

Perth Casino Royal Commission

Witness Statement of Richard Craig Smith

17 September 2021

- 1 I am Richard Craig Smith of c/- Crown Perth, Great Eastern Highway, Burswood 6100.
- 2 This statement is provided in response to the witness summons to give evidence dated 2 September 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.
- 3 In this witness statement, I respond to the list of topics provided on 8 September 2021. I set out matters of fact of which I have personal knowledge. I do not intend to take the Commission through the documents in the case.
- 4 For the purposes of preparing this statement, I have referred to the documents in the attached list marked "RCS-1".

MY ROLES WITHIN THE CROWN GROUP

(Questions 1 to 7)

- 5 I was first employed at the Perth Casino around 12 years ago (in 2008 or 2009).
- 6 I am not sure which company in the Crown Group employs me. I have checked my payslip and it refers to Burswood Resort (Management) Limited.
- 7 I started at the Perth Casino in the role of General Manager – VIP Gaming Machines. A VIP Gaming Machine Manager (I believe that was his title) and three hosts reported to me at that time.
- 8 Around 12 months later, I undertook looking after the newly created Gaming Machine Meridian Room (now the Riverside Room) on the Main Gaming Floor.
- 9 Around 18 months to 2 years after I joined the Perth Casino, I took over responsibility for VIP Table Games. Very shortly after this, responsibility for the Meridian Room was moved to the General Manager Gaming Machines.
- 10 In around 2018, responsibility for the Pearl Room Reception was moved from International Operations to myself.
- 11 At around this same time, I assumed leadership of the Interstate Gaming business. The Interstate Gaming business was headed out of Melbourne, so the local Perth part of this was to look after the players when they were here, pick them up from the airport, check them into the hotel and the like. The details around what offers they would receive was dealt with by the Crown Melbourne Interstate team. From a Perth perspective, we did not contact or ring

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Interstate players to try and get them to come to Perth, nor were we involved with buy-ins and the like. Those matters were handled by the Cage.

- 12 I was the General Manager – VIP Gaming up to around September 2019. From memory, my direct reports in this role were a Table Game Manager, Gaming Machine Manager, Compliance Manager, Business Development Manager, Systems and Membership Manager and Administrative Coordinator.
- 13 I originally reported to Richard Callander (COO), then to Barry Felstead for a short period, and then to Lonnie Bossi (then the COO).
- 14 The VIP Gaming department was changed to the Premium Gaming department in around September 2019. The VIP Gaming / Premium Gaming department only covers local VIP players, not international or junket players.
- 15 Since around September 2019, I have been in the role of Director of Premium Gaming – Gaming Machines. I report to Shannon Blake (the Executive General Manager – Gaming Machines).
- 16 In my current role, I am responsible for the customer experience and environment for players in the Pearl Room and Riverside Room. I also oversee the process for membership applications for the Pearl Room and Riverside Room. I am not responsible for the gaming machine products in the rooms, the Cage or the gaming staff, EGM attendants and inspectors.
- 17 At the moment, there are roughly 2,500 Pearl Room members and roughly 14,000 Riverside Room members.
- 18 My direct reports in my current role are:
 - a) the Riverside Room Manager (Elliot Davis), who manages the reception and the Gaming Machine "Premium Hosts" in both the Pearl Room and the Riverside Room;
 - b) the Premium Experience Manager – Gaming Machines (Emma Pringle), who manages the Gaming Machine "Premium Experience Hosts" (formerly called Gaming Machine Executive Hosts); and
 - c) the Pearl Room Membership Coordinator.
- 19 The Table Games Hosts report to Indra Davis, who reports to the General Manager of Table Games.
- 20 Crown Perth has roughly 17 Gaming Machine Premium Hosts and 27 Gaming Machine Riverside Room Hosts. Riverside Room Hosts undertake voluntary higher duties as a Premium Host within the Pearl Room when required.

