

Perth Casino Royal Commission

Witness Statement of David Brown

26 July 2021

1. I, David Brown of c/- [Contains sensitive information] make this statement in response to the summons to give evidence issued to me dated 9 July 2021.

2. This statement is true and correct to the best of my knowledge and belief.

BACKGROUND

3. I am the General Manager – Cage & Count of Crown Sydney. I have held this role since 1 September 2020.

4. Prior to this, I was employed as:

- a. General Manager – Cage & Count of Crown Perth from July 2006 until September 2020;
- b. Assistant Cage Manager – Cage & Count of Crown Perth from October 2005 to July 2006;
- c. Cage Operations Manager of Crown Melbourne from October 1996 to October 2005;
- d. Cage Supervisor – Cage & Count of Crown Melbourne from December 1994 to October 1996; and
- e. Cage Cashier – Cage & Count of Crown Melbourne from May 1994 to December 1994.

5. Prior to being employed by Crown, I had a managerial role with the State Bank of Victoria for 9.5 years.

6. The people I reported to in each role were:

- a. while General Manager – Cage & Count of Crown Sydney, Sean Knights, Executive General Manager – Gaming of Crown Sydney;
- b. while General Manager – Cage & Count of Crown Perth, at different times:
 - i. Alan McGregor, CFO of Australian Resorts;
 - ii. Joshua Preston, Executive General Manager – Legal of Crown Perth;
 - iii. Craig Spence, CFO of Crown Perth;
 - iv. Alan McGregor, CFO of Crown Perth; and
 - v. Justine Henwood, CFO of Crown Perth;
- c. while Cage Operations Manager – Cage & Count of Crown Melbourne:

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- i. Phil Geappen, General Manager – Cage & Count of Crown Melbourne; and
 - ii. Barry Felstead, General Manager – Cage & Count of Crown Melbourne; and
- d. while in my other roles, I had numerous operational management reporting lines, which I cannot now recall.
- 7. The positions which reported to me in each role were:
 - a. while General Manager – Cage & Count of Crown Sydney:
 - i. the Cage Operations Manager; and
 - ii. the Count Supervisor;
 - b. while General Manager – Cage & Count of Crown Perth:
 - i. the Cage Shift Manager; and
 - ii. the Count Manager;
 - c. while Assistant Cage Manager - Cage & Count of Crown Perth, the Cage Shift Manager;
 - d. while Cage Operations Manager of Crown Melbourne, the Cage Area Manager; and
 - e. while Cage Area Manager of Crown Melbourne, the Cage Cashiers.

MY ROLE

- 8. The role of General Manager – Cage & Count has overall responsibility for overseeing the operation of both the "Cage" and "Count" departments of the casino.

The Cage

- 9. The Cage is essentially the "bank" of a casino. It is the place that is responsible for managing the monetary transactions between patrons and the casino in relation to gaming.
- 10. At its simplest, the Cage is where the patron can exchange money for chips or chips for money.
- 11. Within the Cage are the following employees:
 - a. the cashiers. These are the "bank tellers" of the Cage. They interact with the patrons and facilitate their money and other financial transactions. Cashiers can handle transactions of under \$10,000. Transactions over \$10,000 require the cage supervisor to assist;
 - b. the supervisors, who oversee the cashiers. They can approve transactions of over \$10,000. This ensures that there are at least two people involved in any transaction that might have a direct anti-money laundering (AML) component and require reporting as a Threshold Transaction Report (TTR);

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- c. the shift managers, who oversee the supervisors and are responsible for managing all of the Cage staff on their shift. The Shift Manager have the overall approval authority for Cage transactions whilst on shift.
12. Although it varies, at all times there is one shift manager or acting shift manager, anywhere from 3-6 supervisors, and 12-14 cashiers on any given shift in the Cage at Crown Perth. The numbers would fluctuate depending on operational requirements and on the time of the day and the day of week.
13. The kinds of transactions that occur at the cage include the following.
14. **Gaming Machine Tickets for Cash.** These are the most common transactions. For any amounts over \$10,000 patrons are always offered a cheque, but if they want cash this will be the subject of a TTR. These could also be deposited to the patron's SYCO account (SYCO is Crown's Approved Casino Management System) (**ACMS**).
15. **Gaming Chips for Cash.** For any amounts over \$10,000 patrons are always offered a cheque, but if they want cash this will be reported as a TTR. These could also be deposited to the patron's SYCO account.
16. **Cash Deposit at the Cage.** The patron would present at the Cage, they would be confirmed against their ID and would be able to deposit cash to the Deposit Account. A TTR would be completed depending on the amount.
17. **Funds Advance Facility (FAF).** This is a facility that is approved to be offered to international patrons. The patron would have been approved for an FAF in line with approved process. The patron would present at the Cage and be confirmed against their ID or, if it was their first visit, provide their ID to the Cage, which would normally be a passport. They would then request an amount of funds they would like to draw down from their FAF. The Cage staff would access SYCO, issue a credit marker, and ask the patron to sign. The patron would then be given value, normally chips, for the value of the credit marker.
18. In the case of a Junket Operator, the patron may not be present and they would have an authorised representatives who could act on their behalf. The Junket Representative would be identified and they would be permitted to draw down on the FAF and receive chips.
19. Patrons who had a win or did not use all their funds could then redeem the FAF at any time during their trip. Alternatively, if the patron had lost, they would need to repay the debt at the Cage or, if they could not repay before leaving, they would need to arrange payment at a later stage.
20. **Cheque Cashing Facility (CCF).** This is predominantly the same as the FAF but is approved for local patrons. The patron will apply and be approved for a CCF. The patron will provide ID to the Cage, open an account on SYCO, and provide Crown with their personal bank account details. When the patron wishes to draw funds for gaming, they will either

