



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

**INQUIRY UNDER SECTION 143 OF THE CASINO CONTROL ACT 1992 (NSW)**

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**FRIDAY, 11 SEPTEMBER 2020  
AT 10.02 AM**

**Continued from 10.9.20**

**DAY 26**

Any person who publishes any part of this transcript in any way and to any person contrary to an Inquiry direction against publication commits an offence against section 143B of the *Casino Control Act 1992* (NSW)

**MR N. CONDYLLIS appears with MR S. ASPINALL as counsel assisting the Inquiry**

**MS R. ORR QC appears with MS C. HAMILTON-JEWELL for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited**

5 **MR D. BARNETT appears for CPH Crown Holdings Pty Ltd**

**MS N. CASE appears for Melco Resorts & Entertainment Limited**

10 MR CONDYLLIS: If it pleases, you should have a document in front of you entitled Proposed Exhibit W5 to W28(C).

COMMISSIONER: Yes. Thank you. I'll mark those documents W5 to W28(C).

15 **EXHIBIT #W5 TO W28(C) DOCUMENT ENTITLED PROPOSED EXHIBIT W5 TO W28(C)**

20 MR CONDYLLIS: Thank you, Commissioner. Commissioner, I call Neil Jeans.

COMMISSIONER: Mr Jeans, can you hear me?

MR N. JEANS: Yes, I can, Commissioner.

25 COMMISSIONER: Would you prefer to take an oath or affirmation to give your evidence?

30 <NEIL GEORGE JEANS, AFFIRMED [10.03 am]

<EXAMINATION BY MR CONDYLLIS

35 COMMISSIONER: Thank you, Mr Condylis.

MR CONDYLLIS: Mr Jeans, can you please state your full name for the record.

40 MR JEANS: Neil George Jeans.

MR CONDYLLIS: And can you please state your address.

COMMISSIONER: I think we know his address. Thank you very much, Mr Condylis.

45 MR CONDYLLIS: Indeed. Mr Jeans, what is your occupation?

MR JEANS: I am the principal of an anti-money laundering consultancy based in Melbourne.

5 COMMISSIONER: Now, can I just ask you to get a little closer to the microphone, Mr Jeans. I'm sorry to trouble you, but - - -

MR JEANS: No problems, Commissioner. Sorry. I am the principal of an AML/CTF consultancy based in Melbourne, Victoria.

10 COMMISSIONER: Thank you.

MR CONDYLLIS: Thank you, Mr Jeans. What is the name of that firm?

15 MR JEANS: It is called Initialism.

MR CONDYLLIS: And how long have you been the principal of that firm?

MR JEANS: Since its inception in 2016.

20 MR CONDYLLIS: Thank you. And what was your – what were you previously doing before working for Initialism?

25 MR JEANS: I had a separate consultancy business, from 2012, and then changed to Initialism in 2016. Prior to that, I worked for various financial institutions globally.

MR CONDYLLIS: And your previous consulting business was also in AML/CTF?

MR JEANS: That is my speciality. Yes.

30 MR CONDYLLIS: And you mentioned you worked for some previous companies.

MR JEANS: Yes.

35 MR CONDYLLIS: That was in the same capacity?

MR JEANS: Absolutely.

COMMISSIONER: I'm sorry?

40 MR JEANS: Absolutely.

MR CONDYLLIS: Sorry. If you could just repeat what you said.

45 MR JEANS: Absolutely.

MR CONDYLLIS: Thank you. And before working for those private sector companies, did you do anything else in that field?

MR JEANS: Absolutely. So I started my career as a stock broker back in the 1980s. I then became a police officer in the United Kingdom and ended my career at an organisation called the National Crime Squad of England and Wales, which is now the National Crime Authority, undertaking reactive and proactive money  
5 laundering investigations. After leaving - - -

COMMISSIONER: You go ahead, Mr Jeans.

MR JEANS: After leaving – after leaving the police service, I joined the Financial  
10 Services Authority in the UK to help set up the AML/CTF regime in the UK and then, subsequently, joined financial institutions and worked in, specifically, in AML/CTF for those financial institutions.

COMMISSIONER: Can I just understand when it was that you left the police  
15 service and then set up those arrangements that you have spoken about?

MR JEANS: So I left the police service in 1999 and so – my apologies, 1998. I then joined the regulator. And then, in 2001, I left the regulator and worked for a Dutch bank called ABN AMRO.  
20

COMMISSIONER: And who – what is the regulator’s – what’s the name of the regulator in the UK during that time?

MR JEANS: The Financial Services Authority.  
25

COMMISSIONER: Thank you. Sorry, Mr Condylis, for interrupting. Yes.

MR CONDYLLIS: Mr Jeans, so I understand that you can be described as an auditor; is that accurate?  
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MR JEANS: Audit is part of my work. Yes.

MR CONDYLLIS: And I understand that there’s a system whereby AUSTRAC has a panel or approved certain auditors. Can you please assist the Inquiry in explaining  
35 how that might work.

MR JEANS: Absolutely. So, under section 162 of the Act, AUSTRAC has the power to appoint an external auditor for a firm to undertake particular activity based on a notice that they issue. In order for the auditor to be appointed, they have to go  
40 through an approval process and then, ultimately, get appointed by a section – under a notice under section 164 of the Act, as, effectively, a skilled person.

MR CONDYLLIS: Right. So is it a licence, in a way?

MR JEANS: It’s not a licence. It’s a specific appointment under the Act to  
45 undertake a specific piece of work at the direction of AUSTRAC.

MR CONDYLIS: Thank you, Mr Jeans. And when you refer to the Act, you mean the AML/CTF Act?

MR JEANS: I do, indeed, the AML/CTF Act.

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MR CONDYLIS: Thank you. Mr Jeans, if I can take you – do you have a bundle of documents in a folder in front of you?

MR JEANS: Not in the folder ,but I have them electronically available.

10

MR CONDYLIS: Okay. So if I say – can you go to tab 1, the document reference is JEA.001.001.1123. If that can be brought up in the hearing room only.

MR JEANS: Yes. I have that in front of me.

15

COMMISSIONER: Thank you. Yes.

MR CONDYLIS: Exhibit W5, Commissioner.

20

COMMISSIONER: Thank you.

MR CONDYLIS: Now, Mr Jeans, I understand that you were retained by Crown in or around late 2018 to perform some advisory service. Can you indicate when you were first approached by Crown? Or were you approached by Crown?

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MR JEANS: I was initially approached in August 2018, and provided a proposal to undertake a targeted piece of work. That, effectively – my appointment was confirmed later in the year. And that work started at the beginning of December 2018.

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MR CONDYLIS: Thank you. Operator, if you could please go to pinpoint 1124. And so you've indicated that you were – communication began in or around the middle or late 2018. And then you commenced your work in December 2018, was it?

35

MR JEANS: That was correct. Yes, early December 2018.

MR CONDYLIS: And who, from Crown Resorts, did you liaise with?

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MR JEANS: Directly with Louise Lane.

MR CONDYLIS: And do you know what Louise Lane is?

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MR JEANS: I do know who Louise Lane. She is the general manager for – covering AML at that time.

MR CONDYLIS: General manager covering AML at Crown Resorts?

MR JEANS: That's right. Yes.

MR CONDYLLIS: Did you understand – can you explain what the purpose was for which you were retained to act and provide an opinion for Crown?

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MR JEANS: So, Crown had a transaction monitoring program, as required by the AML/CTF rules. And they were undertaking some changes to that and putting it on a more systemic basis. So I was requested to undertake a very specific review, looking at their current – the design of their current transaction monitoring program. And the coverage of that and then also, obviously, look at the design of their new system.

MR CONDYLLIS: And you're aware that the VCGLR was also undertaking a review of Crown Melbourne's licence in Victoria. Was your first report connected with that review or was that something separate?

15

MR JEANS: Completely separate. I was only approached to do that second piece of work, certainly, in June of 2019.

MR CONDYLLIS: And so as I understand it, an AML/CTF program has an external audit provision, that is, it must be reviewed periodically. I understand Crown Melbourne's program required every three years, for it to be reviewed; is that right?

20

MR JEANS: Well, certainly, under the AML/CTF rules, under 8.6 of the rules, there is a certain requirement that a reporting entity must undertake a regular independent review of its program. What is to be reviewed is specified, specifically, in that part of the rules. And, yes, obviously, it's a requirement that is covered by Crown's AML/CTF program, which lists how it's going to approach that.

25

MR CONDYLLIS: And just looking at the rationale for that, why is it that it must – that the program must be periodically reviewed by an external auditor like yourself?

30

MR JEANS: Well, ultimately, the requirements are to ensure that the program is compliant and is being followed. So there are four specific requirements that are set out in 8.6: one, to assess whether the program is appropriate for the risk faced by the business, the money laundering and terrorist financing risk faced by the business; secondly, that it is in compliance with the rules – the AML/CTF rules; thirdly, that it has been implemented; and, lastly, that the organisation is complying with it. So, effectively, it is a requirement to understand the design, or assess the design, of the program and also the effective operation of the program.

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COMMISSIONER: Can I just clarify: the role that you took on for Crown after they approached you in August 2018 was not what you have just described, as I understand it; is that right?

45

MR JEANS: That is correct, Commissioner.

COMMISSIONER: You were doing something different; is that right?

MR JEANS: Absolutely. Yes. Something completely different.

5 COMMISSIONER: Now, just tell me what you were doing?

MR JEANS: So I was undertaking a targeted review of a small element of their AML program, which is the transaction monitoring element of that program, looking at – look, specifically, at the design of that rather than the operational effect.

10

COMMISSIONER: So you were looking at the structure of the transaction monitoring program; is that right?

MR JEANS: That is correct, yes, Commissioner.

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COMMISSIONER: I've been told there's a part A and a part B to these things; is that correct.

MR JEANS: There is a part A and a part B to the program. The part A is, effectively, all the requirements, excluding customer due diligence, which must be approved by the board, and part B is the customer due diligence elements of that, which is not required to be approved by the board.

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COMMISSIONER: And were you looking at both parts?

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MR JEANS: I was looking at a very small part of part A.

COMMISSIONER: So you were confined in your retainer, from what you tell me, to a small part of part capital A; is that right?

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MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: Yes, Mr Condylis. I'm sorry to interrupt.

35 MR CONDYLLIS: Thank you, Commissioner. Now, Mr Jeans, so what documentation, then, were you provided by Crown to perform the function they asked of you?

MR JEANS: So they provided me documentation around their AML/CTF program and the annexes that relate to that, specifically, to transaction monitoring. They also provided me with materials on-site which were sample – sample reports. Because of the confidentiality nature of those, I was not provided those or allowed to take those away, which is not unusual. And also, I undertook interviews with Louise Lane and also Mr Scott Howell.

45

MR CONDYLLIS: Operator, if we could please go to document CRL.559.001.1560. That's Crown confidential list number 11. Just bring it up in the hearing room only. Mr Jeans, if you can go to tab 20 of your bundle.

5 MR JEANS: It may take me a little while but I will get there. So let me find tab 20, excuse me; I'm making sure I go to the right document. That's my first document and I have that in hard copy so I'll – to save the Commission's time, I can go to the hard copy, yes, I have it.

10 MR CONDYLLIS: Thank you, Mr Jeans. So the document that you have, I'm hoping is – does it have numbers in the top right-hand corner, Mr Jeans?

MR JEANS: The document doesn't have, but I've got a separate copy but I'll – I can move to that document so - - -

15 MR CONDYLLIS: If you could use that document because I want you to confirm that this is the version, the final version of your report.

20 MR JEANS: Okay. Let me see. Let me confirm. Sorry, I've just got to find 15 – here we are. Right. Okay. I've now got the document; I shall just quickly check that it has the – it is the last version. There were a couple of elements that were – I can confirm, yes, this appears to be the first – the last version of my report.

25 MR CONDYLLIS: This is a report you issued to Crown as a finished product?

MR JEANS: Let me see, this is it, yes. Absolutely, yes.

30 MR CONDYLLIS: Now, Mr Jeans, it appears there's no actual date in this report other than it states on the front page that it says Q4, 2018 and Q120, '19.

MR JEANS: Yes.

35 MR CONDYLLIS: Can you assist the Inquiry with a date on which this was furnished as a final report?

MR JEANS: I can. I believe from my records, it was furnished to – to them at the – at the end of May, beginning of June 2019.

40 MR CONDYLLIS: So it could be around 31 May 2019? That would be - - -

MR JEANS: That is correct. That is correct.

45 MR CONDYLLIS: Thank you. Mr Jeans, if you just go over to the next page. Operator that's pinpoint 1561. Now, I understand that this report was in relation to both of Crown's reporting entities, that is Crown Melbourne and Crown Perth.

MR JEANS: That is correct

MR CONDYLIS: And the purpose stated in the top paragraph under Background is:

5           *The review is to assess Crown's monitoring of customer activity undertaken to comply with ongoing customer due diligence obligations and identify any opportunities to adjust, refine and, where appropriate, enhance Crown's monitoring.*

That's an accurate summary of the purpose for which you were retained?

10   MR JEANS: That is an accurate summary, yes.

MR CONDYLIS: And further down the page, the scope is set out, and there appear to be four steps that you were required to take. One is being the furnishing of the report.

15   MR JEANS: Yes.

MR CONDYLIS: The first step indicates that, essentially, you looked at documents, and I understand that was the AML/CTF program for both Crown Perth and Crown Melbourne; is that right?

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MR JEANS: That is correct, yes.

MR CONDYLIS: And you've told the Inquiry moments earlier that you also looked at some report examples.

25

MR JEANS: Exactly, which is the second bullet point.

MR CONDYLIS: You don't have a copy of those examples because they are confidential documents that Crown retained?

30

MR JEANS: Absolutely, yes.

MR CONDYLIS: Now, those reports that you're referring to, are they documents that were taken from the SYCO platform. First of all, do you understand – when I say “the SYCO platform”, do you know what that means?

35

MR JEANS: I do, indeed. That is the – the back-office system for Crown. It is a reporting system that they run various reports on for their transaction monitoring processes.

40

MR CONDYLIS: And the SYCO platform is – would you agree is a fairly fundamental part of the Crown transaction monitoring program?

45   MR JEANS: That is – that is a fair – a fair characterisation of it, yes.

MR CONDYLIS: And is it correct to say that you obtained documents from the SYCO platform?

5 MR JEANS: I received – I received copies of the reports that were – were – which were being used, that were extracted from the SYCO document, SYCO platform.

COMMISSIONER: So the system generates a report and you had access to the generated report; is that right?

10 MR JEANS: That is correct, Commissioner, yes.

COMMISSIONER: Yes. All right.

15 MR CONDYLIS: So, Mr Jeans, does that mean, so SYCO generates reports, but presumably data must be entered into SYCO for there to be information from which a report can be generated; is that right?

MR JEANS: That would be – yes, that would be correct in my understanding.

20 MR CONDYLIS: And who is responsible for uploading or implementing that data to the SYCO platform?

25 MR JEANS: I couldn't honestly tell you. I would naturally assume it would be various elements of the business operations within – within Crown. Given the nature of SYCO, I would imagine there will be multiple elements that are – are – or multiple parties that are putting data into that – into that system.

30 COMMISSIONER: So before we get into the system in detail, that was the first aspect of your scope of work, was it, the reviewing of these documents?

MR JEANS: Yes, my – the scope of my work was purely to look at the documents, not to delve beyond that to look at how those documents were created.

35 COMMISSIONER: Yes. Thank you. Yes.

MR CONDYLIS: The next step you then took was to conduct onsite testing and sampling for Crown Melbourne?

40 MR JEANS: Yes.

MR CONDYLIS: Now, you only looked at Crown Melbourne sampling, not Crown Perth?

45 MR JEANS: No, only Crown Melbourne. These were the documents that I basically, that I reviewed. Obviously, being based in Melbourne, I wasn't able to get access to the Perth – the Crown Perth documents. But effectively, the – the reports were, from my understanding, very similar.

MR CONDYLIS: When item 2 of the scope says onsite testing and sampling, what does that mean exactly?

5 MR JEANS: That is reviewing those – those reports. That is – that is the reviewing of those reports.

MR CONDYLIS: And part of that testing and sampling, were you talking to personnel at Crown Melbourne to understand the meaning of those documents?

10 MR JEANS: Yes, absolutely. So that's – I spent a significant amount of time with Ms Lane and also with Ms Howell – Mr Howell and also, yes, went and spent time with the cage and various parties throughout the Crown business out of Melbourne.

15 MR CONDYLIS: You say you spent time with Mr Howell.

MR JEANS: Yes.

MR CONDYLIS: What is your understanding of his role, Mr Jeans?

20 MR JEANS: He had day-to-day responsibility of taking those reports and undertaking manual – manual reviews of those reports.

25 MR CONDYLIS: Was there any other person at Crown Melbourne undertaking reviews of those reports, to your knowledge?

MR JEANS: Not to my knowledge, no.

30 MR CONDYLIS: Okay. So when there is reference throughout your report to the AML team performing reviews, really you're referring to Scott Howell?

MR JEANS: Scott Howell and also, obviously, Louise Lane who was his line manager.

35 MR CONDYLIS: Just to complete item 2, Mr Jeans, there is a reference to assess the effectiveness of the monitoring activity.

MR JEANS: Yes.

40 MR CONDYLIS: What does that mean exactly, testing the effectiveness?

MR JEANS: So basically, effectively – assessing the effectiveness is, obviously, that, you know, are the reports being – being reviewed appropriately and, obviously, do they result in the appropriate suspicious activity based on that report.

45 MR CONDYLIS: So were you actually looking at the success of the system in the sense that the system was effectively identifying transactions that it should identify?

MR JEANS: Well, the system actually was Mr Howell. Mr Howell had a series of manual reports that he was using to, basically – to identify – to basically, well, form conclusions and subsequently, I understand, report suspicious activity, or suspicious matters.

5

MR CONDYLIS: So Mr Jeans, did you – if I could ask you this: did you also have a look at examples of the actual accounts that were being used?

MR JEANS: Not at all, no. It was simply the data from the SYCO system or the reports that were generated from the SYCO system.

10

MR CONDYLIS: And so how were you then testing the effectiveness of the system as against the transactions coming into the casino?

MR JEANS: I was testing – I was testing the effect of the system looking at how Mr Howell handled those reports, what data elements he took from those reports and, on a sample basis, what conclusions he – he – he arrived at, that is, basically looking at the appropriateness of that. Again, it wasn't a system. It was basically a set of processes that were followed.

20

COMMISSIONER: So just to be clear, the second bullet point which Mr Condylis has taken you in your scope of work - - -

MR JEANS: Yes.

25

COMMISSIONER: - - - when you've said:

*To assess the effectiveness of the monitoring of the activity to identify unusual behaviour.*

30

MR JEANS: Yes.

COMMISSIONER: You say you were assessing how Mr Howell was working?

MR JEANS: Absolutely, Commissioner. That's – that's – that's the scope of my assessment.

35

COMMISSIONER: All right. Yes, Mr Condylis.

MR CONDYLIS: The next item of work was:

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*The identification of opportunities to refine and adjust activity monitoring through onsite workshops.*

What is meant by onsite workshops, Mr Jeans?

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MR JEANS: They are workshops on Crown's premises with – with relevant staff.

MR CONDYLIS: So which – which staff would that be?

MR JEANS: That would be Mr Howell and Ms Lane, because they were responsible for that process.

5

MR CONDYLIS: And, then, of course, the – to round out what you did, you ended up furnishing a report, which is item 4?

MR JEANS: That is correct, Mr Condylis. Yes.

10

MR CONDYLIS: And so, Mr Jeans, it is the case that you did not look at the primary accounts, you were assessing, principally, the AML program and then the SYCO reports that were generated and then, finally, Scott Howell's monitoring of those reports. That's what you did?

15

MR JEANS: That is correct, obviously, apart from, obviously, my review of the AML program was limited to the transaction monitoring elements contained therein, not the full extent of the AML program, which, obviously, is a lot wider.

MR CONDYLIS: And so if there was a deficiency between data from the accounts not finding its way into the SYCO system, you would not have picked that up?

MR JEANS: No, that was not – that was outside my scope.

MR CONDYLIS: Mr Jeans, if you can turn to the next page. Operator, this is pinpoint - - -

30

COMMISSIONER: Just before you go on, Mr Condylis, if I could just understand that third bullet point, I think, Mr Condylis has identified. Yes:

*The identification of opportunities to refine and adjust activity monitoring through onsite workshops.*

35

Mr Jeans, can I understand, were you reviewing workshops or is this something that you were suggesting could be identified? I just didn't understand what you intended there?

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MR JEANS: So I held – yes. A workshop was a grand term for a meeting. I held a series of meetings with Mr Howell and Ms Lane to look – look at the data they had available to them.

COMMISSIONER: Yes.

45

MR JEANS: And then make recommendations of whether they could enhance that data, which is – is part of my report.

COMMISSIONER: I see. So the onsite workshops were things that you conducted with Ms Lane and Mr Howell?

MR JEANS: That is correct.

5

COMMISSIONER: Meaning, meetings with them?

MR JEANS: That is correct, Commissioner. Yes.

10 COMMISSIONER: Yes. Thank you. I'm sorry. I'm sorry to interrupt, Mr Condylis.

MR CONDYLIS: Mr Jeans, just in relation to that answer you gave, so you were having meetings with Mr Howell and Ms Lane. Did you take notes, or was there any transcript taken for those meetings?

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MR JEANS: No transcript taken for those meetings. Again, I took it – yes. I potentially, you know, made some mark-ups on documents that I had on the program, but nothing that was – was formally recorded, and nothing that I currently have available to me today.

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MR CONDYLIS: Thank you, Mr Jeans. If we can turn to the next page, and that is pinpoint 1562, operator. Now, Mr Jeans, this, effectively, is the summary of your findings, your conclusions, in your report. I'm going to try and break – break down exactly what you found. If you can assist me, that would be helpful.

25

MR JEANS: Of course.

MR CONDYLIS: The first two – the first two paragraphs are, essentially, a conclusion by you that Crown was complying with its obligation, under section 36 of the Act, and the following paragraph is a conclusion that Crown was complying with its obligations under chapter 15 of the rules.

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COMMISSIONER: Do you agree with that?

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MR JEANS: I do agree with that. Yes.

COMMISSIONER: Thank you.

MR CONDYLIS: The next paragraph, then, is a conclusion that Crown had the appropriate monitoring controls within its TMP to, essentially, monitor three types of activity: CVIs; gaming accounts; and designated services. Is that right?

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MR JEANS: Yes, that is correct.

45

MR CONDYLIS: The next five paragraphs is, effectively, a recommendation by you that Crown – both Crown Perth and Crown Melbourne – currently have a very

manual, intensive monitoring program, and that an automation would need to take place; is that right?

MR JEANS: That is correct. Yes.

5

MR CONDYLIS: Just so I can understand that recommendation, can you explain how that sits with the first conclusion you draw in relation to compliance? So you're saying that Crown is complying with the law?

10 MR JEANS: Yes.

MR CONDYLIS: But you're also recommending that reform or refinement needs to take place. Does that mean that Crown may not be complying with the law if those reforms and refinements are not implemented? Can you just speak to that?

15

MR JEANS: The simple answer to that is no. They are two separate concepts. One is are they meeting the requirements under section 36 of the Act and the requirements defined by chapter 15 of the rules, under 15.4 to 15.7, and, separately to that, the commentary around improvement is the way they comply, not whether they are complying.

20

MR CONDYLIS: Thank you, Mr Jeans. So the automation recommendation that you make, is that – why did you make that recommendation?

MR JEANS: Well, simply because – again, when you look at their processes, ie, the work that I did around it, it was highly manual in nature which, obviously, is very time consuming and, due to the fact it's done by humans, can be subject to human error. So moving – moving from a manual process, which met all the requirements, to something that I believed should be more sustainable and, obviously, yes, with the expansion of Crown in mind and its slightly different approaches, it was sort of my view that it should be put on a more systematic and sustainable footing.

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MR CONDYLIS: And there is a line where you say the review is:

35 *The system is heavily reliant upon the reviewer's experience and knowledge.*

I assume you're talking about Mr Howell there?

MR JEANS: Absolutely. Yes.

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MR CONDYLIS: And you see there might be a vulnerability there, because Mr Howell – well, things may happen: he may be replaced; he might be off work one day. And so it's a recommendation that an automated system replace the function Mr Howell was performing.

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MR JEANS: Some of the functions that Mr Howell was performing, ie, you know, some of the filtering of the data from the reports and, obviously, presenting that – presenting that to Mr Howell in a far more efficient and clear way.

5 MR CONDYLLIS: Mr Jeans, if I can then move to what I say is the fourth conclusion that you draw, which is really the second-last paragraph on that page. What you're saying here is that Crown can do a better job of capturing data points. That's really what you're saying?

10 COMMISSIONER: Well, do you agree with that, Mr Howell – Mr Jeans? I'm sorry.

MR JEANS: Yes, I do, Commissioner. There were – there were data elements that they weren't – they weren't potentially using, or could have used better.

15 MR CONDYLLIS: Just so the Inquiry can understand that properly: what data was not being captured properly?

MR JEANS: It was being captured properly, but it may have been that it may – it could be used more appropriately to – to refine the work that Mr Howell was doing, so, therefore, you know, he wasn't going through a lot of information that wasn't necessarily relevant. And, again, that's contained within my report further on, which data elements I think were important.

25 MR CONDYLLIS: In drawing that conclusion, you weren't looking at the bank accounts operated by the casino?

MR JEANS: Not at all. Just the data from the SYCO systems, as I've said previously.

30 MR CONDYLLIS: So there may well be an additional step to be taken; that is to better capture data from the account statements. Would you accept that?

MR JEANS: Yes. Based on my understanding, the data from the account statements was being captured. Obviously, I'm aware, given press commentary, that that may not have been 100 per cent followed through. But my understanding was that the systems were capturing some of that data. Yes, the SYCO system was capturing – capturing that data. So - - -

40 COMMISSIONER: Had you encountered the SYCO system elsewhere?

MR JEANS: No, not at all. This is the first time, and only time, I've ever seen it.

45 COMMISSIONER: Yes, Mr Condylis.

MR CONDYLIS: Just going back to the manual role that Mr Howell was playing, or performing, in your opinion, was it enough for one person to be performing that function?

