

**AMENDED STATEMENT OF DEPUTY COMMISSIONER COLIN
JOHN BLANCH**

I, MR COLIN JOHN BLANCH,

Contains sensitive information

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Deputy Commissioner of the Western Australia

Police Force, do say as follows:

1. This statement is provided in response to the witness summons to give evidence, dated 19 July 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission (**Royal Commission**).
2. Unless otherwise stated, the information in this statement comes from my knowledge, examination of the records held by the Western Australia Police Force (**WA Police**) or the advice of officers employed by WA Police.

Qualifications and experience

3. I commenced my policing career with Victoria Police in 1997, serving in both uniform and detective specialist areas.
4. In 2005 I was seconded from Victoria Police to the role of Senior Investigator with the Australian Crime Commission (**ACC**) in Melbourne and was promoted into several operational roles.
5. In 2014 I was appointed the Victorian State Manager of the ACC and in 2015 I was appointed as Executive Director of Intelligence at the ACC (now known as the Australian Criminal Intelligence Commission).
6. Between 2012 and 2015 I was the head of Taskforce Eligo, a national taskforce set up to combat the threat posed by international 'super facilitators' of money laundering.
7. In 2018 I was appointed Assistant Commissioner, Intelligence and Command, with the WA Police and in 2019 was appointed as Deputy Commissioner.

8. In my role as Deputy Commissioner Operations, I have oversight of the State Crime Portfolio led by Assistant Commissioner Brad Royce. The Serious and Organised Crime Division and the Financial Crime Division are situated within the State Crime Portfolio. The Serious and Organised Crime and Financial Crimes Division investigate serious organised and financial crime. Both divisions are comprised of Criminal Investigators, Financial Investigators, Intelligence Analysts and Analysts from the Australian Transaction Reports Analysis Centre (Austrac).

Relationship between WA Police and Crown Casino Perth

9. The Crown Perth Casino (Crown Perth) is located within the Perth Police District. Perth Police Station is responsible for the general policing of the casino and its extended estate.
10. The Perth Police District Office and Perth Police Station have a positive relationship with Crown Perth which is facilitated through their Security Team. The parties regularly discuss emerging issues relating to responses to reported crime, investigations into offences committed upon the Casino premises and take a collaborative approach to emergency management.
11. The crime statistics from the Casino for the period between 2016 and 2020 are listed at Annexure 1.
12. The Serious and Organised Crime Division, comprised of the Organised Crime Squad, Gang Crime Squad and Drug and Firearms Squad liaise regularly with Crown Perth. The Serious and Organised Crime Division investigate persons of interest with links to established criminal networks.
13. Within the Financial Crimes Division, the Money Laundering Squad also have an ongoing relationship with Crown Perth and their recently implemented Anti Money Laundering Counter Terrorism Financing Compliance Officer. These relationships facilitate the

exchange of information to support investigations into persons suspected of committing suspicious transactions and money laundering offences.

14. Crown Perth and WA Police exchange information under a Memorandum of Understanding signed in 2014 between the parties (**MOU**).

15. Confidential

- 16.

BANNING NOTICES

17. Under the *Casino Control Act 1984* (WA) (**CCA**), the casino licensee or, in some circumstances, the Commissioner of Police may issue banning notices, banning individuals from the gaming premises.
18. There are three main variations of a Casino Banning Notice;
 - a. Section 26(1a) CCA - Generally a 24hr ban issued by the casino licensee verbally as a result of poor conduct.
 - b. s26(2) CCA – Issued generally in relation to gaming related offences. Can be for 3, 6, 12 or 24 months or permanent ban. Ban relates only to the gaming floor. Can be issued by casino licensee or the Commissioner of Police.
 - c. Notice Revoking Licence (**NRL**) - A general ban issued by the casino. Not specific to the CCA, but a general notice advising a person that they are not permitted to enter upon the Casino grounds. If the notice is breached then the person may be charged with trespass under section 70A of the *Criminal Code*.
19. The Organised Crime Squad and the Gang Crime Squad have made requests on a number of occasions to the Crown Perth seeking banning notices be issued by the Casino in relation to a number of criminal entities and Outlaw Motor Cycle Gang (OMCG) members. Crown Perth have always worked cooperatively with WA Police in relation to such requests. The General Manager, Security Crown Perth Mr Brian Lee has provided WA Police with the following figures in respect to the issuance of Casino Banning Notices (as at 27 April 2021):
 - a. No. of people currently subject to NRLs: 7071
 - b. NRL issued in last 3 years: 2131