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- provide a personal cheque or Crown will issue a SYCO-generated cheque. This cheque will have all of the patron's account details on the document. The patron can then redeem the cheque at the end of the trip or prior to the date where Crown is required to bank the cheque.
21. **Foreign Currency.** The patron would provide foreign currency at the Cage and would be identified. The currency would be confirmed, the amount would be entered into SYCO, and converted at the day's rate. The patron would be given value for the foreign currency.
 22. **Telegraphic Transfers Received.** The patron would make a deposit to one of Crown's bank accounts. The patron would then present at the Cage and provide evidence of payment to the account if they had not already provided via electronic means. Cage staff would review the documentation provided.
 23. Should the evidence provided be deemed sufficient to confirm the payment had been made and the transaction was supported by the operational team, then the transaction could be early released.
 24. Early release is authority given by Crown to release funds to the patron, prior to them being received in our bank accounts. Early release process is an approved process by the regulator and requires approval from those within the approval matrix, but generally at least one of the Level 1 executive management would be required for such an early release.
 25. Should the transfer involve overseas funds, then the transaction was noted as an international funds transfer instruction (IFTI).
 26. Cage staff need to obtain approval for all transactions that are being early released to a patron on the same day, even if the funds are already showing in the account. Once the approval for the transaction was received, then a telegraphic transfer (TT) Release was prepared and signed by Cage Management and the patron. The funds were then deposited to the patron's SYCO account.
 27. The TT paperwork was then split up and provided to the Finance department, Income Control, and Crown's AML team. Income Control is part of the Finance department, but they are two separate areas and we report to them separately.
 28. **Telegraphic Transfer Sent.** A patron can request to have their funds sent to their bank account at the completion of their trip. They would provide their ID and the bank account details for which they wanted the funds to be sent. The funds would be deposited to their SYCO account and withdrawn as a TT.
 29. To facilitate the TT, the paperwork produced by the Cage would be forwarded to the Finance department, who would be the responsible for the actual transfer from Crown's bank account to the patron's account. Copies would also be provided to the Income Control department and Crown's AML team to complete any IFTI reporting if required.

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30. **Bank Cheque / Draft.** These are provided by the patron and need to be approved for acceptance as per the approval matrix. The drafts will be deposited to the patron's SYCO deposit account and the patron will be given funds. This document will be banked at the end of the patron's trip.
31. **Transfers between casinos in respect of patrons.** Where Crown Perth had a mutual patron with any of the other Crown properties, funds are occasionally transferred between different casinos for that patron. These funds would be processed through the Crown Melbourne patron SYCO account and then sent as a TT from Crown Melbourne's bank account to Crown Perth's bank account. The funds will then be deposited to the patron's Crown Perth SYCO deposit account.
32. There is no verification done by Crown entity receiving the money, as it relies on the source casino to comply with its AML obligations when the money is deposited.
33. **Third party transfers.** Previously, Crown's policies allowed for the acceptance of funds from third parties and money changers. However, after 31 July 2020, we were directed by Lonnie Bossi and Xavier Walsh that the Cage was not to accept transfers from third parties anymore.
34. In respect of third-party payments, we were required to obtain the relationship between the third party and the patron. This was verified using information obtained from the host or manager looking after the patron, which was generally by way of an email.
35. In respect of money changers, funds could be accepted as long as they were an authorised money changer. This was verified using the government registers maintained in each jurisdiction.
36. Funds have never been accepted by the Cage at Crown Perth from credit or debit card cash advances.
37. Crown Perth did not accept funds for gaming from a Crown Group Hotel.
38. Crown Perth did not use China Union Pay for gaming. I'm aware that Crown Melbourne used the China Union Pay for gaming.
39. Crown Perth was approved to use EFTPOS at the Cage which was a long-standing approval dating back well before Crown acquired the casino.
40. Once ATMs were installed in Crown Perth, EFTPOS at the Cage was only offered if there was a total ATM outage across the property. Transactions would be restricted to \$400 at a time.
41. In the 15 years I was there, I think this happened for short periods (one hour) on no more than half a dozen occasions when there were complete bank or ATM provider outages.
42. Cage staff can also open a deposit account with Crown Perth for patrons or assist them with applying for cheque cashing facilities.