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- 21 On each shift, there are one to two Hosts on reception, roughly three Hosts in the Pearl Room and six Hosts in the Riverside Room. They have "in-room" duties, such as answering questions from players, making sure players have appropriate food and beverage service, ensuring the rooms and toilets are clean and tidy and controlling the entrance.
- 22 There are three full time Gaming Machine Premium Experience Hosts, each of whom has an assigned set of members. The Gaming Machine Premium Experience Hosts take the premium players to events, such as the football, and the like.

KPIs and bonuses

- 23 I cannot currently locate a copy of my current KPIs.
- 24 In my role, I could previously earn a 30% bonus through a short-term incentive program (**STIP**), which had a number of components. First, both the property as a whole and my department had to meet bottom line financial performance numbers. Second, I had to meet various grades on personal behaviours and matters such as occupational health and safety in my department.
- 25 From recollection, the STIP varied over the years. However, roughly 25%/30% was based on the overall financial performance of the property, 25%/30% was based on the financial performance of the individual departments. There were other components including compliance, health and safety, business processes and customer objectives.
- 26 The STIP was not in place in the last financial year and is not in place in the current financial year.
- 27 Bonuses have not been received for a number of years.

QUALIFICATIONS, EXPERTISE AND TRAINING

(Questions 8 to 11)

- 28 I have over 30 years' experience in casino operations.
- 29 I started working in casinos in 1988 at SkyCity Casino in Adelaide.
- 30 My first role was as a Keno writer supervising "Keno" games, and then later as a Keno supervisor. I then moved to Gaming Machine Supervisor in around 1994.
- 31 I started managing VIP Gaming Machines in approximately 1998 and then later took on responsibility for VIP Table Games as well.
- 32 I managed the VIP (Grange) room at SkyCity from around 2000 until around 2008 or 2009.
- 33 My role oversaw both Table Games and Gaming Machine VIP operations.

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Training

- 34 I had responsible gaming (**RG**) training while I was at SkyCity Casino. I recall a particular 3 day training session with the head of Central Mission. We visited the Central Mission and spoke to problem gamblers whose lives had been damaged. We also spent the better part of a day speaking to the head casino/gaming regulator of South Australia to discuss why the regulatory body existed, what they did and casino regulation generally (including RG and AML).
- 35 I recall having some AML training in Adelaide, including a Federal Law enforcement officer speaking to management around the 9/11 attacks and how limited costs would have been involved to undertake terrorist acts. My overall impression is that everyone is much wiser to AML/CTF concerns now.
- 36 At Crown Perth, I have had all of the standard online training on a plethora of topics, including AML and RG.
- 37 I recall having some orientation at Crown Perth when I first started, but I cannot recall what it covered besides where things were and who people were (e.g. the reporting structures).

REGULAR REPORTS TO SENIOR MANAGERS*(Question 12)*

- 38 I have never prepared any regular reports for senior managers or the directors of Boards.
- 39 In my current role, I get:
- a) a daily shift report from the premium host on duty that identifies top EGM players in terms of turnover, win and loss, as well as the cleanliness of the room and any service concerns from Food and Beverage;
 - b) an update report every week from one of my managers (Emma Pringle) as to how staff are going, the top players, how any events went and the like;
 - c) a monthly complimentary usage report to monitor the gratuities provided to patrons by hosts in my team.
- 40 In addition, I receive numerous regular reports on financial matters such as visitation, Gaming Machine turnover, performance of the differing tiers within Crown Rewards and Premium Gaming that are self-generated from the customer analytics department. These reports provide general information about the performance of the Gaming areas.

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AML / CTF*(Questions 13 to 14)*

- 41 My understanding of the AML/CTF procedures and systems in place at Crown is limited to the standard online AML/CTF training.
- 42 If a Host in my team or I notice an AML issue, then the procedures require us to escalate that issue to the AML team.
- 43 We do not see EGM players handing over large volumes of cash (without playing) because there are \$100 bank note acceptor limits on all EGMs.
- 44 AML issues, however, are more likely to be seen by the Cage or Table Games staff, where money is exchanged.
- 45 As I explain later in my statement, all membership applications for the Pearl Room are assessed from an AML perspective by the AML team.

