don't see the one where the money from the patron hits the bank account from cage reports. Yes, that one.

COMMISSIONER JENKINS: But when the patron turns up at the cage and wants release of their funds ---

45

MS KESSELL: I don't see that one either. I only see when we pay --- if we need to pay the patron their winnings or front money.

COMMISSIONER OWEN: I'm sorry, who's the "we"? You say "we", "we have to pay". Are you drawing a distinction between cage on the one hand and Finance on the other in that "we"?

5

MS KESSELL: Yes, Finance being we have to. On the banking system we go in and make that transaction.

10 COMMISSIONER JENKINS: Right. But if the transaction is done at the cage then you don't see it?

MS KESSELL: No.

15 COMMISSIONER JENKINS: Do you recall having any conversation with David Brown about either the closure of the ANZ Bank in 2014 or the process of aggregation of transactions within the Riverbank account?

MS KESSELL: No, I don't.

20 COMMISSIONER JENKINS: And then I just have one last series of questions about the issue of tax, and I just want to understand what the position is. The value of Crown Rewards points that are converted by patrons into extra play credits at electronic gaming machines, my understanding is that they --- the casino does not count the value of those points, if they have a value, as taxable revenue. Is that your
25 understanding?

MS KESSELL: Yes.

30 COMMISSIONER JENKINS: But if, once converted into credits, and they --- I understand the process of reimbursement so take that as read. But if a patron wins on a credit which is subsequently reimbursed by an extra play credit, the value of those winnings are deducted from revenue for the purpose of calculating tax. Is that right?

35 MS KESSELL: Yes. Although very difficult to determine which part of play is the loyalty point or normal play, but, yes.

40 COMMISSIONER JENKINS: Then when we move to the gaming table, if a patron wants to use their Crown rewards credit to play at a table, how is that done? How do they convert their credits to chips for the purpose of gaming?

45 MS KESSELL: My understanding is they go to the VIC machine and receive a voucher and then go to the table and that voucher will be given to the table, the dealer, and they will provide a particular type of chip, I think it's called a comp chip, and that's how they will commence their play.

COMMISSIONER JENKINS: So the --- is the value of those credits taken into account as revenue for the purpose of calculating tax?

MS KESSELL: My understanding is yes.

5 COMMISSIONER JENKINS: And the value of any winnings from playing those credits is taken into account in deducting from revenue for the purpose of calculating tax?

MS KESSELL: That's my understanding, yes.

10 COMMISSIONER JENKINS: What then, in your understanding, is the difference, which explains why the value of those Crown Rewards points is calculated as income for one purpose but not for --- on table games. Sorry, I'll be clear. Is counted as income for the purpose if they're played at the table game but not if they're played in an EGM?

15 MS KESSELL: I'm not familiar with the answer. I have asked that question myself but I can't recall the answer to it.

COMMISSIONER JENKINS: And who did you ask the question of?

20 MS KESSELL: I can't recall. Could have been either of two people, but I can't recall.

COMMISSIONER JENKINS: So who would they be? I'm just wondering who we might find the answer from.

MS KESSELL: I asked Ishak Atan within my team, the revenue audit review manager, and Chris Schoenmaekers from table games.

30 COMMISSIONER JENKINS: Thank you. Those were my questions.

COMMISSIONER OWEN: Ms Kessell, I have two short questions for you. I'll start with tax seeing Commissioner Jenkins finished on tax. The poker tournaments.

35 MS KESSELL: Yes.

COMMISSIONER OWEN: I understood your evidence to be that the revenue, the income, is a fee that the participants in the poker tournament pay. From that are deducted prizes and an administration fee. Is that correct?

40 MS KESSELL: Yes. That's my understanding, yes.

COMMISSIONER OWEN: What are the sorts of things that go into the calculation of what the administration fee should be?

45 MS KESSELL: I'm not familiar enough to answer that question.

COMMISSIONER OWEN: Are there any other deductions, apart from the prizes in the admin fee from the ---

5 MS KESSELL: Not that I'm aware of.

COMMISSIONER OWEN: --- from the fee that the punters pay?

MS KESSELL: No, not that I'm aware of.

10

COMMISSIONER OWEN: My last question is a very short one. You spoke about sweeping out of the Riverbank accounts from time to time. That sweeping, was that done solely into another Burswood account?

15 MS KESSELL: From the Riverbank account?

COMMISSIONER OWEN: From the Riverbank account?

MS KESSELL: Yes.

20

COMMISSIONER OWEN: So there was no sweeping done to an account outside Crown Perth entities?

MS KESSELL: Nothing that I can recall.

25

COMMISSIONER OWEN: Anything arising, Mr Feutrill?

MR FEUTRILL: No.

30 COMMISSIONER OWEN: Mr Gandhi.

MR GANDHI: Just one question.

COMMISSIONER OWEN: Certainly.

35

RE-EXAMINATION BY MR GANDHI

40 MR GANDHI: Ms Kessell, you gave evidence to the effect that even as of now Finance is not responsible for reviewing bank statements to ascertain whether or not there was anything suspicious from a money laundering perspective. Is there anyone in Crown that has that job?

45 MS KESSELL: Yes.

MR GANDHI: Who are they?

04:41PM

MS KESSELL: Cage reviews the bank statements to determine for AML and the AML team have reviewed the bank accounts as well.

5 MR GANDHI: So at least two departments now have to review the bank statements to specifically account for suspicious transactions?

MS KESSELL: Yes.

10 MR GANDHI: Commissioners, I have no further questions.

COMMISSIONER OWEN: Thank you very much. Ms Kessell, thank you very much. Your evidence has helped us. We will leave the summons in place. I don't think there will be any tidying up to be done, but just in case. In the meantime, you
15 are free to go about your normal activities once again, thank you.

THE WITNESS STOOD DOWN

20

COMMISSIONER JENKINS: We will adjourn until 10am next Tuesday.

ADJOURNED AT 4.41 PM UNTIL TUESDAY, 28 SEPTEMBER 2021 AT
25 **10.00 AM**

Index of Witness Events

MELANIE STRELEIN FAULKS, AFFIRMED	P-4478
EXAMINATION-IN-CHIEF BY MR SHAW	P-4478
CROSS-EXAMINATION BY MR LEIGH	P-4479
CROSS-EXAMINATION BY MR DHARMANANDA	P-4533
QUESTIONS BY THE COMMISSION	P-4535
VASULA KESSELL, AFFIRMED	P-4542
EXAMINATION-IN-CHIEF BY MR GANDHI	P-4542
CROSS-EXAMINATION BY MR FEUTRILL	P-4543
CROSS-EXAMINATION BY MR EVANS	P-4587
CROSS-EXAMINATION BY MR SADLER	P-4589
RE-EXAMINATION BY MR GANDHI	P-4596
THE WITNESS STOOD DOWN	P-4597

Index of Exhibits and MFIs

EXHIBIT #CRW.998.002.0622_R - WITNESS STATEMENT OF MELANIE STRELEIN FAULKS, DATED 16/09/2021	P-4478
EXHIBIT #CRW.998.002.0721 - WITNESS STATEMENT OF VASULA KESSELL WITH AMENDMENT, DATED 22/09/2021	P-4543