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**PERTH CASINO ROYAL COMMISSION**

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**PUBLIC HEARING - DAY 45**

**10.00 AM THURSDAY, 30 SEPTEMBER 2021**

**COMMISSIONER NJ OWEN**

**COMMISSIONER CF JENKINS**

**COMMISSIONER C MURPHY**

**HEARING ROOM 3**

**MR MICHAEL FEUTRILL SC and MR THOMAS BOYLE and MS ESTELLE BLEWETT as Counsel Assisting the Perth Casino Royal Commission**

**MR ROBERT BATHURST as Counsel for the Department of Local Government, Sport and Cultural Industries**

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

**MR KANAGA DHARMANANDA SC and MR LEON FIRIOS and MS CLARA WREN 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 STEVEN PENGLIS SC and MR DEAN GRONDAL as Counsel for Mr Joshua Preston**

**MS JOANNE SHEPARD as Counsel for Mr Barry Felstead**

**DR ELIZABETH BOROS as Counsel for Mr Ken Barton**

**MR PETER WARD as Counsel for Mr John Poynton**

**MR ANTHONY POWER as Counsel for Ms Maryna Fewster**

10:00AM

COMMISSIONER OWEN: Please be seated. Mr Preston, thank you for returning. I think it would be appropriate if you were to be affirmed or take the oath again.

5 WITNESS: The oath, thank you.

**MR JOSHUA ROBERT PRESTON, SWORN**

10

**EXAMINATION-IN-CHIEF BY MR PENGLIS**

MR PENGLIS: For the transcript today, if it please the Commission, I appear with my learned friend Mr Grondal.

15

Mr Preston, you have prepared a second further witness statement yesterday, correct?

MR PRESTON: Yes.

20

MR PENGLIS: If we can call up document JRP.0001.0004.0001\_R, and just look at those three pages, if they can be scrolled for you. Do you identify that as the witness statement that you prepared yesterday?

25 MR PRESTON: Yes, I do.

MR PENGLIS: Although it's redacted, you recall signing it?

MR PRESTON: Yes, I do.

30

MR PENGLIS: Do you confirm the contents are true and correct?

MR PRESTON: I do.

35 MR PENGLIS: I tender the statement.

COMMISSIONER OWEN: The second further witness statement of Joshua Robert Preston dated 29 September 2021 and bearing the identifier number JRP.0001.0004.0001 is admitted into evidence as an exhibit.

40

**EXHIBIT #JRP.0001.0004.0001 - SECOND FURTHER WITNESS  
STATEMENT OF JOSHUA ROBERT PRESTON DATED 29 SEPTEMBER  
2021**

45

MR PENGLIS: Thank you. May it please the Commission, one further tender before I sit down. Can I say, on behalf of Mr Preston we are very grateful to Crown

and Crown's legal representatives for facilitating this, but this morning we received an email from Melanie Jasper to Dean Grondal and Alex Ward-Noonan. It's been uploaded and I understand the document number is JRP.0001.0003.0004. This is to close out the matter dealt with in the concluding paragraphs of Mr Preston's most recent witness statement. Let's try it the other way around, because that's not it. JRP.0001.0004.0003. It has been uploaded. I saw that that had occurred myself, and I thought I had written down the correct number. I will simply read it very shortened and fix it up later.

10 That's it.

Can I note that's not the number which appears in the index, so if someone can fix that administratively later. In any event, that's a self-explanatory email and I tender it, may it please the Commission.

COMMISSIONER OWEN: I don't think there is any need to tender it because there's an exhibit list that's prepared.

20 MR PENGLIS: I just wanted to specifically refer to it at this point in time. May it please the Commission.

COMMISSIONER OWEN: Thank you, Mr Penglis. That can be taken down. Mr Feutrill.

25

### **CROSS-EXAMINATION BY MR FEUTRILL**

30 MR FEUTRILL: May it please the Commission.

Mr Preston, can I start by taking you back to the Bergin Inquiry since we have been dealing with that. I just want you to identify some documents before I ask you some questions about them. If we could call up Mr Preston's first statement in the Bergin Inquiry, which is CRL.577.001.0001. I can't remember, Mr Preston, whether you have had access to this since you gave the evidence or not, or at least been given notice of it in the lead-up to giving evidence in this Commission.

40 MR PENGLIS: The answer is we received no notice of this. I received no notice, so it's not fair to ask the witness. I have the notice that was provided to my instructors at about 5.15 yesterday afternoon, and it's not on. I'm not objecting to it being asked, but it's not a document that's in the list that we were given.

45 MR FEUTRILL: I was referring more to the general notice given, I think, before he gave evidence last time as well. In any case, it's his statement from the Bergin Inquiry I'm referring to, so --- you are familiar with the fact you gave evidence in the Bergin Inquiry, are you not?

10:05AM

MR PRESTON: Yes, I am.

MR FEUTRILL: You gave a statement dated 20 February 2020?

5

MR PRESTON: Yes, I did.

MR FEUTRILL: Can I ask that we scroll to paragraph 128. The paragraph deals with three documents, Mr Preston. I want to take you to two of them. It makes reference to AML --- Crown Perth AML program, reference CRL.554.001.0377. Can I ask that that document be called up. The document is on the right-hand side of your screen, Mr Preston. Can I just confirm that is the cover sheet of a document you intend to refer to in that paragraph of your statement?

15 MR PRESTON: Yes, that appears to be it.

MR FEUTRILL: Can I show you another document, CRL.554.001.0196. That's a cover sheet to the joint AML/CTF program. As I understand it, at the time your statement was given in February 2020, this joint program had not yet been admitted or approved by the Board, correct?

20

MR PRESTON: That's correct.

MR FEUTRILL: I want to take you to both of these in due course and ask you some questions about them, but before I do, can we scroll to paragraph 165 of the statement, please, and call up the document referred to in that paragraph as well, which is --- you've referred to it as the ML/TF business risk register, CRL.566.001.0001 --- we are there.

25

30 The document on the right-hand side of the screen, which is the one I believe is referred to in that statement, you've referred to as the crown entities ML/TF business risk register. Am I right in thinking that at the time of your statement, that is to say 20 February 2020, was what was then the combined risk register for the Crown Melbourne and Crown Perth casinos?

35

MR PRESTON: Yes, it was.

MR FEUTRILL: And it was, I think you've said in the statement, essentially an adaptation of the Crown Melbourne version for --- it was adopted for both sites?

40

MR PRESTON: Not entirely, as I recall.

MR FEUTRILL: Right. In any event, it was intended to cover both sites in the risks identified in it and the controls associated with each risk?

45

MR PRESTON: That's correct.

MR FEUTRILL: While we're dealing with the Bergin Inquiry materials, can I ask

10:09AM

that we take you to what was a confidential statement in the Bergin Inquiry, your second statement, which is dated 6 March 2020, CRL.577.002.0017. You may recall that you were asked to respond to a question, question 9 in the box on that page,  
5 which dealt with a number of junkets. If you need to take time to refresh your memory about what took place, feel free to do so, but I draw your attention to paragraphs 20 ---

10 COMMISSIONER OWEN: Sorry, Mr Feutrill. Mr Dharmananda?

MR DHARMANANDA: Sorry to interrupt, it was noted to be a confidential statement, as I understand it, and there are aspects of it which involve either disclosure or has information on matters that might still require it to be off the public screen.

15 MR FEUTRILL: My apologies, I should have realised that. If that be the case, it should be confined to the interested parties and the witness, is that right?

I draw your attention to paragraph 20 onwards, and I'm really interested in the  
20 confidential entry to that particular statement. If you need the time just to read ---

COMMISSIONER OWEN: It's not on the screen yet.

25 MR FEUTRILL: It's not on your screen?

MR PRESTON: No, I haven't got it yet.

MR FEUTRILL: Not on anyone's screen? In paragraphs 20 to 27, you dealt with the preparation of the confidential annexure?  
30

If I understand this correctly, the preparation of that was a combination of information from your own knowledge and information you obtained from other sources, but you'd be aware it dealt with matters relating to Melbourne prior to 2017, when you took the role across both properties?  
35

MR PRESTON: It wasn't a huge amount of my direct knowledge. It was more so information provided to me by staff members who were more familiar with the individuals who were involved in the relevant areas, who were gathering information so I could respond to question 9 in the second statement.  
40

MR FEUTRILL: Okay. Can I ask that you be shown the actual annexure, which is CRL.577.002.0001, and just confirm that that is the annexure --- it was prepared by you, was it, or under your supervision?

45 MR PRESTON: It was prepared under my supervision but it became part of my statement.

MR FEUTRILL: All right. I will come back to that in due course. I just want to

10:13AM

make sure you have the right document. Then if I can ask that we show Mr Preston his third statement in the Bergin Inquiry, which is CRL.666.001.0004. You might recall you gave another statement after you had been examined earlier in the year,  
5 last year?

MR PRESTON: Yes.

10 MR FEUTRILL: And if I could scroll this one to paragraph 19, these will be the subject of the NPA.

Much the same way as with the previous statement, I just want you to confirm that these are the documents that you are referring to in that paragraph. So CRL.663.001.0031 is on the right-hand side. Can I just ask you a question about  
15 this. Towards the bottom of the page there's a "Last Update 26/02/2017 JG". Do you know what that signifies in the Crown Perth system?

MR PRESTON: I would expect --- I don't know for sure, but I expect the last update is, as it suggests, the last time it was updated. JG may have been the person who ---  
20 that I'm not sure. I don't know what that is.

MR FEUTRILL: To the best of your knowledge, as of February 2020 - sorry, August last year, I think your statement was given, this was the then current telegraphic transfer standard operating procedure for Crown Perth?  
25

MR PRESTON: They were my instructions. They were my instructions when preparing the statement.

MR FEUTRILL: I see. So you rely on someone else to provide you with the then  
30 current procedure?

MR PRESTON: I was, yes.

MR FEUTRILL: Can I ask that you be shown CRL.663.001.0004.  
35

Again, was this provided to you as the then current AML reporting procedures for the Cage in Perth?

MR PRESTON: The AUSTRAC reporting, yes, yes.  
40

MR FEUTRILL: Can I ask that you be shown CRL.663.001.0010. Presumably, you are more familiar with this one, this is the legal services AML standard operating procedures?  
45

MR PRESTON: Yes, I know them, I haven't looked at them for some considerable time, but they are the procedures.

MR FEUTRILL: As of August last year you were familiar with those proceedings?

10:17AM

MR PRESTON: I would have looked at them in August last year, yes.

5 MR FEUTRILL: Is this effectively --- this document describes what the AML officer, or the AML team, as it were, as you might describe it, were required to do by way of the standard operating procedures in terms of their day-to-day function in dealing with AML/CTF related matters?

10 MR PRESTON: This is one part of it. As I recall, there was also a particular AML compliance officer standard operating procedure as well, which was provided, if I recall, in greater detail in terms of activities undertaken.

15 MR FEUTRILL: Okay. Can we please go back to the AML/CTF program for Crown Perth. I'll give the operator a better copy, which is --- I think the one referred to in your statement was a photocopy. This is a colour version, which is CRL.533.001.3787. If we could scroll to section 7. You'll see there's a reference there to a risk assessment, and it makes reference to existing casino designated services. On the top of the following page there's reference to appendix E. If we could scroll to appendix E, please, which is at pinpoint 3810, there's appendix E.  
20 Now, am I right in thinking that you had a fair part to play in the preparation of the appendix E and the risk register for Crown Perth?

25 MR PRESTON: Over the years I was involved in it, yes. Originally I was involved in it, and over the years with other staff members, it would be reviewed on a relatively regular basis.

30 MR FEUTRILL: When you say "reviewed", do you mean to say reviewed it and, if you like, when new risks became extant you took those into account in the risk register?

35 MR PRESTON: The risk register would be reviewed on an annual basis to determine whether the environment had changed, whether there had been changes in controls, or whether a new risk had arisen, and they would be incorporated into the risk register.

40 MR FEUTRILL: All right. Perhaps we could scroll to pinpoint 3813, and I just want to ask you some general questions. Before I do, the equivalent in the joint program is the document I took you to earlier, isn't it, effectively the risk register for the joint AML properties?

MR PRESTON: Yes.

45 MR FEUTRILL: I will come back to that. At the moment I just want to ask you some questions about really how the risk was managed at this time, for the Crown Perth site. I think there's a non-publication order on this so I will try to do this in a way that doesn't reveal any secret information. You'll see on the left-hand side there's a designated service column, and a description of the risk, and then some

ratings about the risk rating. Likely the consequent risk, and then specific controls. Am I right in thinking the focus of this document is on the designated services that are provided by the casino by Crown Perth --- that is to say, the gaming activities  
5 inside the footprint of the casino?

MR PRESTON: There's a majority of this document --- I recall, and I haven't looked at it in depth for a while --- but the majority of this document does capture those on casino footprint mode of issues.  
10

MR FEUTRILL: Really the focus is on the designated services, meaning those services designated as such under the AML/CTF Act, correct?

MR PRESTON: That's correct.  
15

MR FEUTRILL: In respect of the controls, there are --- I can take you through all of them, but very, very frequently it makes reference to a Suspicious Matter Report as a control?

MR PRESTON: Yes.  
20

MR FEUTRILL: Do you recall if, from your memory --- and if you need time to consider this, feel free to do so --- I have not been able to, and it may be it's embedded in one of the other items so you might be able to point me to where it would lie within risk, but I've not been able to identify a risk in the nature of receiving funds from a patron or third party into a Crown Perth bank account for use in gaming where, for example, those funds received might be the proceeds of crime.  
25

MR PRESTON: Again, I'd have to have a look at the whole risk register. If I recall, there is a reference in here about telegraphic transfer, off the top of my head.  
30

MR FEUTRILL: There is. It might be that's where it's buried, but I wasn't able. If I can take you to page --- on pinpoint 3821. That's a heading "account opening" and "account transactions", which is where you might expect it to be. Then the first designated service under that heading appears to be the one dealing with transactions at the Cage itself, and the next is account transactions, VIP and regular.  
35

MR PRESTON: Yes.

MR FEUTRILL: So it may be because of the way the casino operates, but I couldn't decipher from that a specifically identified risk relating to the receipt of funds from external parties?  
40

MR PRESTON: Well, I think the --- again, I'm trying to refresh my memory --- under the account transactions VIP regular designated service, the first risk is the receipt of funds from parties.  
45

MR FEUTRILL: Yes, but it's making reference there to third parties, and consistent



10:25AM

with the amount of TT, whatever that means, presumably it's a telegraphic transfer.

5 MR PRESTON: I read that as telegraphic transfers from third parties or companies generally, and/or --- that plays inconsistent with the amount of the telegraphic transfer. So not all compressed as one.

10 MR FEUTRILL: Would you, in your view, do any of these deal with specifically the structuring of payments into one or more of Crown Perth's bank accounts?

MR PRESTON: No, I don't believe there is a specific --- I don't recall that.