- c. No. of people currently subject to a s26(2) CCA Notice: 1544
 - d. Section 26(2) Notices issued in last 3 years: 387
 - e. NRLs which relate to Prohibition Orders issued under section 152E of the *Liquor Control Act 1988* (WA) issued in last 3 years: 154
20. Since July 2001 there have been 153 prosecutions by WA Police for offences under the CCA primarily under section 26(6) of the CCA.

Relationship between WA Police and the Gaming and Wagering Commission

21. On Thursday 11 February 2021 the Commissioner of Police received a request from Mr Duncan Ord, the Director General of the Department of Local Government, Sports and Cultural Industries (**Department**). Mr Ord sought advice from the Commissioner on “how to improve the reporting of suspicious transactions given changes to the oversight provisions of our legislation that followed the introduction of Austrac appears to have limited our capacity to ensure compliance with AML requirements under the Act”.
22. Due to the Covid-19 State of Emergency the Commissioner provided Mr Ord with advice that I would be his delegate at the meeting.
23. Additional emails between Mr Ord and myself arranged for my attendance at a Gaming and Wagering Commission (**GWC**) meeting on Tuesday 16 February 2021.
24. On Tuesday 16 February 2021, I attended a GWC meeting via Microsoft Teams. At the meeting, I gave an overview of the concept of money laundering, particularly how it operated within a casino environment and also discussed related issues including: the Casino’s relationship with Austrac, individual play that didn’t

have the appearance of legitimate gambling, direct transfer and cash out of funds, agreements for fixed minor loss betting and the scrutiny of identification.

25. My attendance was a 'one off' occurrence and I left before the end of the meeting when the matters pertinent to my attendance were concluded.

Money laundering – overview

26. Money laundering is the practice of obscuring the origin of funds obtained by illegal means, passing it through various exchanges or layers in an attempt to hide its true origin.
27. Money laundering typically involves three steps - placement, layering, and integration.
 - a. **Placement:** the illegitimate funds are secretively introduced into a legitimate environment, such as a casino, bank or trust.
 - b. **Layering:** then the money is moved around to create confusion, in the casino setting this might (for example) be through playing games on the casino floor, electronic gaming machine game play or transferring an individual's money through pooled casino bank accounts.
 - c. **Integration:** the money is integrated into the financial system through transactions until the "dirty" money appears "clean".
28. As high-volume cash businesses, casinos are susceptible to money laundering activities. The movement of funds ~~are~~ is supported by high value and/or frequent lower value cash deposits and withdrawals, domestic funds transfer and international fund transfer (placement and layering). This provides national and international established criminal networks ~~to~~ the ability to comingle illicit funds with funds associated with game play (integration) whilst avoiding financial reporting obligations.