5 MR JEANS: Given the volume of the transactions that were currently coming through, that appeared appropriate. Obviously, like most systems, there are peaks and troughs. But, certainly, I wasn't – I didn't identify sort of a backlog of work. He seemed to be getting through the work fairly effectively and efficiently.

10 MR CONDYLIS: Operator, if we can move to the next page, that is pinpoint 1563. Mr Jeans, that's just the next page for you.

MR JEANS: Yes.

15 MR CONDYLIS: The top paragraph you use a concept or a term, you say:

*Initialism reviewed a UAT version of the revised systematic monitoring.*

What do you mean by "UAT version".

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MR JEANS: That's user acceptance testing version. So it's – it's a development – it's a development version of the system.

MR CONDYLIS: And so that's – that is a proposal – a proposal for the future that  
25 Crown may be adopting?

MR JEANS: It was more than a proposal. It was basically a system that they have configured, and they were testing its efficacy. So, effectively, they were putting data through that to identify patterns of activity.

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COMMISSIONER: Is that in place of SYCO or was it going to be - - -

MR JEANS: It was being fed by SYCO. So, basically, this was – this was systemising some of Mr Howell's work to take, you know, the – the – some of the –  
35 some of the – so applying a series of rules and a series of logic against the data, rather than relying on Mr Howell's experience and knowledge. So – and the system that I reviewed was a user acceptance version of that system.

COMMISSIONER: Yes, I see. Thank you.  
40

MR CONDYLIS: So, Mr Jeans, the balance of that page, really, deals with the automation recommendation. If you can really just set out for the Inquiry what you were proposing there, as step-by-step as you can.

45 MR JEANS: Okay. So, very simply, the proposition or my recommendations were that they should move to this systematic approach, because it would be more sustainable and more robust in relation to the monitoring they were undertaking and

the activity they were reviewing. It would, therefore, reduce the manual intervention into that monitoring and free up Mr Howell, who, clearly, was a fairly skilled resource from doing baseline work to devote more – more – so more effort into looking at the outputs of the system to, obviously, then consider whether things are  
5 unusual and potentially suspicious and, therefore, if suspicious, should be reported to AUSTRAC under section 41 of the Act.

So, really, what my recommendations were, were really moving – taking the SYCO data, or the reports that are generated by the SYCO data, and systemising the  
10 management of those reports and the first-level analysis of those reports in using technology rather than Mr Howell. And, also, the second element was, obviously, some uplifts in relation to some data being used, particularly, around some of the electronic gaming machine data that was being available. And also, as a result of the systemisation also developing a more detailed case management system, so,  
15 whereby, Mr Howell and the decisions of Perth, which were being recorded in the case management system, could be viewed across the entire organisation.

MR CONDYLIS: So, Mr Jeans, it does seem that the function and role being performed by Mr Howell was a very important one. And am I right in saying that he  
20 was covering a lot of information on a daily basis?

MR JEANS: That is correct. So, hence, why I recommended the systemisation.

MR CONDYLIS: Was it also not a vulnerability in itself, just having one person performing that role?  
25

MR JEANS: Potentially. But, again, the legislation requires you to monitor in a reasonable way. It doesn't say you have to look at every transaction every day. You need to set up a program that looks at transactions based on the risk – the risk you  
30 face and based on the size, nature, and complexity of the business. And, obviously, I was aware that, you know, there was a degree of work done between both Perth and Melbourne. So if Mr Howell, unfortunately, was taken ill or indisposed, I was confident there were other people within the organisation that could properly fill his role in the short-term.

35 MR CONDYLIS: Who were those individuals?

MR JEANS: The team in Perth. Again, I can't name those individuals, but, certainly, the team.  
40

MR CONDYLIS: If Mr Howell – if Mr Howell was away on a day in relation to Crown Melbourne, are you suggesting that the Crown Perth staff would be able to assist Crown Melbourne reviewing those – that data that day?

45 MR JEANS: That would be a possibility, absolutely. But, again, that was – that would be arrangements that were – would be taken, I'm fairly confident, if they were appropriate.

MR CONDYLLIS: To your knowledge, has this automation recommendation been adopted and implemented yet by Crown?

5 MR JEANS: I am not aware whether it has been adopted or implemented; although, in my bundle, there was a letter that indicates to AUSTRAC that that – that is being carried out.

10 MR CONDYLLIS: But, to your knowledge, the system that you reviewed back in 2018 is still the system being deployed by the casino?

MR JEANS: I have no knowledge either way. I haven't looked at – I haven't engaged with Crown about that system since I finished my report.

15 COMMISSIONER: So, just on those two matters that you described under the proposed automation of moving to the systematic process and reducing the manual intervention, what I got from that, Mr Jeans, was that it would create more time to think for Mr Howell; is that right?

20 MR JEANS: Yes, that is correct, Commissioner. So create more capacity within the monitoring program to look at the information that was being provided.

25 COMMISSIONER: And because section 36 is not just about monitoring systems, the core of 36, being a civil penalty provision, is it's to monitor the customers, isn't it?

30 MR JEANS: It's to monitor the customers; that is the focus of 36 and, by definition, obviously, the customers are the persons of the specified per-designated service. And, ultimately, it's to look at – to monitor their behaviour through the provision of that designated – a designated service.

COMMISSIONER: So the process of being able to analyse, research and think about what you are seeing in front of you is pivotal, isn't it?

35 MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: Yes. Thank you. Yes, Mr Condylis.

40 MR CONDYLLIS: So what you are proposing, then, is that an intermediate trigger be implemented and, therefore, Mr Howell is only looking at – looking at alerts that are likely or may well have suspicious activity? He's not performing the trigger himself?

45 MR JEANS: Yes. No. So, basically, it is an applying a set of scenarios, rules and techniques, systemically, by the computer system, which are naturally the logic which Mr Howell would be applying, and then presenting those to Mr Howell. So, therefore, he could spend his time looking at those – looking at those alerts rather than necessarily performing the alert himself.

MR CONDYLLIS: Because otherwise under the system, at least that you reviewed, Mr Howell would be looking at a lot of transactions that weren't suspicious.

MR JEANS: Well, absolutely, or certainly weren't unusual.

5

MR CONDYLLIS: And so his function, at the time at least when you performed your review, was both to disregard – identify transactions that should be disregarded and also identify transactions that should be elevated to a reporting stage.

10 MR JEANS: That is correct. So the process is you look at the data. You then form a view whether it is unusual based on, obviously, the data and your previous experience, etcetera. And then – and then based on that identification of unusual, you then make a consideration of whether that unusual activity is suspicious. What the system – what the systemisation would be – would allow to do would be able to  
15 identify that unusual state, or the identification of unusual behaviour in a more systematic manner.

MR CONDYLLIS: Are you aware of how many daily transactions Mr Howell would be reviewing?

20

MR JEANS: I'm not aware of that, no.

MR CONDYLLIS: Would you agree that it's likely to be a very large number and it does seem particularly onerous for one person to be performing that function?

25

MR JEANS: Well, given the – given the fact that there were other people that were contributing to the data and, obviously, the information, and the reports that were being run were subsets of that data, it would be potentially onerous. I would imagine it would be certainly a full-time job to be undertaken.

30

MR CONDYLLIS: Mr Jeans, if you could turn to the next page. Operator it's pinpoint 1564. I understand, Mr Jeans, that this is basically just a summary of the law; is that right?

35 MR JEANS: That is correct, sir.

MR CONDYLLIS: And in an answer you gave moments ago, you said that what you were looking at is what Crown needed to do to comply with the law.

40 MR JEANS: That is correct, yes.

MR CONDYLLIS: And there may well be - - -

45 MR JEANS: Well, what they needed to do – what they needed to put in place to comply with the law, not necessarily what they needed to do. They are two different concepts.

COMMISSIONER: Yes.

MR CONDYLIS: You also seem to say that there might be steps they could take that would make the system more effective but need not be implemented to make  
5 them compliant.

MR JEANS: That is correct, yes.

MR CONDYLIS: And so are you saying that the law does not guarantee that the  
10 system will be effective?

MR JEANS: Well, I don't think that necessarily – the law requires a report entity to undertake certain activity as specified by section 36 and also by the various chapters in the rules or the various sections in the rules. It basically places an obligation on  
15 Crown and other reporting entities to basically to monitor its customers' activity to identify, manage and mitigate the risk that the provision of that designated service, basically, could be used to – or involve money laundering or financing of terrorism. The rules go to a further step which basically specify what type of activity or how a reporting entity, including Crown, should approach that and requires certain – certain  
20 processes to be followed or certain things to be looked for.

MR CONDYLIS: But you would agree, would you not, Mr Jeans, that there are steps that one would hope a casino would take to make the system more effective even though legally they may not be required to do so?  
25

MR JEANS: Well, obviously, you know, the whole element, you know, the whole process around the AML/CTF Act and the requirements of the controls is two elements. One is, is it designed adequately and then is it operationally effective. My review was very limited to the design adequacy. I did not consider the effectiveness,  
30 so my comments in the report are limited to that design adequacy not the operational effectiveness. To try and make that clear – sorry, Commissioner.

COMMISSIONER: So what's the purpose of doing that, without looking at the effectiveness, do you think?  
35

MR JEANS: Well, primarily it's a separate stage. So primarily they wanted to know whether they had the right coverage, whether they were getting the right data and whether they were – whether it was being managed appropriately. Obviously, the actions around that are a separate process.  
40

COMMISSIONER: Yes, I see. All right.

MR CONDYLIS: If I can move to the next page, Mr Jeans. Operator that's pinpoint 1565. Now, this page seems to link in with your legal conclusions, so point  
45 1, if you remember and - - -

MR JEANS: Yes.

MR CONDYLLIS: And you make reference to appendix 1 which I take to mean the AML/CTF programs for Crown Perth and Crown Melbourne.

MR JEANS: Absolutely, that is correct, yes.

5

MR CONDYLLIS: You have reviewed those documents - - -

MR JEANS: Yes.

10 MR CONDYLLIS: - - - and you have said you have found that both casinos are legally compliant with section 36 under the Act and chapter 15 of the rules?

MR JEANS: Not being a lawyer, I'm not sure whether I can say they are legally compliant but based on my professional experience I believe that they were – that  
15 they had to put in place a transaction monitoring program that met the requirements of chapter – of section 36 and chapter 15 of the rules.

COMMISSIONER: So having a look at chapter 15 and section 36 - - -

20 MR JEANS: Yes.

COMMISSIONER: - - - I understand your suggestion – statement that you're not a lawyer, though. What they have to do is to monitor the customers under section 36. But under the rules, 15.4 to 15.7, it talks about the unusual large transactions and  
25 patterns of transactions which have no apparent economic or visible lawful purpose. So, from the point of view of what you were doing, as I understand it, you were looking to see if the program had the capacity to identify complex, unusual patterns of transactions which had no apparent economic or visible lawful purpose. Is that right?

30

MR JEANS: That is correct, Commissioner, yes.

COMMISSIONER: Yes. And so if the program was wanting, that is, if the written document that they'd put together for the purposes of it was wanting, you would  
35 make a recommendation to change it, I presume?

MR JEANS: That would be correct and also the next level down in terms of what reports they were running and how they were – how they were identifying those things, not obviously the operational – operation of those things.

40

COMMISSIONER: That's something to which you were not attending?

MR JEANS: Not attending to that operational effectiveness, no. That was outside the scope of my engagement.

45

COMMISSIONER: So if you look at a document to see if there's a process in place, the pivotal importance for the compliance, isn't it, is whether it works?

MR JEANS: That is – that is correct, Commissioner. It’s vitally - - -

COMMISSIONER: You weren’t asked to opine on whether it works?

5 MR JEANS: That was out of the scope of my – my task, that is correct.

COMMISSIONER: All right. Thank you, Mr Jeans. Yes, Mr Condylis.

10 MR CONDYLIS: Mr Jeans, just so I can understand the final two paragraphs on that page, the second last paragraph - - -

MR JEANS: Yes.

15 MR CONDYLIS: - - - you say that:

*Crown’s ML/TF risk assessment of its business operations in Crown Perth appropriately establishes that its ML/TF vulnerabilities are focused on*

20 and then the sentence continues. What exactly are you saying there?

MR JEANS: So, by the nature of their business activity, the fundamental vulnerability of their – of them to money laundering and terrorist financing activity is where the money comes from and where the money goes to. Effectively, you can’t launder money without those two elements, basically. And in addition to that, obviously, the transfer of value or the conversion of value from one asset or one reality to another which relates to the casino value instrument such as chips and TITO, etcetera, etcetera. So effectively the transfer of value or the transfer of funds from one reality to another. So how did the money come into Crown? What happened to it when it was in Crown? What was it converted to and what was being monitored around – what were those conversions, and then how did the money subsequently leave Crown back to the customer?

30 MR CONDYLIS: And so that answer applies to both the penultimate paragraph and the final paragraph on that page?

35 MR JEANS: That’s correct, yes. Exactly.

COMMISSIONER: It would be the second last paragraph, would it?

40 MR CONDYLIS: Yes, and also the final paragraph. And so if we can go to the next page, Mr Jeans. Operator, that is 1566. This table that you have included, which conclusion does it relate to, if you can remember the four conclusions that you draw in your summary?

45 MR JEANS: So this relates to which reports are – provide information regarding various – the various casino value instruments such as TITO tickets, chips, casino cheques, etcetera, so things that are generated by the gambling activity. And then,

obviously, further down it's not necessarily about the casino value instruments, it's about the movement of money in and out of the Crown environment.

5 MR CONDYLIS: And so the information contained in this table, where did you get it from?

MR JEANS: This was provided to me by Crown. Part of it is contained in their AML/CTF program, part A. And also, then, you know, my own work to identify, you know, which – which gaming or casino value instruments, you know, those reports related to.

MR CONDYLIS: So to use an example, the first report which is a cash transactions report for transactions of \$10,000 or more - - -

15 MR JEANS: Yes.

MR CONDYLIS: - - - you're saying that that report covers the CVIs and the corresponding - - -

20 MR JEANS: Yes, absolutely. That's correct.

MR CONDYLIS: When we get down to telegraphic transfers report you are saying that report does not cover a CVI.

25 MR JEANS: No, that is pre-CVI. Effectively that is money coming into Crown which ultimately may be turned into a CVI but actually it does not relate directly to a CVI.

MR CONDYLIS: But it might relate to a gaming account?

30 MR JEANS: It may well relate to a gaming account. That's correct.

MR CONDYLIS: If I can take you to pinpoint 1568. Mr Jeans, it's actually page 8 of your report.

35 MR JEANS: Yes, I have that in front of me.

MR CONDYLIS: You then include a table for both Crown Melbourne and Crown Perth. Is this table an extension or part of your reasoning in relation to the CVI conclusions or is it broader and links in with what you are saying about legal compliance generally?

40 MR JEANS: It is broader. So it's not purely focused on VCIs. Obviously, it does address the CVI elements, but it looks at, effectively, the design and the activity undertaken as part of the transaction monitoring program.

45

MR CONDYLIS: So if we can look at the cash transactions example again on that page, and so the activity you're saying there is cash coming into the casino. It could be through the cage?

5 MR JEANS: Coming through – cash received by the casino itself, yes.

MR CONDYLIS: So would that cover cash over the counter in the cage or would it also cover a deposit at a bank branch?

10 MR JEANS: It would be only the cash at the cage.

MR CONDYLIS: And the method to review that transaction is a report from SYCO.

15 MR JEANS: Yes, that is correct.

MR CONDYLIS: And then you see the process followed is a review by the AML team which is really Scott Howell looking at the cash transaction report from SYCO?

20 MR JEANS: That is correct, yes.

MR CONDYLIS: And what you're saying there is Crown is – excuse the expression, but ticking the boxes and, therefore, complying with their obligation in relation to that activity?

25

MR JEANS: I'm not sure what you mean by "ticking the box". What Crown are doing is they are looking at any provision of cash or any cash they accept themselves of which they have a reporting obligation under section 43 of the Act to report threshold transactions over \$10,000 or more and, effectively, looking – looking at any deposits of cash they receive themselves to see whether they are suspicious or they are unusual and, therefore, potentially suspicious. That is separate from, obviously, the banks' responsibilities, who have separate responsibilities for threshold transaction reports they receive from their – on behalf of their customer.

30

35 COMMISSIONER: That's, once again 10,000, isn't it?

MR JEANS: Which is 10,000. That is – that is the common threshold. Any reporting entity that receives \$10,000 cash or more has a reporting obligation to file a threshold transaction report. And, obviously, that activity – that deposit activity – whether it's Crown or the bank, should be monitored by the respective teams to see whether it is unusual and, therefore, potentially suspicious.

40

COMMISSIONER: Yes. Thank you. Yes, Mr Condylis.

45 MR CONDYLIS: Mr Jeans, to use another example, if you can go to page 4 of your report. Operator, pinpoint 1572.

MR JEANS: 572. Yes.

MR CONDYLIS: And so:

5 *Direct transfers between customer accounts.*

That's the activity.

MR JEANS: Yes.

10

MR CONDYLIS: The method is:

*Report from SYCO.*

15 So a direct transfer report. You say:

*Frequency of report ad hoc.*

What does ad hoc mean in that context?

20

MR JEANS: Well, not every day there are transfers. So, when transfers occur – they run the report every day, but if there are no transfers between accounts, there's nothing to review.

25 MR CONDYLIS: And then, again, it's the AML team reviewing that report, which is Scott Howell looking at that report, that data?

MR JEANS: That is correct. Yes.

30 MR CONDYLIS: And then the next step may be a report is made to AUSTRAC?

MR JEANS: Well, he would review that data, identify whether there's anything unusual. Then consider whether, through further investigation, unusual equals suspicious and, if it is suspicious, then, obviously, the organisation has an obligation to report under section 41.

35

MR CONDYLIS: If you can go to page 13, Mr Jeans. Operator, that's 1573.

MR JEANS: Yes.

40

MR CONDYLIS: The activity there is:

*Telegraphic transfers.*

45 MR JEANS: Yes.

MR CONDYLIS: Would that cover deposits into a bank branch?

MR JEANS: These – my understanding of this telegraphic transfer report was it was actually telegraphic transfers out of Crown to bank accounts, not necessarily money being received into – into the system.

5 MR CONDYLIS: Okay. So where does – where does the table deal with a deposit at a bank branch to an account linked with Crown?

MR JEANS: It doesn't. It doesn't, specifically. That would basically be the conversion – it would only be in relation to the conversion to casino value  
10 instruments. So, effectively - - - illustration

COMMISSIONER: CVIs?

MR JEANS: The CVIs, exactly, Commissioner.  
15

MR CONDYLIS: So just so I can understand that answer - - -

MR JEANS: Yes.

20 MR CONDYLIS: - - - if a – if somebody deposits money into an account at a suburban bank branch, and the account is linked with Crown Melbourne, what method of monitoring applies to that transaction?

MR JEANS: So the method of monitoring that applies to that transaction, my  
25 understanding is, obviously, they look – look at the monitoring – the system says, well, this is the amount of money the customer has received, or deposited, and, subsequently, what happened to that money? So what was – what was the activity? They would, obviously, by the nature of that, when they're monitoring the accounts, basically, look at – look at the activity. So, if, you know, for example, if a customer  
30 was, you know, depositing \$5000 one day, \$5000 three days later, and then suddenly put a large deposit in, that would ultimately – ultimately trigger, because, effectively, that would be being converted into – into the casino value instruments.

MR CONDYLIS: But before it's converted into a CVI, there still may be unusual  
35 activity?

MR JEANS: That is correct. Yes.

MR CONDYLIS: But what – so, for example, if someone was to deposit \$9000  
40 three times on the same day into an account, what picks up that unusual behaviour?

MR JEANS: Sorry. I think I misspoke on the – previously. So I apologise for that.

COMMISSIONER: That's all right.  
45

MR JEANS: Thinking about this again, I think it would be the telegraphic transfer review. So, I apologise. I misspoke on that.

COMMISSIONER: That's all right, Mr Jeans.

MR CONDYLIS: That's okay. Okay. So telegraphic transfers cover deposits from  
– into bank accounts linked with the casino. The way in which that is monitored is  
5 through SYCO?

MR JEANS: The way that is monitored is through SYCO. Yes.

MR CONDYLIS: And if there's any unusual activity in those accounts, then it's –  
10 SYCO is the resource that will present the data to the reviewer - - -

MR JEANS: Yes.

MR CONDYLIS: - - - who can then escalate it.  
15

MR JEANS: SYCO – SYCO is the – is the source of the information that is  
monitored. Yes.

MR CONDYLIS: So it's the critical element or the criminal link in the chain?  
20

MR JEANS: I would – I would completely agree with that. Yes.

COMMISSIONER: How did you understand it got into SYCO in the first place?

MR JEANS: It was manually – sometimes, manually entered by various parties,  
25 including the cage team or other parties within the – within Crown. So, effectively,  
you know, information from bank – bank statements was transferred into SYCO.

COMMISSIONER: Manually?  
30

MR JEANS: Manually; as far as I'm aware. Yes.

COMMISSIONER: And your suggestion of automation didn't affect that process,  
35 as I understand it, because SYCO was to be maintained; is that right?

MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: Yes, Mr Condylis.

MR CONDYLIS: And were you – did you do any assessment of the way in which  
40 data was uploaded to SYCO?

MR JEANS: Not – not as part of my review. No.

COMMISSIONER: I think uploading is probably – that probably means just  
45 someone typing it in, in what you saw, is it, Mr Jeans?

MR JEANS: From what I understood, based on conversations, yes, that was basically it; just somebody typing it in to make sure that, you know, the account appropriately represented the funds that were available to the customer.

5 COMMISSIONER: So the overlay of your criticism, if I could call it that, of automation being necessary, was, in fact, a problem at a lower level, was it not? That is, in the SYCO system itself?

10 MR JEANS: My criticisms weren't focused on that. My criticisms, obviously, or my recommendations were focused on the transaction monitoring that was derived from the SYCO system.

COMMISSIONER: I understand that.

15 MR JEANS: Yes. I did - - -

20 COMMISSIONER: What I'm suggesting to you is – what I'm suggesting to you is that the problem – and we'll call it a problem for the moment – of what you identified is exacerbated, because, underneath that, that is, the fabric that comes up for assessment, is itself physically entered by various individuals with various levels of skill; correct?

25 MR JEANS: That is – that is correct. So, effectively, the issues that I identified, you know, if the data wasn't being entered in correctly – entered correctly, it would, effectively, dumb down the monitoring.

COMMISSIONER: And it would probably also depend upon the fields, f-i-e-l-d-s, into which the information is entered by the operator who is typing it in?

30 MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: So am I right in assuming that one would need to assess the SYCO system?

35 MR JEANS: That would be – that would be an important part of a piece of work that was outside the scope of my – my - - -

40 COMMISSIONER: Yes, yes. I understand it was outside the scope of your work, Mr Jeans. Yes, Mr Condylis.

45 MR CONDYLLIS: Mr Jeans, if I can take you to page 16 of your report. That's pinpoint 1576. Now, this is the conclusion you reach in relation to Crown Melbourne. Again, it's consistent with what you said earlier in your report. I just note in – I withdraw that. You state that:

*Crown Melbourne appears to have a comprehensive transaction monitoring.*

And you also use a similar qualifier in the last sentence where you say:

*Whilst apparently effective –*

5 I'm just wondering, are you using those qualifications for a reason? You're not sure about those matters?

MR JEANS: No. I'm very sure about those matters but, obviously, by the nature of my work, my work is not comprehensive or, you know – so, therefore, I, as my usual  
10 practice, would put those qualifications in. So, based on my knowledge and what I've received and the work that I've done, I would – I would say they are comprehensive but, obviously, that doesn't, you know – that doesn't mean that, you know, something – I didn't, you know, I didn't get all the information I needed, etcetera. Or I looked at things in the wrong way.

15 MR CONDYLIS: And you're using those qualifiers, really, for the benefit of the reader. But the reader knows, whilst you've done your best to satisfy yourself of those matters - - -

20 MR JEANS: Yes.

MR CONDYLIS: - - - there's a possibility that documents could exist or information could be out there that may well contradict what you are saying?

25 MR JEANS: That is correct.

MR CONDYLIS: And so for someone to be dogmatic about what you've told them, would be putting your report at a slightly higher characterisation than you would put it?

30 MR JEANS: That would be correct. Yes.

MR CONDYLIS: Mr Jeans, if I could take you to page 23 of your report. Effectively, you've drawn very similar conclusions to both Crown Melbourne and  
35 Crown Perth.

MR JEANS: Yes.

MR CONDYLIS: You make the observation, in the last part of that page, that there  
40 are variations between Melbourne and Perth.

MR JEANS: Yes.

MR CONDYLIS: Can you explain to the inquiry what is the difference is between  
45 the two casinos?

MR JEANS: Well, one, there are – you know, as examples, there are – there are elements around – elements that – around the various gaming legislation, which, obviously, restricts values and restrict activity. Obviously, for example, TITO – TITO is a good example. So TITO is the ticket-in ticket-out system that is used in  
5 Crown Melbourne as part of their electronic gaming machines. In addition to that, there are certain dollar thresholds and certain dollar values that are different from Perth, in Western Australia’s gaming legislation and, obviously, compared to – compared to – compared to – compared to Victoria. My apologies. I – let me just refer to my notes, because I did look at this and do some research prior to, obviously,  
10 attending. I may be able to help you a little better in terms of what those variations are. I apologise.

MR CONDYLLIS: So you say Crown Perth has a more centralised approach?

15 MR JEANS: So Crown Perth, certainly, has a more centralised approached in relation to the monitoring and also the case management. So, for example, Perth uses something called iTrak. Perth has multi buy-ins at 5000 rather than nine and 10,000, or 9000 in Melbourne. They use in Melbourne or 9,000 in Melbourne. They use CURA as their case management, whereas Melbourne, obviously, has  
20 TITO reports. It also has chip dispensing machines, which aren’t available in Perth. And also does some additional monitoring around certain types of customer. So those are the examples that I was referencing – referencing here. And those examples are spread out – are spread across each of the two tables.

25 MR CONDYLLIS: If I could take you to the next page, page 24. Operator, that’s pinpoint 1584. This is now the recommendation you made concerning the improvement of the way in which data points, or elements, are captured.

30 COMMISSIONER: Yes.

MR CONDYLLIS: Do you recall the fourth conclusion I say you drew?

