



**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**

**MONDAY, 14 SEPTEMBER 2020  
AT 10.02 AM**

**Continued from 14.9.20**

**DAY 27**

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 COMMISSIONER: Thank you. Yes, Mr Aspinall, are you ready to proceed?

MR ASPINALL: Yes, Commissioner.

15 <ANNE JANE MICHELLE SIEGERS, ON FORMER AFFIRMATION  
[10.02 am]

<EXAMINATION BY MR ASPINALL

20 COMMISSIONER: Ms Siegers, are you ready to proceed, and can you hear me?

MS SIEGERS: Yes.

25 COMMISSIONER: Could you speak up a little for me.

MS SIEGERS: Yes, I can hear you and I'm ready to proceed, Commissioner.

30 COMMISSIONER: Thank you very much. Yes, Mr Aspinall, and Ms Siegers, you understand that you are bound by the affirmation that you took the other day?

MS SIEGERS: Yes, Commissioner.

35 COMMISSIONER: Yes, thank you.

MR ASPINALL: Ms Siegers, we left on Friday afternoon looking at the risk appetite statement in your risk management strategy; do you remember?

40 MS SIEGERS: Yes.

MR ASPINALL: Could we turn back to that; it's at vol 1 tab 4 of your bundle.

MS SIEGERS: Yes.

MR ASPINALL: And for the operator, it's CRL.668.001.0019 and we were looking at 0032. It is exhibit W32. If you could just blow that up please, operator, in respect of the bottom section of the table, which refers to legal and regulatory.

5 COMMISSIONER: Do you have that, Ms Siegers?

MS SIEGERS: I have the document. I don't see it on the screen, but I have it here.

10 MR ASPINALL: I see. Now, we were talking before we left off about the qualitative statement in the second column; do you remember?

MS SIEGERS: Yes, Mr Aspinall.

15 MR ASPINALL: And I think you had told me that you had put those, what might be called, aspirational statements, in that column.

MS SIEGERS: Yes, Mr Aspinall.

20 MR ASPINALL: Rather than to give it a stratification low, high, medium and so on?

MS SIEGERS: Yes.

25 MR ASPINALL: And was that what you recommended should be in that statement to the board?

MS SIEGERS: Yes.

30 MR ASPINALL: And can you explain to me why you saw the words there as being superior to simply saying low, high and medium and so on?

35 MS SIEGERS: I think they leave less room for interpretation – what does high, low, medium mean, versus – if you have a statement that says “maintain systemic compliance”, I think it's much more clear to everyone.

40 MR ASPINALL: The Commissioner raised with you, I think on Friday afternoon, that in respect of compliance with the law, one would expect, as a member of the public, that there is zero tolerance for disobedience of the law; do you accept that?

MS SIEGERS: Yes.

45 MR ASPINALL: But what a risk statement like this also must deal with, is a situation where something might be in a grey area where legal counsel may give advice that something is probably legal but cannot be 100 per cent sure about it; do you see?

MS SIEGERS: Yes.

MR ASPINALL: Is that the intention of these type of tables, to deal with those scenarios?

5 MS SIEGERS: So that is where the quantitative figures come in. So there are columns 3 and 4.

MR ASPINALL: My question is when faced – when an – well, firstly, we should go back a bit. Who is the target reading audience for this risk management strategy?

10 MS SIEGERS: So this document is approved by the board and reviewed by the executives as well, so it's more for a senior audience.

COMMISSIONER: A senior audience, did you say?

15 MS SIEGERS: Yes.

COMMISSIONER: What sort of audience, though?

20 MS SIEGERS: So, the executive team, the – what we call internally the BOT, so the business operation team which is the layer that reports into the executive and board members, so those layers of senior.

COMMISSIONER: I see. Thank you.

25 MR ASPINALL: And in terms of those people, when they might be faced with a situation where legal advice is equivocal, can you explain to me how the description in the qualitative statement in respect of legal and regulatory assists them to draw the line as to where Crown wants to be in terms of the risk it takes?

30 MS SIEGERS: So this is why we have the other tool, which is the risk matrix, that translates those statements into thresholds and the risk matrix would be the tool that management would turn to.

35 MR ASPINALL: I see but in terms of what this risk appetite statement achieves is it – do you say it doesn't assist the employees in making decisions about where to draw the line, they would have to go to the risk matrix?

40 MS SIEGERS: It assists them indirectly because it sets the content of the risk matrix, but they would not need to refer to this document.

MR ASPINALL: Does the board approve the risk matrix as well?

MS SIEGERS: No, the CEO does.

45 MR ASPINALL: Wouldn't it be important for an employee in the senior and middle ranks of the organisation to have at their disposal a statement from the board as to what the risk level or appetite for those sort of matters actually is?