29. Organised crime entities and established criminal networks typically launder money through casinos by:
- a. Cash deposit, 'chip in' and 'chip out' quickly with limited or no game play and/or electronic game play;
 - b. Ability to deposit (cash or electronic transfer) funds into casino accounts. The customer has the ability to use their patron account identification number which reduces the visibility of the customer, value of funds held and transaction details. This provides the opportunity for layering and integration of funds into the regulated financial sector;
 - c. Structuring of deposits (cash and electronic transfer) under mandated threshold reporting amounts at the casino. Unless the Casino identifies suspicious transaction behaviour, the funds are integrated into the regulated financial sector;
 - d. Holding the chips for a period of time and later cashing them out for cash, a casino cheque or funds transfer legitimising the funds; and
 - e. Using the chips as currency to purchase narcotics, with the drug dealer later cashing in the chips.
30. Junket Tours are an attractive platform for organised crime groups to launder large sums of money as they are difficult for law enforcement to monitor and investigate. The lack of visibility of Junket Operators provides for:
- a. Anonymity of participants predominately from overseas to enforcement and intelligence agencies and regulatory authorities;
 - b. Inability to identify the origin, ownership and distribution of funds;

- c. Centralisation of funds into junket operator or casino international holding accounts. These holding accounts allow for the international fund transfers to be conducted allowing for the anonymity of individuals involved. Any disbursements will be conducted once the party returns off shore;
- d. Inability to identify funds deposited to or withdrawn from linked casino holding accounts or junket operator accounts whilst the participants are within Australia; and
- e. Anonymity for entities associated with organised crime links to launder and move large amounts of funds domestically and internationally. These fund movements under casino and junket holding accounts circumvent transaction reporting requirements.

Past WA Police involvement in the regulation of Junket Operators

- 31. Under section 18(4) of the *Gaming and Wagering Commission Act 1987* there is a role for WA Police, upon the request of the GWC, in the provision of information to the Commission regarding the issue, renewal, revocation of licences, permits or authorisations under that Act from the date of its commencement.
- 32. That position appears to also be the case under the CCA from the date of its commencement.
- 33. The issue of Junket Tours and operators has been a known one to WA Police from at least 1998 when section 25A was inserted into the CCA. Prior to this time, there appears to have been no specific regulatory authority for these activities.
- 34. The approval process for these tours and operators was subsequently provided for in the *Casino Control Regulations 1999*.
- 35. Inquiries made by some of my officers indicates that WA Police were involved in the investigation and approvals process for the

GWC during the earlier years of the Casino's operations. This likely included applications for junket tours to the Casino up until April 2000 when involvement appears to have ceased.

36. The main role of WA Police appears to have been in undertaking probity checks to determine whether a junket operator had criminal or intelligence activities that might raise concerns regarding the legitimacy of their operations.
37. Police continued their involvement in the probity checking of key employees and suppliers, and investigation of criminal activity around the Casino complex, however WA Police records indicate that there was no further request for involvement received from the Department in the approval process for junket tours or their operators.
38. I note that the GWC ceased regulating casino junket operators in 2010 when the *Casino Control Act Regulations 1999* were amended to remove any reference to operations of Junkets in Western Australia. WA Police have no records indicating that they were consulted about withdrawing control and oversight of Junket Operations in Western Australia however I am unable to confirm that we were not consulted.
39. The WA Police role in regulating junkets appears only to have occurred between 1998 when legislation was introduced and April 2000 when related requests seeking WA Police involvement in checking the applicants to conduct these junkets ceased. There was at the time no mandate for WA Police involvement in this process.
40. I am aware that the GWC has recently banned junket operations. Should they be recommenced, WA Police would seek to be involved in the probity checking of those involved in such operations and have veto rights over the approval process for individuals participating in such operations.

Australian Transaction Reports Analysis Centre (Austrac)

41. A casino is defined as a reporting entity under the *Anti Money Laundering Counter Terrorism Funding Act 2006 (Clth)* (**AMLCTF**). A reporting entity is an entity that provides any designated services listed under section 6 of the AMLCTF. These entities generally provide financial, gambling, bullion or digital currency exchange services. These services have been identified by law enforcement as posing a risk for money laundering and terrorism financing.
42. All reporting entities must meet obligations under the AMLCTF including:
 - a. A threshold transaction report (**TTR**) which is the report of the transfer of physical currency of A\$10,000 or more (or the foreign currency equivalent) as part of a designated service. A transfer can be either receiving or paying cash.
 - b. A suspicious matter report (**SMR**) which is a report from a casino employee to Austrac who suspects that a person or transaction is linked to a crime.
 - c. When a licensed casino is involved in an international funds transfer (an electronic instruction to transfer money to Australia from a foreign country or to a foreign country from Australia), they must submit an international funds transfer report (**IFTI**) to Austrac.
43. WA Police have direct online access to Austrac systems, which can be configured to provide real-time detection and alerts. This provides complete access to Austrac information, including SMR, TTR and IFTI, and enables collaboration between Austrac and WA Police on financial analysis and delivery of operational outcomes.