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43. During either process, Cage staff are required to complete World-Check / Dow Jones reviews on patrons. World-Check / Dow Jones are databases of Politically Exposed Persons (PEP) and heightened-risk individuals and organizations, used around the world to help to identify and manage financial, regulatory and reputational risk.

Count

44. Count is responsible for determining the amount of cash that is taken from the gaming floor.
45. The Count staff are:
- a. one count manager;
 - b. four supervisors; and
 - c. 19 cashiers.
46. These staff collect the cash from the gaming machines and table games, then count the cash.
47. This is done by way of a "blind count", by which I mean the staff conducting the count are not counting towards a target.
48. There is a hard count and a soft count, which is the count of cash from the gaming machines and table games, respectively.
49. The count is then reported to the Finance department and the Income Control team, which is responsible for reporting on revenue.

SYCO

50. My understanding is that the general purpose of the SYCO system is to maintain the gaming records of patrons.
51. The system, which has evolved over time, is used by all Gaming Areas, Table Games, Electronic Games, Loyalty and Cage to record and track player gaming activity.
52. The information contained in SYCO is entered and updated by any user of the system. This is taken from information provided by the patrons or recorded as a result of their gaming activity.
53. Depending on the user's security level, there are restrictions on what the user can view and data that they can enter.
54. For example, a cashier at Cage can only see a patron's basic transactions. Cage Management then have access to review patron activity to a much higher level.
55. For all Electronic Games, the data is captured when the patron enters their gaming card.
56. For the Cage, SYCO is used to assist in the tracking of patrons gaming activity as it relates to Cage, it is used update patron information in respect of deposit account and CCF / FAF

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facilities and other functions such as foreign currency exchanges, gaming cheque issuance etc.

57. The SYCO system is also used to track all chip movements within the Cage and between the Cage and table locations.
58. The information recorded in SYCO includes the following:
 - a. Table Games:
 - i. Table Opener / Closer;
 - ii. Patron Buy-In;
 - iii. Patron Average Bet;
 - iv. Patron Win / Loss; and
 - v. Table Fill / Credit;
 - b. Electronic Gaming:
 - i. Patron Buy-In;
 - ii. Patron Average Bet; and
 - iii. Patron Win / Loss;
 - c. Cage:
 - i. Patron Deposit Account Information / Balances and all transactions applicable to the account;
 - ii. Patron CCF Information and Balances and all transactions applicable to the account;
 - iii. Patron FAF Information and Balances and all transactions applicable to the account;
 - iv. Patron Foreign Currency Transactions;
 - v. Chip Bank Opener Closer;
 - vi. Additions or Subtractions from the Chip Bank Nominal Stock;
 - vii. Chip Bank Fills / Credits / Transfers; and
 - viii. Count Buy Information;
 - d. Loyalty:
 - i. Patron Membership information (this has now been moved to LUI, which is a management system which is now used by all three Crown properties to manage the patron details. This information then feeds back to SYCO); and

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ii. Patron points redemption.

59. From the information entered into SYCO, Crown can then produce reports, including responsible service of gambling (RSG) and AML reporting.
60. The system also has a series of stop codes that can be entered against patron account to restrict or alert users to issues on a patrons account.
61. The Cage is one of the users of the system and as the General Manager of the Cage I would review certain information contained in the system. For example, I would review the information relating to chip movements and unredeemed chips.
62. All users were responsible for managing their processes and information.

QUALIFICATIONS AND EXPERTISE

63. I commenced work with Crown as a Cage Cashier.
64. Since then, I have gained experience and exposure to casino operations over 27 years across three Crown properties and with numerous operational and non-operational managers.
65. I have no formal qualifications in any of the areas which are set out in item 7 of the schedule to my witness summons.
66. In terms of my experience in these areas:
 - a. I was not at any stage involved directly with any of Crown risk management teams, but I was involved in ongoing monthly compliance meetings;
 - b. in respect of AML/CTF risk management, I worked with the Crown Legal team to establish the first Crown Perth AML program in about 2005/2006. My involvement was to provide guidance to the legal team as to what information was on SYCO and what SYCO could do. I have also been responsible for ensuring that staff completed the necessary online training in respect of AML/CTF and that staff were aware of the obligation to complete TTRs, suspicious matter reports (SMR), and IFTIs; and
 - c. in respect of problem gambling risk management, I was on the Crown Perth RSG committee responsible for reviewing applications from patrons looking to rescind their exclusion.
67. When I commenced with Crown, I was given Casino training which largely related to operational capabilities and procedural compliance.
68. Training throughout my employment has been ongoing.
69. Every year, I am required to undertake training modules on a wide range of topics, including:
 - a. AML/CTF;
 - b. RSG;

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- c. casino awareness;
- d. COVID awareness;
- e. Crown Awards;
- f. CrownAbility; and
- g. cyber Security.