MR JEANS: Yes.

35 MR CONDYLLIS: This appears to be linking in with the use of identifying triggers.

MR JEANS: Yes.

40 MR CONDYLLIS: Once upon a time, I suppose – in your table you make the observation – so if we take the first example:

*Cash transactions report.*

45 Am I right in saying that the first column there is you’re saying that that is the information in that report that you’ve seen?

MR JEANS: That is correct. Yes. So that is – so, basically, the data in the report is set out in the middle column.

MR CONDYLIS: The next column is:

5

*Data that may not be in the report.*

MR JEANS: No, no. What I'm saying is that the substantive data that supports transaction monitoring is the right-hand column. So effectively, the patrons' details and the amounts in or out are the important elements of transaction monitoring. So therefore, you could reduce the report to those two elements, potentially, because effectively the transaction reference and the Crown licences reference really don't support the transaction monitoring itself. It's really about the customer and the activity that they're undertaking.

15

COMMISSIONER: But doesn't the identification of the licensee have some relevance to the assessment of the conduct of the customer?

MR JEANS: Well, my view on that, Commissioner, was that obviously the licensee is either Perth or Crown – Perth or Melbourne so, effectively, you would know what you were looking at when you were looking at those type of transactions. Similarly to the transaction record, whilst it's useful, it's not – it's not determinative in terms of the transaction monitoring activity. You can go back to your - - -

COMMISSIONER: If a money launderer is travelling between states, as I'm told they do, wouldn't it be of some interest to know where the person had been from time to time?

MR JEANS: Well, I think that would be based on the patron details because you effectively have the same name or the same Crown rules – membership number - - -

30

COMMISSIONER: I see.

MR JEANS: - - - ..... part of the information. So this part of the report was an attempt to help Crown identify what were the substantive data elements that should be focused on and an attempt, for want of a better phrase, Commissioner, to strip out some of the noise in the report which would make it more efficient.

35

COMMISSIONER: And why strip out transaction references?

40

MR JEANS: The simple reason is that this was – wasn't substantive, basically. So you could probably still effectively undertake the monitoring to identify the unusual behaviour based on those two data. The transaction reference really doesn't talk to the unusual nature of it. Obviously, part of the investigation once you identify it as unusual under your transaction monitoring program to do investigations you may go back to the transaction reference and you would obviously by nature include that in

45

any suspicious matter report you filed but, effectively, it wasn't part of the TM – the transaction monitoring.

5 COMMISSIONER: So is it a transaction reference, for instance, the fact that it's cash?

MR JEANS: No, it's a unique – a unique reference for that particular transaction. It's a number.

10 COMMISSIONER: And that would be the patron number and/or a bank?

MR JEANS: From my understanding, Commissioner, it was a number that was generated by Crown and by the SYCO system.

15 COMMISSIONER: I see. So you were trying to reduce to the essential items in paragraph – in column 3, were you?

MR JEANS: That is correct, Commissioner, yes, the essential items.

20 COMMISSIONER: Yes, thank you.

MR CONDYLLIS: Mr Jeans, if you can turn to page 26 and if we can focus on the telegraphic transfers report.

25 MR JEANS: Yes.

MR CONDYLLIS: My understanding is that this is the activity or the – this is the report that could capture - - -

30 MR JEANS: Yes.

MR CONDYLLIS: - - - activity dealing with bank deposits at branches?

35 MR JEANS: That's correct. This would be telegraphic transfers undertaken by Crown.

MR CONDYLLIS: And - - -

40 COMMISSIONER: By Crown?

MR JEANS: Yes.

COMMISSIONER: But not by, let's say, ANZ Bank?

45 MR JEANS: Well - - -

COMMISSIONER: Into Crown.

MR JEANS: Well, ultimately that may be the next leg of the activity, but this is the information that they receive about the telegraphic transfers that they are handling as part of the process, Commissioner.

5 COMMISSIONER: I'm sorry, I don't understand this; I apologise. But when you say these are the transfers conducted by Crown or operated by Crown - - -

MR JEANS: Yes.

10 COMMISSIONER: - - - if I go to the local bank and transfer into my account with Crown, does this cover that?

MR JEANS: Yes. Ultimately, from what I understand, yes, it does, Commissioner. It basically covers the money coming in and money going out of the Crown system.

15

COMMISSIONER: All right. Sorry, Mr Condylis.

MR CONDYLLIS: But then – so you're recommending – your recommended refinement in that report is what appears in the next column. All you say that should be captured is the amount, the patron number, the name of the patron and whether there are multiple transactions to the common beneficiary.

20

MR JEANS: Yes.

25 MR CONDYLLIS: How about information about which branch the deposit was made?

MR JEANS: I wasn't aware that that – looking at the SYCO reports that that information was available. So again, as you can see, from the information that they currently had, that was not available in the current report that they were using, and I limited my review to refinements to the current report rather than, you know, what potentially other information they may have or may or may not have in downstream systems that wasn't available, potentially, in SYCO.

30

35 MR CONDYLLIS: So to use a hypothetical, if a person deposits three separate transactions of \$9000 into the same account for the same patron - - -

MR JEANS: Yes.

40 MR CONDYLLIS: - - - at three separate bank branches, now, that's indicative of structuring and smurfing; you would accept that?

MR JEANS: I would indeed, yes.

45 MR CONDYLLIS: That data – your answer seems to suggest that data did not appear in the original report that you've reviewed?

MR JEANS: Apart from potentially multiple transactions with a common beneficiary, that's where that – that ultimately would – should have appeared.

5 MR CONDYLLIS: Isn't that a major problem, Mr Jeans?

MR JEANS: Sorry, please – I would be grateful if you could specify what you think is a major problem.

10 MR CONDYLLIS: So critical data that might be indicative of money laundering, structuring and smurfing, is not finding its way into the telegraphic transfer report?

MR JEANS: Well, as I said, basically the amount – from my understanding, the current report was – was receiving the amounts and the currency, so my understanding was that the SYCO was recording the deposits as they occurred. What I – what I am suggesting from my refinement is that, you know, you can narrow that – narrow that – the data that is, I should say, responsive to the transaction monitoring down to this smaller element.

20 MR CONDYLLIS: And what I'm suggesting to you is that there is a preliminary problem that imported data that is critical to monitoring ML/TF risk is not making its way into the SYCO system.

MR JEANS: If that was happening – so if the SYCO system was not capturing each transaction as it occurred, yes, that would be a significant issue and it would effectively reduce the appropriateness and the efficacy of the activity that was being undertaken.

MR CONDYLLIS: And were you aware - - -

30 MR JEANS: So it would impact the effectiveness of the transaction monitoring.

MR CONDYLLIS: How would it impact it, Mr Jeans?

MR JEANS: Well, effectively, you wouldn't have the – you wouldn't have the opportunity to consider how the money came into – came into the environment. If – if the transactions were not being recorded correctly or accurately, as with any other part of the system, effectively that would limit the ability to monitor that information and obviously form – identify unusual behaviour and then potentially form suspicions based on that unusual behaviour.

40 MR CONDYLLIS: So the examples of the type of data that can be – if I can give you more examples, so structuring and smurfing is one example. But if someone was to deposit, say, a large amount of money into a QuickCash account, say \$50,000, would that – would that be an unusual – that's an unusual thing to do, is it not?

45 MR JEANS: That depends. There are many, many other elements that would make that unusual. So QuickCash is a system that is basically an overnight deposit into,

effectively, a bank safe. Used primarily by people that can't get to banks, you know, to deposit their cash takings and that is then collected by the bank from their safe – from their – you know, from the deposit, the QuickCash deposit and then counted and accredited to the account the following day. You know, if that – if that was  
5 being used unusually, then that would be something that – that, you know, the bank should also look at as well because, effectively, their account is being used potentially in an unusual way and, to a certain degree, you know, it depends on who the customer is, whether the – whether \$50,000 in cash is unusual.

10 So hence why I'm saying there are a lot of elements to consider. The fact that somebody has deposited \$50,000 cash into – via QuickCash into an account in itself is not unusual. There are lots of other elements and considerations you need to consider prior to reaching that conclusion.

15 COMMISSIONER: I suppose if you don't have the facts recorded, that it was a QuickCash process, then you're not able to have vision into that conduct as to whether it is being used in some hole in the wall as opposed to fronting a teller?

MR JEANS: That is correct. That is correct. If you don't have the data, you don't  
20 have the information; it's very difficult to draw conclusions from it.

COMMISSIONER: Yes, I suppose and if you find that very wealthy individuals are only putting in 50,000 which is not in itself suspicious on one view of it, but if they keep going to the QuickCash process over weeks of transactions, then you may want  
25 to look at that more closely, as I understand what you're saying; is that right?

MR JEANS: That is correct, but obviously it would not only be, potentially, Crown but also the bank that should be looking at the account and the fact that that – the money is being deposited into that account because that account is their customer and  
30 whether that's unusual, Commissioner.

COMMISSIONER: Yes, yes. No, but from the casino's point of view, for the purpose of working out what's happening to the money that's coming into it and knowing from whence it came, it would be important to know if that's being  
35 deposited through a QuickCash process or through the teller regime.

MR JEANS: That is correct. Yes, Commissioner.

COMMISSIONER: I might take a short adjournment at the moment, Mr Jeans, just  
40 for 10 minutes to have a break and we will return to your evidence in about 10 minutes. Thank you very much.

MR JEANS: Thank you, Commissioner.

45

**ADJOURNED**

**[11.27 am]**

**RESUMED**

**[11.37 am]**

5 COMMISSIONER: Yes. Thank you. Mr Jeans are you ready to proceed now?

MR JEANS: Yes, I am, Commissioner

COMMISSIONER: Yes, Mr Condylis.

10 MR CONDYLLIS: Mr Jeans, do you have still have that page 26 in front of you?

MR JEANS: Yes, I do, Mr Condylis.

15 MR CONDYLLIS: If I can move on to the bottom of the page, where there's a heading that states Planned TMP Developments.

MR JEANS: Yes.

20 MR CONDYLLIS: And you summarise – well, you say you've:

*...been informed that there is going to be a systemisation of trigger generation, centralisation of report and data generation, centralisation and systemisation of record keeping.*

25 Can you perhaps explain exactly what you mean by that?

MR JEANS: So, for each of the three bullet points?

30 MR CONDYLLIS: Yes, please.

MR JEANS: Okay. So, obviously, as we discussed previously, systemisation of trigger generation, so taking the data from SYCO, running thresholds and rules against them and, effectively, generating the alerts that could be reviewed by Mr Howell. Systemised and centralised reporting – of report and data generation, again, 35 having the information all in the one space rather than multiple reports which are generated separately. So, effectively, the data all being in one place. And, then, the centralisation and systemisation of the record keeping is really the output of the work that is done based on – on the alerts that be happening in the system and, obviously, the review of the unusual behaviour to establish whether it's – whether it's 40 suspicious or not.

MR CONDYLLIS: And so just picking up on what you just said, you said that the centralisation of the reports being produced. So would an example of that be, at the moment, there's a cash transaction report that's created; there's also a telegraphic 45 transaction report that's created. Are you saying that only one report should be created?

MR JEANS: No. I'm saying that all those reports should be in one place rather than – rather than held separately. So, effectively, those reports were generated and delivered to Mr Howell's inbox or generated by himself and stored separately. What we were – what I was told is that that now going to, basically, be within a single  
5 system. So, therefore, there would be a single system to be reviewed, rather than those reports living in separate places.

MR CONDYLLIS: So do you understand that, currently, or, at least, at the time you were performing your assessment, the reports were emailed to Mr Howell?  
10

MR JEANS: I believe, from my knowledge, that some of them were – were either emailed or were produced by Mr Howell himself from the system.

COMMISSIONER: Can I just ask you, while Mr Condylis has you on that page, the junket report, do you see that immediately above it?  
15

MR JEANS: Yes.

COMMISSIONER: You see, at the left-hand column, there is the second last bullet point:  
20

*Estimated T/O.*

MR JEANS: Yes. Yes, Commissioner.  
25

COMMISSIONER: What - - -

MR JEANS: Turnover – estimated turnover.

COMMISSIONER: Yes. And then:  
30

*Estimated actual win/loss.*

MR JEANS: Yes.  
35

COMMISSIONER: You have promoted, on the right-hand side, to refine this down to two items only, as I understand this report; is that right?

MR JEANS: That is – that is – that is correct, for the simple reason that other reports would be picking up that gaming activity, because, actively you know, there would be the conversion of cash, or conversion of money into chips or into – into other things as part of those other – other reports.  
40

COMMISSIONER: But if you look at the left-hand-side, what Crown were doing at this time, if it worked, was to give one a picture of a number of things in relation to the junket program and the player and the activity in one place; that's right, isn't it?  
45

MR JEANS: That – well, that, basically, is in one place; that is correct. What I’m saying is that there were – yes – certain elements that, ultimately, you know, would be picked up in other places. So it may – may be duplicative.

5 COMMISSIONER: One of the controversies – if it could be called that neutrally – in this inquiry, relates to junkets, as you might have understood.

MR JEANS: I understand that, Commissioner. Yes.

10 COMMISSIONER: And so, in this particular area, what Crown seems to have been doing was to, at least, create a picture in the junket report, or junket program report, that would tell you the activity of a particular player on a particular junket from time to time, and you wouldn’t have to search through either bits and pieces; isn’t that right?

15

MR JEANS: It was a consolidated – consolidated report; that is correct, Commissioner. Yes.

20 COMMISSIONER: And if one refines it the way proposed, then you’d have to look at a number of different reports to obtain a picture of the particular operator and the players; would you not?

25 MR JEANS: You would – you would, Commissioner. But I think it’s important to draw your attention to that this report, basically, is an estimate. It actually doesn’t underline the actual play or the – or the actual money coming in to the junket. It is basically, effectively, a business case for the junket. So, effectively, while reported – and it may be used as part of the subsequent investigation of the unusual behaviour – the unusual behaviour would be detected by other reports.

30 COMMISSIONER: Would be detected by what?

MR JEANS: By other reports and other methods.

35 COMMISSIONER: Yes. But what we’re trying to achieve, I suppose, from a simple person’s approach, is to have a picture, immediately, of what’s happening. How do you do that?

40 MR JEANS: Well, effectively, this is the whole essence of transaction monitoring, which is making sure you have the right information in the right place. So whilst I’m not – I’m not suggesting – at this stage, it may not be useful - - -

COMMISSIONER: Yes.

45 MR JEANS: - - - in the investigation, it may not really identify any particular unusual behaviour, because there are no elements within this data that would trigger something that is potentially unusual, which is the purpose of the transaction monitoring program.

COMMISSIONER: I see. Yes. Thank you, Mr Jeans, for that clarification. I'm sorry, Mr Condylis.

5 MR CONDYLIS: Mr Jeans, if you could assist me in understanding the final paragraph where, on that page, where you state:

*Initialism were provided with a draft set of scenarios and rules.*

10 Am I right in thinking that those scenarios and rules are what is then displayed in the table overleaf on the next page?

15 MR JEANS: In part. Basically, I provided some descriptions of the rules and some of the thresholds as example. But, effectively, you know, those were the things that were described to me.

MR CONDYLIS: And, effectively, this is perhaps something that would be – this is data that would be uploaded or implemented to an automated system that, if certain indicia or facts were satisfied, a trigger would be generated?

20 MR JEANS: That is correct. So the way that these systems work is they take the underlying data, or the underlying reports, and they basically run a series of rules or a series of scenarios which have thresholds attached to them, to say I want to see all activity that goes across that threshold, and show that to me. So, effectively, it's an automation of the logic that Mr Howell was applying.

25 MR CONDYLIS: And so if I can go to the area which states:

*Use of account.*

30 And so the first – the first rule is:

*Cash deposit.*

35 MR JEANS: That is correct. Yes.

MR CONDYLIS: Activity threshold is less than one?

MR JEANS: So, greater than one. So more than – more than - - -

40 MR CONDYLIS: Greater than one.

MR JEANS: More than one deposit.

45 MR CONDYLIS: And the threshold is \$200,000. So more than one deposit above \$200,000 would generate a trigger?

MR JEANS: That is correct. And that is based, obviously, on the cage activity, solely.

5 MR CONDYLLIS: And it's your evidence that Crown provided you with those rules and scenarios?

10 MR JEANS: They provided me with, or demonstrated a version of them, and took me through the scenarios, because, effectively, they were in a UAT system. So I looked at the configuration of that system.

MR CONDYLLIS: And this analysis in the table is part of your automation recommendation?

15 MR JEANS: No. This is the automation they were putting in place to supplement the – the – in particular, to supplement the reports that they were receiving.

COMMISSIONER: So this is Crown's proposal?

20 MR JEANS: This is Crown's proposal. Absolutely. This is not my recommendation.

MR CONDYLLIS: And on the page over, page 28, you provide a conclusion that, essentially, summarising Crown's plan.

25 MR JEANS: That is correct. That is me replaying back Crown's plan to confirm that they were planning to put this in place.

COMMISSIONER: Yes. Thank you.

30 MR CONDYLLIS: Mr Jeans, if I can now turn to your, the second report that you furnished to Crown Melbourne, I believe. That's – it should be tab 30. It's CRL.559.001.1554. And it's Crown confidential - - -

35 MR JEANS: Now, that is – that is the letter I produced; is that correct, Mr Condylis?

MR CONDYLLIS: Yes. We can – we can call it a letter.

40 MR JEANS: Okay.

MR CONDYLLIS: This is Crown confidential list 4, number 4. Just bring it up on the hearing room only. So, Mr Jeans, could you please provide some background into why it is that you were asked to further – provide a further opinion to Crown Melbourne?

45 MR JEANS: So I was contacted by Louise Lane and requested that – obviously, it was explained to me that they had been subject to a review by the Victorian gaming

regulator. And one of the recommendations was to – to provide greater detail of the AML/CTF activity in the internal control – internal control documents. They had undertaken work with other parties, previously, to address some of these. And they wanted me to provide my view in relation to whether their proposed solution to  
5 address that recommendation were appropriate.

MR CONDYLLIS: And so did you – so the Victorian regulator was performing a review of Crown Melbourne’s licence; that’s right?

10 MR JEANS: That is correct. That review was undertaken in 2018 and this was obviously subsequent to that.

MR CONDYLLIS: And did you read the report furnished by the regulator?

15 MR JEANS: I did not. I was provided with a letter with my instructions, which covered – which provided me certain information and supporting documentation that I was to base my opinion upon.

MR CONDYLLIS: Right. So you didn’t read – you only read the recommendation, recommendation 17, that is, otherwise you did not look at the Sixth Review, as it’s  
20 called?

MR JEANS: That is correct, yes.

25 MR CONDYLLIS: And you say that you were provided with a letter of engagement. Am I right in – if you go to tab 26, Mr Jeans this is document JEA.001.001.0029.

MR JEANS: That is – that is the document that instructed me, yes, absolutely and completely.  
30

MR CONDYLLIS: Can you assist the Inquiry. It appears to be undated; around what date did you receive that document?

MR JEANS: That would be early June, some time in early June. So probably the –  
35 maybe the 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> of June.

COMMISSIONER: June ’19?

MR JEANS: June ’19; that is correct, yes.  
40

COMMISSIONER: Thank you.

MR CONDYLLIS: And it’s your evidence that the letter that you then furnished which is dated 21 June is based on all the information contained in the letter of  
45 engagement and any documents annexed or enclosed in that?

MR JEANS: That is correct. That is the sole scope of the information I received.

MR CONDYLIS: Mr Jeans, if I can take you back, then, to your letter. Operator, that's CRL.559.001.0554. If I can ask for your assistance as to understand what the VCGLR might be suggesting when it states:

5           *Crown undertake a robust review with the external assistance of relevant internal control statements.*

What are internal control statements?

10       MR JEANS: So the internal control statements are effectively a document which articulates and specifies the controls that are applied to a particular activity. They are effectively part of a control framework that organisations have. So effectively, they are a series of steps and processes that are undertaken to control particular risks.

15       MR CONDYLIS: And these documents are created by a company. Who actually – who reviews them, to your knowledge? Who is relying on them in the company?

MR JEANS: So these would be relied on by the management to ensure that they are put in an appropriate control environment within a company, so they would be  
20       created by the business.

MR CONDYLIS: So in the context of Crown Melbourne, it's senior management that would need to be reviewing the ICS for each relevant activity at the casino?

25       MR JEANS: They would certainly need to be aware of them and make sure that they were appropriate so they would be part of the review and I would suggest the approval process in – in the normal course of activity.

MR CONDYLIS: Would someone like Scott Howell be also looking at the ICS?  
30

MR JEANS: Possibly. It depends on whether he could contribute something to it. He may also sort of, you know – it may be his line managers that would look at it as well.

35       COMMISSIONER: You said that companies do it. Have you seen it in other industries, these ICSs?

MR JEANS: In some – in different formats. So in relation to the banking industry, which I am obviously familiar with, these are covered by CPS220 requirements and,  
40       effectively, APRA standards. They basically are things that underpin a risk appetite statement in those type of organisations. So effectively, what these are is saying this is the risk we have and these are the controls that we are putting in place to manage that risk.

45       COMMISSIONER: Yes, thank you.

MR CONDYLIS: So Mr Jeans, if you can go to page 2 of your letter.

MR JEANS: Yes.

MR CONDYLIS: And there is a reference there to ISO31000:2018. What is that?

5 MR JEANS: ISO31000 is an international standard and it's the international  
standard of risk management – risk management control, so it's an internationally  
recognised standard which organisations use to establish – establish control  
environments, to manage risk and to ensure compliance with – with particular  
elements. That is also supported by ISO19600.

10 MR CONDYLIS: So the task you were given was to look at the existing ICSs, look  
at the ISO31000:2018 risk management document and assist Crown in ensuring that  
their ICSs appropriately addressed AML/CTF risks?

15 MR JEANS: Yes. So my task from Crown was to – to – to look at the ICSs and  
assess whether they appropriately manage risk. The framework that I used to  
undertake that was – or to form my conclusions was ISO31000 and other ISO  
standards.

20 COMMISSIONER: That was your choice?

MR JEANS: That was my choice. I wasn't specifically requested to look at  
ISO31000. Based on other reviews I had done for other organisations, and my work  
in this field, it was a – it was a framework that was commonly recognised and also  
25 commonly recognised by AUSTRAC as well.

COMMISSIONER: By AUSTRAC?

30 MR JEANS: By AUSTRAC, that's correct. That's correct, Commissioner, by  
AUSTRAC.

COMMISSIONER: Yes. Did you understand that this report or this letter was  
destined for VCGLR?

35 MR JEANS: That was my understanding, yes.

COMMISSIONER: So notwithstanding that you had been informed that Crown had  
engaged other third parties to assist it, it wanted you to give the expert opinion in  
relation to AML/CTF aspects of the ICS?

40 MR JEANS: Yes, particularly – particularly for this – for this recommendation. My  
scope was limited to that one recommendation, that's correct.

45 COMMISSIONER: Recommendation 17 so that VCGLR could be advised that this  
had been done, I presume?

MR JEANS: Yes, that is correct, Commissioner.

COMMISSIONER: Thank you. Yes, Mr Condylis.

MR CONDYLIS: And so you appreciated that the VCGLR had a concern that the ICSs may not appropriately address any AML/CTF risks?

5

MR JEANS: I was aware that the recommendation was that they should be considered. I have – not having fully reviewed the report, I don't know what the basis for that recommendation – the basis of that recommendation was.

10 MR CONDYLIS: Okay. And so your proposal then, which appears at the bottom part of that page, you recommend three steps be taken so as to satisfy or address recommendation 17. The first step is to add the AML/CTF program as a control in the minimum standards and control section of each ICS. That's reform 1 that you advised Crown Melbourne to undertake?

15

MR JEANS: That is correct.

MR CONDYLIS: So if I can show you an example of that reform, can you go to document JEA.001.001.0046. Mr Jeans, this is – this appears in the internal control statement for the cage operations.

20

MR JEANS: Yes. I'm just getting that, 46, that's correct, yes.

MS ORR: Excuse me. Could we have a tab reference for that document, please?

25

COMMISSIONER: Certainly.

MR CONDYLIS: My apologies. It should be tab 30 and – pardon me, it should be tab 26 and behind tab 26, it's a large tab and you should be able to find that document; 0046 being the pinpoint.

30

MS ORR: Thank you.

COMMISSIONER: Yes, Mr Condylis.

35

MR CONDYLIS: At the bottom of that page, Mr Jeans, it appears that there has been a mark-up, and somebody has added paragraph 6 which states:

40 *ML/TF risk management. Crown is committed to the principles in its AML/CTF program and will monitor and respond to relevant activities in the casino commensurate with its program.*

Do you make that mark-up?

45 MR JEANS: No, that was the mark-up I received, and my recommendation was to move it up into another part of the report.

MR CONDYLIS: So it was your recommendation that that mark-up go to paragraph 3 of the ICS, which is the minimum standards and control section for that relevant activity.

5 MR JEANS: That is correct, because I viewed that compliance with the AML program should be a minimum standard and control.

MR CONDYLIS: So operator, if we can go to pinpoint 0044. Mr Jeans, why would it make a difference whether the AML/CTF program appears at paragraph 6 or at  
10 paragraph 3?

MR JEANS: From my perspective, it underlines the importance of the program and the importance of compliance with the program. And effectively, you had a section for minimum standards as controls and then, effectively, Crown were proposing to  
15 create a separate section and, in my opinion, it didn't need – didn't require a separate section. It could far more appropriately be included in section 3, the minimum standards and controls.

MR CONDYLIS: So senior management would look at the ICS and when that  
20 person goes to paragraph 3, they see the AML/CTF program and they understand it's a minimum standard for that activity?

MR JEANS: That is correct, yes. That's the rationale.

25 MR CONDYLIS: You then recommend – your second recommendation is that the addition of a specific risk of criminal influence and exploitation in each ICS risk assessment matrix be included?

MR JEANS: That is correct, yes.  
30

MR CONDYLIS: And so if we can go to pinpoint 0047, Mr Jeans; hopefully, you can find that page.

MR JEANS: I can, yes.  
35

MR CONDYLIS: So are you suggesting that in that first column a criminal risk and exploitation item be added?

MR JEANS: Where it wasn't – because in some of the ICSs it was included and for  
40 others it was omitted. But my view was that for each of the ICSs it should be included as a risk and therefore a risk that ultimately would be assessed and therefore obviously addressed.