INTERNATIONAL COMMISSION BUSINESS AND JUNKETS*(Questions 15 to 19)**Junket and international players*

- 46 I have never been involved with international commission business or junkets in my roles at Crown Perth. International players use different areas at the Perth Casino. I do not have any personal knowledge or understanding about this side of the business.

Arrangements with local high value players

- 47 Crown Perth does not have contracts or agreements with local high value players, beyond their Crown Rewards loyalty program membership.
- 48 The players in the Pearl Room are all local high value players. Only Crown Rewards members who meet set criteria can apply for access to the Pearl Room. I talk more about the application process for access to the Pearl Room below.

Credit to players

- 49 Crown Perth does not give credit to local players.

Receipt of funds from high value patrons for gaming

- 50 There is a cashless option in the Pearl Room (where players can load money onto a card to use on EGMs). I am not aware of the details of this option. It is administered by the Cage.
- 51 Premium Gaming has a form for Pearl Room members to complete to apply for the cashless option. This form then goes to the Premium Gaming membership coordinator for activation of the cashless option on that member's account. Once completed, the member is able to

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deposit and withdraw funds from their card at the Cage in the Pearl Room. The deposited funds are then able to be used at the EGMs directly from that member's card.

- 52 My team are not involved with the actual transfer of funds into and out of the members' cards. This sits with the Cage and I am not familiar with the applicable process.
- 53 There are around 5 persons within the Pearl Room that use the cashless option.
- 54 Players in the Pearl Room can set up pre-approved cheque cashing facilities. Those facilities are also administered by the Cage.
- 55 I am no longer involved in the process for setting up cheque cashing facilities, but in my previous role as General Manager – VIP Gaming, I was one of the people making recommendations as to whether to give pre-approval for cheque cashing facilities. When requested, I sat down with a person from Finance (who had already conducted financial investigations on the player) and considered the application in light of my (and my team's) knowledge of the player. For example, if I knew that the person was a \$5,000 player but the person wanted a \$50,000 facility, the application would not make sense and I would not recommend approving it.
- 56 Occasionally, players would want to increase the pre-approved limit while they were at the casino. In my previous role, those requests would come to me via the Cage or sometimes the VIP Table Games Manager. This was a rare occurrence, and the majority of the requests were in relation to one player. I would ask the Table Games Manager how the player was and then make a recommendation to Lonnie Bossi as to whether I thought that the pre-approval limit could be increased. Lonnie Bossi was responsible for deciding whether or not to actually approve the request.
- 57 I am aware that players can transfer funds electronically to Crown Perth. Again this is administered by the Cage and I am not familiar with the applicable process.
- 58 Occasionally, EGM players request an early release of these funds. This request comes to me from the Cage for consideration. When this first occurs for a player, I contact the Premium Experience Manager – Gaming Machines (Emma Pringle) to find out information about the player and then I make a recommendation to Lonnie Bossi as to whether to approve the early release. My understanding is that Level 1 authorisation is needed for the early release of funds, so approval from Lonnie Bossi (or his delegate) is required.

Gifts from players

- 59 The Hosts in my team sometimes receive small gifts from VIP patrons, such as for special occasions like a birthday or if they have a baby.

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- 60 There is a formal policy on gifts. A copy of the policy is CRW.700.025.0391. The gifts have to be registered on a gift registry, which is maintained by the Administration Manager – Table Games (Claire Willows). Cash cannot be accepted as a gift.

Gratuities to players

- 61 Part of my team's role does involve providing gratuities to local VIP players. For example, we give complimentary hotel rooms or meals to patrons, and take them to events, such as the football or shows.
- 62 The Premium Experience Hosts have limited discretion to offer these gratuities to patrons within an overall complimentary budget. They may make these offers for a variety of reasons such as, for example, to mark an occasion like a birthday or anniversary, to get to know a player better, to keep high value patrons happy and appropriately rewarded or to recognise a player who is an advocate of Crown (i.e. speaks highly of Crown).
- 63 Under the standard loyalty program, I understand that Crown Rewards Platinum members get two gifts a year (a hamper at Christmas and another gift).