15 MR FEUTRILL: So it's more generally dealing with the receipt of funds rather than a specific risk of that nature?

MR PRESTON: Well, this document doesn't specifically call it out, but this document's not to be read in isolation.

20 MR FEUTRILL: I understand that.

MR PRESTON: Certainly in the context of how it was implemented across the business.

25 MR FEUTRILL: I understand. I'm just trying to establish what risks were recognised in the risk register for the AML/CTF program. That's the whole purpose of this.

30 All right. Could I ask that we now look at the joint program risk register that I took you to a little earlier, which is at CRL.566.001.0001. Again, this is to be confined to the witness and interested parties in the Commission. Again, this is a little different in terms of its format, it's slightly different but essentially achieves the same end, which is to identify --- in this case it's not so much confined, it seems, to designated services but a risk for generally, although it may, of course, include the provision of designated services, and then the controls. In this case, you'll see --- I draw your  
35 attention to --- there are obviously a number of different types of typologies. The one I wish to draw your attention to is item 17 on pinpoint 0007. It is not entirely clear what this is driving at, but in your view would this one cover the structuring of payments into the account by third parties?

40 MR PRESTON: This has relevance to that, yes. Many.

MR FEUTRILL: So it's a bit close, it's not crystal clear, but it does seem to be in the general area?

45 MR PRESTON: Well, I think it covers it pretty closely. If talks about customer attempts to deposit front moneys, making payments using complex means, such as multiple sources of funds or multiple modes of transmission. I think that would be enough to capture the concept.

MR FEUTRILL: Was there any event that took place between the 2018 version of the Crown Perth risk register and development of the joint AML/CTF program that led to your knowledge to the inclusion of a more specific risk relating to the receipt of funds into the bank account?  
5

MR PRESTON: The only specific event I can recall is when I carried out a restructure of the AML framework to enhance it, and employed a new dedicated Group General Manager, and her instructions were to review the whole of the framework from top to bottom to look for enhancements, which led to the review carefully of the Melbourne risk register and gaming environment and activities, and the same in Perth, and then developed this risk register.  
10

MR FEUTRILL: Are you referring to Ms Lane, are you?  
15

MR PRESTON: Yes, I am.

MR FEUTRILL: It wasn't, was it, the public airing of allegations concerning Riverbank Investments and Southbank Investments that may have instigated a change to the risk register?  
20

MR PRESTON: No, no, certainly not to my knowledge. Not that I recall.

MR FEUTRILL: All right. Can I ask you a question about the control element. I think I drew your attention in the earlier risk register, or Crown referred specifically, to the identification in many cases, if not all, of using a suspicious matter of report as an element of control. In the joint program risk register, it also makes reference to suspicious report --- reporting suspicious or unusual behaviours, or words to that effect, as an element of the control. In what way, based on your understanding of this risk register and how it operated, does the --- and I take it that really what is being referred to there is making a report to AUSTRAC. In what way is the making of a report to AUSTRAC an exercise in controlling the risk?  
25  
30

MR PRESTON: Well, there are certain things that happen internally when the suspect matter report is raised, and lodged, in that it forms part of the risk register against each patron, and depending on the nature of the suspicious manner report, or more than one suspicious matter report, the risk of that customer and their activities will be considered, and it can lead to an increase in the risk rating of that customer, which will then lead to the concept of more regular analysis of customer activity.  
35  
40

So that's a control, in that we're controlling and understanding the risks associated with it by more regularly looking at it. We've always seen the concept of suspect matters as a vitally important part of the AML framework and, indeed, very important in the context of intelligence into --- to AUSTRAC and their partner agencies.  
45

MR FEUTRILL: Do I understand by that answer --- I will take you through the risk

management process and the AML/CTF program so perhaps you can explain perhaps in a bit more detail what's described, but is the effect of what you are saying if, to the extent a Suspicious Matter Report is raised and it triggers internal review, one  
5 element of the control may be that ultimately, that patron will be issued with a notice of --- revocation of licence?

MR PRESTON: That's one possibility.

10 MR FEUTRILL: That would therefore lead to prevention of that patron continuing to carry out that conduct?

MR PRESTON: That's a possibility, yes.

15 MR FEUTRILL: If you are observing on the floor, for example, some behaviour that is consistent with indicia of money laundering, what other controls are in place or were in place when you were involved in Crown Perth to prevent the continuation of that? I'll give you an example. If someone is observed to be putting a number of  
20 notes into an electronic machine, say a FATG machine, and then having minimal play, on more than one occasion, was there any system by which that patron would be then prevented from continuing to gamble?

MR PRESTON: There was.

25 MR FEUTRILL: Immediately?

MR PRESTON: Not necessarily immediately, because often those activities aren't observed. If people are trying to do something in a manner where they don't want to be identified, we would rely on surveillance identifying them, escalation through  
30 staff, gaming reports, and it would be dealt with once that information became relevant. It could happen if it was observed at the time, and that person, one would expect, would be spoken to by the staff members to understand what is transpiring and precluded from carrying out that activity or precluded generally.

35 MR FEUTRILL: When you say precluded, do you mean to say they would be removed from the casino or prevented from continuing to gamble?

MR PRESTON: Depending on the circumstances. If the person was asked to explain their actions and they explained them which had some logical reason, that  
40 might be acceptable. Or if it was for other reasons, it might be dealt with in a different manner.

MR FEUTRILL: To your knowledge did this take place, as in did you witness this taking place, or are you now referring to what you've been told by others?  
45

MR PRESTON: I recall one instance in machines where a patron was loading money into a machine and cashing out without much rate of play and that patron was confronted.

10:35AM

MR FEUTRILL: And?

5 MR PRESTON: I can't recall the outcome, but I do recall it was some years ago, the patron was confronted.

10 MR FEUTRILL: What if a person were to arrive at the Cage with a large amount of cash in circumstances where it was evident that it was highly suspicious? For example, you knew from your information about the patron that they did not have an adequate source of wealth to satisfy or to give a proper explanation for the amount of cash they were depositing?

15 MR PRESTON: At times there would be a question of the patron. It could be escalated. The staff were very carefully trained to avoid the concept of any tipping off, so there would often be frontline staff who would provide a report which would lead to a suspect matter and then certain investigations could be made once the suspect matter was received.

20 MR FEUTRILL: So there was not at this time, was there, any limit on the amount of cash that could be received at the Cage?

MR PRESTON: When you say "this time"?

25 MR FEUTRILL: As in the time of the joint AML/CTF program?

MR PRESTON: There was a limit put in.

MR FEUTRILL: You're right, sorry. I withdraw that. I think you are quite right.

30 MR PRESTON: I just can't remember the time.

35 MR FEUTRILL: All right. Just to complete this, getting a picture of how this operated in practice, Mr Preston, can we go back to CRL.533.001.3787, which is the Crown Perth program. I think you might have, in answer to one of my earlier questions, stepped through in quite a compressed way a number of parts of this document, so if I could start by drawing your attention to pinpoint 3798, to the heading "Risk Rating". I understand from this that initially a patron is given a default rating of low, and then other risk ratings may be assigned to the patron based on information that becomes available --- moderate, significant and high?

40 MR PRESTON: Yes, correct.

45 MR FEUTRILL: In 14, there's a reference to "Know Your Customer Information". That involves undertaking some background checks for information about a patron?

MR PRESTON: Yes. I just have to --- if we can bring 14 up.

MR FEUTRILL: Sorry, 14 should be there.

5 MR PRESTON: Yes, that's a concept of further Know Your Customer as opposed to the baseline.

10 MR FEUTRILL: Further Know Your Customer, I see. So where a person has been given or assigned a rating of "significant" or "high" - in a case of "moderate" there's no further step taken, is that the gist of it?

MR PRESTON: I have to refresh my memory, sorry.

15 There's an annexure to this program which does articulate in a diagrammatic form the steps that would usually be taken to follow through back into the program for logistic purposes. But essentially, you might be right, if it was "significant" or "high" we would carry out further Know Your Customer information, or enhanced customer due diligence as required.

20 MR FEUTRILL: In 15, there is enhanced due diligence, which is where there are a number of triggers, one of which is the risk rating is "high"?

MR PRESTON: Yes.

25 MR FEUTRILL: Or a Suspicious Matter Report has been generated. Can I just draw your attention to 16, which seems to be where it ultimately concludes. It suggests that before considering whether or not to revoke a licence, the risk has to be at a fairly high level here. It's describing "known to engage in money laundering or terrorism financing or is currently at extreme risk of doing so". You might recall that during your examination earlier in the year, I asked you a question about the Crown  
30 Perth's risk appetite in the context of criminal infiltration and you had, I think, said in answer to the effect that there was zero tolerance.

35 I then asked you some relatively abstract questions about what that meant. This seems to give a fairly clear indication of what one might describe as risk appetite when it comes to AML/CTF, would you not agree with me?

MR PRESTON: This is an element of it.

40 MR FEUTRILL: Do I understand, then, that there is a tolerance of a degree of risk that a patron may be engaging in money laundering activity up to the point at which it's considered to be essentially so extreme that a notification revoking a licence should be given?

45 MR PRESTON: Well, I might just address that by referencing the concept of suspicion of money laundering. All the Suspicious Matter Reports and the suspicious activity are not necessarily in the context of money laundering, it is suspicious activity generally. As an operator, we don't always know what they might be doing. There is certainly activities which could be seen as possibly money laundering

activities, but we're not to really know. So it's not --- I'm just trying to make the point it's not always specifically what might be the concept of money laundering, it is suspicion generally.

5

MR FEUTRILL: I appreciate that. When the suspicion activity involves an indicia that is consistent, I agree, you may not know for one hundred per cent certain, whether or not the patron is involved in money laundering or not, but if the activity is consistent with that, at what point did the Crown Perth take the view that continuing to provide designated services to that customer was not an appropriate risk to  
10 continue undertaking?

MR PRESTON: I think, again, it was never black and white. There was a lot of grey area judgment calls made in the space. Where there was something of great moment that we did have great concern, we would escalate those often in conjunction with  
15 communications with law enforcement, which was a really important piece to our framework, and the continual provision of information through our reporting mechanisms to AUSTRAC we also deemed to be relatively --- not relatively, vitally important, because we certainly knew that AUSTRAC had information sharing  
20 arrangements with law enforcement.

The provision of that information, we would expect notices to produce information on patrons to come from law enforcement or other regulatory agencies to us, and that was all part of the process in how we would deal with the patrons who were  
25 presenting at a particular level of risk.

MR FEUTRILL: When you say "we", who are you including in that description? Is that you yourself as the AML/CTF compliance officer, or you with others? What do you mean by "we", when you say "we" would do certain things?  
30

MR PRESTON: It's a number of people.

MR FEUTRILL: Who would be in that group that were making decisions of the kind you've just described in a general way?  
35

MR PRESTON: Certainly it would involve me, obviously. The AML compliance officer would certainly be involved in the escalation of it. The head of security and surveillance would be involved in it, in the context of providing information, seeking information from law enforcement, and other senior members of the business were  
40 often engaged about particular patrons to determine further information they might be able to provide to us, and also get their views.

MR FEUTRILL: When you say "other senior members", who do you have in mind in that description? Is that Mr Felstead?  
45

MR PRESTON: Yes, and Mr Felstead would often be spoken to about a number of patrons. Mr Bossi at times would be spoken to about a number of patrons, because he had control of gaming, and could access information for us.

MR FEUTRILL: Were you, as the AML/CTF officer in a position to independently, that is to say of your own accord, make a decision as to whether or not to bar a patron for AML/CTF risk reasons?

5

MR PRESTON: I could certainly recommend a barring. That would be my view. I would normally be escalated to others to confirm that there were no issues with that, no one had any other comments about it. It would be rare that I would just unilaterally bar someone.

10

MR FEUTRILL: Would you have the authority to do that under your remit?

MR PRESTON: I don't think I had the authority to issue a barring per se. The barrings were issued by Security.

15

MR FEUTRILL: Section 26 notice?

MR PRESTON: And also the Notices Revoking Licence.

20

MR FEUTRILL: Okay. So when you say you made recommendations, to whom were you making those recommendations?

MR PRESTON: I would often speak with Mr Felstead or Mr Bossi, as the case may be in Perth.

25

MR FEUTRILL: Did either of them have the authority to effectively bring about the barring of a patron?

MR PRESTON: If it was agreed a barring could be issued, yes.

30

MR FEUTRILL: I think you referred earlier to a diagram. Can I just take you to pinpoint 3805, which I think is probably the diagram you had in mind. Really, Mr Preston, I'm interested in --- and you'll see by the nature of the questions --- the two blue boxes at the foot of the page. One leads to ongoing transaction monitoring and the other leads to "do not transact", or "exclude". At least to my mind, zero tolerance would tend towards exclusion rather than ongoing monitoring.

35

MR PRESTON: It depends on the circumstances. It is --- I can't emphasise enough, it's not black and white. We are seeing activity, we are reporting on activity that may have the hallmarks of possibly related to money laundering. We are reporting that to an external agency, and we are seeking feedback from external law enforcement in terms of any views they might have on a particular patron, which did assist us in managing the risk associated with a number of patrons.

40

45

MR FEUTRILL: Okay. Perhaps it is a little abstract. I'd like to take you to some more concrete examples that I think you were involved in. Until about the end of 2017 you were meeting regularly with whoever occupied the office of AML officer

10:49AM

in Crown Perth, were you not?

MR PRESTON: '17 or '18, I can't recall.

5

MR FEUTRILL: I think it was Ms Vanderklau at one stage?

MR PRESTON: It was certainly her for a number of years.

10 MR FEUTRILL: Mr Theodoropoulos?

MR PRESTON: Yes, normally with Ms Vanderklau to clarify.

MR FEUTRILL: Ms Anderson?

15

MR PRESTON: Yes.

MR FEUTRILL: And Ms Galati?

20 MR PRESTON: Yes.

MR FEUTRILL: One of the activities of those meetings was to assign risk ratings to patrons, was it not?

25 MR PRESTON: Yes, it was.

MR FEUTRILL: In the context of those meetings, who made the decision as to what risk rating to assign to a patron?

30 MR PRESTON: As the program evolved, we would debate very early on in the piece in terms of where the risk rating might lie depending on the circumstances, but there would often be a recommendation from the officer that I was meeting with, and then I would adopt that or challenge it or ask for more information as to the circumstances. So the recommendation would ultimately --- I'd make a decision  
35 ultimately.

MR FEUTRILL: Right. So, just to be clear, that was quite a long answer, Mr Preston, ultimately you made the decision as to what the rating would be?

40 MR PRESTON: Yes.

MR FEUTRILL: I take it that Ms Lane came on board around the end of 2017, is that right, as general manager of AML?

45 MR PRESTON: As I recall that's about right, yes.

MR FEUTRILL: Is that the reason that from then on these meetings appear to have taken place between Ms Lane and Ms Galati in Perth?



10:51AM

MR PRESTON: That's correct.

MR FEUTRILL: Each of those people were reporting to you, though, were they not?  
5

MR PRESTON: Ms Galati wasn't when Ms Lane started.