MR CONDYLIS: And then the final recommendation that you make is to:  
45

*Assess which controls set out in the minimum standards and controls including the AML/CTF program control that manage and mitigate the risk of criminal influence and exploitation.*

5 So that third point is not – it’s an assessment performed by who, exactly?

MR JEANS: That would be potentially performed by the owner of the ICS and, effectively, this goes back to the risk management standard, ISO31000, which requires you to identify an inherent risk, apply controls, assess the effectiveness of  
10 those controls and arrive at a residual risk rating for that particular risk. So it was a suggestion that not only should you record that – that risk but you should look at the controls within your control environment that are directly managing – identifying, managing and mitigating that risk, and therefore form an assessment of that – form an opinion whether those controls are effective.

15 MR CONDYLIS: And if we can go back to document 559.001.0555; Mr Jeans, that’s your second report or your letter.

MR JEANS: Yes, I have it in front of me.

20 COMMISSIONER: While that’s coming up, Mr Jeans, some of the evidence suggests – I withdraw that. It would be important, I presume, for any casino operator to have a culture that understood it was vulnerable to the exploitation by criminals. Do you agree with that?

25 MR JEANS: Yes, Commissioner.

COMMISSIONER: And so it is not controversial, I presume, particularly in your field of expertise, that casinos are vulnerable to exploitation by organised criminals;  
30 is that right?

MR JEANS: Absolutely not. As per every other reporting entity, the reason for the AML/CTF Act was to identify a series of industries or a series of businesses that are vulnerable to being abused and exploited by criminal elements and bring them into a  
35 regime that made it harder for those criminal elements to basically – to use – to use the services that they are providing.

COMMISSIONER: And so casinos are vulnerable to the exploitation of organised criminals is not a controversial statement?

40 MR JEANS: Not at all. No, of course not.

COMMISSIONER: And obviously what goes with that is the money laundering problems and other things that go with money laundering, I presume?

45 MR JEANS: That is correct, yes.

COMMISSIONER: And this document to which you have been referring with Mr Condylis, the ICS; it's all very well to have this in a document to which certain people might have access within the organisation, but if you don't have a culture in an organisation that understands the exploitation fear or understands the vulnerability, you're not going to get anywhere, are you?

MR JEANS: Not at all. You know, the ICS is simply the documentation of certain elements but obviously, clearly, there are other things that would need to be done in terms of training and awareness, making sure that the controls are appropriate and making sure that the organisation addressed any particular issues it faced.

COMMISSIONER: Yes. Yes, I'm sorry to interrupt. Thank you, Mr Jeans. Yes, Mr Condylis.

MR CONDYLLIS: And Mr Jeans, you draw the conclusion that in your opinion the implementation of those three refinements will place Crown Melbourne in the position where it is appropriately addressing the anti-money laundering risk while staying within Crown's current risk management framework.

MR JEANS: That's correct, because effectively, what this was doing was drawing a link by the ICSs and the AML/CTF program and that was – because effectively, these – these risks are being managed by the AML/CTF program and being regulated by AUSTRAC and effectively, this – this was drawing that link into the ICSs, Mr Condylis.

MR CONDYLLIS: That's the first part of that letter where you deal with the ICS recommendation from the VCGLR. Then there's a second part to that letter or opinion - - -

MR JEANS: Yes.

MR CONDYLLIS: - - - where – and that commences, operator, if we can go to page 1556. That really commences after the sub-heading VCGLR Observations. And it is noted that – you state you're aware of:

*...commentary included by the VCGLR in its review related to the AML/CTF in respect of –*

and there are three issues. One is KYC processes for junket operators and players. The next is transaction monitoring of junket players. And finally, engagement with regulators and law enforcement agencies to assist Crown in delivering enhanced training for casino staff. Now, you're aware of the commentary by the VCGLR. You indicated earlier that you had not read the Sixth Review, so how were you aware of the commentary?

MR JEANS: The commentary was provided to me as part of my instruction letter, which is many pages, from memory.

MR CONDYLIS: You then state:

*Based on my work with Crown regarding VCGLRs commentary, I am pleased to confirm the following –*

5

is there any particular reason why you said you were pleased to confirm the following or that was just a - - -

10

MR JEANS: So at the time – it's a term of phrase I use, Mr Condylis.

MR CONDYLIS: Thank you. You then go and deal with each issue that is raised in the preceding sub-heading.

15

MR JEANS: Yes.

MR CONDYLIS: Now, in relation to the KYC requirements for junket operators, representatives and players, you make three points.

20

MR JEANS: Yes.

MR CONDYLIS: The first is you state there is an enhanced customer due diligence program - - -

25

MR JEANS: Yes.

MR CONDYLIS: - - - that Crown is conducting. The second point that you make is that Crown screens all patrons to identify and action PEPs.

30

MR JEANS: Yes.

MR CONDYLIS: And finally, you indicate that there is screening occurring on a daily basis with respect to junket operators, representatives and players. How did you confirm those three matters, Mr Jeans?

35

MR JEANS: Based on the information provided to me in the letter but also in the ICSs and, again, the AML/CTF program documentation that I had available to me from the previous review.

40

MR CONDYLIS: So if I can just understand that; so in relation to these three points you relied on the information in the letter - - -

MR JEANS: Yes.

45

MR CONDYLIS: - - - of engagement.

MR JEANS: Yes. Ad also the documentations that were provided to me as part of that.

MR CONDYLIS: That was provided to you as part of that letter?

MR JEANS: Yes, the attachments, because effectively they were attaching the ICS for junket operators. That was one of the attachments.

5

MR CONDYLIS: Did you do any independent verification of those matters?

MR JEANS: No, I was – my review was based simply on the documentation that was provided to me and the documentation that I had available from the transaction monitoring review which included the part A and part B programs.

10

MR CONDYLIS: Would you be able to take me to the part of the engagement letter that you relied upon to confirm those matters?

MR JEANS: I – I will need to go up there. I think there's – it sets out at a high level the elements, and I think – I'm just scrolling back through the annexures, so please bear with me.

15

MR CONDYLIS: Operator, can we go to 0032.

20

MR JEANS: So this basically, effectively, starts again a review of the observations.

MR CONDYLIS: Mr Jeans, can I take you to this document. So operator, JEA.001.001.0032. Mr Jeans that should be tab 26 of your documents and this is the engagement letter from Ms Lane to yourself.

25

MR JEANS: That is correct. And sets out the information provided.

MR CONDYLIS: Okay. Now, Mr Jeans, it does appear that the matters that are addressed in your second report in relation to the KYC requirements adopt a very similar, if not identical, phraseology to the letter of engagement. Can you assist the Inquiry in understanding what .....

30

MR JEANS: Sorry, I missed that last bit, Mr Condylis.

35

MR CONDYLIS: Can you assist the Inquiry in understanding why it is that your letter does appear to be quite similar to the letter of engagement when you deal with that very issue?

MR JEANS: Because I was asked to provide commentary and the language used, basically – it's my view that it's a lot easier to play back the language used to say "I confirm that", which is what I was being asked to do, rather than necessarily create my own set of language on my own separate text. So effectively, I was being given information and I was ultimately confirming that information.

45

MR CONDYLLIS: You did confirm that information, but you were also confirming it in your capacity as an external viewer. So it may be possible that you would not want to confirm the information if the underlying evidence didn't exist?

5 MR JEANS: And as far as I was aware, the underlying evidence did exist based on my review of the ICS and the other information that was provided to me.

MR CONDYLLIS: And so you didn't think it was necessary to make any changes to what Crown had stated in their letter of instruction?

10

MR JEANS: Not based on my review because my review confirmed the information to be correct.

MR CONDYLLIS: If I can take you to the next point that you address in your letter. So this is the transaction monitoring of junket players. Operator, this is CRL.559.001.1554, pinpoint 1556. So you can understand that this part of your letter is critical to the work of the inquiry.

15

MR JEANS: Of course.

20

MR CONDYLLIS: You have indicated that the transactions of junket players are being monitored because there is a transaction – transactions of \$10,000 or more are being reviewed through the relevant threshold - - -

MS ORR: Commissioner. Excuse me Commissioner. I'm loath to interrupt this line of questioning but these parts of this document are the subject of a confidentiality claim that is made on the basis of potential exploitation risk if the details of this monitoring are revealed. I just would like to draw that to the Inquiry's attention and ask whether consideration could be given to asking about the contents of this part of the document in a way that does not contain the specifics that might give rise to an exploitation risk. If that can't be done, the matters could of course be dealt with in private session. But it is the subject of an existing claim.

30

COMMISSIONER: Yes, a lot of this has already been dealt with, I think, Mr Condylis. But thank you, Ms Orr. That can be accommodated. Mr Jeans, paragraph B in your report deals with the program and the cash transaction, the telegraphic transfer and the estimated turnover, I think, to which you have already referred; is that right?

35

MR JEANS: That is correct, Commissioner, yes.

40

COMMISSIONER: And then you say how it's conducted in addition to other matters, the monitoring, etcetera.

MR JEANS: That is correct, yes.

45

COMMISSIONER: Then over the page; thank you operator, and then the next two paragraphs, you deal with the operators and the representatives.

MR JEANS: That is correct, yes.

5

COMMISSIONER: And then you then say that you are aware that Crown has, etcetera, about the automation of its monitoring system.

MR JEANS: That is correct. Yes, Commissioner.

10

COMMISSIONER: Yes. Yes, Mr Condylis.

MR CONDYLIS: Just staying with that page, Mr Jeans, the final point is that you are confirming point C, the final paragraph, you confirm the issue concerning engagement with law enforcement and the regulator to ensure that appropriate training is being addressed at Crown Melbourne?

15

MR JEANS: That is correct. Obviously, training is a vital – vital part of an AML/CTF program.

20

MR CONDYLIS: And the balance of that page really just picks up what you indicated in your earlier report, that section 36 is being complied with, chapter 15 is also being complied with and, indeed, you pick up your recommendations in relation to the CVIs and the data – the data point capturing that we have already discussed.

25

MR JEANS: That is correct.

MR CONDYLIS: Mr Jeans, if I could take you back to your engagement letter to just show you what Crown has said about those matters. If I can go to JEA.001.001.0032 – sorry, 0029 is the document and then pinpoint 0032.

30

MR JEANS: I am there.

MR CONDYLIS: Do you have that in front of you?

35

MR JEANS: I do indeed have that, yes.

MR CONDYLIS: You will agree with me, Mr Jeans, that, again, in relation to part B it appears that there is a similarity between what you have stated in your report on that issue - - -

40

MR JEANS: It's just frozen. Sorry, Mr Condylis, you froze there for a moment.

COMMISSIONER: Mr Condylis is highlighting a fact that the language used that you have adopted is identical to that of Ms Lane; in other words, you see the letter of instruction and then you see your opinion, and your opinion is identical to your instruction.

45

MR JEANS: Yes.

COMMISSIONER: It's really – it's an odd situation, one might suggest, and you're being asked for an explanation of that.

5

MR JEANS: Sorry, Commissioner, as Mr Condylis was speaking, the screen froze. So that's why I was looking at – so to answer the question, my previous answer was that I – I was basically confirming the information and it was a convenience to simply use the language that was being used; you know, there's nothing potentially more sinister in that, I would suggest, Commissioner.

10

COMMISSIONER: Yes, thank you.

MR CONDYLIS: And if we can go to the next page, Mr Jeans. So that's 0033.

15

MR JEANS: Yes, I've got that now, sir.

MR CONDYLIS: It does appear that paragraph E of the letter of engagement corresponds with point C in your letter. Then again there is a similarity between what you have said about that issue and what Ms Lane has said in her letter of instruction.

20

MR JEANS: And again, that is correct and that is for the same reason.

MR CONDYLIS: Would you accept, Mr Jeans that in not taking the step to put your conclusions in your own words, you may not have been as rigorous as you otherwise would have been?

25

MR JEANS: Not at all.

30

MR CONDYLIS: Mr Jeans, I'm going to take you now to some examples of bank accounts that you have not seen before because you indicated to the Inquiry that you were not provided with any bank statements regarding Crown accounts so operator

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35

MR JEANS: That is - - -

MR CONDYLIS: That's right, isn't it?

MR JEANS: That is correct, yes, Mr Condylis.

40

MR CONDYLIS: Operator, if document CRL.563.001.0869 could be brought up. That's tab 3 for the parties. It's Crown confidential list 1, number 188. Mr Jeans, do you have – if I could ask for the redacted version to be brought up. Mr Jeans, do you have a copy of that document in front of you?

45

MR JEANS: I do. I'm just scrolling through it now so I'm almost there. Yes. So that is CRL.563.001.0869.

MR CONDYLLIS: Yes.

5

MR JEANS: Okay. I have it in front of me.

MR CONDYLLIS: Thank you, Mr Jeans. Operator, if could you please go to pinpoint 0873. Mr Jeans, could you turn to – it should be page 5 of 9 in the top right-hand corner, if that assists you.

10

MR JEANS: That is correct. Yes, I have it in front of me.

MR CONDYLLIS: Now, you will see that at the bottom of the page, there are transactions taking place, so you can see that money is being deposited into an account. Now, you understand that this is an account of Southbank Proprietary Limited. You understand that?

15

MR JEANS: I do.

20

MR CONDYLLIS: And you understand that there are allegations concerning that company in the media?

MR JEANS: I am, indeed, yes.

25

MR CONDYLLIS: And you're aware of those allegations and the nature of those allegations?

MR JEANS: I am aware of those allegations and the nature of those allegation yes.

30

MR CONDYLLIS: What is your understanding of those allegations?

MR JEANS: That these two companies, Southbank and Riverbank, have been – have received funds in a manner that may be indicative of unusual behaviour and potentially suspicious activity and the media, therefore, allege money laundering.

35

MR CONDYLLIS: And you make no mention of Southbank and Riverbank in your reports. Is that because you weren't aware of the existence of those companies at the time of furnishing both reports?

40

MR JEANS: I wasn't aware of the nature of those – the nature of those companies and the bank accounts. I simply didn't – they weren't part of the scope of my reports.

MR CONDYLLIS: You became aware of those allegations at a time after furnishing your second report?

45

MR JEANS: That is correct, yes.

MR CONDYLIS: And would early August be the time at which you became aware of those allegations – early August 2019, that is?

5

MR JEANS: That would be accurate, around the media commentary and coverage.

MR CONDYLIS: Yes. And so I understand you spoke to the risk committee and later the board - - -

10

MR JEANS: I did.

MR CONDYLIS: - - - on 9 and 20 August respectively so you knew about those allegations before speaking to the committee and the board?

15

MR JEANS: I did indeed, yes.

MR CONDYLIS: So what we are looking at here is the account of Southbank for a particular period of time. That period of time covers 1 December 2013 through to 25 January 2014. Currently we're on the page where 13 January, you will see that there is a deposit of \$8000 into that account, at what appears to be the Blacktown branch.

20

MR JEANS: That is correct.

MR CONDYLIS: You can see there are three more transactions of 7000, 6500 and 8500 dollars, respectively.

25

MR JEANS: That is correct, yes.

MR CONDYLIS: You would agree with me that that could be indicative of structuring?

30

MR JEANS: Potentially, yes.

MR CONDYLIS: If you can turn to the next page, Mr Jeans; you will see that at the top there is – the branch changes. So it's Roselands for the next two transactions, all the while the same patron number, which is the number underneath. So that number there is the patron number.

35

MR JEANS: Yes.

40

MR CONDYLIS: So again, we have amounts of money below the \$10,000 threshold which is being deposited into that patron – or that account linking to the patron number.

45

MR JEANS: That is correct, yes.

MR CONDYLIS: And it continues through with different branches being used, all the while the amount remains below \$10,000.

MR JEANS: That is correct, yes.

5

MR CONDYLIS: You agree with me that that is indicative of structuring and/or smurfing.

MR JEANS: It is – it – on its face value it appears to be indicative of that activity. Obviously, you know, there are circumstances that would need to be considered before you could confirm that, but it appears to be indicative.

10

MR CONDYLIS: Of course. But it's data that if you were a bank and/or a casino, alarm bells would be ringing to investigate that data further?

15

MR JEANS: Certainly. I mean, certainly at the bank level this would be obviously indicative, and should – should raise questions particularly as the bank would have additional information about the parties that were paying this information in as a requirement of section, or part 4.11 of the AML/CTF rules where they have to identify agents paying money into a bank account. And obviously, given the transaction references ultimately refer to a single customer, obviously that's information that was available to Crown.

20

MR CONDYLIS: Yes.

25

COMMISSIONER: So you've said about the bank. You would obviously say the same thing about the casino having a look at it, I presume?

MR JEANS: That is correct, Commissioner, yes. I mean, when you look at this activity, if you were furnished with ..... and were reviewing it, obviously you would identify that there were frequent geographically spread transactions on the same day going to the same customer.

30

COMMISSIONER: It's classic, isn't it?

35

MR JEANS: It's fairly indicative, yes, Commissioner, I would suggest.

COMMISSIONER: Yes. Yes, Mr Condylis.

MR CONDYLIS: So Mr Jeans, this is an example of data that you did not explore during your work for the first and/or second reports?

40

MR JEANS: That is correct. I was not aware of this data. Again, the extent of the work that I undertook was to look at the information that was loaded in SYCO based on this.

45

MR CONDYLIS: You would agree with me that this is the type of information that should be uploaded and implemented into SYCO with absolute accuracy.

MR JEANS: That is correct.

5

MR CONDYLIS: Because if data like this is missed, then it could give rise to a critical deficiency in the AML/CTF program.

MR JEANS: It would certainly, obviously, impair the ability to monitor – monitor  
10 customers' transactions. Yes, absolutely.

MR CONDYLIS: Mr Jeans, could you please go to tab 38 of your documents.  
Operator, this is CRL.679.001.006. Again, all the documents I'm referring to are  
15 only to be brought up on the hearing screen.

MR JEANS: 67 – I'm just scrolling through there. Is this another bank statement?

MR CONDYLIS: No. This document is, I understand, if we could just go to the  
20 next page, operator. Mr Jeans, that first document, I understand, is a summary that  
was prepared by the lawyers assisting - - -

MR JEANS: It was not in my bundle that was supplied to me separately.

COMMISSIONER: That's all right. Don't worry about it, Mr Jeans.  
25

MR CONDYLIS: Now, Mr Jeans - - -

MR JEANS: .....

MR CONDYLIS: Mr Jeans, if you can assist me with – if you can look at the  
30 bottom table.

COMMISSIONER: The bottom chart?

MR CONDYLIS: The bottom chart. Now, you recall the transactions to which I  
35 took you earlier. You can take it from me that there is a correlation between those  
transactions and the comments or those deposits and the figure \$100,200 that appears  
at the top of that chart does correlate with the series of transactions that we saw in  
that earlier example that I took you to.

40

COMMISSIONER: In the bank statements.

MR CONDYLIS: In the bank statements. Now, in this example, Mr Jeans, I  
45 understand that this is the SYCO extract that correlates with those transactions from  
the account.

MR JEANS: Yes.

MR CONDYLIS: Now, it appears on this occasion, there is data in SYCO showing the unusual transaction giving rise to a potential structuring of the larger deposit.

MR JEANS: Yes, I can see that.

5

MR CONDYLIS: And you agree that if someone at AML, in the AML team such as Scott Howell was reviewing that information, then that would give rise to a potential next step in the chart of steps.

10 MR JEANS: It would certainly warrant further investigation if that information obviously was identified.

COMMISSIONER: The person who was typing this in, if I can use an old-fashioned phrase, this person actually put within the SYCO system the detail to  
15 which Mr Condylis has taken you, quite carefully, it looks, doesn't it?

MR JEANS: Yes, Commissioner, it does.

COMMISSIONER: And so you have a system that allows you to review what was  
20 happening in the bank accounts.

MR JEANS: Potentially, yes. I would expect this to be represented differently but you're correct, Commissioner.

25 COMMISSIONER: Yes, quite. But at the very least, we've got the figures that are there for the person up the chain, whoever that might be, to have a look at it; correct?

MR JEANS: That is correct, yes.

30

COMMISSIONER: The thing we don't have here is the various branches to which the person went to make these deposits.

MR JEANS: That is correct, Commissioner, yes.

35

COMMISSIONER: That, of course, is the verisimilitude to the broad narrative of what was happening; you would agree with that?

MR JEANS: That is correct, yes.

40

COMMISSIONER: So at the very least, the system on this occasion seemed to provide a process that would alert an AML officer to some problems, potentially?

MR JEANS: My view would be not necessarily, Commissioner.

45

COMMISSIONER: And why is that?

MR JEANS: Because it would require that this transaction was identified as being unusual before Mr Howell or somebody would look at the comments.

COMMISSIONER: But it has an asterisk there.

5

MR JEANS: An asterisk, sorry?

COMMISSIONER: I know it's hard to see.

10 MR JEANS: Whereabouts is it? Sorry, I'm just trying to - - -

COMMISSIONER: Just before the word "deposits".

MR JEANS: Yes, it has an asterisk. Yes. So - - -

15

COMMISSIONER: I am not quite sure where you go with that but - - -

MR JEANS: If it would help you, Commissioner, my expectation would be, you know, if Mr Howell – with all due respect, if a \$100,000 deposit for this particular customer was not unusual or didn't figure in Mr Howell's assessment, he wouldn't necessarily have an opportunity to review the comments to therefore work out that the information was available. What I would normally have expected - - -

20

COMMISSIONER: Why is that?

25

MR JEANS: Because, effectively, the monitoring looks – the transaction monitoring looks for unusual activity. If Mr Howell didn't think the top line figure was unusual, he would have no cause to look at this record. So therefore, he wouldn't be able to understand that that 100,000 deposit was made up of multiple smaller deposits. So simply he wouldn't necessarily look at – he wouldn't look at this information as part of his monitoring process. And that's - - -

30

COMMISSIONER: I see.

35 MR JEANS: - - - fundamentally why – sorry, Commissioner.

COMMISSIONER: So if the other entries have 100,000 and 200,000 for the same patron but don't have any comments, wouldn't this comment be reviewed?

40 MR JEANS: Not necessarily.

COMMISSIONER: So what have you got to do to get them to look at it?

MR JEANS: You have got to enter each of those transactions separately, so therefore, you know, the fact that the customer has done 12 transactions totalling \$100,200 that would be a different scenario that would raise a lot more suspicions than one single transaction of \$100,200.

45

COMMISSIONER: But why doesn't this do that? It has got 12 transactions of \$100,000.

5 MR JEANS: Because ultimately – it's ultimately – you wouldn't necessarily flag that because effectively if you look at the top line as I'm reading this – and obviously I haven't had too much chance to analyse these – effectively, if you look at the top line above the highlighted yellow section, that's the information that Mr Howell would potentially work upon and may not actually get down to the lower level detail in terms of the information.

10 COMMISSIONER: I really can't understand why an AML officer would only gaze above the line. Surely, when you have got a system like this, when you've got the employee who has gone to the trouble to identify 12 deposits, that the AML officer would look below the line. It's only about half an inch. Surely, Mr Jeans, you would  
15 accept - - -

MR JEANS: I would agree that if he was looking at the – if he was looking at the – looking at the full transaction, yes, he should look at that information. What I am – what I am suggesting, Commissioner, or questioning, Commissioner, whether  
20 because of the information above the line he may not have looked at the full transaction. This may not have seemed unusual to him so therefore not required that next level of investigation.

COMMISSIONER: But if it's unusual to have those sorts of entries in the comment  
25 line, it's more probable than not that that would alert a person who was diligently looking for problems or – isn't that right?

MR JEANS: If you were looking at those deposit lines, yes, absolutely. If you were looking at the comments, that's correct, Commissioner.

30 COMMISSIONER: And I mean these are the systems that are in place to assist casinos to identify the problem and it looks, on this occasion, that the system was working, doesn't it?

35 MR JEANS: In part, that's correct, Commissioner, yes.

COMMISSIONER: And so rather than criticise those that should have put things in and didn't, on this occasion they did put them in.

40 MR JEANS: To a certain degree, yes, Commissioner.

COMMISSIONER: And as we have talked about, there wasn't the bank references. Yes, Mr Condylis.

45 MR CONDYLLIS: Mr Jeans, I will take you now to an example where the system did not appear to work. If you can go to – this is tab 5, CRL.563.001.0577. Commissioner, this document is going to be redacted for Mr Jeans. I would ask that,

with your leave, that this document be placed on the screen in an unredacted form so Mr Jeans can see the transactions - - -

5 COMMISSIONER: Yes, that's all right. I direct that the contents of this document seen by parties other than Crown, that is CPH and Ms Case, not be published to any other person.

MS SHARP: Thank you, Commissioner.

10 COMMISSIONER: Other than those that are exposed in the transcript.

MR CONDYLIS: Operator, please go to pinpoint 0579.

15 MS ORR: Would counsel assisting please identify the tab for this document so we can locate it.

COMMISSIONER: Yes.

20 MR CONDYLIS: Pardon me. It's Crown confidential list 1, number 195.

COMMISSIONER: Tab?

MR CONDYLIS: Tab 5. Sorry Ms Orr.

25 COMMISSIONER: Thank you. Do you have that, Ms Orr?

MS ORR: I do. Thank you, Commissioner.

30 COMMISSIONER: Yes.

MR CONDYLIS: Now, Mr Jeans, you will see - - -

MR JEANS: I don't have it yet.

35 MR CONDYLIS: Mr Jeans, do you have that on your screen.

COMMISSIONER: In tab 5?

40 MR JEANS: No, I don't, not at this point. Here it is, yes, I can see that now.

COMMISSIONER: Yes, it is now. Yes, thank you.

MR CONDYLIS: Mr Jeans, can you see the transactions, the last transaction on 9 September?

45 MR JEANS: I can. Yes.

MR CONDYLIS: Cash deposit QuickCash - - -

MR JEANS: I can see that.

5 MR CONDYLIS: It's credited \$40,209.

COMMISSIONER: 29.

MR JEANS: Yes, that is correct.

10

MR CONDYLIS: Now, that's one example of a QuickCash deposit. I also want you to look at six transactions down where there is a transaction for \$35,505. That's another QuickCash deposit. It appears that that is at the QuickCash facility at a Haymarket branch.

15

MR JEANS: Yes.