Online access provides close to real time access, with reporting entities (including Casinos) required to submit SMR within three business days where they relate to suspicions of money laundering. The reporting timeframe reduces to 24 hours where the suspicions relate to terrorism financing.

44. Austrac also disseminate intelligence reports identifying suspicious transactions and money laundering methodologies and indicators. These disseminated reports provide the supporting materials to serious organised and financial crime investigations. These disseminated reports routinely include TTRs, SMRs and IFTIs.
45. The embedded Austrac Analysts within the Serious and Organised Crime and Financial Crime Divisions of WA Police provide the ability to enhance Austrac reporting when partnered with criminal intelligence holdings held by WA Police. This partnering of this resource delivers targeting intelligence packages for investigations.

Key strategic risks in relation to money laundering via casinos

46. In the absence of formal Junket Operations, criminal entities and links to established criminal networks will use Hawala. ~~Hawala is an illegal form of traditional international form of remittance, based on the offsetting of funds (money transfer with money movement).~~ Hawala is potentially an illegal form of international remittance, based on the offsetting of funds (money transfer without money movement). This can occur instantaneously across the globe between remitters, moving funds in and out of Australia. This occurs outside of the regulated financial sector and oversight of regulatory and enforcement agencies.
47. Hawala facilitates the movement of illicit funds domestically and internationally to the benefit of criminal entities. These funds are able to be provided to or taken from gambling entities moving in and out of casinos.

48. It is well established that Hawala offsets funds derived from criminal enterprise within Australia with legitimate funds offshore. Any use of funds derived from Hawala transfers has the ability to legitimise the illicit funds in Australia.
49. Other key strategic risks include:
 - a. High frequency, low value cash deposits further enable the legitimising of funds into a regulated environment (structuring);
 - b. The ~~lack of~~ opaqueness of casino holding accounts holding pooled deposits detracts from the ability to identify individual contributions and distributions; and
 - c. International high-end gamblers are not known to WA Police. Their identification information is obtained and retained by Commonwealth agencies – Australian Border Force, Home Affairs and the Australian Federal Police.
50. It is noted that the intent of the AMLCTF provisions is to also include the identification of entities that may use the casino to hide the movement of illicit funds associated with the support of terrorists or terrorism organisations. Although, there is no current intelligence to support that this is currently occurring in WA, the correct identification of suspicious behaviour is essential to support counter terrorism and extremist behaviour investigations.

Crypto currency

51. Media reporting on 14 May 2021 indicated that Crown Perth would move towards a cashless transaction base. This will increase the visibility of ~~cash~~ value moving in and out of the casino. It will consequently become of increasing importance that alternative forms of value movement such as cryptocurrency transactions be regulated.