MR FEUTRILL: Ms Lane was reporting to you?

10 MR PRESTON: That's correct.

MR FEUTRILL: Were you receiving the minutes of the meetings they were holding?

15 MR PRESTON: I can't recall, sorry.

MR FEUTRILL: Would you have been consulted at that time in your assignment of any risk ratings to patrons?

20 MR PRESTON: No.

MR FEUTRILL: So who was making those decisions at that time?

MR PRESTON: Ms Lane was, and if she had issues she spoke to me about anything unusual, anything specific.  
25

MR FEUTRILL: What about circumstances where one of the AML officers wished to make a recommendation to bar a patron, would you be the person to whom that was escalated?  
30

MR PRESTON: I would expect so, yes.

MR FEUTRILL: And then in terms of that decision-making process, was it something you then dealt with yourself or did you take it up with others?  
35

MR PRESTON: Again, as I mentioned before, with respect to barring the patron, it wouldn't just be a, I've made a decision and execute, it would be under a recommendation to be made to bar someone, then other people would be informed and engaged in that decision.  
40

MR FEUTRILL: Was one of the considerations as to whether or not to bar a patron the degree to which that patron was gambling, providing services?

MR PRESTON: Not from my perspective.  
45

MR FEUTRILL: All right. At the time that you were the decision-maker on the risk ratings, are you able to describe in a general sense how you would determine whether

a patron should be assigned a risk rating of moderate? What kind of behaviours would lead to that designation?

5 MR PRESTON: As a guide, we used the guide --- I think it is also an annexure to  
the program, maybe in the next annexure, annexure B, as a guide. That would give  
some context as to where patrons should be, to be moderate. I think it may have  
been previous criminal conviction or consideration of suspect matters. I'd have to  
10 have a look at the annexure to remind myself, but there were certain guides given  
from that document as part of the program.

MR FEUTRILL: Okay. What about moving into "high"; where would someone ---  
what would someone need to do to become a high risk at the time you were dealing  
15 with this?

MR PRESTON: Can I trouble --- if that ---

MR FEUTRILL: If you can find the --- you can look at it if you wish, yes.

20 COMMISSIONER OWEN: Sorry, are we waiting for a document?

MR FEUTRILL: Sorry, I was daydreaming, I'm sorry, Commissioner. It's now up,  
thank you.

25 MR PRESTON: From that annexure you --- it's apparent that there is at least one  
area where there's an automatic escalation to high risk. The other escalations would  
have been by way of consideration of their activity after discussion with the AML  
compliance officer, configuration of what we knew about the patron, from either our  
own information or external information, and I might recall, it is in one of my  
30 statements, we did use a third party due diligence provider about all the patrons who  
were certainly in the risk --- certainly patrons on their database, and we would assess  
where that sat from a risk perspective. Again, a lot of it was a judgment call, because  
there were differing circumstances for each and every patron.

35 MR FEUTRILL: All right. I'm going to now show some documents that need to be  
confined, I think, to the private screens. These are minutes of meetings of the  
AML/CTF officer. I think they are all the subject of a non-production order. There  
are also references in them to some either past or existing patrons, and there's an  
order being made by the Commission that we will not publish the names of the  
40 patrons. So I'm going to ask you some questions in quite a general way. Some of  
these patrons will have been given an alias and I will use the alias and ask you to do  
the same. Try not to name them in open session.

MR PRESTON: I will do my best.

45 MR FEUTRILL: If I can ask that we could move to CRW.708.017.4301. The page  
in question is on the first page of the document, about halfway down the page, a  
reference to a PR membership application review. That patron is identified as patron

A. You'll see there that there are 22 instances in, I take it, to be a risk register, involving cash-out of amounts without any associated recorded play, over a two or three-year period. And the decision there is to raise the risk to "moderate". As a  
5 concrete example, why would this be a patron who would be considered a moderate risk rather than significant or high, given the degree of instances in the record?

MR PRESTON: Again, as I mentioned, it depends on the circumstances. As an  
10 example, and I can't recall this patron, I can't recall the circumstances, although I do know in the context of the reference as to what those 22 instances are about, the AML team would regularly seek information on patrons who had behaved like that from the gaming staff as to an explanation as to what that would mean. So largely, more often than not, as best I can recall, that would mean people were gaming chips cashing out, no rated play. So they hadn't used their card. So often the gaming staff  
15 would speak to the patrons about, "Why aren't you using your card?" And some patrons didn't want to use their card.

We erred on the side of excessiveness, I suspect, recording that, even though I think there would be satisfaction that the level of activity equated to the level of gaming,  
20 it's just that they weren't using their card. Because the concept of --- you only get a rating if you only use your card, for someone that is cashing out, they don't have a rating, that would lead to a question to be asked.

MR FEUTRILL: That explanation you just described, which is the justification or  
25 the explanation of what would otherwise appear to be suspicious behaviour, an indication of some form of money laundering ---

MR PRESTON: Possibly.

30 MR FEUTRILL: --- you've essentially made inquiries of the patron and they give an explanation that satisfied?

MR PRESTON: We made inquiries of possibly the patron, or certainly I would  
35 expect Gaming. A person who would be applying for Pearl Room membership would be a patron that we would expect Gaming staff to know, and they have information about, and they could explain the way they behaved at the gaming table, and why they did or didn't use their card. It happened on a not irregular basis.

MR FEUTRILL: Would those explanations be recorded somewhere in the records of  
40 Crown Perth?

MR PRESTON: I would expect so.

MR FEUTRILL: Where would they be found?  
45

MR PRESTON: I'm not sure. Possibly within CURA or possibly --- I'm not sure, sorry, it could be within CURA or within iTrak, one of the systems that crown has which records relevant information.

MR FEUTRILL: So the instances where there's been these recordings, they would be presumably in iTrak somewhere?

5 MR PRESTON: There is a number of systems where information is recorded. I just can't recall. It could be in SYCO, it could be iTrak, it could be CURA.

MR FEUTRILL: Are you suggesting there was a discussion between you and an AML officer, in which the kinds of things we've just been dealing with now were  
10 discussed, and then a decision was made as to what the risk rating should be?

MR PRESTON: That's correct.

MR FEUTRILL: I'll ask that you take up ---  
15

MR PRESTON: I might add, Mr Feutrill, and I'm very conscious of the AML legislation and the tipping off provisions, but this kind of --- there's a possibility there are certain other reports that have been made associated with this. So it's not as if we are just dealing with this internally and it's not being --- information isn't  
20 passing externally by way of our reports to AUSTRAC, so these shouldn't be read in isolation related to that concept of it only being dealt with internally. Again, I'm conscious of --- I don't want to speak in detail or with specifics, but if that makes any sense.

MR FEUTRILL: Yes. Could I ask we be taken now to CRW.708.017.4323, and the pinpoint is 4324. On the top of that page there are two patrons mentioned, patron B and patron C. Obviously part of that has been redacted, presumably because it's the subject of an AUSTRAC secrecy provision, but can I just draw your attention to the bottom of the entry where it deals with the arrest of the players, and it records that  
30 you requested that you leave the player's risk at significant. It may be --- it depends what they were arrested for, I suppose, but when someone is arrested, why again is that something you would describe as significant rather than a high risk?

MR PRESTON: Well, indeed, we did have some debate about the concept of people  
35 who were arrested, or barred, for that matter, in that they presented no risk to us any more in that they were no longer going to come to the property or have any other activities with Crown. Again, I can't remember these circumstances or these patrons, but no need to change it if they are no threat to us or no risk to us once they have been arrested.

40 MR FEUTRILL: A person could be released on bail, could they not?

MR PRESTON: Yes, they could, and from a significant perspective --- and I'm not sure whether there was a follow-on barring or otherwise issued to these patrons. It's  
45 often quite hard to serve barrings on people who are incarcerated. Certainly they would have been on the alert list, at the very least, but if they did return, then we could react.

MR FEUTRILL: If I could take you to CRW.708.017.4337. These are minutes from 20 February 2014, and the pinpoint is point 4338. The last entry on that page is patron E. This patron was arrested, there was an article in 'The Western Australian' associated with that patron being involved --- having been arrested for allegedly possessing a million dollars worth of methamphetamine. In this instance, his player risk was raised to high, and it appears to be an indication based on the nature of the arrest.

10 MR PRESTON: Yes.

MR FEUTRILL: Do you recall this particular patron?

15 MR PRESTON: No, I don't.

MR FEUTRILL: Are you able to assist the Commission in any way by providing an explanation for why, in this instance, there was a consideration of high as opposed to significant?

20 MR PRESTON: No, I can't say. As I indicated before, there was some debate about the concept of where persons who are arrested would sit from a risk perspective in terms of their ratings, on the basis that on the one hand they presented no risk, and on the other hand they could be considered high risk because of what they'd been charged with or arrested for.

25 MR FEUTRILL: Can I show you another document, CRW.707.017.0352. I'll show you the first page of this. There appears to have been another committee operating out of Perth in this period known as the Persons of Interest Committee that you chaired?

30 MR PRESTON: Yes.

MR FEUTRILL: It appears to have met quarterly. The minutes that we have been able to recover are somewhat scant, but if I could ask that you be shown or taken to pinpoint 0358. There's a document which appears to be an extract from a spreadsheet or a table of some kind. A lot of it's been obviously blacked out for ---

35 COMMISSIONER JENKINS: Perhaps you shouldn't mention the reason why it might be blacked out; it is just blacked out.

40 MR FEUTRILL: Okay.

Can I ask that we scroll to 0370. The last entry makes a reference to patron F. Under "Risk Information" there's a reference to him having been issued with an NRL.

45 MR PRESTON: Yes.

MR FEUTRILL: In this circumstance, there was an arrest, a rating of high, and an NRL was actually issued, it seems. Are you able to explain why in this instance, in these circumstances, a notice of revocation of licence was issued?

5

MR PRESTON: Based on the circumstances, anyone who, as I recall, would have been arrested or charged with these activities would have been --- if they are a patron, we would endeavour to issue them with an NRL.

10 MR FEUTRILL: But with this particular patron, the information about them is they have been arrested for a particular charge?

MR PRESTON: Yes.

15 MR FEUTRILL: There's no indication in terms of their actual gaming activity in the casino that's referred to here that would suggest that they are engaging in money laundering in the casino itself?

MR PRESTON: Yes.

20

MR FEUTRILL: So I'm just trying to understand, in distinction to where you have information about a patron that indicates activity that may be consistent with money laundering --- moderate, sometimes significant --- here a different scenario, yet high, and no revocation of licence. I'm just trying to understand why in this instance, as opposed to the others, there's a barring?

25

MR PENGLIS: The difficulty with that question is that it's put in the specific, and the witness has said he doesn't recall this instance. Put in general terms, I understand, otherwise it's problematic.

30

COMMISSIONER OWEN: That was my understanding. The witness did say that he couldn't recall this.

35 MR FEUTRILL: I wasn't intending to put it in the specific, if I can just make that clear.

MR PRESTON: From a general perspective, and I'm looking at bits of documents from one record to another record, this person was charged and that's a very different distinction, as opposed to the other concept you were putting forward.

40

MR FEUTRILL: A charge, though, would indicate that a law enforcement agency had sufficient information to suggest that they'd been possibly guilty of a crime, correct?

45 MR PRESTON: Suspected of committing a crime, yes.

MR FEUTRILL: They are alleged to have committed a crime. If you, as a casino operator, have information available to you that is consistent with or indicates it is

consistent with money laundering, would you not also have reasonable grounds for considering the patron's engaging in something illegal?

5 MR PENGLIS: That's an impossible question to answer in those terms, with respect. It is so broad and general that it is unfair.

COMMISSIONER OWEN: See if you can make it a little more specific in terms of what you are actually asking the witness to focus on.

10

MR FEUTRILL: If you take the example of a patron that is observed to be putting notes into an electronic gaming machine of some kind, one after the other, one after the other, one after the other, and then cashing after minimal play, that is an indication that that patron may be engaging in money laundering, correct?

15

MR PRESTON: Possibly. There could be a whole range of other reasons why it's not.

MR FEUTRILL: All right. Would you explain what other reasons there may be?

20

MR PRESTON: I can give you a very simple reason, in that they decided to stop playing.

MR FEUTRILL: That's one possibility. But if they are doing it regularly, day after day?

25

MR PRESTON: Regular is a different concept.

MR FEUTRILL: So if a person came day after day doing the same activity, in those circumstances, there would be reasonable grounds, would there not, to consider that that patron is engaging in money laundering?

30

MR PRESTON: Well, possibly. It depends on the circumstances. I'm not suggesting it's not got the potential to be money laundering, but again, it depends on the circumstances and it's a suspicion only.

35

MR FEUTRILL: Are you drawing a distinction between someone who is arrested is more than suspicion and ---

40 MR PRESTON: I would suggest that for people who are arrested, the threshold is different to the concept of our observations and our analysis of what information we hold, as opposed to a law enforcement agency exercising their powers to arrest someone.

45 MR FEUTRILL: At what point would the --- and I want to understand this --- at what point, in your view, would Crown Perth in the time you were the AML/CTF officer have been satisfied --- what would it require by way of evidence to be to be satisfied a person was engaging in money laundering in its casino?

11:14AM

MR PRESTON: I can't recall the specifics but, from a general perspective, if we knew someone was engaging in money laundering, that would be a very good reason.

5 MR FEUTRILL: As if they were convicted by a court?

MR PRESTON: Not convicted. If we knew someone was charged with an offence of suspected money laundering, my view is that they should be barred.

10 MR FEUTRILL: But criminals who engage in this kind of conduct are not likely to advertise the fact that they are doing so, are they?

MR PRESTON: That's exactly right. To deal with it from that perspective, our AML framework was set to observe behaviours, report on behaviours, so those reports were going to the specialist agency to build an intelligence brief for law enforce, and we would work with those law enforcement agencies when those issues were raised with us.

MR FEUTRILL: Would it be fair to say, then, that the process that Crown Perth was largely engaged in was reporting rather than prevention?

MR PRESTON: No, I don't accept that.

MR FEUTRILL: In what aspect was there prevention, in your view, of people who had shown conduct consistent with indicia of money laundering from being able to continue that behaviour in Crown Perth?

MR PRESTON: We had various controls in place. We had very clear controls pertaining to training staff in gaming, surveillance, security. They were all very clearly trained in terms of observing these instances. If they needed to speak to a customer, they would always be cautious because they didn't want to tip them off.

MR FEUTRILL: Leaving aside a circumstance where a person has been arrested or charged or convicted, to your knowledge or recollection was there an instance when, some information within Crown Perth itself, a person was barred because they were considered to be too high a risk from a money laundering perspective?

MR PRESTON: I can't recall off the top of my head but I'm certain there would have been examples, over my experience.

40

MR FEUTRILL: Would that be a convenient time?

COMMISSIONER OWEN: It would. We'll adjourn and come back at 11.35.