MR CONDYLIS: Now, we discussed - - -

20 COMMISSIONER: Is that for the same patron number?

MR CONDYLIS: I don't think so, Commissioner.

COMMISSIONER: Thank you.

25

MR CONDYLIS: It's a different patron.

COMMISSIONER: Yes.

30 MR CONDYLIS: Now, if I can ask you, Mr Jeans, to go to tab 5A. And this document is CRL.679.001.0013. This should just be brought up on the hearing screen, operator. And please go to pinpoint 0014. If you could bring the two charts at the top closer, operator. Thank you. Now, Mr Jeans, you will see that this appears to be the SYCO entry for those two transactions to which I took you to just then.

35

MR JEANS: That's correct. Yes.

MR CONDYLIS: And you understood that the transactions that I showed you were Quick Cash transactions for what appears to be an amount of cash above \$10,000.

40

MR JEANS: That is correct.

MR CONDYLIS: There was evidence earlier that it could be, potentially, unusual for a person to put that amount of cash into a Quick Cash facility. I understand there are legitimate reasons why people might want to do that, but there are also illegitimate reasons; you would accept that?

45

MR JEANS: Well, there are legitimate reasons. By nature, anything that is not legitimate is illegitimate.

MR CONDYLIS: Yes.

5

MR JEANS: Okay.

MR CONDYLIS: And it could well be - - -

10 MR JEANS: Or I would – specify, maybe, inappropriate rather than illegitimate.

MR CONDYLIS: Inappropriate. I'm happy to use that term, as well. Now, it is certainly data – the fact that that amount of money is being deposited into a Quick Cash facility is, certainly, data that should be captured in these reports? Do you  
15 agree with that?

MR JEANS: That – that, undoubtedly, because it was available on the bank statements. Yes, that information should be captured in this.

20 MR CONDYLIS: And it may well be the case that there is a lawful explanation for why that person chose - - -

COMMISSIONER: Yes.

25 MR CONDYLIS: - - - that that's – you agree that it's useful information to be on the SYCO system for the AML team to be reviewing?

MR JEANS: Absolutely.

30 MR CONDYLIS: And you accept that this is an example of where that information did not appear in those charts?

MR JEANS: That is correct. Yes.

35 MR CONDYLIS: And would you accept that that is a flaw in the system?

MR JEANS: It is a flaw in the data being put into the system. Yes. So, ultimately, it, effectively, has the effect of not giving the reviewer the full picture of that transaction.

40

COMMISSIONER: These two pictures, or these two depictions, show you, Mr Jeans – see where it says “comments” in both of those?

MR JEANS: Yes, I do.

45

COMMISSIONER: So it's usually blank.

MR CONDYLIS: Yes.

COMMISSIONER: And so taking you back to that previous example - - -

5 MR JEANS: Yes.

COMMISSIONER: - - - it's more probable that, if you've got the comments that we saw, that you'd probably – your eyes would probably land on it if you're an AML person.

10

MR JEANS: That would be correct, Commissioner, in terms of the information that was available. Clearly, the more information the better, in this circumstance.

COMMISSIONER: Yes. Anything further on those, Mr Condylis?

15

MR CONDYLIS: Mr Jeans, if you could just turn to the next page. And that appears - - -

MS ORR: I'm sorry. It would be helpful to have - - -

20

COMMISSIONER: Sorry. Sorry, Ms Orr. Sorry. Ms Orr, what did you say?

MS ORR: I'm sorry. I'm just becoming a little lost. It would be helpful to have the pinpoint reference of this page.

25

COMMISSIONER: Yes.

MR CONDYLIS: My – my apologies.

30

COMMISSIONER: Yes, please, Mr Condylis.

MR CONDYLIS: My apologies, Ms Orr, that's pinpoint 0015.

COMMISSIONER: That's the next page.

35

MS ORR: Thank you very much.

MR CONDYLIS: And this is a telegraphic transfer acknowledgement form for the previous – for that first transaction, Mr Jeans.

40

MR JEANS: Yes.

MR CONDYLIS: And there's no recording that it's a Quick Cash – a Quick Cash deposit.

45

MR JEANS: I can confirm that. Yes.

MR CONDYLIS: Operator, please go to document CRL.679.001.0010. Mr Jeans, I'm just going to take you back to the previous example. I just want you to see this is  
- - -

5 COMMISSIONER: Tab?

MR CONDYLIS: This is tab 3A. And pinpoint 0010.

MR JEANS: I have that in front of me. Yes.

10

MR CONDYLIS: 0010, operator. I should have taken – I should have taken you to this document earlier, Mr Jeans. But I just draw your attention to it's a telegraphic transfer acknowledgement form and, again, the comments show, at the bottom, that – that data the Commissioner was questioning you about, previously.

15

MR JEANS: Yes. Obviously, it appears that data was, obviously, found its way into the SYCO system, because it was put on this telegraphic transfer acknowledgement form.

20 COMMISSIONER: And that particular section, there's little doubt that that would have been reviewed?

MR JEANS: Yes.

25 COMMISSIONER: If you were diligently attending to your duties, obviously.

MR JEANS: Absolutely. Of course, Commissioner. Absolutely. Yes.

30 COMMISSIONER: And so the person – let's assume the person in the cage, who has the task of entering this has attended to it, sensibly, to alert those that might be reviewing it.

MR JEANS: I think we've frozen again.

35 COMMISSIONER: No. I'm so sorry, Mr Jeans. We lost you for a moment.

MR JEANS: No problem.

40 COMMISSIONER: So the person in the cage, let's assume, who has the task of entering this, has attended to this process of alerting whoever it is up the chain, as I said earlier, of looking to see whether they want to make a decision about this; correct?

45 MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: So when I was speaking about culture a little earlier, this is an exquisite example of someone in a cage understanding what they have to do to alert someone else on – prima facie.

5 MR JEANS: Absolutely, Commissioner. Yes.

COMMISSIONER: And so that person, you wouldn't criticise, would you?

10 MR JEANS: No. They appear to have provided another level of information which would help the person reviewing it form a conclusion.

COMMISSIONER: But, once again, going back to your point in your first report that you made to Crown, that system of being manually entered, it depends - - -

15 MR JEANS: Exactly.

20 COMMISSIONER: - - - upon the individual who types it in, and the skill of that individual. So, on Monday, this might have been cage employee or manager A and, on Tuesday, it might have been manager B, who didn't do that; correct?

MR JEANS: And that is correct. And, obviously, in all transaction monitoring systems – yes – there is that vulnerability which needs to be try to managed out as much as possible.

25 COMMISSIONER: And can you actually do that for this sort of thing?

30 MR JEANS: Ultimately, you can, because, you know, it depends where you draw the data from. So if you made a decision to draw the data from the manual completion of a form, which is what is happening here, rather than direct feed from the banking system.

COMMISSIONER: Yes.

35 MR JEANS: So, effectively, you could take a draw from the banking system and actually represent the transactions themselves into – into the monitoring environment. You'd get a – you would obviously have a different outcome, because, effectively, you don't have that manual handling which, you know, may create different approaches, Commissioner.

40 COMMISSIONER: Yes. Thank you, Mr Jeans. Yes, Mr Condylis.

MR CONDYLIS: One final point I want to ask you about, Mr Jeans is, you will see at the top right-hand corner of that document it states:

45 *Crown Melbourne Limited –*

even though these were transactions originally into the Southbank account, this is a SYCO report that appears to be in the name of Crown Melbourne. Do you accept that?

5 MR JEANS: I do indeed. Yes.

MR CONDYLIS: Mr Jeans, I'm going to ask you some questions, now, about the statement you gave to the inquiry. So if you could turn to tab 1 of your documents.

10 MR JEANS: Yes.

MR CONDYLIS: And, operator, that's JEA001.001.1123.

15 MR JEANS: That is correct. Yes.

MR CONDYLIS: Now, it was your evidence earlier, Mr Jeans, that you gave two reports – you furnished two reports to Crown. The last one was furnished, dated 21 June 2019. You then – you weren't aware of the Southbank Riverbank allegations at that time.

20 MR JEANS: No.

MR CONDYLIS: You became aware of those allegations in or around early August 2019. And then, you then – you were then invited to speak to the Crown Resorts risk committee on 9 August 2019?

MR JEANS: That is correct. Yes.

30 MR CONDYLIS: And then, later, on the 20th of August 2019, the Crown Resorts board?

MR JEANS: That is correct. Yes.

35 MR CONDYLIS: And if I can take you to pinpoint 1125, Mr Jeans.

MR JEANS: I'm there. Yes.

40 MR CONDYLIS: So, on 9 August 2019, you were invited to speak to the risk committee. And you've indicated that you were brought in to speak about an agenda item, presumably, dealing with AML/CTF matters?

MR JEANS: That is correct. It was a specific agenda item for my report, as I understand it.

45 MR CONDYLIS: You state, at paragraph 11 of your statement, that you provided an overview of your report findings. Is that similar – is the substance of what you

disclosed to the risk committee on that day similar to the evidence that you've given to this Inquiry earlier today?

5 MR JEANS: That is correct. So, effectively, based on the report and the executive summary of that report. Yes.

MR CONDYLLIS: And you were quite clear, in answer to one of my questions, that your scope of your report was narrow?

10 MR JEANS: That is correct.

MR CONDYLLIS: Because you were not providing a comprehensive review of Crown's AML/CTF program and systems?

15 MR JEANS: That is correct. Yes.

MR CONDYLLIS: Did you make that clear to the risk committee that day?

20 MR JEANS: They had the paper in front of them. Obviously, they had received that. And, again, I focused – from memory, I focused on, on the findings, which, by their nature, were – were – were very targeted.

25 MR CONDYLLIS: And you've indicated that questions were asked about the processes. Do you remember who asked you questions that day?

30 MR JEANS: To be honest, I'm not quite sure. There were 10 – you know, certainly, a large number of people in the room. And there wasn't one person asking questions. But, certainly – I'm trying to think of the gentleman's name. Certainly, Mr Barton asked questions and – yes. I wouldn't want to specify anybody, simply because – yes – there were a series of questions. And I was focused on answering the questions, rather than who was actually asking the questions, to be fair.

MR CONDYLLIS: How long did your presentation take, Mr Jeans, that day?

35 MR JEANS: I believe, somewhere between 20 and 30 minutes I was in the room, from start to finish. And, obviously, that was introduction, etcetera, and a short presentation, in terms of my findings, and then response to questions.

40 MR CONDYLLIS: What part of your first report were the questions aimed at?

45 MR JEANS: They were simply – were, primarily, around the – my comments around the design adequacy of the transaction monitoring program. And, obviously, that was heavily focused on, obviously, the media coverage that had recently – recently occurred. And they wanted to understand where, you know, where that – whether my – whether my opinion had changed, based on that media coverage.

MR CONDYLLIS: And so the media coverage included the 60 Minutes program?

MR JEANS: That is correct. Yes.

MR CONDYLLIS: But it also included newspaper articles by the Fairfax Media.

5 MR JEANS: That is correct. Yes.

MR CONDYLLIS: And so you're aware that The Age published an article in early August concerning Southbank and Riverbank?

10 MR JEANS: I was aware of that article, but, obviously, the pack provided has reminded me of that article. Yes.

MR CONDYLLIS: But you had read that article before you presented to the risk committee?

15

MR JEANS: I was aware of it. Whether I read it, I'm not, necessarily, 100 per cent  
- - -

MR CONDYLLIS: But you understood the substance of the allegations in that  
20 article?

MR JEANS: I am – you are completely correct. I did understand the substance of the allegations.

25 MR CONDYLLIS: And you state in paragraph 13 of - - -

MR JEANS: Yes.

MR CONDYLLIS: - - - your statement that you confirm that your – the contents the  
30 program did not conflict with your findings. Can you – it's a slightly odd turn of phrase. Can you explain to the Inquiry what you mean by that?

MR JEANS: So, obviously, the program identified, you know, the collection of  
35 cash at a fruit and veg premises. And then identified the transfer of that money and that money being paid into the – into Crown over – within the cage, basically. So – and, obviously, there was a lot of focus and play around that particular activity. And, obviously, based on my information, based on the work that I'd done, I was clear that Crown had processes and reports that would pick up that type of activity, ie, the cash being paid across – being paid over to the cage. Obviously, they wouldn't be able to  
40 identify the fact that the person collecting that money collected from a fruit and veg establishment, because, ultimately, you know, that wasn't known to them.

MR CONDYLLIS: But you don't identify what – so you indicated earlier that there were questions about both the Fairfax allegations also, not just the Nine Network  
45 allegations.

MR JEANS: Yes.

COMMISSIONER: Well, I think you mean the 60 Minutes or the printed media.

MR CONDYLIS: Yes.

5 MR JEANS: Yes. Sorry.

COMMISSIONER: Yes.

10 MR CONDYLIS: And you don't state in your report what you said to the committee about the newspaper allegations, particularly, the allegation in The Age?

15 MR JEANS: Primarily, because it was, in my mind, all part of the – a single circumstance, ie, there were allegations of – of activity. There was nothing that was specifically drawn out. I wasn't, by the committee, drawn to that article and asked specific questions about that article. That was just part of the background to me attending the risk committee.

20 MR CONDYLIS: And you've told the committee, in response to their questions, that your report did not conflict with those allegations. But did you make it clear to the committee that your report didn't deal with the operational effectiveness of the system?

25 MR JEANS: As part of my presentation, I set out very clearly what work I had done and what was the focus and scope of that work, because, obviously, that is contained in the report which the committee had possession of. So I – you know, I would assume that they understood the scope of my work, and it wasn't in relation to the operation, effectively, of the – of the transaction monitoring program.

30 MR CONDYLIS: Mr Jeans, I'm going to take you to a new document. If you could go to document CRL.533.001.3932. This is tab 31.

MR JEANS: Yes.

35 COMMISSIONER: This is a confidential document?

MR CONDYLIS: It's a confidential document.

COMMISSIONER: Yes. Thank you.

40 MR CONDYLIS: It should only be brought up on the hearing room screen.

COMMISSIONER: Yes.

45 MR CONDYLIS: And if I could take you, Mr Jeans, to pinpoint nine – 3934.

MR JEANS: I have that in front of me. Yes.

MR CONDYLIS: And you will see – you will see, at the middle of the page, where it indicates what you observed.

MR JEANS: Yes.

5

MR CONDYLIS: You understand that these are the minutes of the meeting on the 9th of August 2019.

MR JEANS: I am familiar with that. Yes.

10

MR CONDYLIS: And you will see what is stated about what you told the committee in relation to those allegations. You indicated that the nine:

15 *The recent allegations made by Nine Network and Fairfax appear to be unwarranted and disproportionate.*

Is that what you said?

MR JEANS: That's not, necessarily, the language that I use. As I said in my statement, I believe that they did not conflict with the findings of my report.

20

MR CONDYLIS: So what do you say about that characterisation, then? Are you saying it's not correct?

MR JEANS: Well, again, I was – you know, to break it down into the words used by – in the minutes, you know, I was not in a position to see whether it was unwarranted and disproportionate. My – you know – you know, I had not investigated. I had not looked at the matters that were being reported by the – by Nine Fairfax Media. I was simply in possession of the information that they had provided. “Unwarranted” is, you know, again, I think, something that I was not in a position to be able to provide commentary on and, equally, “disproportionate”. Those are – those are – are conclusions that I would only be reasonably able to make if I'd done a thorough investigation of the circumstances pertaining to those particular matters, and it's clear that I hadn't done so.

30

35

MR CONDYLIS: So you can't explain to the Inquiry why those words are used in these minutes?

MR JEANS: I can't explain those – having read this document, this is the first time I'm aware of those words being used.

40

MR CONDYLIS: Commissioner, that an appropriate time?

COMMISSIONER: It is, Mr Condylis. Perhaps I can give Mr Jeans, at least, from your perspective how long you might be so he's aware of - - -

45

MR CONDYLIS: I will be another half an hour.

COMMISSIONER: Half-past 2, we're hoping to conclude Mr Condylis's examination of you. And so I'll take the luncheon adjournment, Mr Jeans. And we'll see you at 2 o'clock.

5 MR JEANS: Thank you, Commissioner. Thank you, Mr Condylis.

**ADJOURNED** [1.00 pm]

10 **RESUMED** [1.59 pm]

15 COMMISSIONER: Yes, thank you. Yes, Mr Jeans, are you ready to proceed now?

MR JEANS: Yes, I am, Commissioner.

COMMISSIONER: Yes, thank you. Thank you, Mr Condylis. Yes.

20 MR CONDYLLIS: Mr Jeans, before the luncheon adjournment I was asking you questions about what you said to the risk committee on 9 August 2019. And now I'm going to ask you some questions about the second presentation you gave.

25 MR JEANS: Yes.

MR CONDYLLIS: On this occasion it was a presentation to the board of Crown Resorts and that took place on 20 August 2019; is that right?

30 MR JEANS: That's right, Mr Condylis, yes.

MR CONDYLLIS: Mr Jeans, if you go to your statement. That is tab 1. Operator, JEA.00 ..... 23, pinpoint 1125. Mr Jeans, it's your evidence in this statement that, essentially, a similar process was adhered to, to that which took place on 9 August 2019.

35 MR JEANS: That is correct, Mr Condylis. Yes.

MR CONDYLLIS: And you've confirmed in your evidence before lunch that you were aware of the allegations concerning Southbank and Riverbank?

40 MR JEANS: That is correct, yes.

MR CONDYLLIS: And of course, by 20 August that position had not changed?

45 MR JEANS: That is correct, yes.

MR CONDYLIS: And if anything, you may have read more into the stories that were in the media about those two companies?

5 MR JEANS: My recollection is that I'm not sure whether there were more stories. There was certainly more press coverage. Whether that was different types of press coverage, that's not my recollection.

10 MR CONDYLIS: Now, who invited you to present to the board on 20 August 2019?

MR JEANS: My direct contact with Mr Preston, Mr Joshua Preston.

MR CONDYLIS: And how did he contact you?

15 MR JEANS: Via telephone.

MR CONDYLIS: What did he say to you - - -

20 MR JEANS: Sorry, that was followed up with emails by Ms Lane.

MR CONDYLIS: Okay. So you had a telephone conversation with Mr Preston.

MR JEANS: Yes.

25 MR CONDYLIS: Do you know what day that was?

30 MR JEANS: It was around the same time so it may have been the email from Ms Lane was first, and then a telephone conversation with Mr Preston, you know, just to – obviously, to let me know why I was being asked to attend.

MR CONDYLIS: And did the telephone conversation take place between 9 August and 20 August?

35 MR JEANS: Yes, from my recollection.

MR CONDYLIS: What did Mr Preston say to you in that conversation?

40 MR JEANS: Really, that obviously based on my presentation to the board risk committee, I think it was – particularly Mr Demetriou thought it would be useful for me to come and provide the same information to the wider board.

MR CONDYLIS: Was it explained to you why that would be useful?

45 MR JEANS: No, just simply that obviously the board – the board wanted to – to understand the positions in my report.

MR CONDYLIS: How long did that conversation take, Mr Jeans?

MR JEANS: Less than a couple of minutes.

MR CONDYLIS: And so Mr Demetriou – his name was mentioned in that conversation?

5

MR JEANS: From memory, I think it was along that – or it may well have been sort of that was something that, you know, sort of Mr Demetrio mentioned at the board meeting that he had heard what I said at the risk committee and thought it would be appropriate, so I'm not – given it's almost a year ago, I'm not necessarily answering clearly what the circumstances were.

10

MR CONDYLIS: Of course. And were any other Crown officers mentioned in that conversation?

15 MR JEANS: Not at all. Not at all.

MR CONDYLIS: So an email was followed up after the conversation with Mr Preston, an email from Ms Lane.

20 MR JEANS: I think so. It was really just a high-level thing saying, "Could you please come", so I'm not sure, you know, what sequence they were in.

MR CONDYLIS: So at 10 am on 20 August 2019 there was a meeting of the board of directors. That was Crown Resorts Limited board.

25

MR JEANS: That is correct, as far as I'm aware.

MR CONDYLIS: You say in your statement at paragraph 19 that you outlined your findings and answered questions from Crown's directors on the content of your report. Now, the report you mention there, that's your first report.

30

MR JEANS: That is my first report, yes.

MR CONDYLIS: Which findings did you outline to the board?

35

MR JEANS: The findings that the transaction monitoring, in my opinion, was appropriate with regard to the section 36 of the Act, and chapter 15 of the rules, although obviously it could benefit from uplift due to obviously the manual nature of some of its elements.

40

MR CONDYLIS: And in your opinion, do you believe that you adequately explained to the board the scope of your report?

MR JEANS: Again, the report was – was, from my understanding was available to them but, obviously, the elements of it were – were contained – you know, were set out as part of my very short initial – initial comments before being asked questions.

45

MR CONDYLIS: How long did the presentation take?

MR JEANS: I would estimate – my initial presentation was no more than, you know, five to 10 minutes followed up by a series of questions, and obviously diving  
5 into more detail into certain elements of the report in terms of what I had done and how I had undertaken that piece of work.

MR CONDYLIS: All together, how long did the presentation and questions take?

10 MR JEANS: Again, certainly no more than – no more than 30 minutes, would be my recollection.

MR CONDYLIS: Half an hour.

15 MR JEANS: Yes.

MR CONDYLIS: So questions were asked in relation to your first report; do you remember who asked those questions?

20 MR JEANS: It was a broad – a broad gathering. There were multiple parties asking – answering questions from the various members of the board, so it would be difficult to single out anybody particularly. Again, when you're doing that sort of presentation, as I said before lunch, you tend to focus on giving the information and answering the questions, not necessarily who is asking the questions and – from that  
25 perspective.

MR CONDYLIS: Do you know – can you recall what type of questions were asked?

30 MR JEANS: It was all around sort of, okay, sort of, you know, trying to understand, you know ..... I had gone through. Asking particular questions around some of the monitoring – the monitoring elements but also – but there was a focus on, obviously, the – the uplifts that were going to be done and whether I thought they would be appropriate.

35

MR CONDYLIS: Okay. So there were questions around the monitoring program. I didn't catch the last word you said; did you say uplifts or - - -

40 MR JEANS: The uplifts. So the systemisation of the – the automation that was being planned, whether that was – whether I thought that was appropriate or that would be beneficial to the organisation.

MR CONDYLIS: And what were your answers to the questions?

45 MR JEANS: Well, the simple answer, obviously, for the first set of questions, I repeated the information in my report and for the second one, I highlighted that, obviously, the manual nature would benefit from – from an uplift, particularly to use

skilled resources in a more appropriate way, but also with a mind for that obviously the New South Wales casino was coming on board and, effectively, potentially there would be volumes of activity that would need to be monitored.

5 MR CONDYLIS: You then state at paragraph 20 of your statement that you were asked questions about the 60 Minutes television program.

MR JEANS: Yes.

10 MR CONDYLIS: Is it also your evidence that you were asked questions about the allegations in the newspapers?

MR JEANS: Again, it's the same – the same as I mentioned before lunch, that it's – it was – in my view the 60 Minutes was a particular focus and obviously the media –  
15 media commentary around that was sort of, in my mind, secondary.

MR CONDYLIS: Were you asked any questions about Southbank and Riverbank?

MR JEANS: I was not, no. To the best of my recollection, obviously.  
20

MR CONDYLIS: And you used a similar term of phrase in paragraph 20 where you say – sorry, paragraph – I think you say that:

*Whether I thought the content of –*  
25

sorry, at paragraph 21 you state – your answer to those questions was:

*My opinion that the content of the program did not conflict with my findings as set out in the report.*  
30

Can you just please elaborate on what you mean by that?

MR JEANS: Again, similar to my comments just prior to the lunch break, looking at the elements that were portrayed in the 60 Minutes television program, looking at  
35 the interactions that occurred between parties that were shown on – on the video and also, obviously, Crown staff, it was my opinion that the – that the AML/CTF transaction monitoring program or the money laundering and counterterrorism financing transaction monitoring program was appropriate because, effectively, they – there were controls in place that would have picked up the behaviour that was  
40 being – being sort of depicted, obviously, you know, as far as Crown would be able to know what that activity was.

MR CONDYLIS: If I can take you to back to paragraph 20, Mr Jeans - - -

45 MR JEANS: Yes.

MR CONDYLIS: - - - you say you were asked about the 60 Minutes television program. How was that question phrased; what was exactly asked of you?

5 MR JEANS: So it was simply, you know, had I seen the program – similar to the board risk committee – had I seen the program. For which I confirmed, yes, I had seen the program and – I didn't watch it at the time, but because of the nature of it, I – and, obviously, the press commentary around – around the nature of it subsequent to that, I took the time to go back and review that, that – that program. I was then asked to express my views on – on that program with reference to the work I had done. So again, it was a fairly straightforward process. So "Have you seen the program?" "Yes I have". "Is there anything that you would like to tell us or any information you can give in relation to your work that bears relevance on, you know, the matters portrayed in that program?"

15 MR CONDYLIS: In your opinion, what do you think those questions were trying to ascertain?

MR JEANS: In my opinion, those questions were - - -

20 MS ORR: I object. I object.

COMMISSIONER: Yes.

MS ORR: This witness can't be asked to speculate.

25 COMMISSIONER: Yes, put it differently, please. Just put it differently, Mr Condylis.

MR CONDYLIS: I will rephrase it, Commissioner. What issue was being addressed by the questions you were asked?

30

MR JEANS: The - - -

MS ORR: Well, I object to that question as well, Commissioner.

35

COMMISSIONER: What did you understand – it's all right, Ms Orr.

MS ORR: Thank you.

40 COMMISSIONER: What did you understand – well, it's a minor matter. What did you understand the issue was that was being addressed in the questions? Yes, Mr Condylis.

MR JEANS: Okay, thank you Commissioner. So my understanding was that the board were seeking to explore whether the information that was contained in the 60 Minutes program had any bearing on, effectively, the design adequacy their transaction monitoring program.

45

COMMISSIONER: Thank you.

MR CONDYLIS: Thank you. What was your response to that particular question giving rise to that issue?

5

MR JEANS: As per my statement, I believe that the issues – the matters set out in the program did not conflict with my findings about the adequacy of their – of the design of their transaction monitoring program.

10 MR CONDYLIS: Did you dismiss the allegations as you understood them to be arising from the 60 Minutes program?

MR JEANS: I did not necessarily dismiss them but that's not necessarily something I would do without, you know, as I said before – before lunch, without proper and further investigation. What I said was that they – they – they, to a certain degree, did not correlate with my findings or had any impact on my findings.