70. The training modules are online and each takes 20-25 minutes to complete.

Training of staff generally

- 71. Cage Cashiers when starting are given on the job training that involves training in all aspects of their role. This training is performed by an experienced cashier and overseen by a Cage Shift Manager that had been assigned to the employee.
- 72. This training is generally ongoing for the first three months where their performance is closely monitored throughout.
- 73. During this training, the staff member is given a one-on-one AML training session with a member of Cage Management covering off all aspects relating to their role.
- 74. Beyond this, all staff are expected to complete their online training modules. Compliance with this requirement is monitored by the area manager.
- 75. Staff are then monitored in the performance of their duties by Cage Management who would offer insights and guidance.
- 76. Cage Supervisors in all instances are promoted from the ranks of the Cage Cashiers. Therefore, they have already received some training for this level.
- 77. The further training for the Supervisors was done by an experienced Cage Supervisor and overseen by the Cage Shift Manager.
- 78. This training goes through the additional roles and responsibilities associated with supervising staff and more specifically the policies.
- 79. In more recent times, all Cage Cashiers are promoted in a Higher Duties capacity to determine their suitability in the role. Only once proven are they offered a full-time Cage Supervisor role.
- 80. Cage Shift Managers in all instances are promoted from the ranks of the Cage Supervisors.
- 81. The training for this role is completed by one of the experienced Shift Managers who goes over the responsibilities of the role and in particular the monitoring of the bank accounts.

Training of staff on specific topics

- 82. Cage Cashiers received AML training from either the Crown Perth AML officer or Cage Supervisor. This training goes through the expectations in respect of their role and

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AUSTRAC reporting. This is signed off by the cashier confirming completion and that they understand their role.

83. Cashiers are instructed to be vigilant in respect of AML and to escalate to management anything suspicious. Management will then complete an unusual activity report (UAR) or a SMR.
84. Cage Supervisors receive on the job training in respect of completion of SMR/UAR forms. They are trained in acceptable ID and completing entering the details into SYCO from which AML reporting is completed.
85. Cage Supervisors check daily that all of the previous day's TTR reporting is completed correctly to ensure correct reporting to the AML team.
86. The AML Team work closely with all Cage Management to ensure they have sufficient understanding of the AML practices.
87. Cage Shift Managers have received training at all levels by the time they have reached Shift Manager level.
88. They are taught further by an experienced Cage Shift Manager about the maintenance of the bank accounts and IFTI reporting.

GOVERNANCE

Committees

89. During my time with Crown Perth, I sat on the following committees:
 - a. Credit committee;
 - b. RSG committee; and
 - c. Risk & compliance committee.
90. I do not sit on any committees for Crown Sydney. None have been formed yet. In operation

Credit committee

91. I sat on the Credit committee between 2005 and 2020.
92. The Credit committee would meet quarterly to review outstanding credit.
93. The Credit committee consisted of Executive Management from Crown Perth and Crown Melbourne as well as representatives from Perth Finance, VIP Gaming and Table Games.

RSG committee

94. I sat on the RSG committee in 2017.
95. The RSG committee would meet half yearly to review the previous half-year RSG figures and results. We would also review applications to revoke patrons' self-exclusions.

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96. The RSG committee consisted of Executive Management from Crown Perth and the Group General Manager – RSG.

Risk & Compliance committee

97. I sat on the Risk & Compliance committee between 2005 and 2020.
98. The Risk & Compliance committee would meet monthly to discuss all operation compliance reporting requirements.
99. The committee consisted of the Crown Perth Legal and Compliance teams and Senior Management from all departments. It was managed by Crown Perth's legal department.

Reporting

100. As General Manager – Cage & Count for Crown Perth, my only regular reporting obligation to directors and / or senior managers of the Crown Group was to prepare monthly, quarterly and bi-annual CURA reports for the Risk & Compliance Committee.
101. As what the Cage was doing was entered into the SYCO system, other teams would pull reports from that information entered by Cage and Count.
102. I otherwise attended to regular queries over the telephone.

Management structures

103. I am aware that there are several Crown Perth entities such as Burswood Nominees Limited and Burswood Limited but, operationally, the structure of the organisation was not something that was addressed day-to-day – they were all treated as Crown Perth. I therefore do not understand the management structures in any detail.
104. During my time with Crown Perth, there was always a Chief Executive Officer, Chief Operating Officer Gaming, Chief Operating Officer Non-Gaming, Chief Financial Officer, Executive General Manager Legal and Head of Human Resources. These roles could be either Crown Perth specific or Crown Resorts in more recent times.
105. Generally speaking:
- a. the Chief Executive Officer oversaw all operations of Crown Perth;
 - b. the Chief Operating Officer Gaming oversaw the gaming operations;
 - c. the Chief Financial Officer oversaw the financial management of Crown Perth. At some point, the Chief Financial Officer Crown Perth role was replaced by the Chief Financial Officer Australian Resorts role;
 - d. the Chief Operating Officer – Non-Gaming looked after non-gaming matters like the hotels and food and beverage;
 - e. the Executive General Manager Legal looked after legal, compliance and AML-related matters. It is my recollection that at some point, the Executive General