45

**ADJOURNED**

**[11.16 AM]**



**RESUMED**

**[11.35 AM]**

5 COMMISSIONER OWEN: Thank you, please be seated. Thank you, Mr Preston.

Yes, Mr Feutrill.

MR FEUTRILL: May it please the Commissioner.

10

Mr Preston, another document to show you, which is CRW.707.017.0243. This is to be confined, please, to the private screens. Again, Mr Preston, with respect to this patron, we need to maintain anonymity, and I will be referring to him as patron AE. Do you have a recollection of this particular matter involving that patron?

15

MR PRESTON: A general recollection.

MR FEUTRILL: I'll show you some other documents, because clearly this was the subject of no doubt some discussion at the AML officer meetings. You were made aware of deposits in the Cage of a large sum of cash by that patron, which was withdrawn, you may recall, to play. They are fairly strong indications, are they not, indicia of possible money laundering activity?

20

MR PRESTON: Yes.

25

MR FEUTRILL: Can I ask you be shown CRW.707.017.0386, and scroll down --- private screen only --- to the email of 8 September at pinpoint 0387. That's the end of a string, if you like. If we could perhaps scroll down to the next page. There's a section highlighted in green which indicates again a large amount of cash being deposited, in the Cage. In this case, it came in a box appeared to be for a portable banknote counter. Again, that's a pretty firm indication that the patron may be involvement in some form of money laundering?

30

MR PRESTON: Or some suspicion activity, yes. You have received an email from Mr Lee on 8 September. It makes mention of another patron, an associate, and in respect of that particular patron it indicates that an NRL won't assist the police, in respect to the other patron?

35

MR PRESTON: If we can bring that up, please.

40

MR FEUTRILL: Sorry, scroll down, please, operator, to 0387.

45

Towards the bottom of the page on the left-hand side, Mr Preston, there's a reference to another patron, and then the indication that in respect of that patron issuing an NRL would not assist the law enforcement people. I now want to take you to the minutes of the meeting of the AML/CTF officer meeting of 13 October, which is CRW.708.017.4699. This is CRW.708.017.4669. On page pinpoint 4670, under

item 8, there's a reference to patron EA, an indication, JP, I presume is a reference to you, is comfortable with the ECDD, I take to mean enhanced customer due diligence, that's been carried out. To your recollection, was this patron issued with an NRL at the time?

MR PRESTON: As I recall, he was barred ultimately.

MR FEUTRILL: Can I ask we be shown CRW.708.017.4682 at pinpoint point 4683, at the second bullet point again there is a reference to patron EA. It does not appear there to --- there's a high risk rating in the register. There's no indication there of the patron being barred.

MR PRESTON: Sorry, can I just trouble you, I think the second bullet point is the bullet point that Mr Feutrill was referring to, if I can just see that. Thank you. Yes. I see that bullet point.

MR FEUTRILL: I just want to show you one more. These are mentioned in a few meetings, CRW.708.017.4741, at pinpoint 4742, under item 9, second-last bullet point, reference here again to patron EA, and to his being charged. There isn't a reference to an NRL here. I think you mentioned you had a recollection of this particular matter? I think you said you thought he ultimately ended up with an NRL. At what point, in your view --- or is there an explanation for why he was not effectively immediately issued with an NRL upon becoming aware of those two large deposits in the Pearl Room?

MR PRESTON: Well, again, based on the chain of emails you've shown me, my recollection is that we engaged with law enforcement pretty quickly about this activity when we had seen the first, if I can call it the first, issue, and we continued to engage with law enforcement. My recollection is that law enforcement were comfortable with us to continue to supply them with intelligence so they could continue with their investigation. Ultimately he did come back on site with a large amount of cash, and we called police and he was arrested on site. Subsequent to that, I do believe the police acknowledged our assistance in getting that result.

MR FEUTRILL: Leaving aside the question of --- without the involvement of law enforcement, do I take it from your answer that he was not issued with an NRL immediately because of the engaging with the law enforcement?

MR PRESTON: I can't recall specifically, but that would have been an important consideration. Like I mentioned with these matters, when we do have very unusual activity like this, engagement of law enforcement, in my view, has always been a very important piece to the environment.

MR FEUTRILL: Is it your understanding that you contacted law enforcement, or did they contact you in respect of this particular matter?

MR PRESTON: I can't recall, but there certainly was engagement and it was

ongoing engagement, to the best of my recollection.

5 MR FEUTRILL: All right. I think this particular patron's name is public. One of the junket operators was asked about --- quite a lot about him in the Bergin Inquiry. Can I ask if we can call up JRP.0001.0003.0001, which is your further statement of 1 August this year, and the schedule to that statement which is JRP.0001.0003.0004.

10 MR PRESTON: I don't think that's the document you are referring to.

MR FEUTRILL: Yes, it is, you need to see both probably. This is referred to in your statement. The statement is JRP.0001.0003.0001.

15 MR PRESTON: My apologies, I thought you were talking about the witness statement from the Bergin Inquiry.

20 MR FEUTRILL: This inquiry. I know there's been a couple. On the right-hand page, if we could scroll to pinpoint 0005, in the fourth box it starts with a reference to a commercial relationship with Mr Chau as a junket operator, and there was a well-established connection between that junket operator and the SunCity junket. Now, Crown Perth had, in its possession, or had access to, quite a lot of due diligence information in relation to Mr Chau, didn't it?

25 MR PRESTON: It would have.

MR FEUTRILL: Do you recall it having in its possession a report showing a connection between Mr Chau and a triad?

30 MR PRESTON: I only became aware of that in about 2017.

MR FEUTRILL: Sorry, 2017, did you say?

MR PRESTON: That I can recall.

35 MR FEUTRILL: All right. So you became aware of that connection in 2017. Were you aware of another report that indicated --- of a US Government agency reporting he was involved in organised crime?

40 MR PRESTON: I recall in that '17/'18 period becoming aware of that media report.

45 MR FEUTRILL: Can I ask you to be shown CRW.708.017.4712. If we can call up CRL.577.002.0001, which is confidential annexure 3. The first entry in the confidential annexure 3, Mr Preston, I took you to earlier is to Mr Chau, and there are a number of entries you can see there. I want to draw to your attention the bottom of the first page, 4 January 2017.

At the top of the next page, you can see there's a fair amount of activity during 2017 which may be the reason why some matters came to your attention that year. There

11:55AM

was quite a bit of information available on the SunCity junket by this time, and Mr Chau, yet there was a decision made according to this confidential schedule around 5 June 2017 to continue --- maintain a relationship with Mr Chau as an approved junket operator. Were you involved in that decision?

MR PRESTON: In January '17?

MR FEUTRILL: Well, during 2017.

MR PRESTON: I wasn't involved in January '17. I would have been involved later in '17.

MR FEUTRILL: In what way were you involved? Is this something that came to the --- now specifically focusing on Crown Perth, the Crown Perth AML/CTF officer meetings?

MR PRESTON: I can't recall.

MR FEUTRILL: You may recall you were asked some questions during the Bergin Inquiry about a large amount of cash being found stored at the SunCity desk in Crown Melbourne?

MR PRESTON: Yes, I do.

MR FEUTRILL: That was during 2018, correct?

MR PRESTON: Yes.

MR FEUTRILL: Can I ask that you be shown this time CRL.579.008.6299. My copy is saying it is privileged, so if it could be confined to the witness and the Commissioners. Are you familiar with this document?

MR PRESTON: I recall seeing this document.

MR FEUTRILL: Were you part of the process that led to, if you like, its creation?

MR PRESTON: No, I wasn't.

MR FEUTRILL: Were you involved in the recommendation to continue to conduct business referred to in it?

MR PRESTON: I may have been.

MR FEUTRILL: Is it your evidence you don't remember being involved in this?

MR PRESTON: The only reason I say I may have been is that the process that was developed by others in late '16/early '17, was to review all of the junket operators and

I think we saw that he was reviewed in '17, and then there would be an annual review of each of the junket operators. Those annual reviews were only escalated to others for approval if there was a material change in information.

5

MR FEUTRILL: There was a fair amount of information available to suggest a link between SunCity junket and Mr Chau and organised crime?

10 MR PENGLIS: Mr Feutrill needs to be very clear when he says available to whom: Crown or to the witness.

MR FEUTRILL: Available to both Crown and to you, correct?

15 MR PRESTON: I'm not sure what you mean by fair amount of information linking. There were some due diligence reports referencing media allegations of historical links. I haven't looked at this for a long period of time, but as best I recall, there were some media allegations of an historical link.

20 MR FEUTRILL: You had material available to you relating to the way in which the SunCity desk operated in Crown Melbourne as well?

MR PRESTON: I became aware of how it was operated in '17, yes.

25 MR FEUTRILL: So there was information available to you and to Crown about this particular junket and Mr Chau?

MR PRESTON: Yes.

30 MR FEUTRILL: That indicated that he was a high risk from a money laundering perspective, correct?

35 MR PRESTON: I can't recall where we had him, but he is also a foreign PEP, based on our searches. Based on what you just said, that is only a small piece of the due diligence profile that we had on this customer.

MR FEUTRILL: When you say PEP, do you mean Politically Exposed Person?

40 MR PRESTON: Yes, there's a framework that if, through our external provider, it identifies the fact that they are a foreign PEP, then there was an automatic escalation, and I think it might be significant. I can't recall if it was high, and again, I can't recall where this customer was on the risk rating position.

45 MR FEUTRILL: I think you mentioned earlier there was a process that began after a review of all junket operations in around 2016; correct?

MR PRESTON: There was review of the process which ultimately resulted in a review of all junkets late '16/'17, and then that was the process.

MR FEUTRILL: You were involved, were you not, with Mr Felstead in considering whether or not to continue business with certain junkets as part of that process?

5 MR PRESTON: I came in towards the end of that process, so most of the junkets had been reviewed by a different group --- well, another group, which comprised Mr Felstead, but then as a result of changes in staff management, and also the fact they've gone through all of the junket operators, there was a smaller subcommittee that was then brought on board to deal with some tail-end, as I recall, considerations  
10 and also the annual review process.

MR FEUTRILL: While we are in this document, can I ask you to look at the first heading, Crown history. You may be able to assist here. In the box where it has "Melbourne millions", do I understand that number to be effectively billions, 22.600  
15 million?

MR PRESTON: Yes, that's correct.

MR FEUTRILL: Likewise, a turnover of effectively \$2.6 billion in Perth?  
20

MR PRESTON: Yes, that's correct.

MR FEUTRILL: That's essentially Mr Chau's junket turnover in the period referred to in that box, "Crown History". Was a consideration, to your knowledge, taken into  
25 account in whether to continue carrying on a relationship with Mr Chau's junket, the extent to which he was a large source of turnover for the International Commission Business?

MR PRESTON: Not from my perspective.  
30

MR FEUTRILL: When you say not from your perspective, what perspective were you bringing to the meeting?

MR PRESTON: I was analysing all the due diligence we had on this player that I had gathered at the time, and I had escalated this player. I'd met with AUSTRAC  
35 about this player. We had had, if I recall correctly, some direct communications with law enforcement about this player, and the balance was that we were satisfied that this player was a junket operator and was appropriate to continue to do business with at the time.

40 MR FEUTRILL: When you say at the time, did your view change?

MR PRESTON: During the course of preparing for the Bergin Inquiry, I did have an opportunity to revisit the history of this player, transactional activity and other  
45 historical information that we held on our records, and I presented a position to the business for reconsideration of whether we continued to do business with this player, and ultimately the business has taken a decision to cease to do business with this player, and obviously with all the other junkets, but that was after my time at Crown.

MR FEUTRILL: So you made a recommendation before you left Crown to discontinue business with Mr Chau?

5 MR PRESTON: That was one of the direct recommendations that I made.

MR FEUTRILL: What was the information that came to your attention that led you to make that recommendation?

10 MR PRESTON: It was the ability to carry out an holistic review of activity in his junket rooms, not specifically related to him but some of his junket players over a longer period of time, which suggested to me to present that in a form, in a more detailed form to senior management for reconsideration of our relationship with this player, together with a couple of other junket operators.

15 MR FEUTRILL: Was any of the information you relied on to make that recommendation new?

MR PRESTON: New to me, yes.

20 MR FEUTRILL: New to you, but new, to your knowledge, to the Crown Perth or Crown Melbourne?

MR PRESTON: I don't think they looked at it from that perspective, in that  
25 historical timeline, so the collection of it all together compressed into one position was a new way that had been considered.

MR FEUTRILL: Do I understand you are saying the information was available but had not been considered in the way that you considered it, which led you to make the  
30 recommendation?

MR PRESTON: That would be one way to consider it, yes.

35 COMMISSIONER OWEN: Sorry, Mr Preston, did I understand you to say that that additional preparation you did at the time, as you were preparing for the Bergin Inquiry, led you to make the recommendation, not only in relation to that particular operator but to others?

MR PRESTON: I think, if I recall correctly, there were a number of other junket  
40 individuals that I had made that recommendation on.

COMMISSIONER OWEN: It wasn't just the one?

MR PRESTON: It wasn't just this one, it might have been four, five or six. I can't  
45 recall, sir.

COMMISSIONER OWEN: Thank you.

12:05PM

MR FEUTRILL: The process you undertook to make that recommendation, was that the first time you'd undertaken that exercise with respect to Mr Chau?

5 MR PRESTON: That form of a review, yes.

MR FEUTRILL: When you say that form, what do you mean by that?

10 MR PRESTON: Going back through historical transactional records and other activities that haven't been put together with the one single view of him.

MR FEUTRILL: Why had an activity of that nature not been undertaken with respect to this junket at an earlier point in time, to your knowledge?

15 MR PRESTON: I'm not sure.

MR FEUTRILL: You were the AML/CTF officer at the time?

20 MR PRESTON: Yes.

MR FEUTRILL: Mr Chau had come to your attention on more than one occasion prior to the Bergin Inquiry, correct?

25 MR PRESTON: Yes, he had.

MR FEUTRILL: He'd been the subject of some consideration by you in AML/CTF officer meetings?

30 MR PRESTON: Yes, he had.

MR FEUTRILL: He'd been the subject of an enhanced customer due diligence in that process?

35 MR PRESTON: Yes, he had.

MR FEUTRILL: Why wasn't, during the course of those activities, two and put together, as you did in the end?

40 MR PRESTON: The focus from the '17 period onwards, when this patron first really came to my attention, was on this patron from a due diligence perspective. The actual concept of going back to historical views of transactional activity and any other issues that weren't going up on his third party due diligence reviews just hadn't been all put together. And I thought it was appropriate to do so.

45 MR FEUTRILL: Was the recommendation based on a risk in connection with money laundering and counterterrorism or was it broader than that?



12:07PM

MR PRESTON: I think it was broader than that.

5 MR FEUTRILL: Was one of the risks the risk to reputational harm to Crown Resorts?

10 MR PRESTON: I can't recall the specific language, but it was in a general sense, consideration of an option to cease doing business with this patron, which was one of the options that was presented.