MR CONDYLIS: But did you explain that your report was not dealing – in a way was not dealing with the issues covered in the 60 Minutes program?

20

MR JEANS: As previously stated, I – I – they were clear on what the scope of my report was which was limited to the design adequacy of the transaction monitoring program, and my responses were phrased, or provided against that context.

MR CONDYLIS: Mr Jeans, I will ask if you can go to tab 32. That's CRL.515.001.0001. Please bring that document up on the hearing room screen. It's Crown confidential list 9, number 72 and please go to pinpoint 0007. And I'll ask that the top half be – sorry. Can I bring the redacted version up of that document, please. Thank you. Now, Mr Jeans, at the bottom of that page, you see that – this is the minutes – these are the minutes for the board meeting that day. You understand that?

30

MR JEANS: I understand them to be. Yes.

MR CONDYLIS: Do you understand that John Alexander was the chairman that day, and is the person who signed off on these minutes as being a true record of the business discussed. Do you understand that?

35

MR JEANS: I only have the redacted copy, which is the text that is available.

40

COMMISSIONER: You can accept that that's the case.

MR JEANS: I can assume that is the case, given he is - - -

COMMISSIONER: Yes.

45

MR JEANS: - - - the chairman of the organisation.

COMMISSIONER: Yes.

MR CONDYLLIS: Thank you. Now, you see that there is a minute recorded that says:

5

*The directors asked questions of Neil Jeans, particularly, in relation to any potential vulnerabilities with the AML/CTF framework.*

MR JEANS: Yes.

10

MR CONDYLLIS: What – is – well, were vulnerabilities asked about at the meeting?

MR JEANS: Sorry. Sorry, Mr Condylis, can you repeat that again? I missed that.

15

MR CONDYLLIS: Sorry. Were any potential vulnerabilities asked about within the AML/CTF framework at that meeting?

MR JEANS: Not – not to the best of my recollection.

20

MR CONDYLLIS: So you would – so that statement in the minutes is not accurate?

MR JEANS: To the best of my recollection, I believe that – that, you know, that is not my recollection of – of the – the conversation that occurred.

25

MR CONDYLLIS: Can you assist us in trying to understand why those minutes would record a statement which says you were asked:

*...particularly, in relation to any potential vulnerabilities with the AML/CTF framework.*

30

Why would that be recorded?

MR JEANS: Unfortunately, I wasn't in the mind of the writer who wrote the minutes, so that would be very difficult for me to comment upon.

35

COMMISSIONER: Well, I suppose, it goes to the understanding of the person who was reviewing it. And it may be that there's a different approach to what "potential vulnerabilities" means, I suppose, Mr Jeans.

40

MR JEANS: That is correct, Commissioner. I mean, that is, you know, minutes, by their nature, are a summation of the conversation. And people take different things from – from that conversation. And - - -

COMMISSIONER: Sorry.

45

MR JEANS: Sorry, Commissioner.

COMMISSIONER: I suppose, one of the things that that expression – although you haven't embraced it – that expression may refer to the fact that the system was manual when it really needed to be automated.

5 MR JEANS: That could be the case. Obviously, I'm fairly precise in my language about interaction monitoring program. They may have taken that to – they may have used "framework" to reference that.

COMMISSIONER: All right. Yes, Mr Condylis.

10

MR CONDYLLIS: Mr Jeans, can I ask you go to the page – the next page - - -

MR JEANS: Yes.

15 MR CONDYLLIS: - - - that's 0008. You will see in the top, in that paragraph which is disclosed - - -

MR JEANS: Yes.

20 MR CONDYLLIS: - - - you are recorded in observing that, in your opinion, having regard to the framework, that is, AML/CTF framework:

*Recent allegations made by Nine and Fairfax appear to be unwarranted and disproportionate.*

25

Do you agree with that statement as to what you said to the board?

MR JEANS: Again, I refer to my previous comments prior to lunch which were that, you know, to my recollection, I did not use the words "unwarranted and disproportionate". That's not the type of language I normally would use. Obviously, referring to the Commissioner's comments around what "framework" meant, potentially, I did, as per my statement, make it clear that the – my findings that the television program and the media coverage did not reflect or did not conflict with my findings. So, again, you know, "unwarranted and disproportionate" would require a significant degree of investigation and, quite frankly, I think I demonstrated that my report and the work I've done doesn't have that depth or breadth.

35

MR CONDYLLIS: So even putting the particular words used, it's your evidence that the use of words such as "unwarranted and disproportionate" does not capture the substance of what you told the board that day?

40

MR JEANS: That is correct.

MR CONDYLLIS: Mr Jeans, I'm going to take you to a new document. If you can go to tab 33. This is document INQ.100.040.1312.

45

MR JEANS: That is the – the news article by Mr James Thompson?

MR CONDYLIS: Yes, it is.

MR JEANS: Yes. I have that.

5 MR CONDYLIS: This is The Australian Financial Review, it was published on August 21, 2019. So, at 9.44 am. So the next – the next morning, after you spoke – after you presented to the board - - -

MR JEANS: Yes.

10

MR CONDYLIS: - - - this article appears in the AFR.

MR JEANS: That is correct.

15 MR CONDYLIS: If I can – have you seen this article before?

MR JEANS: Many times.

MR CONDYLIS: You know it well?

20

MR JEANS: It mentions me, so, yes. Absolutely.

MR CONDYLIS: And when did you read this article?

25 COMMISSIONER: For the first time or - - -

MR JEANS: Sorry. Well, I read the article for the first time, probably, somewhere in the region of 25 minutes after it was published.

30 MR CONDYLIS: Understandable.

MR JEANS: So around about – around about 10.15. I am a subscriber to the AFR and, obviously, this came up on my feed.

35 MR CONDYLIS: Now, if I can ask you to go to the next page, pinpoint 1313.

MR JEANS: Yes.

40 MR CONDYLIS: You will see at the bottom of that page, you are quoted as stating – sorry. Mr Alexander, that is, John Alexander, who was the chairman taking the minutes the previous day.

COMMISSIONER: Well, . I think he signed the minutes. I don't think Mr Alexander would have - - -

45

MR CONDYLIS: I withdraw that. I withdraw that.

COMMISSIONER: Yes.

MR CONDYLIS: The person who – correct – who took the – who signed off on the minutes has quoted you as stating:

5

*He, as recently as yesterday ... told the board that we are completely compliant. We are a gold star customer.*

10 That's what Mr Alexander is quoted as saying to the media. And he is referring to what you told the board the previous day. Do you understand that?

MR JEANS: I understand that. Yes.

15 MR CONDYLIS: Did you tell the board that they were – that Crown Resorts was completely compliant?

MR JEANS: No, that is not language or an opinion I expressed.

20 MR CONDYLIS: But, in substance, did you tell the board they were completely compliant?

MR JEANS: No.

25 MR CONDYLIS: Did you tell the board that they were a “gold star customer”?

MR JEANS: That is language I have never used prior to this – prior to this article being presented in any report to any customer and any meeting with any customer.

30 MR CONDYLIS: Did you, in substance, tell Crown Resorts that they were a gold star customer?

MR JEANS: No, I did not.

35 MR CONDYLIS: So, in your opinion, Mr Jeans, as a person being quoted here directly in that statement, is that an accurate statement?

MR JEANS: From my opinion, no, that is not an accurate statement.

40 MR CONDYLIS: Because it doesn't reflect what you told the board that day?

MR JEANS: It doesn't reflect what I told at the board at the meetings that I attended.

45 MR CONDYLIS: On 20 August 2019?

MR JEANS: That is correct. Yes.

MR CONDYLIS: Now, Mr Jeans, as a final point of assistance, could I ask you some general questions – well, if I can just finish this off this way: Mr Jeans, you’ve given evidence that you believe, in your opinion, that that statement does not accurately record what you told the board on 20 August 2019. You’ve also given  
5 evidence that you read that article moments after it was published.

MR JEANS: That is correct.

MR CONDYLIS: Did you take any steps to contact Crown Resorts to ask why that  
10 statement was made to the media?

MR JEANS: I – I did – I did contact Ms Lane and, obviously, expressed my concern about the language that was used in the press report.

15 MR CONDYLIS: How did you contact Ms Lane?

MR JEANS: By mobile telephone number – by mobile telephone.

MR CONDYLIS: Did you send an email – a follow-up email – or any document,  
20 any – did you send an email?

MR JEANS: I’m not quite sure whether I – I – possibly, but that’s not necessarily my recollection. I remember I was in the middle of undertaking the Afterpay external audit at that time, so, effectively, I was between meetings and, basically,  
25 reached out and said, “I’ve seen the article. Obviously, this is not what I represented,” or not – you know, it doesn’t necessarily appropriately reflect my – my submissions to the board. And whether that was by email – it was certainly by telephone. Whether there was a follow-up email, I can’t remember. I’ve got some emails in front of me, but I haven’t focused on that element, particularly.  
30

MR CONDYLIS: So, approximately, at what time – so this this phone call took place on the 21st of August 2019?

MR JEANS: It took – on the 21 August; correct. Yes.  
35

MR CONDYLIS: What time, roughly?

MR JEANS: It would have been before – before 11.30, so within an hour.

40 MR CONDYLIS: So the article is published with the headline:

*Crown gets ‘gold star’ on anti-money laundering.*

MR JEANS: Yes.  
45

MR CONDYLIS: At 9.44 am. Obviously, you’re quoted as the source – as the indirect source – of that comment.

MR JEANS: That is correct.

MR CONDYLIS: And you call Ms Louise Lane at 11.30 am?

5 MR JEANS: That is correct. Yes.

MR CONDYLIS: What did you say to - - -

10 MR JEANS: Well, I don't ..... before 11.30. Within an hour of reading that report, I contacted Ms Lane.

MR CONDYLIS: I understand. And what did you say to Ms Lane?

15 MR JEANS: I said that, obviously, I've seen the press comment. I think it was in multiple – multiple newspapers, not just the AFR. And, obviously, the reference to the – the “gold star” that, alleged, I had given Crown in relation to its AML/CTF program. Obviously, she was aware that that was not the case. And she was, clearly, aware of the scope of the work that I had previously done. And, obviously, we left the conversation there. Subsequent to that, I did have a contact by – with – by Mr  
20 Barton. And he confirmed that, in any follow-up conversation, they would characterise my – the information I had provided differently. And I received that in confirmation in an email dated – timed at 11.54 on the 21st of August, from Mr Barton.

25 COMMISSIONER: And did they do that?

MR JEANS: Not that I'm aware. I think they may have done it, but whether that was reported in the press, I don't know. But it was certainly a strong commitment by Mr Barton, which I took in good faith that they would characterise – characterise –  
30 my – my involvement. And I can quote directly from that email, if it would assist you, Commissioner.

COMMISSIONER: Thank you very much.

35 MR JEANS: It says – the quote says – it says:

40 *Hi Neil. Just checking you are happy with the following as a quote from us, “Initialism was engaged by Crown to review its transaction monitoring program. Initialism concluded that Crown’s existing transaction monitoring program is compliant with the AML/CTF Act and the rules.” Thanks, Ken.*

COMMISSIONER: Yes. So there was never any intention or request for them to correct what had been published about you, giving them the “gold star”?

45 MR JEANS: I never – I never made that request. I simply pointed out that there was factual inaccuracies, Commissioner. And, obviously, Crown took appropriate action according to – as far as I'm concerned - - -

COMMISSIONER: Thank you.

MR JEANS: - - - from my basis.

5 COMMISSIONER: Yes, I understand. Yes, Mr Condylis.

MR CONDYLIS: Yes. So just so I can understand your evidence, Mr Neil – sorry – Mr Jeans, the evidence is that you had a conversation with Ms Louise Lane at or – around an hour after the article is published.

10

MR JEANS: Within – within an hour, an hour and 30 minutes. Yes.

MR CONDYLIS: How long did that conversation last, Mr Jeans?

15 MR JEANS: A minute and a half, maybe, maximum.

MS SHARP: That conversation – that call was followed up by, you mentioned another person, who called you?

20 COMMISSIONER: Mr Barton.

MR CONDYLIS: Mr Barton called you?

MR JEANS: No. I had an email from Mr Barton.

25

COMMISSIONER: Sorry.

MR CONDYLIS: Mr Barton emailed you - - -

30 MR JEANS: Yes.

MR CONDYLIS: - - - after Ms Lane had spoken to you on the phone?

MR JEANS: Yes.

35

MR CONDYLIS: And were there any other communications between you and anyone from Crown?

40 MR JEANS: Not to the best of my recollection. Effectively, my concern was making sure that the record was being set straight in any subsequent conversations. And the language that Mr Alexander used was – was not – was not continued to be used.

45 MR CONDYLIS: And, to be clear, the email you read out moments ago was an email – that's the email from Mr Barton correcting – indicating to you the position that they were going to represent about the work you did for Crown?

MR JEANS: That is correct, yes.

MR CONDYLIS: Mr Jeans, as a final matter now, I'm just going to ask you some general questions about the broader AML/CTF framework.

5

MR JEANS: Yes.

MR CONDYLIS: And the inquiry would be assisted to get your views on these matters. At the beginning of this examination you indicated that you are an approved auditor by AUSTRAC?

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MR JEANS: That is correct, yes. For the Afterpay audit last year.

MR CONDYLIS: And is it the case that reviews of private sector companies, the AML/CTF programs, is something that you do regularly?

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MR JEANS: I do them on a frequent basis, yes.

MR CONDYLIS: Do you have any general views about the efficacy of that process where a person like you, who is separate from the company, is asked to give an opinion in relation to that company's AML and CTF programs and procedures?

20

MR JEANS: I think you need to – we need to split it between the two elements. One is the independent review under chapter 8.6 or 9.6 of the rules, which is a requirement of the rules to have a regular review. I think there is a significant degree of efficacy – to use your – your phrase, Mr Condylis – about that work. Effectively, it is – it is a regular independent lens on – on the work that's being done. It is something that is increasingly relied upon by regulators not only in Australia but globally because, effectively, with the limited supervision capabilities, effectively it's an independent party coming in. And it presents an opportunity for the board to understand exactly where they stand from an AML/CTF compliance because there is a specific requirement that that report goes to the board and is reviewed by the board so therefore they become aware of any findings that that independent party discovers.

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30

The challenge with the current rules is that the time frame for those being undertaken is unspecified. It is regular based on the size, nature, complexity and risk – risk of the business. Whereas in other jurisdictions such as New Zealand it is mandated by law to be every two years rather than – so every two years you must have one of those. So really, it's – the current standard is up to the organisation to decide how frequently they have those and it's only really in hindsight that organisations discover that maybe those independent reviews weren't as frequent as they should have been because there are issues that went undiscovered for a long period of time.

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Separately to that, there is obviously the external auditor capability under the Act – under section 162 of the Act, and that is a completely different focus. That is obviously instructed by AUSTRAC; the auditor is authorised by AUSTRAC. And the auditor is – is required to answer a specific set of questions, which are contained

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within the section 162(2) notice and respond to – and provide a report to AUSTRAC on those particular issues, so they are two very separate elements. One is, I would call the general hygiene and the general part of the board’s activity around oversight and governance. Another is for an organisation to have a specific – a specific review  
5 for a specific purpose, and those are obviously – are far more infrequent and in the current regime there have only been two that have been undertaken to date.

COMMISSIONER: To use an analogy, I suppose the former process is one, as you’ve referred to, as making sure you are checking the general health of the  
10 organisation. The second one - - -

MR JEANS: Yes.

COMMISSIONER: The second one seems to be that when the AUSTRAC CEO  
15 forms a view that there may be some major surgery that might be needed.

MR JEANS: That is an accurate characterisation, yes.

COMMISSIONER: Because the prerequisite to the second one is whether the CEO  
20 forms a reasonable suspicion or reasonable grounds to suspect - - -

MR JEANS: That is correct. So the wording of the notice – the first paragraph is the CEO of AUSTRAC has formed a suspicion that there may be a contravention, and therefore it instructs the reporting entity to appoint an auditor, approved by  
25 AUSTRAC, to explore the issues that AUSTRAC believes have occurred.

COMMISSIONER: That leads into another aspect and that is all these structures under the AML/CTF Act are about, in many respects, reporting to AUSTRAC. You understand that?  
30

MR JEANS: I do, absolutely, yes. That is correct. I mean that is the basis of the – of the AML regime to generate reports. Obviously, supervision is part of that process.

COMMISSIONER: And from what I have seen – and it’s not controversial – it does seem that it’s necessary not only to report to AUSTRAC but to turn your vision back in on yourself, is it not?  
35

MR JEANS: That is – that is correct, Commissioner. Yes, absolutely. It’s vitally important because you can set up the best program and you set up the best controls, but you need to understand whether they are working effectively or not. If – if they’re not working - - -  
40

COMMISSIONER: The only way to do that is to have a look critically at what you’re up to; is that right?  
45

MR JEANS: That is correct, Commissioner. Yes.

COMMISSIONER: And in the circumstances of where there is the prospect that money laundering is taking place, it does need a very careful analysis of all aspects of the process; would you agree with that?

5 MR JEANS: That is correct. Hence why the independent review process is across the completely part A of the program, not focused on one particular area.

COMMISSIONER: But you don't have to depend upon a legislative structure for that, surely, Mr Jeans, if you're - - -

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MR JEANS: No.

COMMISSIONER: If you're a corporation with the will to make sure that you're a good corporate citizen, you just do the review, perhaps on an annual basis or

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MR JEANS: Yes.

COMMISSIONER: Obviously cost has to be taken into account, but you would be interested in making sure that you can actually produce something that says we are a gold star organisation, wouldn't you?

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MR JEANS: Absolutely, I would agree with you. And also, you know, if you're not a gold star organisation, to use the term, I've used it more in the last year than I have ever before, I would suggest that, you know, it gives you the opportunity to identify where you aren't a gold star organisation and take steps to fix it before, you know, sooner rather than later rather than wait for issues to occur. And that is the whole essence of the independent review process which is to give the board and senior management insight into the workings of their AML/CTF program, identify what is working well but also identify what is not working well and therefore may need some additional resources, some additional attention or a change in business practices, whatever is appropriate.

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COMMISSIONER: In February of this year, we had some international experts assist the inquiry with some evidence, and one of whom gave some evidence about the way in which you should structure your AML team to be independent from other parts of the organisation. Do you have a view on that, Mr Jeans?

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MR JEANS: I do. So there are – again, most organisations adopt what we call, you know, of a certain size adopt what we call a three lines of defence model. And a three lines of defence model is obviously specified in the risk management standards which effectively means you have multiple different parts of the organisation undertaking different levels of activity to make sure things are working correctly. So you have the first line of defence, which is the business, checking that the outcomes of the systems are appropriate. You have the second line which is usually the compliance function setting the frameworks but also then overseeing the testing that is undertaken by the first line. And above that you have the third line of defence

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which is the internal audit function which provides more of an assurance approach to the board. And these are separate to, obviously, the independent review process.

5 And it's my experience that, you know, it's a bit of a pyramid with the third line of  
defence at the pointy end of the pyramid and, effectively, the frequency of the review  
is more frequent at the lower end, ie, the first line of defence. So therefore, the first  
line of defence, the business does more frequent testing and monitoring than the third  
line of defence, but the depth of the monitoring is actually reversed. So you would  
10 expect the third line of defence – the internal audit – to do more detailed analysis  
than necessarily the first line who are operating the controls.

COMMISSIONER: Yes, we have had some trouble with pyramids in some of the  
evidence but just going back to what I was asking you about, and that is to cocoon  
the person who is actually providing the AML assessment and advice to the board.  
15 So what I'm asking you is, do you agree with the proposition that the AML team,  
effectively, that person or persons who are advising the board on their risks in  
relation to AML, should not be part of the organisation that's driving profits. Do you  
agree with that?

20 MR JEANS: I do agree with that because, you know, history has told us over the  
last 20 years of AML/CTF compliance that there becomes an interesting conflict  
between profit and compliance or revenue and compliance. And if you put  
compliance or the control of compliance too close to the revenue stream, one will  
suffer and it's usually the compliance. And there's many, many case studies to  
25 demonstrate that.

COMMISSIONER: Yes. Is that all, Mr Condylis?

30 MR CONDYLIS: I have no further questions.

COMMISSIONER: Yes, thank you. Are there any applications for any questions to  
be asked by way of clarification?

35 MS ORR: Commissioner, could I have a brief adjournment to seek some  
instructions?

COMMISSIONER: From your solicitors, you mean?

40 MS ORR: Yes, I do.

COMMISSIONER: Yes. Yes, of course. Ms Case, would you like to ask any  
questions, do you think?

45 MS CASE: No. Thank you, Commissioner.

COMMISSIONER: And Mr Barnett?

MR BARNETT: I wouldn't imagine so, Commissioner, thank you.

COMMISSIONER: All right then. Ms Orr, how long do you think you will need?

5 MS ORR: Perhaps 10 minutes if that is suitable to the Inquiry.

COMMISSIONER: The next witness is Ms Siegers, so I think what we will do is to  
– if our don't mind, if you tell me if you think this is not going to be suitable, but I  
think what we might do is to alert your instructors to have Ms Siegers available as  
10 soon as you indicate a time frame. Would that be helpful, Ms Orr?

MS ORR: Yes, absolutely. Thank you, Commissioner, we will do that.

COMMISSIONER: Thank you. Yes, I will adjourn for a short while. Thank you.  
15

**ADJOURNED** [2.41 pm]

20 **RESUMED** [2.52 pm]

COMMISSIONER: Thank you. Yes, Ms Orr.

25 MS ORR: Commissioner, I've just got some questions of Mr Jeans.

COMMISSIONER: And this is to clarify in what respect?

MS ORR: It arises from the evidence that Mr Jeans gave about his interactions with  
30 representatives of Crown – AML representatives of Crown.

COMMISSIONER: Yes. Yes, please proceed, Mr Orr.

35 **<EXAMINATION BY MS ORR** [2.53 pm]

MS ORR: Thank you, Commissioner.

40 Mr Jeans, you will recall the evidence that you gave about the interactions that you  
had with representatives of Crown for the purposes of the work that you have done  
for Crown?

MR JEANS: That is - - -  
45

COMMISSIONER: Do you mean in relation to the reports or in relation to the  
meetings, if you could just clarify that for me?

MS ORR: Yes. I mean in relation to the reports that you have produced, Mr Jeans.

MR JEANS: That is correct, Ms Orr, yes.

5 MS ORR: And the representatives of Crown that you engaged with for the purpose of providing those reports, were from Crown's AML function; have I understood your evidence correctly?

MR JEANS: That is correct, primarily, yes.

10

MS ORR: And based on those interactions that you had with Crown's AML representatives, do you have any concerns, or do you have any observations that you wish to make about whether Crown takes its obligations in relation to anti-money laundering seriously?

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MR JEANS: I think it's evident from my interactions that they take it seriously. They wouldn't have employed somebody like me to undertake the level of work that I did if they didn't take it – take that seriously. Clearly, they were focused on making sure – or clearly, they recognise that transaction monitoring was a key control for them, given the nature of their business and, clearly, they were focused on making sure they were getting that right.

20

MS ORR: So do you have any observations to make, Mr Jeans, based on those interactions about the extent to which Crown makes genuine efforts to respond to the risk that its services might be used for money laundering?

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MR JEANS: It's certainly my opinion, based on those interactions and based on the work that I've done with them that, you know, they are making genuine efforts and they did – or they were making genuine efforts to address their obligations and also to prevent their business being used for money laundering, based on the information that I received.

30

MS ORR: And based on those interactions, do you have any observations about the allegation that Crown has turned a blind eye to its services being used for money laundering?

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COMMISSIONER: Just pause there for a moment. Specifically, Ms Orr, I think we need to be careful here because if the specific allegation is to be put and you want to obtain Mr Jeans' observations about it, that's one thing. If you just want a general observation, that's a different thing. I'm not quite sure which it is, because you've combined the word "allegation".

40

MS ORR: I would like Mr Jeans' views on those allegations, based on his interactions with the Crown AML function.

45

COMMISSIONER: Well - - -

MR JEANS: Which allegation are you specifically - - -

COMMISSIONER: Just pause, Mr Jeans, please. Just pause, Mr Jeans. You see, there are allegations specifically outlined in the press and there is a need to be careful  
5 because it forms a pivotal part of the Terms of Reference. So if you wish to put a particular allegation, then we need to go to the specific allegation and then qualify Mr Jeans in respect of what aspect of the Crown operations to which you're referring in the knowledge that his role was very, very limited. So I think to assist me, I think it's not going to help unless you do that, Ms Orr, at the moment.

10 MS ORR: Well, Commissioner, it is the broad allegation that was made in the press, that Crown has turned a blind eye to its premises and the services.

COMMISSIONER: Can we have a look at that because I think it's necessary to go  
15 to the allegation.

MS ORR: Yes. Do you mean, Commissioner, in the 60 Minutes program?

COMMISSIONER: I'm not quite sure which allegation you are referring to,  
20 because there are specific allegations, unfortunately. I mean, Mr Jeans has indicated to me that his impression of your client was that they were trying their best to do what they could in the circumstances, otherwise they wouldn't have employed him or retained him. As to whether he can tell me about what he thinks about an allegation, I'm not sure that I will be assisted. I can listen to what he said about what you have  
25 asked.

MS ORR: I won't take that matter further, Commissioner.

COMMISSIONER: All right.  
30

MS ORR: There is, though, one further matter that I wish to raise with the inquiry.

COMMISSIONER: Yes.

35 MS ORR: And it's a matter that I would like to raise in the absence of the witness before the witness is released. Would the inquiry permit me to do that?

COMMISSIONER: Yes, of course, Ms Orr. Mr Jeans, what I'm going to ask to  
40 happen – I'm not sure this is technologically possible but I'm going to ask this is to happen, that your audio of me and your audio of Ms Orr, that is, the audio is turned off, but you can still see us. Is that possible, operator? In other words, Mr Jeans will still be there but you will just mute me against him and Ms Orr against him. Mr Jeans, could you please mute your computer and just give me a wave to let me know you can't hear me. I'm hoping you can't hear me.

45 MR JEANS: Unfortunately, I can only mute myself; I can't mute you, Commissioner.

COMMISSIONER: All right, then.

MR JEANS: Would you like me to leave?