RESPONSIBLE SERVICE OF GAMING

(Questions 20 to 24)

Players with RG issues

- 64 RG is an important part of the role of my team.
- 65 All the Hosts have a role to play in identifying RG concerns with VIP players. The Hosts (like all employees) are all trained in the observable signs of problem gambling. My team and I complete the standard online training courses on RG.
- 66 If a Host identifies a potential RG issue with a player, the Host would escalate it to the relevant manager (Elliot Davis or Emma Pringle), who then rings or emails the RG team (or the Host may also contact the RG team themselves). An RG advisor from the RG team then comes to talk to the player and forms an opinion as to whether there is an RG issue and next steps.
- 67 Players with RG issues can be excluded from the casino at the request of the player (self-exclusion) or at the request of a third party (third party exclusion). When a player asks someone in my team about seeking self-exclusion, the Host (or their manager) takes the request to the RG team. Crown itself also bars players for RG reasons. Usually this will be a 12 month exclusion. The RG team manages all these processes.
- 68 The Hosts in my team have regular interaction with the RG team. Many of the RG advisors used to be VIP hosts. The RG advisors do attend the Pearl Room and Riverside Room if there are concerns about a player or if they need to speak to someone. The RG team also

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regularly asks my team for information about the VIP players to understand the bigger picture about players of concern. For example, if the RG team receives a third party exclusion request for the VIP player, the RG team usually consults with the Hosts to find out more about the player.

69 There are maximum time periods that customers are allowed to play in 24 hours. Currently the limit is 18 hours, but that will be moving to 12 hours. The time period starts as soon as play starts. For Crown Rewards customers, time is recorded from when the customer's Crown Rewards card is inserted into an EGM or the dealer swipes the card for Table Games. After 12 hours, the RG team approaches the player. After 15 hours, the Premium Host observes the player and generally reminds the player about the 18 hour limit. At 18 hours, the RG team removes the player.

70 RG is also relevant to the membership process for the Pearl Room because Crown Perth does not allow membership of the Pearl Room if there are RG concerns about the particular player. I discuss this further below.

Regular meetings with RG team

71 For many years, the managers in my team have had scheduled meetings with the RG team (usually Melanie Strelein Faulks and sometimes other members of her team) to share information and to discuss any relevant RG matters that need addressing and concerns with VIP players. Any RG issues can be raised in these meetings. These meetings are scheduled every fortnight, although they sometimes take place weekly.

72 I attend the Responsible Gaming Management Committee meetings that occur 3 times a year. The meeting is led by the RG team and attended by the senior staff within Crown Perth. That meeting is an information sharing session. The RG team show statistics and the Committee discuss any trends, for example, if a significant number of people self-excluded in a particular month.

Revocation Committee

73 I frequently sit on the Revocation Committee that consider requests from players to return to the Casino after being barred or excluded.

74 The revocation process is a lengthy process. The Revocation Committee reviews internal and external reports line by line, and forms an opinion as to whether the players should be allowed back to the Casino. There is no assumption that players will be granted access back to the Casino and people are still declined after the revocation process. If Crown Perth does allow a player to return to the Casino, it may be with conditions. For example, we may say that the player must only engage in "carded play" using the player's Crown Rewards card and agree to limits around his or her play.

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- 75 The RG team has a follow-up meeting with the player three months after an exclusion is revoked. The RG team reports back to the Revocation Committee after that meeting.

RSG involvement in selection of EGM games and other operations

- 76 I am not involved in the selection of EGM games and do not know whether the RG team is involved in that process.
- 77 I do not know the extent to which the RG team is involved in decisions affecting gambling operations outside of the operations of my team described above.

LOYALTY PROGRAMS

(Questions 25 to 27)

- 78 The loyalty program operating at Perth Casino is the Crown Rewards program. My understanding of the purpose of the program is that it allows Crown Perth to understand our customers and also functions as a marketing tool. The program allows for "carded play", so it provides a means to identify patrons' play for the purposes of rewards, benefits, access to the Riverside and Pearl Rooms, and for RG purposes. It allows Crown Perth to look for trends in play and to be able to put some analysis behind who the players are.
- 79 Members earn status credits and bonus points from their turnover at the casino. Status credits are used to determine a player's tier level and bonus points can be redeemed for benefits across the property, e.g. food and beverage at restaurants. They can also be converted to extra play, although I am not familiar with the details of how that works.
- 80 I do not have any knowledge or understanding of the extent to which Crown Rewards members contribute to the earnings and profit of the Perth Casino.