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Manager Legal, Crown Perth role was replaced by the Chief Legal Officer, Crown Resorts; and

- f. the Head of Human Resources was responsible for Crown Perth personnel-related matters.
106. I am unable to comment in any detail about any influence Crown Resorts Limited, Crown Melbourne and / or any other entity in the Crown Group may have had on Crown Perth's governance or performance of its duties and responsibilities.
107. Over time, I had a direct reporting lines to Barry Felstead, Alan McGregor and Joshua Preston. I am aware from having to report to them that they held roles across the Perth and Melbourne properties, but there did not appear to me to be any huge influence.

Risk appetite and tolerance

108. When I first started at Crown Melbourne as a Cage Cashier, I recall there being a push for compliance. This carried on throughout my career and when I moved to Crown Perth, there seemed to be a very strong compliance culture that was expected to be maintained in accordance with Crown Perth's relevant policies.
109. "Risk appetite" and "risk tolerance" were not, however, topics which were discussed much at my level. I did not find this changed much as I progressed through my other roles with Crown.
110. Ultimately, the Cage is a support function, responsible for supporting the front-line operations and working to ensure compliance in our area, for example, by properly documenting transactions so that Crown's financial position and activity were recorded so that outstanding debts could be followed up, and AUSTRAC and IFTI reporting could occur.
111. From a risk point of view, we were not making decisions, for example, around:
- a. credit and how much to give someone – those decisions were approved by those in the Approval Matrix. Cage would commence the approval process but it was ultimately for those persons to approve; or
 - b. whether we should deal with a particular patron – those calls were made by the International team. By the time Cage became involved, a decision had already been made to deal with those patrons.

Gaming operations

112. Gaming generally is overseen by the Chief Operating Officer Gaming, the General Manager Table Games and General Manager Gaming Machines. I do not know who is in charge of the recruitment of gaming staff at the Perth Casino.

INTERNATIONAL COMMISSION BUSINESS

113. The Cage is responsible for dealing with patrons when they arrive at the property.

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114. For that reason, I was not involved in:

- a. the decisions as to who Crown would deal with within the International Commission Business (ICB). This was approved by Crown's VIP International Team;
- b. the due diligence or investigations prior to the patron's arrival. This process was handled by Crown's VIP International team;
- c. any marketing to patrons, either locally or internationally;
- d. any decision to approve gratuities to Junkets, premium or privileged players; or
- e. dealing with the patrons in respect of membership or loyalty, as this was handled outside of Cage operations.

115. I am unaware of the "financial model" of the ICB of Crown Perth.

116. My involvement in ICB while at Crown Perth, and specifically Junkets, is as follows.

117. Cage Management were responsible for acceptance and documentation of "front money" in respect of patron program play.

118. Cage Management were also responsible for settling the program at the completion of the patron visit.

119. The negotiation of which program was offered to a player was managed by Crown's VIP team in Perth in consultation with Crown's VIP International team.

120. Once the decision was made as to the program that was to be offered, the International team would provide the program agreement to the Cage.

121. Cage would then ensure that the front money provided by the patron was the amount required for the program and sign the agreement at buy-in in conjunction with the International staff member and the patron or representative.

122. Credit for patrons was approved in accordance with the approval process, as described above.

123. When I first commenced at Burswood there was an approved process for credit card drawdown. This was documented in the internal controls.

124. The process was that a patron could go offsite to the marketing office and process a credit card payment. The patron would then bring the receipt to the Cage and be offered funds for gaming.

125. This process was used only a few times and then Crown stopped using this. I am not sure why it stopped.

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AML/CTF

Nature and content of AML/CTF Systems at Crown Perth

126. Crown uses the information collected by Cage staff and entered into the SYCO and LUI systems to ensure compliance with the AML/CTF reporting obligations.
127. Cage staff will also complete Dow Jones / World-Check reviews of patrons.

Crown Perth's bank accounts and operation

128. Crown Perth had eight bank accounts:
 - a. four through Burswood Nominees Limited in AUD, USD, HKD and SGD – this included the main AUD account, which was used for general banking; and
 - b. four through Riverbank Investments in AUD, USD, HKD and SGD.
129. The bank accounts were managed by Finance. Cage were "users" / "viewers" of the accounts. Although I was, as the rest of the Cage, a signatory to the accounts, that was to issue cheques or authorise transactions as requested by patrons. We had no ability to process transactions through the account.