5 COMMISSIONER: We will just handle it technologically. We will terminate the link for a moment and bring you back shortly. If you would be so kind enough to wait there, Mr Jeans.

MR JEANS: Very well. Thank you.

10

COMMISSIONER: Thank you very much. Just one moment. It won't be long.

<THE WITNESS WITHDREW

[3.00 pm]

15

COMMISSIONER: Yes. Yes, Ms Orr.

MS ORR: Thank you, Commissioner. I appreciate that that wasn't an easy  
20 exercise. Thank you for doing that. I wanted to raise this matter in the absence of the witness because it involves the evidence that the witness has given shortly prior to lunch and shortly after lunch, about the presentations that he made at the risk management committee meeting, and the board meeting in August 2019. As a result of the evidence that was given just prior to lunch, my client has caused searches to be  
25 made for contemporaneous records of those two meetings. We have located handwritten notes from the risk management committee meeting. We have not yet reviewed them for confidentiality and privilege. But it seems clear that they contain material that should, as a matter of fairness, be brought to Mr Jeans' attention so that he is given an opportunity to reconsider aspects of his evidence.

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The board meeting minutes are in the process of being obtained. I believe that they have been found but not yet scanned. These are handwritten exercise book notes taken in the course of these meetings. So what I wanted to do was seek the guidance of the Inquiry about the best way to proceed. Neither of these documents are yet  
35 with the Inquiry. Only one of the documents is even with my instructors. But as a matter of fairness and to assist the Inquiry with understanding the true position in relation to those two meetings, we think that these are important documents for the Inquiry to have. So I wanted to raise that and seek your guidance about the best way to proceed.

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COMMISSIONER: You could utilise the document that you have immediately, and your solicitor can send it through to the solicitors assisting me. But whilst Mr Jeans is here, you can put to him what you wish to put to him, and so that he can get away from the witness box as best as possible, and I presume that the other document will  
45 come to you while you are examining now and I think shortly if you just put to him what you understand the position as noted was.

MS ORR: Yes. It may be difficult for me to do that in relation to the second document without a brief break to read that document, Commissioner. But I - - -

COMMISSIONER: I can understand the difficulty.

5

MS ORR: Yes, I believe I will be able to do that in relation to the first document. We can get that document to the Inquiry as soon as possible. I do just want to flag, though, that there may be content in that document that needs to be the subject of an application. I will endeavour not to refer to any of that content. I only want to refer to the part of the document that relates to Mr Jeans' presentation.

10

COMMISSIONER: Yes. Yes, I think what you should do, if you can get some instructions from your solicitors as to what actually is in the note. You can simply put it to Mr Jeans, as you will in no doubt, in both instances, hopefully. I will let you proceed with the first and, hopefully, while you are there, you will get some instructions to proceed with the second. But we will see what happens, Ms Orr.

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MS ORR: Yes, thank you, Commissioner. Now, it may take some time for the documents to be available on the electronic system for Mr Jeans.

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COMMISSIONER: That's all right. I'm not wanting any of that to occur. I just want you to put to the witness - - -

MS ORR: I see.

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COMMISSIONER: I just want you to put to the witness what you want to put. Let him deal with it. And then if the instructions arrive shortly for you to put what you want to put in respect of the board meeting, and then we can move on and then you can subsequently send the documents to those instructing at this end.

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MS ORR: So just so I understand your position, I should do this without utilising the documents; is that the Inquiry's intention?

COMMISSIONER: Yes, because otherwise it will take too long.

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MS ORR: Yes. I am just concerned as a matter of fairness to the witness, without seeing these documents.

COMMISSIONER: I don't think there's any difficulty. If there's any – you can put to him that he said X. You've got a document that you believe might reflect X. And you will send that – that will be sent through to the Inquiry in due course. It's just putting to him your instructions inconsistent with what he said and that can be done quite straightforwardly.

40

MS ORR: Yes, I understand.

45

COMMISSIONER: Yes. All right.

MS ORR: Thank you, Commissioner.

COMMISSIONER: Yes. Thank you. Please bring Mr Jeans back. Yes. Please unmute yourself now, Mr Jeans, if you'd be kind enough. Yes. It's at your end, Mr  
5 Jeans. It's you. If you can unmute. Someone can send a note, please. So, Mr Jeans, can you hear me now?

10 <NEIL GEORGE JEANS, ON FORMER AFFIRMATION [3.06 pm]

<EXAMINATION BY MS ORR

15 MR JEANS: My audio is on mute.

COMMISSIONER: Yes. No, that's fine. We can now – we can now hear you. Good. Mr Jeans, can you hear me now? No. You say no. We'll just pause there for a moment and we will just make sure the operator is – it won't be long, I hope.

20 MR JEANS: Is that better now?

COMMISSIONER: Yes, that's excellent. Thank you, Mr Jeans. You can hear me?

25 MR JEANS: No. Unfortunately not, Commissioner.

COMMISSIONER: Can you hear me now?

30 MR JEANS: No. Sorry.

COMMISSIONER: All right. Yes, please, operator, if you would assist.

MR JEANS: Is that, hopefully, now?

35 COMMISSIONER: Yes. I can hear you - - -

MR JEANS: Sorry about that. Unfortunately, my computer went to a different set of speakers, in the lobby.

40 COMMISSIONER: That's all right. Mr Jeans, there was nothing untoward that happened in your absence. What happened was this: that Ms Orr is now in possession of some documents that record things that happened at the board meeting and so – or at one of the meetings. I think it's the risk committee meeting, at the moment. And what is now going to happen, with leave, is that Ms Orr is going to put  
45 to you some questions and, if it's necessary, then we can ask you some further questions at a later time. But, at the moment, Ms Orr is going to put to you her instructions in respect of those meetings. Do you understand that?

MR JEANS: I do, yes. Thanks, Commissioner.

COMMISSIONER: Yes, Ms Orr.

5 MS ORR: Thank you Commissioner. Mr Jeans, I have a document which is a document created by a participant in the risk management committee meeting that took place in August 2019. It is a set of handwritten notes recording discussion at that meeting. And I want to ask you a series of questions based on the handwritten notes, which you will not have seen. Do you understand, Mr Jeans?

10 MR JEANS: Absolutely. Yes.

MS ORR: And I would like to read some aspects of these notes to you and ask you, in light of what I read to you, whether you wish to reconsider the evidence that you gave about your presentation at the risk management committee meeting.

15 MR JEANS: Okay.

MS ORR: Thank you. So the risk management committee meeting notes record that, after joining the meeting, you provided an overview of your background. Does that accord with your recollection of how your presentation commenced?

MR JEANS: That is my usual practice to set out my experience, therefore, qualify my findings. Yes.

25 MS ORR: The notes also record that, after dealing with your background, you indicated that transaction monitoring was one key obligation. Do you recall saying that?

30 MR JEANS: I don't, specifically, recall saying that but it would certainly be something that is my opinion. Absolutely.

MS ORR: The notes record that you indicated that your review had focused on how transactions were monitored, the depth and breadth, and looked at future plans. Is that consistent with your recollection of your presentation?

35 MR JEANS: It's consistent with my – the findings in my report. So, yes, that would be – would appear to be appropriate.

40 MS ORR: The notes then contain a specs entitled Key Findings, which appears to be a note of what you said about the key findings of your report. And the notes record you as - - -

COMMISSIONER: Just pause there for a moment. Yes, Mr Condylis.

45 MR CONDYLLIS: I would ask my friend to identify the source of those documents.

COMMISSIONER: I see. Yes. Thank you. The person who has written them, you mean?

MR CONDYLIS: Yes.

5

COMMISSIONER: Yes.

MS ORR: Yes.

10 MR CONDYLIS: Thank you Mr Condylis.

MS ORR: The person who has written these notes is Ms – I’m sorry, I want to get this name right, Ms Lauren Harris.

15 COMMISSIONER: Thank you, Ms Orr.

MS ORR: Thank you.

20 COMMISSIONER: I’m sorry to interrupt you in the middle of that. Yes. So if you could just - - -

MS ORR: Not at all.

25 COMMISSIONER: - - - start again.

MS ORR: I was asking about the presentation of your key findings, I think, Mr Jeans. And this document records that the first thing that was said was:

30 *Did have appropriate depth and breadth? Answer: Yes, capturing all ways money can be sourced and stored through reports. Covered all gaming activity.*

Do you recall saying that, Mr Jeans?

35 MR JEANS: That – I don’t recall specifically saying that, but that accords with my report.

MS ORR: There is then a reference to you using the words:

40 *Highly manual; relied on skill and knowledge; had a key number of people.*

And that is consistent with the evidence you have given, Mr Jeans; do you agree?

45 MR JEANS: That is consistent with my report. Absolutely. Yes.

MS ORR: There is then a reference to a question put to you from a person with the initials “JP”, which may be John Poynton, and the question is:

*How compare to industry players?*

Do you remember receiving a question to that effect during the risk management committee meeting?

5

MR JEANS: I believe that, from memory, there were sort of – they wanted to – part of the questions were how they stood up – stood up to other reporting entities. Yes.

MS ORR: Yes. Do you recall your response to that question, Mr Jeans?

10

MR JEANS: I believe I said that they compared favourably.

MS ORR: Yes. The notes record that you indicated that they compared well. The notes also record these words attributed to you:

15

*Unique business, and limited, so tailor to your business.*

Do you recall saying that?

20 MR JEANS: I don't recall saying that, but, certainly, you know, it would be my opinion that, given the unique nature of Crown's business in the – in the reporting entities – there's very few casinos in Australia – that, you know, ultimately the transaction monitoring that was appropriate for other reporting entities would not be appropriate for Crown. And Crown had done a good – understand what was  
25 appropriate for them.

MS ORR: There was a reference to:

*Most systems financial services focused, so needed to build our own.*

30

Do you recall that point being made during the meeting?

35 MR JEANS: That – I think, that was – that, again, scratching my memory, that will be something based on the other commentary, which is around the fact that transaction monitoring systems that you buy off-the-shelf have been designed, purely, for financial services, because, obviously, that's a larger market rather than for the more bespoke or niche requirements of an – of an organisation, such as a casino.

40 MS ORR: There are some further entries in these notes. And then a question is asked, which is attributed to "AD", which may be Andrew Demetriou. The question is recorded as – in this way, Mr Jeans:

*Press coverage – interested. Are the criticisms warranted?*

45

Do you recall that question being asked?

MR JEANS: Not specifically in those words. Again, I draw your attention to my statement which said I was asked my opinion on that press coverage.

MS ORR: Well, I want to put to you that you were asked:

5

*Are the criticisms in the press coverage warranted?*

MR JEANS: That's not my recollection.

10 MS ORR: I will read to you what the note records as your response to that question, Mr Jeans:

15 *No. Draws some long bows. One sided. Issues for general environment. Disproportionate, based on what we based on what we do and the systems we have.*

Do you recall saying that, Mr Jeans?

20 MR JEANS: No, I do not.

MS ORR: Do you maintain your evidence that the minutes, insofar as they refer to you, as having described the press coverage as "unwarranted and disproportionate" are wrong?

25 MR JEANS: Based on my recollection, they were. It's, again – you know, I may have been asked to comment on the press coverage and, obviously, the content of the – of the – the television program. And, obviously, effectively, the focus of the television program, ie, it may – you know, in my opinion it was heavily one-sided and didn't present a balanced approach. But I certainly don't recall using those  
30 specific words.

MS ORR: Do you dispute that you used those words, Mr Jeans?

35 MR JEANS: I, quite simply, you know, can't say one way or the other, you know. I can give you my recollection. I can, basically, give you my opinion, which was, you know, that the program was heavily biased, one-sided and, you know, given some of the – the way that the information was portrayed in the program, it didn't really give a rounded opinion of the situation, in my view.

40 MS ORR: And do you recall expressing those views to the risk management committee, as these notes record?

45 MR JEANS: I – I would – from memory – and, again, it's something that I would – that, possibly, I could well have said or one of the questions I could have been asked.

MS ORR: All right. I will now ask you some questions about a document also authored by the same author, also contemporaneous handwritten notes of the meeting

of the Crown board that you attended in August 2019. Now, those notes record “AD”, possibly Mr Demetriou, asking you another question:

*Question for Neil: how did Crown stack up?*

5

Do you recall Mr Demetriou asking you that question?

MR JEANS: Not directly and not specifically. I certainly, obviously, recollect that I was asked, you know, how do Crown stack up from a transaction monitoring perspective. And that was obviously part of my statement and part of the evidence I’ve previously given. Whether that question came from Mr Demetrio, I – I honestly couldn’t say. And I have no recollection of that.

10

MS ORR: Do you recall what you said about how Crown stacked up at the Crown board meeting?

15

MR JEANS: I do not, apart from my comments that, effectively, the transaction monitoring program was appropriate, was a designed effectively and, again, some of the commentary that you have refreshed my memory on in terms of the appropriateness and the uniqueness of the transaction monitoring challenges they faced.

20

MS ORR: Your response to that question is recorded in this document as:

*Appropriate systems and controls. Leading the way in this space, because no off-the-shelf products.*

25

Do you recall saying that, Mr Jeans?

MR JEANS: I don’t recall saying that but, again, that would align to my – my commentary, specifically, around the transaction monitoring program.

30

MS ORR: Is that your view, Mr Jeans?

MR JEANS: It – it was then and, on the basis that I have no additional knowledge, it is today. Yes.

35

MS ORR: Do you recall being asked questions earlier about whether you were asked about vulnerabilities in this meeting? Do you recall those questions?

40

MR JEANS: Yes. I believe I probably do, but it would help, a refresh of memory, if that’s possible.

MS ORR: Well, these notes record a question being put to you by “HC”, possibly Helen Coonan, the question is recorded as:

45

*Where are the vulnerabilities?*

Do you now recall that question being asked?

MR JEANS: I don't recall that question being asked. I thought you were referring to my previous evidence, in terms of reference to vulnerability.

5

MS ORR: Yes. I'm sorry. I was. But I'd now like you to consider, based on this note, which indicates there was a direct question asked of you:

*Where are the vulnerabilities?*

10

Whether that accords with your recollection?

MR JEANS: I can't be specific in terms of recollecting that. Again, as I said, there were multiple questions asked. I made it clear that, you know, I have a broad understanding of what those questions – or not what are specific questions – what the specific questions were.

15

MS ORR: These notes also record a question put to you by JH, possibly John Horvath:

20

*How confident can board be that a level of illicit activity is low?*

Do you recall receiving that question?

25

MR JEANS: Not at all.

MS ORR: The notes record you saying in response:

*Identify where possibly can.*

30

Do you recall saying that, Mr Jeans?

MR JEANS: I don't recall saying that. But reflecting on – on the comment that you've made, effectively, that would be basically mean that you have to tailor your transaction monitoring program to where your vulnerabilities lie. That's the essence of the AML/CTF Act and the rules which is it's risk based. You should be focusing your efforts where the risks – risk present themselves.

35

MS ORR: The notes record the words:

40

*Comfort that controls and processes in place are well set up.*

Do you recall saying that to the board?

45

MR JEANS: I don't recall saying that but, again, that would reflect my view specifically to transaction monitoring.

MS ORR: Yes. You have made that point, Mr Jeans, but that qualification does not appear in the portions that I have read to you. Do you maintain that despite that qualification not being in these notes, your comments were restricted to the transaction monitoring program?

5

MR JEANS: I do.

MS ORR: You are recorded in these notes as using the words:

10 *Biased reports and somewhat misleading statements.*

Do you recall saying that to the Crown board?

15 MR JEANS: I don't recall saying that, but I would, again, reflect on that as my commentary around the one-sided nature of the 60 Minutes report, and the unbalanced reporting that that, in my mind, represented.

MS ORR: The reference to "somewhat misleading statements", do you recall saying that and, if so, what were you referring to?

20

MR JEANS: I don't recall saying that but reflecting on the 60 Minutes program, there were – there appear to be words being put in people's mouths, assumptions being drawn and statements being made that I think certainly the information that was contained in that television program were not supported based on my experience as a money laundering investigator.

25

MS ORR: Do you remember discussing CBA or Tabcorp with the Crown board in this meeting?

30 MR JEANS: I don't specifically remember that. I am familiar with those – those cases and it may be something that came up as part of the process.

MS ORR: Do you recall saying to the Crown board that:

35 *Having looked at CBA, Crown is not exposed to the same risk because we have appropriate controls.*

MR JEANS: I don't recall that.

40 MS ORR: Those are my questions, Commissioner.

COMMISSIONER: Yes, thank you.

45 MR CONDYLIS: Commissioner, I will just ask my friend to clarify whether the notes for the board meeting was from the same source.

COMMISSIONER: Yes, she did say – I'm sorry, Ms Orr did say it was from Lauren Harris, the same author.

MR CONDYLIS: I'm most grateful.

5

COMMISSIONER: Nothing arising, Mr Condylis?

MR CONDYLIS: No. Thank you, Commissioner.

10 COMMISSIONER: Yes. Mr Jeans, thank you very much for your patience with the technological shenanigans a little earlier, and thank you for making yourself available. That concludes your evidence and, as I have said to other witnesses, it is improbable that you would be asked to return but if that unlikely event does happen, the solicitors assisting the Inquiry would make contact with you directly. And thank  
15 you very much for assisting with your views in relation to the matters that I raised with you. Thank you, Mr Jeans. We will terminate the video link.

MR JEANS: Thank you, Commissioner.

20

<THE WITNESS WITHDREW

[3.24 pm]

25 COMMISSIONER: Yes. Now, Mr Aspinall, I think it is, is it? Yes. Yes, Mr Aspinall.

MR ASPINALL: The next witness is Ms Siegers, who I think may be on video feed.

30 COMMISSIONER: I think there's a necessity for a short adjournment for a counsel change; is that right Ms Orr?

MS ORR: It is. Thank you very much Commissioner.

35 COMMISSIONER: Before I adjourn, I just might raise something with you as you are here of course. The matter that Mr Condylis raised in relation to the SYCO system is an important one, I think.

MS ORR: Yes.

40

COMMISSIONER: That, mind you, was a Southbank report or related to a Southbank report, so it really is a different aspect of what was reported by Mr Preston because he was reporting on Riverbank as you recall, in his statement that he made on 28 August, and also to AUSTRAC when they wrote to AUSTRAC on 20  
45 August, I think. It was all to do with Riverbank. But my concern is that what was raised by Mr Preston was that effectively, look, this all happened because it was the cage who got it wrong. But, certainly, that's not the case in Melbourne because that

document showed you that the cage manager there identified – did his best – and it is his best – and I would want to think that there should be some more investigation of the Riverbank SYCO system, because of the public criticism that has been made here.

5

And if it is the case that there is a similar situation in Perth, then to be fair to the cage staff we should really have a look at that, I think, Ms Orr, because in Melbourne – and as identified by Mr Jeans, it will depend probably on the individual who puts the material in to the SYCO system, which itself seems to be a bit flawed. But I would be grateful if some care were taken to ensure that if there is to be a tempering of the criticisms that were made, we should get to that fairly promptly. That's the only matter I wish to raise with you, Ms Orr.

10

MS ORR: Yes. Thank you for doing that, Commissioner. I appreciate that opportunity to respond.

15

COMMISSIONER: All right then. I will adjourn whilst the next witness is organised.

MS ORR: Thank you.

20

COMMISSIONER: Thank you.

**ADJOURNED**

25

**[3.27 pm]**

**RESUMED**

**[3.31 pm]**

30

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Commissioner, the next witness is Anne Siegers.

COMMISSIONER: And I think, Ms Hamilton-Jewell, you appear; is that correct?

35

MS HAMILTON-JEWELL: Yes, I do, Commissioner. I appear for Crown and Crown Sydney Gaming.

COMMISSIONER: Yes, thank you. Ms Siegers, good afternoon.

40

MS SIEGERS: Good afternoon, Commissioner.

COMMISSIONER: Do you prefer to take an oath or make an affirmation to give your evidence?

45

MS SIEGERS: An affirmation, please

**<ANNE JANE MICHELLE SIEGERS, AFFIRMED**

**[3.32 pm]**

**<EXAMINATION BY MR ASPINALL**

5

COMMISSIONER: Yes. Thank you, Ms Siegers. Yes, Mr Aspinall.

MR ASPINALL: Ms Siegers, can you hear me?

10

MS SIEGERS: Yes, Mr Aspinall.

COMMISSIONER: I think there are some exhibits, are there?

15

MR ASPINALL: There are. There's an annexure, an addition to exhibit W, Commissioner, which comprises W29 to W44.

COMMISSIONER: Yes, I will mark those exhibits at exhibit W29 to W44. Thank you, Mr Aspinall.

20

**EXHIBIT #W29 TO W44 ANNEXURE TO EXHIBIT W**

25

MR ASPINALL: Thank you, Commissioner. Could you tell us your full name, Ms Siegers.

MS SIEGERS: Yes, I'm Anne Jane Michelle Siegers.

30

COMMISSIONER: Yes, now, we've just got a little problem with your microphone. I'm just going to adjourn shortly while we test your microphone, there's a little problem.

35

**ADJOURNED**

**[3.33 pm]**

**RESUMED**

**[3.41 pm]**

40

COMMISSIONER: Yes. Thank you again. Yes. Yes, Mr Aspinall.

MR ASPINALL: Ms Siegers, could you tell us your full name, please.

45

MS SIEGERS: Yes. Anne Jane Michelle Siegers.

MR ASPINALL: And you work at the Melbourne Crown premises, do you?

MS SEIGERS: Yes, I do.

MR ASPINALL: You are, I think, the general manager of risk and audit; is that correct?

5

MS SEIGERS: I am the group general manager for risk and audit.

MR ASPINALL: You work for Crown Resorts; is that correct?

10 MS SEIGERS: Yes.

MR ASPINALL: But your sphere of responsibility stretches over both the operations in Melbourne and Perth?

15 MS SEIGERS: Yes.

MR ASPINALL: And the international operations?

20 MS SEIGERS: I provide localised support and assistance to those divisions as well, where appropriate.

COMMISSIONER: And Sydney?

25 MR ASPINALL: And will, once Sydney opens, your responsibility extend to the Sydney operations?

MS SEIGERS: Yes.

30 MR ASPINALL: Now, as I understand it, you commenced in your present role in February 2018; is that correct?

MS SEIGERS: In December 2017.

35 MR ASPINALL: December 2017. And can you give us your work history up to that point, please?

MS SEIGERS: Yes. I have worked overseas – internationally – and across a range of organisations. So do you want it from the beginning or going back - - -

40 COMMISSIONER: From the beginning would be helpful.

MR ASPINALL: From the beginning.

45 MS SEIGERS: Okay. So I graduated with an MBA with a Corporate Finance major in 1994. I started working for a pharmaceutical company as an assistant financial controller for a year. Then I joined KPMG.

MR ASPINALL: You may have to speak a little slower, Ms Siegers. I'm having difficulty hearing you.

MS SIEGERS: Apologies.

5

MR ASPINALL: That's much better.

MS SIEGERS: I joined KPMG as an external auditor, then as a consultant. I was with KPMG for about seven years, the first two in France and the other five in the  
10 US. After that, I came to Australia, worked for Westpac for some time, first, as an internal audit manager, then as a senior manager for risk. I was in the Caribbean for a year, then in the UK for two, where I worked for a logistics and transport company as audit – as an audit and risk professional there as well. Moved back to Australia, where I worked for NRMA Roadside Assistance, both, again, in audit and risk.  
15 Then I worked for the University of Newcastle as their associate director for risk and audit. And, just prior to joining Crown, I worked for the Newcastle Permanent Building Society, which is a financial institution, as their head of operational and strategic risk.

20 MR ASPINALL: Now, at the time you joined Crown, your position, as I understand it, was newly created; is that correct?

MS SIEGERS: Yes, it was.

25 MR ASPINALL: And what did you understand to be the reason for the creation of that position? I'm sorry.

MS SIEGERS: The main driver for this new position was the objective of creating a group function. Prior to me joining the organisation, each property had an audit and  
30 risk function, but there was an intent to start putting group functions in place.

MR ASPINALL: And was that responding to some problem that had been identified, as you understood it?

35 MS SIEGERS: No. The way I understood it, the main driver for that was, you know, in order to prepare for Sydney. We were going to have three large properties. And it made more sense to have consistency across all of them.

MR ASPINALL: Now, at the time you arrived at Crown, what was the – what was  
40 the departmental setup, in terms of the staff who dealt with issues relating to risk?

MS SIEGERS: So, from a risk angle, I had a staff in Perth. Sorry. Prior to me starting, there was the staff in Perth who continued on, and there was also a person in Melbourne who shared their responsibility between risk and audit.  
45

MR ASPINALL: So there were two staff members; is that correct?

MS SIEGERS: For risk, yes. There were more for internal audit, but, for risk, that was the focus of the staffing resourcing.

5 MR ASPINALL: I think you said – maybe you could move your microphone a little closer. Did you say there were more for audit?

MS SIEGERS: There were more staff in the whole department, but most of the other staff were focused on internal audit activity.

10 MR ASPINALL: I see. And that is because the – from the departmental perspective, risk and audit were in the same department; is that correct?

MS SIEGERS: Yes. Yes.

15 MR ASPINALL: And when you joined, did each of those two properties have a general manager of risk and audit?

MS SIEGERS: Prior to me joining. Yes.

20 MR ASPINALL: Yes.

MS SIEGERS: There was a general manager for risk and audit in Melbourne and, in Perth, it was slightly different. There was a general manager for risk, as well as other projects. And there was a manager – and I'm not sure what her – the level of her title was, who looked after audit.

MR ASPINALL: Are those people still in their positions?

30 MS SIEGERS: No.

MR ASPINALL: What has happened to the departmental structure since you have arrived?

35 MS SIEGERS: I completely restructured the team. That was one of the first things I did. In order to create group functions, I wanted to have teams that were across the properties, but create them by area of focus. So one for audit and one for risk. That was in line with the concept of three lines of defence.

40 MR ASPINALL: I see. And are you the head of both those departments, risk and audit?

MS SIEGERS: Yes.

45 MR ASPINALL: But they operate, now, separate departments, do they?

MS SIEGERS: I am the only person in the organisation that oversees both. Below me, the teams are separate.

MR ASPINALL: Now, in terms of the size of those departments at the moment, what are the sizes of them?