15 MR FEUTRILL: Apart from a review of junkets generally, I take it that Mr Chau, as a junket operator, was nonetheless captured within the usual, when I say usual, the normal AML/CTF officer meeting process of reviewing risk in relation to particular patrons?

MR PRESTON: I would expect so, yes.

20 MR FEUTRILL: So irrespective of whether or not Crown considered Mr Chau as a junket operator to be someone with whom they wished to do business, he also had been independently considered by the AML/CTF process with respect to his own particular activities?

MR PRESTON: Or his patrons on his junket.

25 MR FEUTRILL: Or his patrons on his junkets. I just want to take you back to a document that I had up earlier, but I forgot to ask you a question, CRW.708.017.4741, minutes of an AML/CTF meeting of 19 December 2017, page pinpoint 4743. The first bullet point refers to an IFTI moneychanger lodgment of funds form, and a discussion with Mr David Brown. What is that form?

30 MR PRESTON: I can't recall specifically off the top of my head, sorry.

35 MR FEUTRILL: You can't recall specifically? Do you recall there being any form at all concerning moneychanger lodgment of funds?

MR PRESTON: Not independently, but obviously there was a form that was being considered. I can't recall where it landed.

40 MR FEUTRILL: Is that because Crown Perth was regularly receiving funds from moneychangers?

MR PRESTON: They were receiving funds from moneychangers, yes.

45 MR FEUTRILL: And was the purpose of --- was there some need to identify from whom you were receiving the funds?

MR PRESTON: Again, I can't recall the form, sorry.

MR FEUTRILL: Can I take you to your witness statement, the first one in this Commission, at paragraphs 128 and 129.

5 We may need to do a bit of juggling, operator. If we could bring back up the  
AML/CTF program which is CRL.533.001.3787, and if you could scroll in that  
particular document on the right-hand side to the section headed "Transaction  
Monitoring" in 12, and bring the bottom of that page and the top of the following  
page together, if we can do that --- if you are able to juggle it that way, that would be  
10 most helpful.

You may not be able to see it because your statement has disappeared, but in  
paragraph 129 of your statement you set out a number of statements concerning the  
way in which the AML/CTF program monitored, amongst other things, bank  
15 accounts.

MR PRESTON: Yes.

MR FEUTRILL: I think you've replicated largely, if not entirely, this particular table  
20 from the AML/CTF program as part of your statement. As I --- again, a little earlier,  
and it may be, with the benefit of your greater knowledge on the subject matter, you  
can assist the Commission, I'm not able to identify in that table, or in section 12 of  
the program, any specific direction requiring anyone to monitor bank accounts of  
Crown Perth at all, including the Riverbank accounts. Is it in the transaction  
25 monitoring section of the AML/CTF program?

MR PRESTON: It's in the account opening and transacting.

MR FEUTRILL: How do I determine from that box? This is the one that says,  
30 "Report from the SYCO system, report from EasyPay system", as the method?

MR PRESTON: Yes.

MR FEUTRILL: How do I interpret from that a reference to monitoring a bank  
35 account?

MR PRESTON: Well, sitting behind that is the, as I recall, Cage SOPs which did  
deal with the concept of telegraphic transfers, and the information from the bank  
account statements that they were looking at, was to be populated into SYCO, which  
40 was then used to develop, I think it's called the telegraphic transfer listing report,  
which is a higher level concept. This is then operationalised through the standard  
operating procedures in the relevant ---

MR FEUTRILL: If I'm a person who is employed to carry out activities in the Cage,  
45 for example, does that person have access to and are expected to read the program?

MR PRESTON: No, but they certainly have training. They have access to this  
program but it is captured up through the SOPs, which are operationalised, there is

transactional monitoring, in a manner that they can understand.

5 MR FEUTRILL: All right. So the source of any information from --- in an operational way should be in the standard operational proceedings, is that effectively what you said?

MR PRESTON: Well, that and their training.

10 MR FEUTRILL: And their training, okay. So your evidence is that one is to interpret this table by reference to the standard operating procedures as well, as a shorthand way when it says "account opening and transacting", presumably in transacting, a reference to undertaking some monitoring of bank accounts, is that what you understand?

15

MR PRESTON: Transacting accounts.

MR FEUTRILL: What accounts being referred to there in your ---

20 MR PRESTON: What's an account generally. So there is patron accounts and also bank accounts. With respect to the patron accounts, for them to understand the transacting on the patron accounts, they are looking at the bank statements.

25 MR FEUTRILL: You are confusing me, Mr Preston. What do you mean when you say patron accounts?

MR PRESTON: There's a couple of things, one of which is a patron account, per se, which is patron X has a patron account with Crown Perth, so their membership, they have an account where they can deposit money to it and from it. I think it's a --- an  
30 entry into the general ledger.

MR FEUTRILL: Is that's what's referred to as a DAB account?

35 MR PRESTON: It could be, I'm not familiar with the terms. It could be it. In the context of Cage carrying out their role, Cage supervisors, they are looking at the bank statements for the purpose of the transacting. That has now, and has always been my view that they are looking at the bank statements in the context of transacting. And to make sure that they are captured, there's the TT standard operating procedures for the completion of information from those bank statements,  
40 that's where they get the information from, into SYCO, so we can have visibility on it for the purpose of carrying out reports.

45 MR FEUTRILL: All right. So just to unpack that a little, when you are referring to transacting, and that is to say the Cage is looking at bank accounts and bringing the funds into what can be described as the patron accounts, I take it, in what way do you say there is an element of transaction monitoring taking place?

MR PRESTON: Well, by the very activity that they are carrying out. They are

trained to look for suspicious matters, they are trained in the concept of structuring, they are looking at the bank account where the money has been deposited into, and they are allocating that money, when they are looking at all the deposits, into patron  
5 accounts, so they are looking at it holistically. It's not, you can draw a line in the sand and consider one concept to the other. It doesn't make any logical sense to me to not do that.

10 MR FEUTRILL: I'm just trying to understand what the process was, Mr Preston. I can understand, for example - and let's just use the Cage as a normal operating Cage where someone comes up and deposits cash at the Cage --- the transaction is taking place and the person in the Cage is undertaking that transaction. If it's suspicious, something suspicious about it, they will make a Suspicious Matter Report?

15 MR PRESTON: Yes.

MR FEUTRILL: So they are, in a sense, monitoring the transaction by having been involved in it. Is that the point you're making?

20 MR PRESTON: Yes.

MR FEUTRILL: So when funds are deposited into a bank account, a decision is then made to allocate those to a patron, the Cage staff are undertaking a slightly different process, though, are they not --- they are simply identifying an amount in  
25 the bank statement and allocating it to a patron?

MR PRESTON: They are looking at a deposit, an amount, and they are allocating it to a patron.

30 MR FEUTRILL: All right.

MR PRESTON: Sorry to interrupt, but that can't be read in isolation. It needs to be read with the first entry into the table. Monitoring of customer behaviour for  
suspicious matters.

35

MR FEUTRILL: Okay. So in the example of the Cage staff looking at the bank statement, for instance, now, there are obviously different staff on different days, and at different times of the day, are there not?

40 MR PRESTON: Yes.

MR FEUTRILL: The scenario you are bringing to me is if a member of a Cage staff looks at the bank statement at a particular time and notices that there is something suspicious about deposits, because of their training, they ought to raise a Suspicious  
45 Matter Report at that time?

MR PRESTON: Yes, that's my expectation.

MR FEUTRILL: Was anyone in the Cage reviewing the bank statements in an historical way to see if there had been, for instance, over a period of days rather than hours, multiple deposits into the account in respect of the same patron?

5

MR PRESTON: Not that I'm aware of.

MR FEUTRILL: So the monitoring that you've described is where, in the action of preparing effectively the requisition form for a particular day, the cashier or whoever else it is in the Cage may notice something suspicious and may then make a Suspicious Matter Report?

10

MR PRESTON: Yes.

MR FEUTRILL: No one in the Cage staff were undertaking, were they, a monitoring of the bank account in terms of reviewing it over a period of time and looking for some form of suspicious pattern?

15

MR PRESTON: I can't say whether they were or whether they were not, but the process of completion of deposits into SYCO gave the business that ability.

20

MR FEUTRILL: On a particular day in respect of a particular transaction?

MR PRESTON: Yes. It could run a report, and that report would then be able to be interrogated to see the relevant transactions.

25

MR FEUTRILL: But, to your knowledge, it wasn't part of the function of the Cage staff, was it, to review the bank statements in an historical way, looking for patterns of deposits into the accounts to see if a pattern appeared to be suspicious?

30

MR PRESTON: As I said before, my expectation was that, and my understanding, Cage staff were looking at the bank statements. If they noticed anything suspicious they would report it. As to whether they were looking at going back over weeks or months, I'm unaware of them doing that.

35

MR FEUTRILL: All right. The AML team wasn't doing that exercise, was it? It wasn't reviewing the bank statements from an historical perspective to look for patterns in the deposits into the bank accounts, was it?

MR PRESTON: The AML team didn't see the bank statements.

40

MR FEUTRILL: So coming back to the nature of the monitoring of the bank accounts, is it not the case that insofar as there was monitoring of the kind you've described, it was limited to the times at which a member of a Cage staff viewed the bank statements for the purposes of collating and putting amounts into a patron account?

45

MR PRESTON: Look, I'm not sure I can answer that. You know, I understand what

they were doing was reviewing the bank statements, the daily bank statements, and they were allocating that information into SYCO and --- sorry, incorporating that information into SYCO and allocating the funds to the patron account. I can't say  
5 whether they were going back over the days if they realised it was the same patron or not. I can't answer that, sir.

10 MR FEUTRILL: Where does your understanding of what the Cage staff were doing come from?

MR PRESTON: From the SOP.

15 MR FEUTRILL: If you look at CRL.663.001.0031, are you still familiar with this document, Mr Preston?

MR PRESTON: Generally speaking, it was subject to the third statement in the Bergin Inquiry, if I recall.

20 MR FEUTRILL: This describes the process, I think it's fair to say, you have stated, which is review the bank statements for the purposes of preparing a document named --- I have forgotten, the ---

MR PRESTON: Telegraphic transfer listing report?

25 MR FEUTRILL: Not the listing report, the physical piece of paper that is produced. I have lost it.

MR PRESTON: Transfer acknowledgement, or?

30 MR FEUTRILL: I can't see it here. There is a form, a requisition to release deposit funds of Cage form. So when one reads your statement in paragraph 129, you indicate that Crown Perth had in place frameworks for monitoring of all bank accounts. You read the AML/CTF program and section 12, as I have taken you to, with the standard operating procedures. Is there a specific part, to your knowledge,  
35 in the standard operating procedures, that indicates that Cage staff are to consider entries in the bank statements for suspicious transactions?

40 MR PRESTON: We also need to look at the previous SOP you took me to as well, the AUSTRAC Cage standard operating procedures, because that does articulate the concept of observations from a suspicious perspective. So in carrying out their functions with the telegraphic transfer SOP, they are also to take into account their obligations under the AUSTRAC --- I think it's AUSTRAC reporting, I can't recall the name of it --- SOP, which does articulate the concept of looking for suspicious matters.

45 MR FEUTRILL: We'll come to that in a moment. I'll take you to that so you can point that out to me. There are a couple of things I want to ask you about while we are in this document, if I may. On page 0032, the first bullet point, there's a

reference to "We must not accept funds from a company unless satisfactory checks have been completed". To your knowledge, does that include money changes?

5 MR PRESTON: I think that was specifically for companies as opposed to moneychangers, as best I recall.

MR FEUTRILL: If I look on the same page at point 3, and the next page at point 4, are you aware of the existence of a list of verified moneychangers and institutions  
10 that operate and are accepted by Crown properties as verified moneychangers?

MR PRESTON: I was aware of it.

MR FEUTRILL: Do you know by what process they were verified?  
15

MR PRESTON: I recall correctly they needed to be approved by --- in the relevant countries, through whatever regulatory framework they have, or approved by some of the state banks, because some of the state banks had approved moneychangers overseas, international banks.  
20

MR FEUTRILL: "State banks" meaning a State of Australia or "State" as in the country?  
25

MR PRESTON: State as in the country. I think that's what they referred to them as, I think off the top of my head.

MR FEUTRILL: Was that always the case, to your knowledge, in the period you were the AML/CTF officer?

30 MR PRESTON: I can't recall.

MR FEUTRILL: Can I ask you another question about approval required under the heading "early release", et cetera. There's a reference there to "approval to early release any funds can only be obtained from a company officer level 1". Were you a  
35 company officer level 1?

MR PRESTON: I may have been for a period.

MR FEUTRILL: From time to time were you involved in the approval of releases of  
40 transfers?

MR PRESTON: Sometimes, but reasonably rarely, if I recall.

MR FEUTRILL: What was the process that you were involved in when you  
45 approved an early release?

MR PRESTON: I don't --- I can't recall being involved in too many of them, but the ones that I do recall were relatively small amounts, local patrons, off the top of my

head. And my process would be information from the credit control party I'd speak to to start with, to understand what was going on, to also understand whether this had happened in times past, whether it was common behaviour. And, as an example, if  
5 someone wanted to continue to play, a local patron, that'd arranged for an electronic money transfer, but it hadn't arrived in our banks, but they'd seen the receipt. I would ask those kind of questions and get satisfaction and there was always, as I recall, one or two --- two approvals required.

10 MR FEUTRILL: Did you receive a copy of the requisition to release the positive funds at Cage form at that time?

MR PRESTON: Not to my knowledge.

15 MR FEUTRILL: You did not receive that form or any of its attachments?

MR PRESTON: Not to my knowledge.

MR FEUTRILL: Did you, as part of your verification process, consider the bank  
20 statement?

MR PRESTON: No.

MR FEUTRILL: You mentioned earlier the AUSTRAC standard operating  
25 procedures. Can I take you to CRL.663.001.0004. You are referring to the bullet point starting on page 0005, "Suspicious Matter Reporting"?

MR PRESTON: I can't recall specifically. I'd have to refresh my memory.

30 MR FEUTRILL: I'm going to take you to it. It would be correct that at the bottom of the page and the top of the following page --- if we can see the whole lot together, please --- I don't believe there's a statement in here that specifically requires Cage staff to monitor bank accounts, but is the effect of what you said earlier, that because  
35 there's a reference here to considering suspicious matters, including matters where there are transactions below the threshold, that it is something about which the Cage staff ought to have been aware?

MR PRESTON: Absolutely.

40 MR FEUTRILL: In the course of your time as the AML/CTF officer, periodically did you receive Suspicious Matter Reports or notice of Suspicious Matter Reports originating from the Cage staff concerning transactions into the bank accounts?

MR PRESTON: I wouldn't regularly receive the suspicion matter reports. They  
45 would go to the AML compliance officer.

MR FEUTRILL: Were there discussions between you and the AML compliance officer about nature of the reports that had been received?



MR PRESTON: On occasion.

5 MR FEUTRILL: Were there occasions that you can recall where you discussed the receipt of a Suspicious Matter Report from the Cage relating to amounts received into one of the bank accounts of Crown Perth, as in received in multiple deposits?