MS SIEGERS: I think as you mentioned on Friday, Mr Aspinall, all of those elements are already embedded in other elements of the organisation. So for example, the code of conduct states that you must comply with the law. So this is more of a framework document and I wouldn't expect everyone in the organisation  
5 to refer to this. But there are other elements throughout the organisation that help embed those statements.

MR ASPINALL: Well, as I understood your evidence earlier, one of the key deficiencies that you saw with the structure when you got there was that the board  
10 had not made the at-risk appetite clear to the organisation; is that right?

MS SIEGERS: Yes. The document hasn't been formalised.

MR ASPINALL: What I'm suggesting to you is now that it's attempting to make it  
15 clear to the organisation, shouldn't it actually make it clear in clear terms what the appetite level are?

MS SIEGERS: I think that is what this document is trying to achieve but, as you say, it leaves – there are areas for interpretation in day-to-day life. There are – risk is  
20 a matter of shades of grey, not black and white. You're trying to look to the future, so it requires more than one tool to embed those concepts throughout the organisation.

MR ASPINALL: I'm wondering whether the value of a definitive statement that the  
25 risk appetite is low or medium or high in whatever it might be in the column, is of benefit to the senior executives and to the middle management of the organisation because it allows them to know with precision what the board expects of them; do you agree with that?

30 MS SIEGERS: So if you want a reference to low, medium, high you need to turn to the risk matrix tool which has those words and those references to it.

MR ASPINALL: But I thought you said that hadn't come from the board.

35 MS SIEGERS: No, but it's a translation and I make that translation between the risk appetite and the matrix.

COMMISSIONER: Ms Siegers, I'm going to have to ask you to get that  
40 microphone closer to your mouth, please. Sorry.

MS SIEGERS: Apologies.

COMMISSIONER: That's much better. Could you just tell me who it is that  
45 approves the risk?

MS SIEGERS: The risk appetite or the risk matrix?

COMMISSIONER: Risk matrix.

MS SIEGERS: The risk matrix is the CEO.

5 MR ASPINALL: The CEO?

MS SIEGERS: Yes.

10 COMMISSIONER: Thank you. And, as you understand it – I just missed what you said a little earlier because it was hard to hear you. And, just for the transcript, could you repeat - - -

MS SIEGERS: My apologies. I'll repeat.

15 COMMISSIONER: Thank you. The risk matrix is a document prepared by you and approved by the chief executive officer; is that right?

MS SIEGERS: Yes.

20 COMMISSIONER: It does not go to the board; is that right?

MS SIEGERS: The board sees the document on a very regular basis, because it is the tool that informs the corporate risk profile as well. So they have visibility of that tool. It's just an operational tool, which is why it's approved by the CEO.

25 COMMISSIONER: So it goes to the board, in terms of operational matters, from time to time, but it's not approved by the board, it's approved by the CEO; is that right?

30 MS SIEGERS: Yes.

COMMISSIONER: Thank you. Yes, Mr Aspinall.

35 MR ASPINALL: Now, in terms of the risk appetite, Ms Siegers, is it accepted by you that the balancing act, in terms of risk appetite, is usually a question of risk in terms of what might go wrong versus reward in terms of what might go well if the risk is taken?

40 MS SIEGERS: That is the premise of risk. Yes.

MR ASPINALL: And so in terms of a senior or middle management person, aren't they constantly faced with a tension between trying to maximise the profit of the organisation against the risk which they need to take to achieve that profit?

45 MS SIEGERS: Yes.

MR ASPINALL: And do you not see any benefit for those senior and middle managers in having a definitive statement from the board as to what risks they should take so that there is never a question from the board, later, that they have not made sufficient profit?

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MS SIEGERS: I think managing an organisation requires the consideration of many factors, one of which is the financial position. But there are a great many other factors, like reputational compliance, our people and their welfare and their safety. So being a manager in an organisation is not a simple task. It requires consideration of all those different elements.

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MR ASPINALL: But coming back to my question, doesn't a clear statement of the risk appetite of middle and senior management in that, if, for example, they take a cautious approach to legal and regulatory and that has a concurrent effect on the profitability of the organisation, they can take comfort from the fact that that is what the board has told them to do?

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MS SIEGERS: Yes.

MR ASPINALL: And, without a statement like that from the board, isn't it difficult for senior and middle management to make decisions based upon statements like you have put in the qualitative statement for regulatory and risk in this table?

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MS SIEGERS: I think, Mr Aspinall, you made the point on Friday that our code of conduct has a very similar wording and statement. So that statement is out there and every single employee has to acknowledge the code of conduct. So everyone in the organisation understands that they have to meet regulatory and legal obligations. The document of the risk appetite - - -

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COMMISSIONER: Sorry.