5 MS SIEGERS: I apologise. I'm going to have to calculate. I have six staff dedicated to internal audit, one being a group internal audit manager, the others being auditors. And from a risk angle, excluding myself, there are three risk managers and a risk analyst.

10 MR ASPINALL: That is four altogether, including one risk analyst; is that right?

MS SIEGERS: Yes, excluding myself. So I spend most of my time on risk, so there would be five, mostly, on risk.

15 MR ASPINALL: And, now, as I understand it, Crown Melbourne is the largest employer in Victoria; is that right?

MS SIEGERS: I think it's the largest single site employer.

20 MR ASPINALL: And what number of staff are engaged in Crown Perth; do you know?

MS SIEGERS: I think it's between five and six thousand FTE.

25 MR ASPINALL: Yes. Now, do you consider the size of the staff available to you, as risk manager, adequate to the operations of Crown at this time?

MS SIEGERS: I'm comfortable with the level of resourcing we have at this stage.

30 MR ASPINALL: You would think it would need to increase with the opening of Crown Sydney?

MS SIEGERS: We are currently looking at recruiting for Crown Sydney. Yes.

35 MR ASPINALL: Now, in terms of locality, are all the staff spread across the properties or are they all in one place?

MS SIEGERS: They are across the properties.

40 MR ASPINALL: I see. So even though they might be living and working in Perth, they form part of one larger department across the properties?

MS SIEGERS: They do.

45 MR ASPINALL: I see. Now, in terms of your position, who do you answer to in the structure?

MS SIEGERS: I have multiple reporting lines. So, I – my formal reporting line is to the CEO of Australian Resorts, Mr Felstead.

MR ASPINALL: Is that Mr Felstead?

5

MS SIEGERS: Yes, it is. I have reporting lines into the different board committees. So I report into the Melbourne audit committee. I also report into the risk management committee at Crown Resorts.

10 MR ASPINALL: The risk management committee, being the board subcommittee?

MS SIEGERS: Yes, it is.

MR ASPINALL: Yes.

15

MS SIEGERS: And I have a day-to-day operational reporting line into Mr Preston.

MR ASPINALL: I'm sorry?

20 COMMISSIONER: Mr Preston.

MR ASPINALL: Mr Preston.

MS SIEGERS: Mr Preston.

25

MR ASPINALL: What – what happens in relation to Crown Perth? There is no committee there; is that correct?

MS SIEGERS: There is no board subcommittee.

30

MR ASPINALL: So what's your reporting line with respect to that licence?

MS SIEGERS: So I report to the CEO and – who I believe is on the – is an executive director. I might need to confirm that.

35

MR ASPINALL: I see.

COMMISSIONER: To the CEO, did you say?

40 MR ASPINALL: I'm sorry. Did you say - - -

MS SIEGERS: I do not have a reporting line into the Perth board.

MR ASPINALL: Into the Perth board, did you say?

45

MS SIEGERS: I do not have a reporting line there. No.

MR ASPINALL: Now, do you have any understanding of what the position with respect to Crown Sydney would be?

MS SIEGERS: Not – I don't – not at this stage.

5

MR ASPINALL: Do you have any idea of the size of the risk department with respect to Crown Sydney?

MS SIEGERS: Well, it will have the whole – the whole existing scheme will be supporting Crown Sydney. And I anticipate that I will have one risk manager there as well.

10

MR ASPINALL: One? Do you - - -

MS SIEGERS: One person, locally, in Sydney.

15

MR ASPINALL: Do you consider, in starting up a new casino in Sydney, you might need more staff in the earlier years until things are up and running or not?

MS SIEGERS: I anticipate that I will be spending a lot more time in Sydney.

20

MR ASPINALL: I see. Now, you said you started in December 2017. And that your appointment, as you understood it, related to a risk – a desire to consolidate, in effect, or make group-wide the risk and audit functions. What conversations did you have with the CEO or other senior executives, at the time of your appointment, as to their aspirations for your role?

25

MS SIEGERS: I can't quite recall. I was introduced to the relevant board committees, and took on their concerns, through discussions, and also applied my experience and expertise to what I felt would have been enhancements or gaps that needed to be filled.

30

MR ASPINALL: Yes. I think you said the board committees, but Perth does not have a board committee; is that correct?

35

MS SIEGERS: Yes. When it comes to risk - - -

MR ASPINALL: Pardon?

MS SIEGERS: My apologies.

40

MR ASPINALL: That's all right.

MS SIEGERS: When it comes to risk, I engage with the Crown Resorts risk management committee.

45

MR ASPINALL: I see. And the minutes, at the time of your appointment, to welcome you indicate that it was noted that you would undertake a review regarding the structure and content of committee papers. Do you remember that?

5 MS SIEGERS: Yes.

MR ASPINALL: Was that one of your first tasks?

MS SIEGERS: That was one of my first tasks. Yes.

10

MR ASPINALL: And what did that consist of?

MS SIEGERS: It consisted of looking at what was currently being reported and the frequency of that reporting. And seeing where it could be altered, enhanced, modified, to suit the requirements of the board at the time.

15

MR ASPINALL: What did you find in that regard to that review?

MS SIEGERS: I found that some of the information, particularly, to the risk management committee was valuable and the board valued that insight. But I also found that I could enhance that reporting with further analysis, and I could build the framework to support better analysis of data going up to the board.

20

MR ASPINALL: Well, what deficiencies did you find, if any, with the process?

25

MS SIEGERS: There were – are you talking about the reporting process or the risk management process more generally?

MR ASPINALL: Well, as I understood, we are talking about your review of the committee papers at this early stage?

30

MS SIEGERS: Yes. So the committee papers I found provided information to the board on the material risks, but I expected other information to make its way to the board. So I introduced an executive summary that provided the board with an overview of all the material events that had taken place since the last meeting. I also introduced having the risk map for Crown Resorts, or whichever entity we were looking at, systemically added to the paper and as we introduced the risk appetite, we also added an appetite dashboard.

35

MR ASPINALL: I see. We might come to those in due course, but just in terms of what you found when you reviewed the committee papers at the time of your initial appointment or shortly thereafter, did you have any regard to whether or not those committee papers had historically recorded important material risks which had been present in the organisation at the time; in other words, matters relating to, for example, the China arrests and other things?

40  
45

MS SIEGERS: So if we're talking about risk identification - - -

MR ASPINALL: Yes.

MS SIEGERS: - - - the papers were structured around the material risk and those material risks were reviewed on a regular basis by the committee, so I was  
5 comfortable that that process was taking place. There were – the gap that I mostly identified was sometimes events happened that I believe the board would want to know about but would not necessarily fit into a material risk and, therefore, they needed visibility over those events.

10 MR ASPINALL: Yes, I understand that – what are you saying in relation to what the committee is reporting to the board. What I'm asking is, in the process of your review of the structure and content of committee papers, did you do any audit as to whether or not those committees had been promptly and duly informed of material risks which had emerged in a timely fashion in a historical context?

15 MS SIEGERS: I did not look back at history too – I just looked at the structure of the paper and what I wanted to bring, looking forward.

20 MR ASPINALL: My note from the board minutes indicates that you were undertaking a review of the structure and content of committee papers; is that incorrect?

MS SIEGERS: No, it is correct.

25 MR ASPINALL: And so in regard to the content, is it correct – and I just want to confirm the evidence you gave – you did not look in particular at whether material risks had been properly and promptly reported to the relevant committee as they had emerged historically?

30 MS SIEGERS: I did not look at the content from a historical perspective, I looked at the content from a going forward perspective, how we could make sure that the content of the papers would have the elements I would expect to see in a board paper.

35 MR ASPINALL: I see. In respect of the content that was presented to the board, were you therefore comparing what had been presented to the committee and what the committee had considered vis-à-vis what ultimately went to the board.

MS SIEGERS: I apologise - - -

40 MR ASPINALL: Were you considering whether what had come to the committee had appropriately gone to the board rather than what had come to the committee?

MS SIEGERS: No. I looked at what the committee – what information the  
45 committee needed.

MR ASPINALL: I see. And since you have been the general manager of risk and audit, have you subsequently done any audit of whether or not the risk committees were promptly and appropriately informed of risks historically?

5 MS SIEGERS: Not historically, no.

MR ASPINALL: Do you think that conducting such an analysis would be useful going forward?

10 MS SIEGERS: In my role, particularly with respect to audit I tend to focus on the future and how I can enhance future reporting. So from a risk perspective, I don't know if I could generate a lot of value from looking at historically what would have or would not have been reported.

15 MR ASPINALL: Wouldn't it be useful from that perspective to consider with regard to material risks, why those material risks may not have made it to the committee in a timely fashion?

20 MS SIEGERS: I think I would have – I could have spent an enormous amount of time and a lot of the people were no longer there as well so I don't know that I – it would have been – I would have generated as much value into that exercise.

25 MR ASPINALL: Well, wouldn't it be important, because from the point of view of a committee, a committee cannot act upon what it does not know, and so knowing what it then reports upward to the board and examining that, may not be as important as analysing and assuring yourself that the committee was being appropriately informed of what was happening within the organisation.

30 MS SIEGERS: So maybe I'm going to go a bit ahead of what you are maybe going to look into. But when I looked at the framework, one of the elements of the framework that I felt was lacking was its structure, a formal structure around how to escalate data. And so I spent a lot of my initial time with Crown redesigning the risk management framework so that that escalation process would be at the core of the framework going forward, which is why I looked at the design going forward rather than backwards or historically.

MR ASPINALL: I see. In terms of that issue of escalation, what did you find to be the problem when you arrived on the scene?

40 MS SIEGERS: So when I looked at the risk management framework, I think one of the elements it was lacking was the formalisation of what happened once a risk was identified as – at the time the words were “significant” or “high”. There was no definition for what happened there. And so I think that created a little bit of a gap in terms of information flow. When I redesigned those elements of the framework, I made sure that there was an escalation, a very clear escalation path articulated and that was really the essence of what risk management was about, ensuring that the information went to the right people at the right level.

MR ASPINALL: When you used the word “escalation”, I want to be sure that I’m on the same wavelength as you. Does an escalation problem in risk terms refer to a situation whereby somebody lower in the organisational tree might have information which is important from a risk perspective but cannot get that information or does  
5 not pass that information up to the risk structure which could deal with it. Is that the nature of the problem?

MS SIEGERS: Yes.

10 MR ASPINALL: And in terms of what practically has happened since you’ve arrived on the scene to assist that to occur, what has happened?

MS SIEGERS: So I have redesigned many of the tools. I have realigned many of the processes that I believe need to be aligned through the different elements of the  
15 framework. So that the element of escalation was at the forefront of all the discussions we have with regards to risk. The main tool we have – I have for this is what I call the risk matrix, and it’s really the fundamental tool used by risk professionals to articulate the appetite of the board through the organisation.

20 MR ASPINALL: I’m having some difficulty – probably because I don’t understand the theoretical issues which you are discussing, but in terms of the practicalities of someone, an employee, for example, lower in the organisation, knowing something that is important to the risk of the organisation as a whole, what difference would they see in terms of the ability to get information to the proper level?

25 MS SIEGERS: So I think the formalisation of the elements of the risk framework help in the information flow between the senior management, the executive and board. I think the flow of information below that, from operations up to more senior management level, has – as far as I can assess, has always been quite effective  
30 because we have a fairly flat organisational structure at Crown. And so the information can quite quickly reach management levels.

MR ASPINALL: I see. And in terms of how that comes to pass, is that by advising, for example, middle and senior managers that they need to take risk more seriously  
35 or some other way?

MS SIEGERS: I think risk is understood. I think it’s more in the formalisation, as I said, of the mechanisms and the thresholds that dictate where information needs to be escalated. So - - -  
40

MR ASPINALL: Sorry, when you say formalisation, what do you mean by that, putting it into the document, the strategy?

MS SIEGERS: So – no, there is – that’s where the – the risk tools come into play.  
45 So when you assess a risk – I don’t want to tell you things that I’m sure you already know so please stop me if I’m doing that - - -

MR ASPINALL: ..... Ms Siegers.

MS SIEGERS: Okay. So when you look at a risk, a potential risk event that you think may happen in the future, you look at two dimensions. You look at how likely  
5 a risk is – that event is going to happen, and what consequences it could have. The combination of those two dimensions gives it a risk rating. Traditionally, we allocate a colour or a rating with that combination and what I have done in the framework is I have associated that rating or that colour with an escalation level. So when a risk is  
10 in green it's managed by our business – our business operations or businesses. When it's yellow, it's managed by the management team level just below our executive level.

When it's orange, it's our executive and our CEO, and when it hits the red zone it's the board or the risk management committee that needs to have oversight of that. So  
15 once you embed that into all the assessments you make, that understanding and that connection between a rating and who needs to have oversight is done systemically.

MR ASPINALL: Just taking the example you gave of a high risk which was a red, I think you said, and that became a board responsibility. In terms of the practicality of  
20 how the board then ferrets out or interrogates the organisation to find the information that it may not have, how does that occur?

MS SIEGERS: That's where my role comes in and I ensure that whenever we have a risk that is identified in that zone that requires board oversight there is that  
25 reporting of that oversight that takes place, and I facilitate and ensure that that communication takes place.

MR ASPINALL: All right. In terms of the review that you did, I think mostly of the structure of the committee papers, you are now satisfied, are you, that that has  
30 improved to the extent where you're happy with it?

MS SIEGERS: We are continuously reviewing it. So we have made material changes and the chair of the risk committee at the last meeting proposed that we have  
35 a further look at it. So we are, as we speak, looking at how we can further enhance the type of information we are providing to the board. In terms of risk processes generally and reporting specifically, we are in a continuous improvement process, so we always look to enhance what we – what we do.

MR ASPINALL: I think the answer, therefore, is that you would never be satisfied  
40 with the level that you've got and so it's a work in progress; is that right?

MS SIEGERS: I think – I don't believe anything is ever perfect so I will always try to make things better. But I'm sure I can always continuously improve what I do.

MR ASPINALL: We've spoken about the committees and, to your mind, you seem  
45 to focus very much on the way in which the committee might pass recommendations or information up to the board. But is there a role for the committees themselves to

be proactive in trying to seek out information from lower down within the organisation?

5 MS SIEGERS: Absolutely. Yes, I agree with that.

MR ASPINALL: And have you made any changes in that regard?

10 MS SIEGERS: I think the – everyone who attends those committees, whether they are board members, executives or myself, has continuously increased their level of questioning around risk. So whether we have initiatives that come for discussion, the board members will often ask for a risk assessment to be associated with that .

MR ASPINALL: I see. Now, somewhat later that year, 2018, there was an updated risk management committee charter. And the minutes record there was:

15

*The update placed greater emphasis on compliance, oversight and reporting.*

Can you give me some more detail as to what that means?

20 MS SIEGERS: So, I think, prior to that time, the focus of the risk management committee was highly targeted on risk and, at that time, we expanded the description of the role of the committee when it came to compliance oversight, as well as risk. So we expanded their – their remit, or the description of their remit.

25 MR ASPINALL: And that was only for the – that was only for the risk management committee of Crown Resorts; is that right?

MS SIEGERS: That was the risk management committee at Crown Resorts. Yes.

30 MR ASPINALL: Was there any changes in respect of the other committee, the risk and audit committee of Melbourne?

MS SIEGERS: So Melbourne has, and has had historically, a compliance committee - - -

35

MR ASPINALL: Yes.

MS SIEGERS: - - - as well as an audit and risk committee. So that distinction was not necessary there.

40

MR ASPINALL: So you considered it already had a sufficient emphasis on compliance, oversight and reporting?

MS SIEGERS: Yes.

45

MR ASPINALL: And the next thing that you seem to do was to look at the issue of risk appetite - - -

MS SIEGERS: Yes.

MR ASPINALL: - - - in mid-November 2018.

5 MS SIEGERS: Yes.

MR ASPINALL: Can you tell me, at the time you arrived and started looking at the question of risk appetite, what deficiencies did you identify?

10 MS SIEGERS: So, in a risk framework, in a well-documented risk framework, you have a series of documents that flow from one to the other, and that allows for the message from the board to go into the operations. The first document you have at the top is a combination of the risk appetite, and that is transferred into a risk matrix, which I talk about just prior to this. And this is the tool that we use to operationalise  
15 that appetite. So when I first arrived in my role, I could not find a formal documentation of the risk appetite by the board. And when I looked at the risk matrix, I felt that it might not have been calibrated with the appetite that I was seeing in practice in the organisation.

20 MR ASPINALL: What appetite did you see in practice?

MS SIEGERS: For more conservative than the one that the risk matrix seemed to indicate.

25 MR ASPINALL: I see. And did you know how old that risk matrix was?

MS SIEGERS: It had been in place for quite some time. I think it might have been reviewed on an ongoing basis, but it had been in place for maybe a decade.

30 MR ASPINALL: Over the course of the inquiry, counsel assisting have referred to various codes of conduct. One of them is an employee code of conduct and the other is a code of conduct, which comes from the ASX Corporate Governance Council. Are you aware of those codes of conduct?

35 MS SIEGERS: Yes.

MR ASPINALL: Now, the employee code of conduct that we have been referring to is August 2008, and it refers to a fundamental principle of Crown Resorts being that:

40

*All our business affairs should be conducted legally, ethically and with the strict observance of highest standards of integrity and professionalism.*

Do you see that?

45

MS SIEGERS: I'm sorry. I don't have that document. Are you referring to a document?

MR ASPINALL: Are you aware of that – are you aware of that being the case.

MS SIEGERS: This was a document from 2008. I would not have been around at the time, but these words resonate with what we – what I see in the culture today.

5

MR ASPINALL: Yes. And in terms of the board itself, the board adopted the third principle of the ASX Corporate Governance, which was the code, that the:

*Directors are required to comply with the spirit as well as the letter of the law.*

10

MS SIEGERS: Yes.

MR ASPINALL: Do you agree with that?

15

MS SIEGERS: Yes.

MR ASPINALL: Why don't those documents, which had historically been in place before you arrived, set a level of – or indicate a level of risk tolerance, at least in terms of legal compliance, which is very low?

20

MS SIEGERS: I think the appetite was inherently there, just not properly documented.

MR ASPINALL: Well, aren't those - - -

25

MS SIEGERS: So a lot of what I did - - -

MR ASPINALL: I'm sorry. Aren't those documents, which are codes of conduct which the employees were said to have been required to comply with and the directors were required to comply with, already in place? And don't they indicate a view of the board, that it had a very low tolerance towards failure to comply with the law?

30

MS SIEGERS: Absolutely. I agree with that.

35

MR ASPINALL: And so was it your view that people didn't realise that at the time you joined?

MS SIEGERS: No, not when it comes to that aspect of the appetite.

40

MR ASPINALL: Yes. And so, in respect of that aspect of the appetite, which might be described as the compliance with regulatory requirements; is that right?

MS SIEGERS: Yes.

45

MR ASPINALL: Do you agree that the board had already, for a long time, made it clear if you wanted to find it, that it had a low risk appetite?

MS SIEGERS: Yes.

MR ASPINALL: And in terms of the tenor of the risk appetite understanding at the time that you got there, was the risk appetite segmented into the different parts that  
5 you now have set out? I think you've got five different parts?

MS SIEGERS: I'm sorry. Which different – five – five parts?

MR ASPINALL: In terms of risk appetite, your – in terms of risk appetite, I note  
10 that your risk strategy has different types of risk appetite?

MS SIEGERS: Yes.

MR ASPINALL: Was that the case when you arrived at Crown?  
15

MS SIEGERS: No, that was the part that was missing, from a documentation perspective.

MR ASPINALL: And why is that important to your mind?  
20

MS SIEGERS: When you consider a risk framework, this is really – this is at the heart of the board expressing to the rest of the organisation what they expect and the level of risk that they anticipate the organisation to take in the pursuit of their objectives. So the articulation of the appetite is quite important.  
25

MR ASPINALL: Do you have your risk management strategy there? It's behind tab 55 of my folder. It might be behind tab 55 of yours. No. It is CRL.668.001.0019. It's a confidential document, so if it could just be brought up for the hearing room, operator.  
30

MS SIEGERS: Is it tab 4 of first - - -

MR ASPINALL: We will just give you the number, Ms Siegers. I'm sorry. It's volume 1, tab 4, of your bundle.  
35

MS SIEGERS: Yes. Yes, I have it.

MR ASPINALL: CRL.668.001.0019 for the hearing room.

MS HAMILTON-JEWELL: Sorry. Mr Aspinall, was that 0019?  
40

MR ASPINALL: Yes, one-nine, 19. Do you have that, Ms Siegers?

MS SIEGERS: Yes, I have it.  
45

MR ASPINALL: Could we have a look at – at the top right-hand corner there is some numbers. If we could have a look at the one that ends in three-two.

MS SIEGERS: Yes.

MR ASPINALL: Do you see there is a section on:

5 *Risk appetite statements and reporting tolerances.*

MS SIEGERS: Yes.

10 MR ASPINALL: And it's broken into categories; do you see?

MS SIEGERS: Yes.

MR ASPINALL:

15 *Financial brand –*

and so forth:

20 *...regulatory, people, customers, patron infrastructure.*

And then, in the second column, there's something called "a qualitative statement".

MS SIEGERS: Yes.

25 MR ASPINALL: And then there are "quantitative metrics"?

MS SIEGERS: Yes.

30 MR ASPINALL: In terms of these different categories, where would the reader find, in this document, what the level of risk appetite is? Or is it not contained in this document?

35 MS SIEGERS: So the risk appetite is of – the articulation of the risk appetite is that qualitative statement. This is what the board expects to happen.

MR ASPINALL: But do you see, in terms of "regulatory and legal", for example  
- - -

40 MS SIEGERS: Yes.

MR ASPINALL: - - - the qualitative statement doesn't say low, high, intermediate, or anything like that. It says:

45 *Maintain systematic compliance with regulatory, legal, statutory and contractual obligations.*

MS SIEGERS: Yes, but that notion of - - -

MR ASPINALL: ..... I'm sorry.

MS SIEGERS: The notion of high, medium - - -

5 MR ASPINALL: ..... what the level of risk tolerance is?

MS SIEGERS: There is – there is – the statement articulates what the board expects, that we maintain systemic compliance and then the quantitative metrics - - -

10 COMMISSIONER: Just pause, please. Just pause, I'm having some difficulty. I would like to follow the evidence. Yes. The page that you are on is?

MR ASPINALL: 0032.

15 COMMISSIONER: Yes, please. Sorry to interrupt, Ms Siegers, we won't be long.

MS SIEGERS: No problem, Commissioner.

COMMISSIONER: Thank you. 0032, yes. Yes, Mr Aspinall.

20

MR ASPINALL: Yes, thank you. We were speaking about the different categories of risk appetite and I was pointing you to the regulatory and legal aspect and I think you had agreed with me earlier that as you understood it the level of risk appetite was low, had been for a long time.

25

MS SIEGERS: Yes.

MR ASPINALL: I'm just wondering in respect of the – what is contained in the second column, how anyone reading this document would know that the level of risk appetite from the board was low?

30

MS SIEGERS: Because maintaining systematic compliance with regulatory, legal, statutory and contractual obligations indicates that you have very little appetite for noncompliance.

35

COMMISSIONER: So is there – there's a difference between appetite for noncompliance and risk appetite, is there not?

MS SIEGERS: Yes.

40

COMMISSIONER: So this part of the document is headed Risk Appetite and Reporting Tolerances and so far as the matter that you've just identified, that is not a risk appetite but, as I understand it, it is an appetite for noncompliance; is that right?

45 MS SIEGERS: It's actually an appetite for compliance.

COMMISSIONER: Yes.

MS SIEGERS: So it's a positive statement rather than a negative one,  
Commissioner.

5 COMMISSIONER: Yes. It always worries me when I see so much written about  
things that seem, on one view of it, straightforward. You either require your staff to  
do as the law says or you don't, and so when I see matrixes, as you call them, and  
various other things that have all of this within it, sometimes it seems to create more  
confusion than clarity. Would you agree with that?

10 MS SIEGERS: I'm trying to answer – think through your question; it's a good  
question.

COMMISSIONER: Thank you.

15 MS SIEGERS: It's almost – I almost have to provide you with a philosophical  
answer around that which I'm sure that's not really what you're after. I think it's  
important for the board to articulate what their expectation is, and the expectation is  
that we will systematically have compliance. So I think it is important for those  
20 words to be there so that that view is expressed and it's written. Which is the reason  
why, when I created that document, I chose a positive statement versus a negative  
one. I wanted the – anybody who read that to understand the expectation of the  
board is that we are systemically compliant with all laws and legislation.

25 The point you are raising is why I chose not to have a negative statement because the  
moment you start having a negative statement, I think you leave room for gaps that  
are maybe not reflected in that statement. Does that make sense?

30 COMMISSIONER: Yes, of course, it makes sense, but what I'm really trying to  
convey to you is that where there are laws, it should be expected, in particular where  
there's a public company operating a business, that if the laws are in place, it goes  
without saying that the board will expect every single person who is employed with  
that company will comply with their legal obligations. You would agree with that?

35 MS SIEGERS: Yes, I do, Commissioner.

40 COMMISSIONER: And so I know that there is a risk management industry and  
risk management practitioners and obviously they're needed in these modern times,  
but it always concerns me when I do see such a chart with so many words which just  
means you will do as you must, really. And it's a simple message to the staff. You  
45 behave and you behave in a way that's consistent with the laws of the country or the  
state and things will be good. Isn't that the simple message?

MS SIEGERS: I agree with you, and I was hoping to convey that with just that  
sentence that we do systemically comply, but I agree completely.

COMMISSIONER: Yes, and so far as making it straightforward, that's the thing that has to be drilled and drilled again, because you lead, presumably, by complying with the law and so far as the board is concerned, the letter of the law.

5 MS SIEGERS: Yes.

COMMISSIONER: Would that be a convenient time, Mr Aspinall?

MR ASPINALL: Yes, Commissioner, thank you.

10

COMMISSIONER: Ms Siegers, I apologise to you for the delay in bringing you before the Inquiry to give your evidence and if I may ask you to return on Monday morning at 10 am.

15 MS SIEGERS: Thank you, Commissioner.

**<THE WITNESS WITHDREW**

**[4.26 pm]**

20

COMMISSIONER: I will adjourn until then. Thank you.

**MATTER ADJOURNED at 4.26 pm UNTIL MONDAY, 14 SEPTEMBER 2020**

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