MR PRESTON: I don't recall.

10 MR FEUTRILL: You don't recall?

MR PRESTON: No, I don't recall.

15 MR FEUTRILL: As in you have a positive recollection of it not happening, or as in you just don't know?

MR PRESTON: I just don't recall.

20 MR FEUTRILL: I'm going to take you to another document, CRL.563.002.4035. You might remember it because you were asked some questions about it during the Bergin Inquiry. I take it this is a document that you prepared either at or around the time that the media allegations concerning Riverbank Investments and Southbank Investments either became public or were about to become public.

25 MR PRESTON: It was a document prepared under my instruction for me, yes, and that was about the time.

30 MR FEUTRILL: It was prepared to provide information to Mr Johnson, Mr Carr, Mr Felstead about the process of the monitoring of bank accounts amongst other things?

MR PRESTON: That's correct.

35 MR FEUTRILL: If I just draw your attention to the "overview of movement" heading and the table there. The table runs for a few pages. But it divides the responsibilities up for different activities, and then it indicates with the column identifying a reporting obligation and a column identifying the reporting entity.

40 In item 3, dealing with the process I think you described earlier where the Cage is identifying funds that have been received, allocating it to patrons, and then in the column "Reporting Obligations", nothing indicated there, and alongside that in the reporting entity, again there is nothing indicated there.

45 MR PRESTON: Yes.

MR FEUTRILL: Likewise, in item 4, which is dealing with the point at which the Cage has verified the origin of the funds, and is recording transaction in SYCO,

allocating a TA number. Responsible person is Cage, no reporting obligation, no reporting entity in this table.

5 5 deals with the intervening period between allocation and (audio distorted) patron, that's 6. The point at which the funds are identified as belonging to a particular patron. Again, the heading "responsible person", "Customer Cage management", "reporting obligation", nothing, "reporting entity", nothing.

10 Then if I can just draw your attention to 10, which is on page 4038, which refers to AML team, it makes reference to the telegraphic transfer reports being produced and reviewed daily by the AML team, and in that instance, it indicates there's a reporting obligation of, in this instance, either Crown Perth or Crown Melbourne. It specifically refers to IFTI, which is "international funds transfer instruction".

15

MR PRESTON: Yes.

MR FEUTRILL: No reference there to TT or to SMR, and responsible area, AML.

20 MR PRESTON: That's correct.

MR FEUTRILL: I do note that underneath the table, there is a number of paragraphs, one of which is a reference there to a Suspicious Matter Report being lodged in circumstances where cash is not used for gaming where the transferor is not the transfer --- or any other suspicions are raised or identified. Bearing in mind this was in the context of allegations concerning the use of Riverbank Investments' bank accounts to facilitate money laundering, there isn't any reference here to monitoring by any of the Cage or AML team or the bank accounts themselves in the table. Is that because it reflected your understanding at the time of this memorandum in August 2019, that there was not in fact any active monitoring of the bank account statements of Riverbank Investments?

30

MR PRESTON: No. I don't want to repeat myself, but I have always been of the view that the bank accounts are monitored by Cage, and they are captured by a transaction monitoring program. There's no reference to reporting obligations and the like, in those boxes you've referred to, regarding the SMRs, because clearly --- and I haven't looked at this document for some considerable --- maybe a year or more. If they are the mandatory reporting obligations that would have to arise. So I'm referring to threshold transactions and IFTIs. That is why the catch-all at the bottom of the table referring to suspicious activity.

40

MR FEUTRILL: If you are aware of circumstances that give rise to a suspicion of money laundering, it is a mandatory requirement to then make an SMR, isn't it?

45 MR PRESTON: Yes, that can go at every single point, every single box, almost if you are going to look at the boxes carefully. But that's why there's a catch-all at the end, that no matter what's happening, we always have a look at activities and the like from a suspicious perspective and report if required.

MR FEUTRILL: So we are to interpret the table then, are we, you are only seeking under the catch-all obligations those that are mandatory and do not involve any discretion, if you like?

5

MR PRESTON: That's correct.

MR FEUTRILL: Can I ---

10 MR PRESTON: I might add this was a document prepared well before the details came out pertaining the weaknesses and the issues that we had specifically in the Bergin Inquiry.

15 MR FEUTRILL: All right. Thank you for that qualification. Now, can I take you to pinpoint 4041, under the heading "Transaction monitoring program", "Transactions monitored", it refers to live face-to-face basis in the first two bullet points, through also by the AML team and business units. Then it describes the transactions monitored are referable to the ML/TF risk identified by Crown and the casino value instruments offered by the Crown. At this time there was no joint AML/CTF  
20 program, and the risk register for Perth is the one I took you to earlier, was it not, where you couldn't identify any specific references to money ---

MR PRESTON: No, it wasn't. I think, if I recall correctly, the --- I might be wrong with my timing, sorry, but the joint risk register was implemented prior to the joint  
25 AML program, because we carried out that piece of work and it became part of the Crown Perth AML program and the Crown Melbourne AML program, while it was still in existence. I can't recall the specific times.

MR FEUTRILL: Okay. So, subject to identifying the applicable risk register at the  
30 applicable time, we read that sentence as if it picks up any risks referred to the risk register, are we?

MR PRESTON: Sorry, can you repeat the question, Mr Feutrill?

35 MR FEUTRILL: That sentence is intended to say, if the transaction is not referred to --- I'll put it to you this way --- if a transaction is not referred to in the ML/TF risk register, it's not monitored?

MR PRESTON: No, I don't accept that.

40

MR FEUTRILL: Okay. So what does the sentence mean, then?

MR PRESTON: Well, I think the concept of --- what's monitored is everything, from a suspicious perspective. Just because it's not called out as a specific line item  
45 in a particular risk --- because there are multiple nuances in terms of activities that are not caught out. If it's not caught out, staff members should be still looking at things from a general suspicious perspective base and their training.

MR FEUTRILL: This may just be a question of semantics. I'm referring to the label transaction monitoring program. I appreciate that people may become aware of circumstances that involve or raise a suspicion. I'm now dealing with the specific question of whether there was a monitoring program, that is to say, an aspect of the monitoring program directed to monitoring transactions of a particular character.

MR PRESTON: Yes.

MR FEUTRILL: The point here is, are you saying that there was a part of a transaction monitoring program that specifically dealt with monitoring transactions in the bank accounts of Riverbank Investments?

MR PRESTON: I think as we went through earlier on today, there was a reference in the old risk register pertaining to telegraphic transfers. My view is yes, it is captured. Obviously not to the specific point that you've raised, which I accept, but it was captured.

MR FEUTRILL: Can I ask you to take pinpoint 0403. Towards the bottom of the page there is a question, which I take to have been a question to you from the management: who manages the Southbank accounts? You respond with ---

MR PRESTON: Sorry, can I just ask you to point me to the spot in ---

MR FEUTRILL: Page 4043, at the foot of the page, about a third from the bottom, in blue, "Who manages". I just want to draw to your attention the last paragraph on the page. I read that in a way which is inconsistent with much of what we have heard today:

Cage have no real responsibility with respect to the bank accounts, other than *verifying a deposit into the bank account and allocating funds to the customer bank account .....*

Et cetera. Is it the case that as of 8 August 2019, when you prepared this note, your understanding was at that time Cage had no real responsibility with respect to bank accounts?

MR PRESTON: I understand what you are saying, but this is in the context of the management of those accounts generally. So they don't arrange the --- they don't liaise with the banks about the accounts. It's a finance function that own and operate the accounts. It's clearly called out there in terms of what the cage actually does in terms of the patron deposit transfers, but they don't own and operate the accounts.

MR FEUTRILL: When we return to Riverbank, it's even less descriptive, page 4044. It doesn't attribute anything at all to the Cage in respect to the Riverbank accounts? It attributes it to the finance team.

MR PRESTON: That's not accurate.

MR FEUTRILL: What's not accurate --- your memo in August 2019 is not accurate?

5

MR PRESTON: Well, that seems to be inconsistent with the SOP. Well, it is inconsistent with the SOP in terms of the concept of approving transactions.

MR FEUTRILL: Right.

10

MR PRESTON: Sorry, that's about the approval of the transactions, not so much the review of the transactions, which is obviously a concept I'm very clear on in terms of Cage as well.

MR FEUTRILL: When you are approving a transaction, aren't you effectively then considering it?

MR PRESTON: Yes, I would expect them to consider that as well from a finance perspective.

20

MR FEUTRILL: All right. I want to take you back to a topic we did deal with earlier in the year, which concerns the closure of the ANZ Bank account in the early part of 2014. Now, I think I'm right in saying the effect of your evidence --- and I'm sure I'll be corrected if I'm wrong about --- was that having been shown some documents, you accepted that you were present at a meeting, but you had no recollection at that time of the meeting itself.

25

MR PRESTON: That's correct.

MR FEUTRILL: That was a meeting that took place in March 2014, involving representatives of the ANZ Bank and representatives of Crown.

30

MR PRESTON: Yes.

MR FEUTRILL: Now, since then, we have identified some additional documents that should have been shown to you. Again, I will show them to you now, but they may assist you to refresh your memory of the events in that early part of 2014. In particular, you were in receipt of an email from Ms Vanderklau, which is CRW.529.001.9090. You may recall, I think, Mr Preston, last time you were here I took you to an agenda from a meeting in this period?

40

MR PRESTON: Yes.

MR FEUTRILL: Ms Vanderklau wrote an email to you?

45

MR PRESTON: Yes.

MR FEUTRILL: Dealing with the points on the agenda, and indicating that she'd

shown to various people to obtain some information. Now, I just draw your attention to the paragraph, "DB feels that". Now, it's the case, isn't it, you do remember there being ANZ raising concerns in the early part of 2014 about suspicion transactions on the ANZ Riverbank Investments account?

MR PRESTON: I think I indicated before, the only reason I called that is because it was drawn to my attention during the Bergin Inquiry. I have no independent recollection of it.

MR FEUTRILL: You've had a fair bit of time to think about it, Mr Preston?

MR PRESTON: Yes, I have.

MR FEUTRILL: You've been provided with a number of documents that are contemporaneous with the events of that period. Is the best evidence you can give this Commission that you have no recollection of those events?

MR PRESTON: Yes, it is.

MR FEUTRILL: You do not recall receiving this email from Ms Vanderklau?

MR PRESTON: This is seven years ago and I don't recall, I'm sorry.

MR FEUTRILL: All right. Can I just take you to a note that she provided with the email, and ask you have you had an opportunity to read through this before today?

MR PRESTON: I had a look at it late last night when it came through, yes.

MR FEUTRILL: Having considered it, does it accord with your recollection of what was said at the meeting in 2014?

MR PRESTON: I have no recollection of attending the meeting, so I can't answer that.

MR FEUTRILL: It doesn't refresh your memory in the slightest, does it, Mr Preston?

MR PRESTON: No, it does not.

MR FEUTRILL: You are doing your best, aren't you, Mr Preston, to assist this Commission?

MR PRESTON: Absolutely I am.

MR FEUTRILL: You do understand, don't you, that inferences can be drawn in the absence of evidence?

MR PRESTON: Yes, I understand that.

MR FEUTRILL: Can I say, this is your opportunity to provide any explanation you may wish to make to this commission?

5 MR PRESTON: I have no recollection of this meeting and none of the documents you've shown me have given me the ability to recall any of it. This is seven years ago and my position, unfortunately, has not changed.

10 MR FEUTRILL: Can I take you back, Mr Preston, to an email of April. Sorry, just before I do that, can I show you another email, CRW.529.001.9157. I ask that we don't refer to --- there is a patron referred to in this email. Could you please not articulate the name out loud. Mr McGreevy was involved in surveillance or security at the Crown Perth at the time, wasn't he?

15 MR PRESTON: Yes, he was.

MR FEUTRILL: There was an investigation undertaken at the time concerning the Riverbank investment accounts?

20 MR PRESTON: I have no recollection of this email. I saw this last night. This is coming on nearly eight years ago. I have no recollection of this email or this patron.

25 MR FEUTRILL: It was a fairly significant event, was it not, that Crown Perth's banker, the ANZ, was considering closing an account? Did that not strike you as a serious thing?

MR PRESTON: Yes, I accept that.

30 MR FEUTRILL: Would you accept the proposition that, in those circumstances, events of this nature are likely to stick in your mind?

35 MR PENGLIS: My learned friend needs to be a little careful about his questioning because there is, if I can remind the Commission, and my learned friend, a statement given by this witness, and some of these questions may create a difficulty. I'm not objecting to the question, but I do ask Mr Feutrill to have careful regard to that witness statement, because it may well be that he's putting, in my view unfairly, the witness in a position where he has to divulge information that's confidential and extremely private.

40 COMMISSIONER OWEN: I do recall that late July/August, was it, when Mr Preston was here before, there was a confidential ---

45 MR FEUTRILL: Yes, I'm aware of it, Mr Commissioner, and I don't believe the questions are unfair, in the context of that information, but I'm happy to move on.

MR PENGLIS: Can I make the point that I obviously know where Mr Feutrill is going, and I'm not going to make any comment or criticism in closing submissions

that he didn't pursue matters far enough. I'm not going to do that. I'm just very concerned to ensure that the witness's position is not compromised in that regard in the public hearing.

5

COMMISSIONER OWEN: Thank you, Mr Penglis. Certainly from my point of view, I understand the issue.

10 MR FEUTRILL: Can I ask you to be shown CRL.605.016.4170. The pinpoint on this one --- again, I'm hoping we can split the screen --- is at the bottom of point 4170, and the top of 4171. I draw your attention to the paragraph beginning, "The closure of the Riverbank accounts was expected", and some others were not. Then there's a sentence saying:

15 *Can customers be advised by relevant Cage 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 time deciding to close the Riverbank and Southbank accounts due to the suspect transactions.*

20

Now, as the AML/CTF compliance officer in 2014, to your knowledge, did you make any changes to any standard operating procedures from the AML/CTF perspective or request that they be done during 2014?

25 MR PRESTON: I don't recall.

MR FEUTRILL: Are you aware of any changes that were made to the AML/CTF program after February 2014 that dealt with the specific circumstance of multiple deposits into bank accounts?

30

MR PRESTON: I don't recall, but based on what I've seen, it would appear that there was nothing to the program that was changed to address that specific point.

MR FEUTRILL: Would you accept that that was in an area of your responsibility?

35

MR PRESTON: I accept that something should have been done.

MR FEUTRILL: And are you able to assist the Commission at all as to why that did not happen?

40

MR PRESTON: No, I'm not.

MR FEUTRILL: I wonder if that might be a convenient time?

45 COMMISSIONER OWEN: Thank you, Mr Feutrill.

Mr Preston, we will break until 2 pm.



01:00PM

MR PRESTON: Thank you.

5 **ADJOURNED**

[1.00 PM] **RESUMED**  
[2.00 PM]

MR FEUTRILL: May it please the Commission.