Funds from and to patrons

130. From a Cage operating perspective, all of these accounts were treated the same.
131. Regardless of the account funds were received into, the process for acceptance and subsequent release of funds was the same.
132. When Cage staff received advice that payment was coming into the bank account, they would view the bank account and, if the funds appeared, request a receipt or some document confirming the transfer of funds into the account and authority from senior management as per the Approval Matrix.
133. Once they were satisfied with the funds and approval had been received, the Cage staff would release the funds to the patron via a Transfer Acknowledgment. Once that was completed, Cage would enter the relevant paperwork into SYCO and send the Transfer Acknowledgment and all supporting paperwork to the Finance department for their review and processing and AML teams for their review.

Funds from and to third parties

134. When a request came from a patron to transfer funds to or from a third party, the Cage would seek information about the relationship between the patron and the third party.
135. That information would usually be verbal advice received from the International or Domestic hosting / marketing teams.
136. Cage would then prepare the documentation showing the details of the patron and third party. All documentation was then entered into SYCO.

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137. Upon completion of the transaction, the paperwork would be forwarded to Finance for them to process:
 - a. in the case of funds being sent to a third party, to effect the payment from the relevant account; and
 - b. in the case of funds being received from a third party, to reconcile the transaction in the relevant bank account.

Cage operations and AML team's responsibilities

138. The Cage looks after patrons' SYCO accounts and over the counter transactions.
139. In their first three months of starting in the Cage, all staff receive one-on-one training about their AML responsibilities and expectations in their role.
140. All transactions over \$10,000 require the Cage staff to obtain the patron's ID and enter their details into SYCO. This information is checked by a member of Cage Management the following day and instruction is provided to the AML team to confirm that the TTR report can be uploaded to AUSTRAC.
141. The SYCO system is also set to automatically report any transactions for amounts of \$10,000 or more where these are required to be reported as a TTR.
142. IFTI reporting is also identified by Cage when the transaction is entered into SYCO. Again, the AML team are responsible for uploading this to AUSTRAC.
143. Cage staff are aware that if they perceive anything to be suspicious, they should report this via an Internal SMR to the AML team for them to submit to AUSTRAC.
144. In around mid-2018, work was done to try to improve on Crown's AML processes and bring it front and centre of people's minds. This led to an AML board being placed in the Cage, and signs being put on boards and doors to remind the Cage staff to be alert to signs of money laundering and to report matters which appeared suspicious.
145. On 5 March 2020, this process changed from SMRs to Internal UARs. From a Cage operational perspective, they are the same. Cage staff still complete a report with as much detail as they can provide on the patron(s) and the grounds for suspicion, and this is forwarded to the AML team for review and submission.
146. The main areas of concern from a compliance perspective at the Cage were variance reporting and AML.
147. Whenever there was a major variance – that is, either an underpayment or overpayment to a patron of more than \$1000 – we were obliged to report the variance to the regulator.
148. From an AML perspective, non-compliance could range from failing to report on transactions over \$10,000 or failing to check if a patron's ID had expired. Any breaches of AML policy were included in the CURA reports.

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149. Compliance was pushed to the Cage staff. Cage Management recognised that people made mistakes but if any staff deliberately failed to follow processes / policies or rules, I would have to address that appropriately.

Suspicion of any failure to identify or manage money laundering activities

150. At the time I was with Crown Perth, I did not suspect money laundering activity through the accounts. Staff were monitoring transactions which were from our patrons or authorised money changers.

Whether Cage processes enabled, facilitated or allowed money laundering activities to occur

151. In hindsight, however, I understand how a process adopted at the Cage called "aggregation" could have led to money laundering activity not being identified or reported.
152. Aggregation was used by the Cage for what it perceived to be simplicity of reporting.
153. Where a patron completed more than one transaction on a day or over a number of days, the Cage Shift Manager might decide to record these in one bulk total.
154. In support of the "one" transaction, all individual supporting documentation would be attached and forwarded to the Finance and AML teams for reporting.
155. In some instances, the initial documentation that we received at the Cage was for one total amount. This was approved for early release. Then when the funds were received into the bank account, the Cage could see that they were for smaller individual amounts.
156. In these instances, as the Cage had already processed the document for the full amount, the additional paperwork would be combined to be presented as supporting documentation for the initial transaction.
157. I was not involved in daily monitoring of the Cage transactions and so not fully aware of the issue, but from speaking with the Cage Shift Managers, I knew some "aggregation" occurred.
158. I did not instruct the Cage staff to adopt that process. I am not aware that anyone else did either.
159. I did not realise at the time that it was a significant issue as there had been no instruction or feedback on the process from any of the reviewing areas that this should not occur.
160. I assumed that this was not an issue, because the individual transactions making up the bulk total were still fully documented.
161. Instead, I understood the Cage staff were adopting that process for ease of processing transactions and in the interests of efficiency. It allowed the Cage staff to prepare one single TT form attaching the supporting documentation, rather than several individual TT forms for each related transaction.