Tiers of membership

- 81 There are different tiers of membership aligned with the player's level of play. The levels are: Member, Silver, Gold, Platinum and Black. Each tier has different benefits.
- 82 The Silver, Gold and Platinum membership tiers are based on the player achieving a certain level of status credits. The grading process for the Silver, Gold and Platinum tiers is managed by the Loyalty team. There is a re-grade twice per year, in April and October.
- 83 The Black tier membership for EGM players is determined at my discretion, based on consultation with my team. There are no specified criteria for Black tier membership at Crown Perth. We invite players based on their level of current or past contributions and their social suitability with each other (i.e. are they nice people and good advocates of Crown that we would want at membership events).

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Pearl Room and Riverside Room membership

- 84 Players automatically gain access to the Riverside Room when they achieve Silver status.
- 85 In order to be a member of the Pearl Room, players have to achieve a pre-established level of turnover for the last 12 months. That level is approved by the regulator. Crown Perth does not publish what the level of turnover is, even though we are often asked by players. That is for RG reasons to avoid incentivising players to gamble to reach that level.
- 86 Players do not automatically become a Pearl Room member when they reach the turnover level. A player has to submit an Expression of Interest form and, if they meet the required level of turnover, their application is considered. All applications are considered by the AML, Security and RG teams. If a person is approved by all of those departments, then the application comes to my team for final approval.
- 87 My team would never dispute or query a veto from the AML team. My team has gone to Security on a handful of occasions asking them to reconsider their veto. Occasionally, if the RG team vetos the application, we may go back to the RG team and give them more information about the player and have a discussion. However, if after this discussion, the RG Manager (Melanie Strelein Faulks) says no to the application, then the application will not progress.
- 88 A player's membership to the Pearl Room lapses if they do not maintain the minimum required turnover. If membership lapses, then a player would have to re-apply and go through the application process again (which would involve fresh sign off by each of the AML, Security and RG departments) to regain access.
- 89 Whilst the Pearl Room Membership Coordinator role reports through to myself, all approvals and tier level decisions for Table Games are the responsibility of the Table Games Department. I understand Indra Davis would provide final approval for the Table Games Pearl Room memberships.
- 90 Recently, a Process and Compliance Manager has been appointed reporting through to the General Manager of Table Games. The Process and Compliance Manager was charged with undertaking an additional review (covering source of wealth and source of funds) for Pearl Room members depending on their level of play, their tier and our existing knowledge of the player. These processes are independent from my role. However, I am aware that if we had concerns around source of wealth and the member refused to complete a source of wealth form, they were excluded from the property.

The Suite

- 91 Certain EGM Pearl Room members also have access to "the Suite" located in the Pearl Room. This is a more private area with an access control door, which has around 30 EGMs

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and its own jackpot. Access is generally based on a minimum contribution per visit. Whilst within the Suite persons have complimentary access to the full Pearl Room menu.

- 92 The Suite memberships are determined by my team and me. We generally assess membership once every six or 12 months.

Membership benefits

- 93 The benefits for members are dependent on the membership level:

- a) Free parking – Silver members have access to free multi-level parking, whereas Gold level and above members get free undercroft parking.
- b) Free food and beverage – Silver members get access to complimentary tea, coffee and soft drinks in the Riverside Room. In the Pearl Room there are complimentary drinks (included selected alcoholic beverages) for Gold members. Platinum members also have complimentary drinks and some free food. Black tier or Suite members can have anything off the Pearl Room menu at any time.

RG input into loyalty programs

- 94 I do not know whether the RG team has been involved in designing or reviewing the Crown Rewards program. I do not know whether there has been problem gambling research about the Crown Rewards program.