10

Mr Preston, I would like to take you to another communication, if I could, which is found at CRW.538.003.3794. If I can ask that the operator start at the end of the document, it is one of those email chains that goes in reverse chronological order, pinpoint is 3796.

15

Mr Preston, Mr Joe Girando is known to you?

MR PRESTON: Yes, he used to work in Cage.

20 MR FEUTRILL: Reviewing this email do you recall an issue in the late part of 2014 concerning multiple deposits into the CBA account?

MR PRESTON: I'm only reminded after I saw this email, after Bergin.

25 MR FEUTRILL: After Bergin?

MR PRESTON: After I think one part of my evidence in Bergin.

MR FEUTRILL: So you have seen this email before today?

30

MR PRESTON: I saw it last night as well.

MR FEUTRILL: Right. Does that remind you, or do you now recall, that you became aware in the latter part of 2014 about multiple deposits to the CBA bank account?

35

MR PRESTON: No, I can't recall this specifically.

MR FEUTRILL: Can I ask this about it, if you can assist, at least, with some of the language used in this email. What is your understanding of the expression "overseas office?"

40

MR PRESTON: That would have been Crown's VIP team, some of which were situated overseas.

45

MR FEUTRILL: I see. So is it your understanding that they made --- the overseas

component, the Crown team, made arrangements for funds to be transferred to Australia, is that how it worked?

5 MR PRESTON: At times, as I understand it.

MR FEUTRILL: Was it their practice to use international moneychangers as well?

10 MR PRESTON: I think they would do it in conjunction with the patron. They would assist the patron and they would assist the patron in the context of using moneychangers, as best I can recollect.

15 MR FEUTRILL: All right. In pinpoint 3795, you were asked if you are happy to accept. Now, of course, this is inconsistent, isn't it, with the instruction given earlier in the year about deposits under \$10,000? Do you recall I asked whether you accept the transactions?

MR PRESTON: I don't recall this instance. I can only go on what I'm reading.

20 MR FEUTRILL: Do you recall other instances where a similar issue arose?

MR PRESTON: No.

25 MR FEUTRILL: Can I ask you be shown CRW.709.134.1143. Before you gave your evidence in Bergin, and before today, you were aware, weren't you, during the period that you were the AML/CTF officer, that there were occasions when multiple deposits were made in cash into the Riverbank Investments accounts or Burswood Nominees accounts?

30 MR PRESTON: I had no recollection of that occurring.

MR FEUTRILL: You had no recollection of it occurring?

MR PRESTON: No.

35

MR FEUTRILL: Before you gave your evidence in the Bergin Inquiry?

MR PRESTON: That's correct.

40 MR FEUTRILL: I draw your attention to this email. You'll see that the effect of your instruction is to accept the funds, but to prepare an SMR, presumably meaning a Suspicious Matter Report?

45 MR PRESTON: I would prefer not to comment, with respect, to what I instructed them to do.

MR FEUTRILL: All right. Is that for obvious reasons, is it?

MR PRESTON: Yes.

MR PENGLIS: To be clear, what I'm pointing at is ---

5

COMMISSIONER OWEN: We are not going to go into it. It is to be shared with the Commission.

MR FEUTRILL: My mistake. My version doesn't have the --- all right.

10

COMMISSIONER OWEN: We do need to take care, as I'm sure everyone understands.

MR FEUTRILL: Can I ask you a question in a more general sense, Mr Preston. You are aware, or do you recall that from time to time Crown Perth made SMRs?

15

MR PRESTON: Yes, I am.

MR FEUTRILL: In a general sense, are you aware of whether SMRs were prepared by Cage staff in relation to multiple deposits into bank accounts?

20

MR PRESTON: I can't recall specifically of the instances, but obviously I've seen further documentation.

25

MR FEUTRILL: You have seen further documentation?

MR PRESTON: I'm very cautious in how I answer your question, obviously, based on the fact of what we are currently dealing with.

30

MR FEUTRILL: That's why I'm asking in generalities.

MR PRESTON: Well, based on my reading of documents, again I'm being very cautious, I would expect that to have occurred.

35

MR FEUTRILL: Okay. Now, can I ask you be shown another document, which is CRW.709.004.8530. This is not an email that you received, Mr Preston, I hope this one's not blacked out. Can I take you to pinpoint 8531. I just draw your attention to the two large paragraphs under the heading "Steve".

40

MR PRESTON: Yes.

MR FEUTRILL: This is an email from Mr Brown to Mr Hancock. He's obviously in Melbourne. He makes reference to a conversation with you. Do you recall having a conversation with Mr Brown towards the end of 2014 relating to a large deposit?

45

MR PRESTON: I don't recall these details.

MR FEUTRILL: Were there occasions when you did have conversations of this

nature with Cage management about whether or not to receive large deposits of cash?

MR PRESTON: Rarely.

5

MR FEUTRILL: Rarely, meaning that there were occasions?

MR PRESTON: I'm sure there were occasions. I can obviously see there's a reference here, but it would have been pretty rare.

10

MR FEUTRILL: When you say "rare", can you give the Commission some indication of how frequently?

MR PRESTON: Very rare. It would be unusual for me to get a call about certainly something of this nature.

15

MR FEUTRILL: Would the reason be because someone's unsure about whether receiving a sum of money of that magnitude in cash was something that may have given rise to AML/CTF concerns?

20

MR PRESTON: That could be one, that could be a reason, yes.

MR FEUTRILL: Because a sum of money of that amount in cash could immediately give question marks about the origins of the fund, wouldn't it?

25

MR PRESTON: Not necessarily. Casinos are cash businesses and there are large amounts of cash used in casinos.

MR FEUTRILL: Yes, but to suggest that you received those funds, and a moneychanger did deposit them, then I suggest to you, there may have been --- the moneychanger has supposedly been using people to make multiple deposits, that would give rise to issues of concern?

30

MR PRESTON: I would agree with that. Again, I can't recall the details I had of the conversation with Mr Brown, but you'll see there he is accurately reflecting my views. It is very conditional, which I --- reading this, I would expect that would be my practice to understand why, and get it put in writing.

35

MR FEUTRILL: As in the person depositing the funds would explain what the purpose of the fund was?

40

MR PRESTON: Yes, and if we were satisfied as to the reasons, after understanding what they were, we could consider it at that point in time.

MR FEUTRILL: All right. I want to move to a different topic if I might, Mr Preston. If we could call up GWC.0002.006.0001, and go to pinpoint 0347. We have been to this letter before, Mr Preston. Now, at the time of this letter, is it the case that the AML/CTF program for Crown Perth was, in terms of its overall

45

structure, more or less the same as the AML/CTF program I took you to earlier, meaning low risk, medium risk, moderate risen, significant risk, high risk process for dealing with patrons?

5

MR PRESTON: I can't recall specifically, but I would expect so.

MR FEUTRILL: Can we scroll through to the section dealing with the AML program. Sorry, we've gone too far. Sorry, it's the bottom of page 0348. Do you recall that letter? I think it was dealt with on the last occasion.

10

MR PRESTON: I wrote it. Sorry, I'm a signatory, I signed it and I do recall it refreshed my memory.

MR FEUTRILL: If we can have on the bottom of the page 0348 and the top of page 0349, I just draw your attention to the second bullet point that's being made in the letter, which is dealing with the AUSTRAC reporting requirements, one of the things that's not at least addressed squarely in this letter is, if you like, the discretion that is maintained by Crown Perth at this time to continue providing designated services to high risk patrons, that is to say those who may have been, in terms of the section 16, found to have been connected to money laundering or extreme risk. There was a question about whether --- I think you gave evidence earlier there were a multitude of factors taken into account.

20

To your knowledge, was there at any time given to the GWC an explanation of that process by which high risk patrons were considered to be nonetheless people with whom Crown Perth continued to do business?

25

MR PRESTON: Not that I recall.

30

MR FEUTRILL: When you were here last, Mr Preston, I asked you some questions about a trip to Macau that was undertaken by yourself, Mr Felstead and Mr Sergeant. That was in, I think, 2013. Do you recall that trip?

35

MR PRESTON: Yes.

MR FEUTRILL: In that period, were you involved in a committee of Crown that was considering its approach to the VIP business?

40

MR PRESTON: No, I don't believe so.

MR FEUTRILL: I show you a document, CWN.514.072.2608. Sorry, Mr Preston, it's just taking a bit of time. You're not identified as an attendee, but are you aware of --- have you seen this document before? Do you have awareness of a VIP review workshop?

45

MR PRESTON: I don't. I'm not party to this and I don't recall ever seeing this document.

MR FEUTRILL: All right. Do you recall whether in the early part of 2013, there was a desire on the part of Crown Perth, and possibly Crown more broadly, to bring about a reduction in the tax rate for the International Commission Business?

5

MR PRESTON: Yes.

MR FEUTRILL: Was it your understanding that was part of a broader strategy to reduce the tax rate in both Western Australian and Victoria?

10

MR PRESTON: My only understanding at the time was with respect to Crown Perth.

MR FEUTRILL: All right. Did you understand that one of the purposes of the invitation to Mr Sargeant to travel to Macau was to demonstrate to him the nature of the competition that Crown Perth was facing in the region?

15

MR PRESTON: Yes, that would ring true.

MR FEUTRILL: Was the nature of the competition a factor that Crown Perth at the time considered to be an aspect of the reasons why you should receive a reduction in the tax rate?

20

MR PRESTON: I can't recall the details around the submission, but I believe that would have been one of the reasons to support it.

25

MR FEUTRILL: Broadly speaking, was one of the purposes of the invitation extended to Mr Sargeant to, if you like, have the head of the department experience first-hand what kinds of competition there was in the region, and make him sway to your point of view on the tax rate?

30

MR PRESTON: For Mr Sargeant to understand the competition, the size of the competition on our doorstep was important, and that was a relevant consideration. Again, as best I can recall in the submission, one of a number of considerations.

35

MR FEUTRILL: All right. Now, after you returned from Macau, you had a number of meetings with Mr Sargeant, didn't you?

MR PRESTON: I would meet with Mr Sargeant on an ad hoc basis. I can't recall if I had a number of meetings with him.

40

MR FEUTRILL: Would you say you met with him fairly regularly throughout 2013/2014?

45

MR PRESTON: I can't recall how often I would have met with him.

MR FEUTRILL: Did you meet with him one on one or with others?

MR PRESTON: A combination of both, I think, but more often with others, as best I recall.

5 MR FEUTRILL: Were those meetings predominantly at Crown Perth's premises?

MR PRESTON: Possibly. I can't recall where we met.

10 MR FEUTRILL: Do you recall what the purpose of you meeting with Mr Sargeant was predominantly in connection with at the time?

MR PRESTON: No.

15 MR FEUTRILL: Do you recall whether at any time you had conversations with Mr Sargeant, either one on one or with others, relating to the reduction in the tax rate?

MR PRESTON: No, no, don't recall.

20 MR FEUTRILL: Mr Preston, I just want to remind you, last time you were here I asked you some questions around the, you might recall, exclusion of patrons based on Responsible Service of Gambling criterion.

MR PRESTON: Yes.

25 MR FEUTRILL: I don't know remember whether I asked about this at the time, but I think one of the things that has been produced to the Commission are minutes of a meeting of a committee known as the RSG subcommittee?

MR PRESTON: Yes.

30 MR FEUTRILL: I think you were chair of that committee?

MR PRESTON: I might have been. I might have been. I was certainly on that committee.

35 MR FEUTRILL: I understand the most recent minutes that we have been able to locate are 6 March 2019.

MR PRESTON: I can't recall.

40 MR FEUTRILL: Do you recall how frequently the Committee met?

45 MR PRESTON: It was on an as needs basis, when matters were forwarded through to us from the Responsible Gaming team, and it could range from --- to month or every three months. It ranged all different times.

MR FEUTRILL: When you say "as needs", what does that mean --- when a matter for determination by that subcommittee came?

5 MR PRESTON: When one or a number of matters were forwarded through to us by the Responsible Gaming team requesting us to consider matters.

MR FEUTRILL: All right. Was there a charter for that subcommittee or a governing document?

10

MR PRESTON: I don't recall if there was a charter.

MR FEUTRILL: All right. What was the function of the subcommittee?

15 MR PRESTON: As I recall, it was for two purposes, one of which was to consider patrons who were seeking to have self-exclusion arrangements revoked, and at the level of the Responsible Gaming team and another member from the business couldn't agree on a position to revoke or not, they would more often than not be escalated to the Subcommittee for consideration, and also at times, if there was a  
20 third party exclusion application that was made, they would be at times escalated to us as well for consideration.

MR FEUTRILL: Now, did the Subcommittee itself make the decisions around self-exclusion?

25

MR PRESTON: In what respect?

MR FEUTRILL: Well, in terms of if a decision was going to be made about whether someone should be excluded, was the Subcommittee the body responsible for  
30 making that decision?

MR PRESTON: Yes, it would.

MR FEUTRILL: Did it report to any other ---

35

MR PRESTON: Sorry, I might add, when those matters came to our attention, not all exclusions, obviously, but when the matters came to us as a subcommittee we would make that decision.

40 MR FEUTRILL: Did it report to any other organ or body in the Crown Perth structure?

MR PRESTON: I think it used to report through to the Responsible Gaming Management Committee.

45

MR FEUTRILL: Okay. I think you might recall I asked you some questions last time about the circumstances in which a person may be excluded without either falling within the self-exclusion category or the third party category, and I think



you've said something along the lines of it did happen, or there were occasions when it happened. Can I ask that you be shown a document, which is CRW.700.058.1456. Again, I think it's in reverse chronological order. We don't want to mention any patrons' names, but if we can scroll through to the end of the document and work our way through it. Is that the right document? Sorry, we need to scroll forward slightly in time. Now, do you see there's a reference about halfway down the page to bringing to your attention a person who was a member of the --- a platinum Pearl member, and there had been lots of concerns about gambling behaviour, et cetera. In your response, you have asked the question, "What is VIP Gaming's view of a player?" Was it your usual practice to canvass the views of VIP Gaming before making a decision concerning the responsible gambling issues of a patron who has been brought to your attention?

MR PRESTON: At times, yes.

MR FEUTRILL: What was the purpose of canvassing the views of the VIP Gaming area?

MR PRESTON: Well, VIP Gaming had a range of hosts, and a patron who was a VIP patron host had often a stronger relationship with them and also historical relationship with them, and I was seeking, in my normal way, to get any further information that might be relevant to our consideration.

MR FEUTRILL: All right. So if we just go to the beginning of this document if we could, please, the next one in the chain, I think we need the top of this, the following page as well, sorry, 1457. There's a reference there to:

It will not negatively impact the Pearl Room in regards to potential clique or *his acquaintances*.

The question really is, are those matters that would typically be taken into account whether or not to bar a patron for harmonisation purposes?

MR PRESTON: No, they are not.

MR FEUTRILL: Was an aspect of the decision-making process, whether or not to bar a patron, the impact it would have on the Pearl Room as a whole?