Witness Statement of David Brown

162. The potential for the process to make it difficult to detect possible AML activity did not occur to me.
163. All transactions were fully documented and passed on to the Finance and AML teams. In that sense, my understanding was that the process of aggregation itself should not have been an issue, because each individual transaction underlying the bulk total would have been apparent to the Finance and AML team reviewing the documents the Cage provided to them.
164. After giving evidence at the Bergin Inquiry, however, it was clear the process of aggregation did cause concerns and so I brought it to an end.
165. On 24 September 2020, I emailed Cage staff a direction that aggregation was not permitted.

Inducements / gratuities

166. Under Crown Perth's policy, it is possible to accept gifts and gratuities, so long as they are recorded in the Gift Register.
167. To the best of my recollection, I have not received any gifts from patrons.
168. I also rejected gifts to my team which were major.
169. For example, on one occasion a regular patron had a big win and wanted to give \$500 each to four of the Cage staff as a "tip". We refused it.
170. The patron walked off and left the money, so we escalated the matter to Legal.
171. I am not certain whether the money was donated to charity or returned to the patron, but the Cage staff did not receive it.
172. On the other hand, I recall there was one regular patron who would drop off a bottle of scotch to the Cage as a "thank you" gift around Christmas. That was allowed and approved as per the policy.

Oversight of directors

173. I cannot comment on how much oversight the directors had as to the development, implantation of and compliance with the AML/CTF policies and procedures. From a "on-the-ground" perspective, I understood the directors did not have much involvement in day-to-day operations.

Investigations into Riverbank and other Crown Perth bank accounts

174. I am not aware of the details of any investigations into Crown Perth's bank accounts. I believe the Legal team was reviewing the bank accounts before I left Crown Perth, but I do not know whether anything has been determined.
175. I recall a communication from senior management about the Riverbank accounts no longer being used. I understand CBA had concerns about money laundering with those accounts.

Witness Statement of David Brown

176. I was not involved in discussions with the banks.
177. I am aware that the Riverbank accounts no longer exist.

Suspicious about other Crown Perth bank accounts

178. I do not know whether any of Crown Perth's bank accounts were being used for money laundering or terrorism financing.
179. I am aware this has been raised in the Bergin Inquiry around "cuckoo smurfing" through the Riverbank account.
180. Cage staff were aware of the need to report matters that they perceived were suspicious or not right. I believe they did so when dealing with each transaction. However, the staff were not reviewing activity on the account in a broader sense to see whether structuring or smurfing was taking place.
181. Given the findings from the Bergin enquiry and further discussions with Crown's AML teams and external advisors, I now have a greater understanding of how these accounts could have been used to facilitate money laundering.
182. Crown is currently reviewing all of our processes, but we will no longer accept cash deposited to our bank accounts, money from money remitters, or third-party payments.
183. We have also put controls in place to restrict cash into the accounts.

Overseas bank accounts

184. I am not aware of any overseas bank accounts maintained by Crown. I know Crown maintains accounts in foreign currencies, but they are all domiciled in Australia.

RIVERBANK

185. I am aware that there is a company called Riverbank.
186. I do not have any understanding of the activities, assets, or business of Riverbank other than the funds maintained in the bank accounts.
187. I am aware that Crown Perth has previously operated the Riverbank Accounts, as described in my witness summons.
188. The Riverbank Accounts were domiciled in Australia.
189. I was not involved in establishing the Riverbank Accounts and do not have any understanding of how they were established.
190. I do not know the purpose of the Riverbank Accounts. My general understanding was that the accounts were set up for patrons who did not like banks knowing they were making payments to a casino.

Witness Statement of David Brown

191. During my time at Crown Perth, as General Manager – Cage & Count, I had access to the Riverbank Accounts.
192. I was a signatory to the Riverbank Accounts.
193. About 9 or 10 of the senior staff in the cage had access to the Riverbank Accounts.
194. I am not sure if this changed after 2016.
195. In the period 2013 to 2016, those senior cage staff reviewed the Riverbank Accounts to look at transactions that came through the accounts to confirm amounts that patrons had deposited to those accounts and then make those funds available to the patrons for gaming purposes.
196. Although the staff were looking for signs of money laundering when processing each transaction, the staff were not reviewing activity on the account in a broader sense to see whether structuring or smurfing was taking place.

INCENTIVES, GRATUITIES AND INDUCEMENTS

197. I was not involved in decisions regarding incentives or gratuities.
198. From time to time, patrons would be offered "lucky money".
199. Lucky Money was offered and organised by the VIP and International teams.
200. The Cage would just be provided with the documentation for processing.
201. In those cases, the Cage would facilitate the payment of these incentives, but we were not privy to the reason for the Lucky Money.

PROBLEM GAMBLING

202. I am aware that, from time to time, patrons have issues managing their gambling.
203. Crown Perth has an RSG team that works 24/7 to monitor and manage these patrons. The team works predominantly with Security and Surveillance on this monitoring, but all areas are encouraged to report any concerns they have in the area.
204. All areas at Crown Perth are also provided with training to identify signs of problem gambling.
205. Over my time at Crown, the attention given to managing this area has increased and, from my perspective, improved.