52. Cryptocurrency is a form of virtual currency made up of 'coins' which are pieces of computer code. Cryptocurrency can be purchased online and can be exchanged back and forth between parties online, using 'wallets'. A wallet is similar to a bank account and is used by individuals and organisations to store and transfer funds. The blockchain is the digital ledger of all cryptocurrency transactions, an irreversible timeline of all data.
53. Although the blockchain is a permanent and accurate record of all transactions, none of the transaction data is directly linked to personal identification data, meaning the transaction history may be public, but you cannot identify who is involved in the transactions by simply looking at the ledger.
54. Generally, persons converting cryptocurrency transactions into cash utilise the services of a Digital Currency Exchange (**DCE**). Australian DCE's are regulated by Austrac, and AMLCFT transaction reporting obligations similar to cash and electronic funds transfers apply. However, it is also possible to convert cryptocurrency to cash outside of a DCE directly between parties, which would then be outside of the vision of Austrac and any regulator. Casinos are not regulated DCE's and WA Police have no knowledge of the extent to which cryptocurrency is used in Crown Perth casino.
55. The use of cryptocurrency provides the ability to conduct financial transactions anonymously outside the regulated financial sector.
56. Whilst there are many legitimate uses for cryptocurrency, there has been a growing trend for using cryptocurrency to support illegal activity due to the anonymity it provides and its ability to easily facilitate payments (domestic and international) without the need for a third party, such as a bank. Key crime types utilising cryptocurrency include money laundering; ransomware; storing

large values/proceeds of crime; and buying illegal goods and services on the dark web.

57. The use of cryptocurrency by casinos and their clients may give rise to the ability of clients to transfer and receive funds anonymously directly between themselves and a casino. Within a casino environment, Regulators and Austrac would not have the ability to observe transactions and track these funds. Once funds are within casino controlled wallets, a casino would have the ability to transfer funds between wallets obscuring the source of the funds.

Additional information to assist in addressing key strategic risks

58. Additional reporting requirements by casinos to Austrac, particularly concerning deposits into casino accounts would enable the tracking of domestic and international transfers of funds linked to particular entities. This would give rise to an increase in SMR and IFTI reporting to Austrac.
59. If the GWC or another Agency were also to be provided with this information (assuming they were also resourced to interrogate and analyse the information) this would lead to increased vision of entities injecting or withdrawing funds, high value game play by individuals not associated with high levels of wealth, gaming and transaction activity of entities associated with established criminal networks and international visitors involved in high value transactions associated with the casino.
60. Any additional analysis of financial transactions would be complementary to the mandated reporting of TTR, STR and IFTI received by Austrac. The GWC would have the ability to match suspicious entity reporting with suspicious financial transaction reporting. Should the GWC's information dissemination authority be enhanced, this would create intelligence and investigative opportunities for WA Police.

61. Working in partnership with the GWC would allow WA Police to seize upon opportunity for the timely collection of information allowing for real time investigations.
62. These investigations would centre on mitigating the risk of criminal enterprises operating in Western Australia to launder proceeds of crime.

Law enforcement expertise on the Regulator

63. I have considered the question of whether there would be a benefit of having a member of the GWC, and any successor, with law enforcement expertise.
64. On the face of it, there are clear benefits from having such expertise on the GWC. However, there are issues which arise. First, if a serving police officer is placed on the GWC there can be a lack of clarity between the role of the regulator and the role of the police officer and his or her other duties. This could be resolved by putting a former or retired law enforcement officer on the GWC or by putting someone on the GWC with experience of money laundering. Additionally, or in the alternative, an intelligence briefing could be provided to the regulator at regular intervals by a current WA police officer from a relevant section such as State Intelligence or the Financial Crimes Division. This would also ensure that the regulator's knowledge of law enforcement practices would remain contemporary.
65. The presence of a current police officer on the GWC could also lead to a lack of clarity concerning where information sharing is to occur and how that is to occur. There should be no confusion as to where information is shared between the regulator and WA Police. I should of course note that we have not had concerns that the Department and the GWC has failed to inform us of criminal intelligence information, but rather, I think, they were not obtaining information of that type (or a lack of resources to analyse the

information received) so a police Officer on the Commission would not be there to address that aspect.

I declare that this statement is true and correct to the best of my knowledge and belief and that I have made this statement knowing that if it is tendered in evidence I will be guilty of a crime if I have wilfully included in this statement anything which I know to be false or that I do not believe is true.

Signed: _____

Witnessed at _____ (location)

On (date), at _____ (time)

By (witness name)