MR PRESTON: Not from my perspective.

MR FEUTRILL: Or the financial impact on Crown Perth?

MR PRESTON: Not from my perspective.

MR FEUTRILL: I have no further questions.

COMMISSIONER OWEN: I will start with counsel who may be in a remote

location. Are there any applications?

5 I take silence to be a negative. Are there any applications from counsel who are in this room?

Mr Dharmananda?

10 **CROSS-EXAMINATION BY MR DHARMANANDA**

MR DHARMANANDA: Yes, thank you, Commissioners.

15 Mr Preston, I only have a few questions for you. You were asked a few questions concerning your role as the AML/CTF officer, do you recall that?

MR PRESTON: Sorry, I have been asked a lot of questions.

20 MR DHARMANANDA: Generally the topic.

MR PRESTON: Yes.

25 MR DHARMANANDA: You came to understand the legislation in relation to AML/CTF?

MR PRESTON: Yes.

30 MR DHARMANANDA: What, in broad terms, are the duties cast upon a reporting entity under that legislation?

35 MR PRESTON: There are a number of key lines which are the reporting of threshold transactions, reporting of international funds transfer instructions, the completion of an annual compliance plan are reportable to AUSTRAC. The completion of foreign currency exchanges at a particular level, reporting to AUSTRAC, and reporting on SMRs as and when required. I think that's the list of all of them, but they are the key ones off the top of my head.

40 MR DHARMANANDA: Is there any part of that legislation that casts an obligation on the reporting entity to investigate or prosecute in respect of any suspicion transaction?

MR PRESTON: No, not to my knowledge.

45 MR DHARMANANDA: You were taken to CRW.707.017.0386, if we could go to that, please, operator. If we could go, please, to 0387. An email written by Mr Lee, in which you are copied, if that could be blown up at the bottom of 0387. Do you see in the last line, Mr Preston, Mr Lee writes:

I will NRL as it won't assist Police to have her remain onsite.

5 Do you understand the background to Mr Lee's statement concerning the decision to NRL in that context?

10 MR PRESTON: I don't recall the reasons for the NRL, but it's written above --- but in the context of his sentence there, it indicates that we had been in liaison with the police, and the police had been keen --- I can't say keen, but understanding of us having the patron on site so they could continue to gather intelligence and then react and use that intelligence as required.

15 MR DHARMANANDA: So on occasions, you would allow a patron, in respect of whom you harboured suspicions, to continue to visit the casino to assist law enforcement with their duties?

MR PRESTON: We absolutely did. It was an important part of our framework.

20 MR DHARMANANDA: Thank you. Commissioners, I'm now in the place of some difficulty, because there is no common ground as yet concerning the treatment of certain material as pertains to restrictions on reference, and it's a matter that's come up this afternoon. If I could just --- and I've spoken to Mr Feutrill about this --- identify that in Mr Lee's statement at paragraph 217, there are matters that are pertinent to some of the areas in which Mr Preston has been questioned today, but I won't, in light of the lack of common ground as to how to deal with this material, and 25 in light of the exemption granted by AUSTRAC, take that any further than I would wish to draw that to the Commissioner's attention.

30 In a similar vein, there is a duty upon Crown to exercise its best endeavours to ensure that the terms of that exemption are followed, and in that regard I note that a particular exchange this afternoon, as it is recorded on the transcript, may involve some further redactions so as to comply with the terms of the exemption.

35 COMMISSIONER OWEN: Redactions to a document or redactions to the transcript of the day's proceeding?

40 MR DHARMANANDA: To the transcript of today's proceedings, because there was a reference in the process of Counsel Assisting's examination of Mr Preston which proceeded on the basis of a version of a document which wasn't the version which was on the screen.

45 COMMISSIONER OWEN: I'm sure this is not necessary, but I will give a direction that the transcript of today's proceedings not to be published until that matter has been investigated, and if there is any action required, that action is taken before the transcript of today's proceedings are made public.

MR DHARMANANDA: Thank you, Commissioner. I have nothing further.

COMMISSIONER OWEN: Mr Evans?

5 **CROSS-EXAMINATION BY MR EVANS** MR EVANS: If I could ask Mr  
Preston briefly on one topic.

Mr Preston, you recall I act for the Gaming and Wagering Commission. You were  
10 asked by my learned friend about your meetings with Mr Sargeant during 2014. To  
you recall that?

MR PRESTON: Yes.

MR EVANS: About the subject matter of those meetings.  
15

MR PRESTON: Yes.

MR EVANS: You recall that from about 2012 onwards, Crown in Perth was  
20 engaged in the development of the Crown Towers hotel development?

MR PRESTON: I do.

MR EVANS: Do you recall that a group of apartment owners in adjacent apartment  
25 complexes objected to that development in about 2013?

MR PRESTON: I do.

MR EVANS: Do you recall they instituted proceedings against the State of Western  
30 Australia and Burswood Nominees in 2013?

MR PRESTON: Yes, I do.

MR EVANS: And those proceedings were the subject of trial before Justice  
35 Beacham in early 2014, on appeal in late 2014?

MR PRESTON: Yes, I recall.

MR EVANS: Does that refresh your memory as to at least some of the matters on  
40 which you may have met with Mr Sargeant?

MR PRESTON: That may have been some of the matters, I can't recall specifically.  
That was (inaudible) at the time.

MR EVANS: No further questions.

COMMISSIONER OWEN: Thank you. Any other applications?

5 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER JENKINS: Mr Preston, just a couple of issues basically in  
10 relation to your role in the AML team at Crown Perth. Were you at Crown Perth  
when Mr Daniel Petkov was arrested?

MR PRESTON: I can't recall the specific dates that he was arrested.

COMMISSIONER JENKINS: He was arrested in 2018. I don't have the dates with  
15 me either.

MR PRESTON: I was in the Chief Legal Officer role at that point in time, but still  
had a role with Perth, Commissioner.

20 COMMISSIONER JENKINS: So when you say you still had a role, what was your  
role at in Perth then?

MR PRESTON: I was responsible for a number of the portfolios.

25 COMMISSIONER JENKINS: Would that include AML?

MR PRESTON: Yes.

COMMISSIONER JENKINS: What I'm interested in is whether you recall whether  
30 there was any kind of an audit or investigation carried out by the Perth Casino to  
determine how Mr Petkov had gambled over \$3 million with Crown, both in Perth  
and Melbourne, over a period of 18 months with stolen funds, and that that had not  
been detected or raised any red flags with the casino.

35 MR PRESTON: As best I recall with that patron, when it came to our attention --- I  
can't recall how it came to my attention, whether it was AML raising it or whether it  
was someone else within Crown raising it, we did carry out some further due  
diligence on the patron which included --- I think we might have carried out a third-  
40 party search, which is our standard process, but also made some inquiries with  
people within Crown as to what they knew about this patron and what history we had  
on him. As best I recall, we also engaged law enforcement to ask if they had any  
information on this patron. This is best I can recall. And we remained engaged, I  
believe, with law enforcement on this patron as he --- over the period, as best I can  
recall.

45 COMMISSIONER JENKINS: What I'm really interested in is, given what is now  
known about Mr Petkov, and what Crown subsequently found out, it would indicate,  
would it not, that there was a failure in the processes that Crown had in place at that

time to detect significant criminal behaviour occurring within the Perth and Melbourne casinos by him?

5 MR PRESTON: I'm very conscious or cautious on how I answer that, because there no doubt were various steps taken by Crown, as I recall, in terms of assessing certainly some of the activity that I recall.

10 COMMISSIONER JENKINS: Well, let me put it in a different way: would you agree that the history of the matter would show that Mr Petkov used large amounts of stolen funds to gamble at Perth Casino and Melbourne casino without being stopped from doing so by the checks and balances that --- well, the checks that Crown casino had in place in either site?

15 MR PRESTON: Well, as the facts now stand, yes, that's factual.

20 COMMISSIONER JENKINS: What I'm now getting to is, given that, what did Crown do, when it found out that that had occurred, to audit what had happened to find out how he managed to slip through the checks so as to improve the system to ensure that that did not happen again?

25 MR PRESTON: I'm not --- I don't know. I certainly can't recall what we did do, but what I do know is that, again, I'm very cautious on how I answer this for the reasons I think Mr Dharmananda was referring to ---

COMMISSIONER JENKINS: I'm not interested in that side of it. I'm asking, really, what did you do to inspect your processes to see where he'd fallen through --- managed to fall through the cracks, to close those cracks so it didn't happen again?

30 MR PRESTON: I'm not sure we did anything to look at that, as I recall.

COMMISSIONER JENKINS: So then I want to ask you about the patron AE, who, can I remind you if you don't have --- do you have the sheet of paper in front of you?

35 MR PRESTON: No, I haven't got it.

COMMISSIONER JENKINS: It's the same patron who Mr Dharmananda --- sorry, not the same patron, but an associated patron to the one Mr Dharmananda just asked you about.

40

MR PRESTON: Yes.

45 COMMISSIONER JENKINS: Mr Feutrill asked you about him also, and attending the Pearl Room Cage with very large amounts of cash. You gave evidence that following that, or even at that time, Crown might have been working with the police and that he was subsequently arrested on Crown's premises?

MR PRESTON: As I recall, yes.

5 COMMISSIONER JENKINS: As you recall. Do you recall what that patron was arrested for?

MR PRESTON: Not off the top of my head, sorry.

10 COMMISSIONER JENKINS: Do you recall whether the AML team at Crown Perth had considered patron AE as a person of interest prior to September 2017?

MR PRESTON: I can't recall the dates. It was '17 --- I can't recall at what point in '17, when he was arrested or what date.

15 COMMISSIONER JENKINS: September 2017 was when he appeared at the Pearl Cage with those large amounts of money. Given what you know of Crown's policies. If, say, in June 2017, prior to the police having any contact with Crown, that patron had made cash deposits of a million dollars --- well, deposits of a million dollars in Crown Perth's account, would you have expected that that would produce an SMR or  
20 any kind of report to the AML team?

MR PRESTON: It depends on the circumstances. If it was transferred from his own personal account, it might not raise a suspicion, but if it was ---

25 COMMISSIONER JENKINS: I'm not talking about TTs here. We're talking about other sorts of account deposits.

MR PRESTON: I was going to say, and if there were large cash deposits made at the Cage, to that extent, and I'm just responding in a general sense, I would have  
30 expected some form of suspicious report to be made.

COMMISSIONER JENKINS: If that kind of conduct had taken place since at least November of the year before, 2016, would you have thought that Crown's processes would have ensured that his behaviour would have been considered by the AML  
35 team at one of its meetings?

MR PRESTON: Possibly. I can't recall specifically, but I would expect if there is a large cash deposit like that and there are some unusual circumstances, for example in gaming, I would expect that it would be.  
40

COMMISSIONER JENKINS: After that patron was arrested, did Crown Perth do any kind of investigation or perform any kind of audit on his gaming behaviour to ascertain why he had slipped through the cracks, or if he had slipped through the cracks, to ensure that it didn't happen again?  
45

MR PRESTON: Not to my knowledge.

COMMISSIONER JENKINS: Thank you.

COMMISSIONER OWEN: I have no questions for Mr Preston. Is there anything arising from that, Mr Feutrill? Mr Penglis.

5

**RE-EXAMINATION BY MR PENGLIS**

10 MR PENGLIS: Thank you, two areas, just dealing with the same patron AE. Mr Preston, do you recall what ultimately happened? You mentioned that he was arrested on the premises. Do you recall what ultimately transpired?

15 MR PRESTON: As I recall, he was charged and found guilty, I believe, and the Crown assisted along the way, working in conjunction with the police and I think the police were most grateful for the outcome.

20 MR PENGLIS: Can we call up a document that's only just been uploaded --- I hope it's the right document --- JRP.0001.0004.0004, and if we can keep this to the screens of the Commission, the witness and interested parties, not the public screen. I don't know whether it's been redacted or not. Is that a letter that you had a copy of in your personal possession?

MR PRESTON: Yes, that is a document I have seen, yes.

25 MR PENGLIS: The other area is if we can call up document CRL.533.001.3787. This is the AML/CTF program that you were asked questions about, Mr Preston, version 17, November 2018. You were taken to various parts of the document, but can we go to 3813. Do you remember you were asked some questions about this. Now, you made a comment during the course of your evidence that AML didn't  
30 review the bank statements. What did AML review in regard to transactions in the bank account?

MR PRESTON: They reviewed the telegraphic transfer listing report.

35 MR PENGLIS: Can I take you to part of the schedule page 3821. Do you see on the left-hand side, about midway down, account transactions, "VIP Regular"?

MR PRESTON: Yes.

40 MR PENGLIS: Can I take your attention to the specific controls.

MR PRESTON: Yes.

45 MR PENGLIS: We see there are four dot points?

MR PRESTON: I do.



02:51PM

MR PENGLIS: Can you read them to yourself, and my question will be: did that occur?

5 MR PRESTON: Certainly with respect to the fourth dot point, yes.

MR PENGLIS: The same question, let's just leave it to the third dot point, under the next heading, "Large Telegraphic Transfers", did that occur?

10 MR PRESTON: To my knowledge it occurred, yes.

MR PENGLIS: Then skip to "Large cash deposits made to account without gaming followed by a large TT out or cash out", fourth dot point, did that occur, to your knowledge?

15

MR PRESTON: To my knowledge.

MR PENGLIS: So when Mr Feutrill asked you about Cage not monitoring the bank statements, is this the effect of your evidence, that AML also didn't monitor the bank statements, but AML monitored both SYCO and the TTRs?

20

MR PRESTON: They monitored --- they had a report generated from SYCO, which was the telegraphic transfer listing report, and they monitored that. And also they monitored the report on the threshold transactions as well.

25

MR PENGLIS: Thank you. That concludes, Commissioner.

COMMISSIONER OWEN: Thank you very much, Mr Penglis.

30 Mr Preston, thank you very much for your evidence. I think that completes what we required from you, so I now formally release you from the summons and you are free to go about your endeavours. Thank you once again.

We will adjourn now to a date to be fixed.

35

**THE WITNESS WITHDREW**

40 **ADJOURNED AT 2.55 PM TO A DATE TO BE FIXED**

## **Index of Witness Events**

MR JOSHUA ROBERT PRESTON, SWORN	P-4895
EXAMINATION-IN-CHIEF BY MR PENGLIS	P-4895
CROSS-EXAMINATION BY MR FEUTRILL	P-4896
CROSS-EXAMINATION BY MR DHARMANANDA	P-4951
CROSS-EXAMINATION BY MR EVANS	P-4953
QUESTIONS BY THE COMMISSIONERS	P-4954
RE-EXAMINATION BY MR PENGLIS	P-4957
THE WITNESS WITHDREW	P-4958

## **Index of Exhibits and MFIs**

EXHIBIT #JRP.0001.0004.0001 - SECOND FURTHER WITNESS STATEMENT OF JOSHUA ROBERT PRESTON DATED 29 SEPTEMBER 2021	P-4895
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