CORPORATE CULTURE / STAFFING

(Questions 28 to 30)

Question 28 (corporate culture and relative importance of staff safety)

- 95 In my view, the Perth Casino considers revenue and profits to be quite important. However, the Perth Casino does not put revenue and profits over staff safety and welfare; certainly, the Perth Casino does not put staff deliberately in the way of harm just to raise revenue and profits.
- 96 Over the 12 years I have worked at the Perth Casino, I have generally found it to be a good employer which provided a good place to work. I believe that positive experience is also shared by staff that have worked for me.

Question 29 (staff concerns or complaints)

- 97 Insofar as my team is concerned, Hosts mainly raise complaints about operational matters such as how gaining access to the Pearl Room is too slow and the like.
- 98 From time to time, Premium Gaming Machine Hosts may complain about members within the Pearl Room swearing or that the member has directed verbal abuse at the Hosts (or other members).

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- 99 If it relates to general swearing, it is open for the Premium Gaming Machine Host to raise the issues with the RG team and also copy in the line managers. Alternatively, the Host may contact the relevant line manager, who will take the necessary actions, including involving the RG team (where appropriate) or possible escalation to the Investigations and Compliance team (as explained below).
- 100 Whether or not the Premium Gaming Machine Host decides to report the swearing depends on the circumstances that have given rise to the swearing. If the swearing is not directed at the Premium Gaming Machine Host or not expressed in an obscene or threatening manner, the Premium Gaming Machine Host may decide against escalating it to the relevant line manager or to the RG team.
- 101 Where the RG team is notified by the Host or the line managers, the RG team will then follow up with the member concerned.
- 102 If the concern is of a more serious or offensive nature (such as racist abuse or inappropriate touching), the Premium Gaming Machine Host will contact the relevant line manager who will then investigate. In instances such as this, the line manager involved will also notify me of the concern. The concern may also be advised to the RG team. However, and in any event, the matter will be escalated for action to the Investigations and Compliance Manager (Derek Burling). Resulting actions typically include barring the member from the Pearl Room or the entire property for a period of 12 months or longer. I understand that where touching of staff is concerned, the staff concerned would be advised by the Investigations and Compliance Manager of the option to contact the police. Conversations between the staff and the Investigations and Compliance team are confidential and the Premium Gaming Machines team (including myself) would not be included in these conversations.
- 103 In situations where the concern comes from the conduct of a Table Games member towards a Table Games host, Table Games player or other staff within the Table Games environment, however, that will be addressed by the Table Games staff and the Director of Premium Table Games. The main Table Games area of the Pearl Room (Diamond Room) is separate from the main Gaming Machine areas. Premium Gaming Machine Management and Premium Gaming Machine Hosts may not always be made aware of concerns that arise within that separate space.
- 104 As far as I am aware, and insofar as my experience is concerned, there are no adverse consequences for any staff who raise concerns or make complaints.

Question 30 (processes and procedures)

- 105 If staff have any concerns or issues, they have a number of avenues to raise those matters:
- a) Contact the dedicated whistleblowing service;

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- b) Contact the HR department; or
- c) Contact the relevant line manager, who may, where appropriate, escalate it to me to resolve if the manager cannot resolve it.

- 106 In my experience, the processes outlined above have been effective.
- 107 The processes for receiving misconduct complaints from Perth Casino employees are those outlined in paragraph 104 above.
- 108 In my experience, HR has been the department that has taken the lead in dealing with complaints received from staff.

FURTHER QUESTIONS RELATING TO POLICIES AND PROCEDURES

(Question 31)

- 109 At the moment there are no junkets or international players. I do not have any knowledge of the procedures and policies relating to junket and international players. In the past, Neil de Lima headed up the International team. More recently, the International team was run out of Crown Melbourne, with a team on the ground at Crown Perth headed up by Indra Davis. (Indra Davis is now my counterpart in Table Games for local Premium Gaming.)
- 110 I have already explained the due diligence process relating to players who are offered Pearl Room membership.
- 111 My understanding is that Crown Perth does not offer credit to patrons.
- 112 I do not know what operational information is reported to the Gaming and Wagering Commission.



Richard Craig Smith

Dated: 17 September 2021