Investigations or enquiries into problem gambling

206. I am not aware of any investigations of enquiries which have been undertaken by the Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited or Burswood (Resort) Management Limited) boards to ascertain the nature and extent of problem gambling at the Perth Casino.

Systems, policies and procedures

Witness Statement of David Brown

207. I am aware that the RSG team in Perth work with the RSG team in Melbourne and other jurisdictions on problem gambling.
208. Codes exist in SYCO to restrict player activity, but I am otherwise not fully aware of how Crown's systems to manage this. It is outside my area of expertise.

Management responsibility

209. The RSG team is responsible for monitoring and tracking patrons with problem gambling.
210. The SYCO system used by Cage staff has RSG stop codes and exclusion codes, which allow the Cage to escalate through to the RSG team or Security, should a patron with these codes present at the Cage.

Oversight by directors

211. I am not aware of the oversight exercised by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) Limited as to the development and implementation of compliance systems, policies and procedures to identify and manage risks of problem gambling at the Perth Casino.

ELECTRONIC GAMING MACHINES

212. Perth is not permitted to have poker machines, as are permitted in the eastern states. Crown Perth instead has electronic gaming machines, which have different characteristics to poker machines, including different spin rates.
213. This is not otherwise my area of expertise and was managed by an area other than the Cage.
214. I am therefore unable to comment on the matters raised by questions 61 to 70 and 72 of my summons.
215. As to question 71 which seeks information in relation to my understanding of the nature of EGMs operating at the Perth Casino and Melbourne Casino and the extent to which they differ, I am aware that the machines at the Perth Casino are different those in Melbourne and other jurisdictions.
216. The difference lies in the spin rates and types of machines – again, this not, however, an area I have any expertise in.

GAMING AND WAGERING COMMISSION AND THE DEPARTMENT

217. I never dealt directly with the GWC.
218. When the Cage was looking to purchase or destroy chip stocks, I would send a letter to the Department requesting approval for such action, which was required by the approved policies.
219. Additionally, the approved policies required me to submit a letter to the department when a variance occurred in excess of \$1,000.

Witness Statement of David Brown

- 220. My understanding is that all other outward communication with officers of the Department or inspectors was handled by Crown's Legal and Compliance teams.
- 221. On regular occasions officers or inspectors from the Department would present in the Cage to undertake audits and reviews of processes.
- 222. This would occur frequently and without notice or warning generally.
- 223. Any time this happened, Cage and Count staff were instructed to provide the officers with every courtesy and respond to each and every question or request.

Relationships with staff of the GWC or Department

- 224. During my time with Crown Perth, I was not aware of any relationships between staff of the GWC or Department and Crown Perth.
- 225. The officers and inspectors of the GWC and the Department were regularly on-site and most staff had been in the role for a long time.
- 226. Over this time, you get to know them, but it was as a professional working arrangement from all of my dealings with the staff.
- 227. I am not aware of any gifts or benefits offered by Crown Perth staff to officers or employees of the GWC or Department.
- 228. I am not aware of personal relationships or friendships between employees and officers of the Crown Group and employees and officers of the GWC. My understanding was that there was a professional working relationship based over many years of dealing with the same staff.
- 229. I am now aware of such relationships because of the recent newspaper articles.

Involvement in specific changes or approvals

- 230. I am not aware of anything to do with video bingo and had not commenced employment in Perth in 2004.
- 231. I am aware that at some stage many years ago, possibly in 2010, there were changes to the approval of Junkets.
- 232. Prior to 2010, all Junket Operators and Junket Representatives needed to apply to the Department for approval to become an operator or representative.
- 233. At some point, this changed and was no longer required by the Department.
- 234. I am not sure whether this was as a result of a request from Crown or whether it was due to operational changes with the Department. I was not involved in the discussions.
- 235. I am not involved in the calculation of taxes and licence fees and I am not aware of whether this changed.

Witness Statement of David Brown

236. I am aware that over my time in Perth the Departmental staff went from being onsite 24/7 to being onsite as required.
237. From a Cage and Count perspective, I did not notice a great deal of difference. They would still come in regularly to complete audits on Cage and Count processes.

Changes to the Casino Manual

238. My understanding is that Crown made changes to the Casino Manuals. To make changes to the Casino manuals required approval of the regulator. This process would involve Crown submitting in writing any proposed changes and awaiting approval before implementing.
239. These changes were across all aspects of the Casino manuals and instead of each section of the business having specific manuals the manuals were changed to reflect specific areas.
240. Apart from this overall change to the manual the basic processes for the Cage dealing with Junkets did not really change.

Credit to Junkets

241. I believe the regulator approved the giving of credit to Junkets in early 2005.
242. However, I was not involved in this process as it was prior to when I commenced in Perth

Contains sensitive information

DAVID BROWN

Dated: 26 July 2021