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MS SIEGERS: Apologies. The risk appetite is a document that summarises the board's views. What I did to create that document is go across the organisation and find those statements where they already existed, so it was more a question of documenting what was there and understood rather than creating something from scratch. So those statements were already in existence and embedded in the organisation.

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MR ASPINALL: So is the answer that you thought there was no need to put a definitive level on the level of risk in this table, because the employees should have already known that from the code of conduct?

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MS SIEGERS: No. I think a statement, if I had put – so what does “low” mean to you? It might not mean the same thing as low to me, because you have different background, different experience, different professional standards you apply than mine. So the word “low” doesn't in itself, I think, offer clarity. I think a statement

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that says – maintains systemic compliance has a stronger meaning for everyone and more consistency than a statement that says “low”.

5 COMMISSIONER: You see, I think you have indicated to me is that this document reflects, in part, statements that were already found within the documents in the organisation in codes of conduct and the like; is that true?

MS SIEGERS: Yes.

10 COMMISSIONER: And so, from the point of view of what was there, it would be necessary to be satisfied, therefore, that what was there was satisfactory.

MS SIEGERS: Absolutely.

15 COMMISSIONER: And, as you told me on Friday, I think, your brief was to only look forward rather than backward.

MS SIEGERS: Yes.

20 COMMISSIONER: It's not possible to assess what was satisfactory in the past unless you look at what was happening under the regime of the documents that were in place at the time, surely?

25 MS SIEGERS: Yes, which is why – that's why it took me a few months to develop this document, because I looked at what was currently in place. And then I put that document together. Then I engaged with the different layers of the organisation, including the board, to make sure that the statement I was putting together was the reflection of the actual appetite of the board.

30 COMMISSIONER: But what I'm talking about, I suppose, is a little more practical, and that is, we've seen that things didn't work too well in terms of communications up the line to the board in certain aspects of the organisation's operations; you understand that?

35 MS SIEGERS: Yes.

COMMISSIONER: And so to put together a risk matrix when you are precluded from looking back to what happened, surely has some deficiencies?

40 MS SIEGERS: The events you are talking about were a few years before I joined the organisation. I didn't necessarily – I didn't necessarily see value in going back that far.

45 COMMISSIONER: I'm talking about last year, Ms Siegers, 2019, 2018. So you don't understand – I'm not suggesting you – one does not understand the future structure and whether it will work unless you look at the deficiencies of the past structure, surely?

MS SIEGERS: I – I really did not want to dwell on the past. I wanted to - - -

COMMISSIONER: Nobody wants to dwell on the past. Nobody want to dwell on the past, because sometimes its uncomfortable. But, in this instance, this  
5 organisation is trying to change itself to make sure, as I apprehend what’s happening, to make sure the problems that arose before and into which this inquiry is looking, do not occur again; is that right?

MS SIEGERS: Yes.  
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COMMISSIONER: And so to not dwell on it, but to have a look at it and learn from it, surely, is the way that might be preferable to shutting it out; is that not reasonable?

MS SIEGERS: I wouldn’t say I shut it out. And, I think, even though I did not do a formal review, I did take it into account, which is why one of the two main changes I made were, or the first two I made, one was to document that appetite, but the other was to enhance the escalation path, because I understood that the failure was in communication and escalation of information.  
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COMMISSIONER: Mr Aspinall.  
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MR ASPINALL: Ms Siegers, in terms of this table, do you see that we’ve been looking at the row which is at the top of regulatory and legal, that there is another column called Quantity of Metrics.  
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MS SIEGERS: Yes.

MR ASPINALL: And with respect to regulatory, legal and statutory contractual obligations what is reported to the risk management committee under that figure are significant breaches that may have a financial or reputational impact; do you see that?  
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MS SIEGERS: Yes.  
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MR ASPINALL: Wouldn’t a better strategy for an organisation like Crown be for potential breaches or the risk of a breach to be reported to the risk management committee before it happens, so that the risk management committee can take steps to stop the breach.  
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MS SIEGERS: So we do that in our report. In our reporting we highlight elements that have potential.

MR ASPINALL: Well, if you look at the next row, which is:  
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*Build and maintain professional and collaborative relationships with regulators –*

do you see you've put in that quantitative metric:

*Significant breach or event that has the potential to damage the relationship.*

5 MS SIEGERS: Yes.

MR ASPINALL: Why haven't you used the same words in terms of the first row? Why is it only significant breaches in that area that are recorded?

10 MS SIEGERS: I think you'll find that there is the words "that may" and it may be my limited knowledge of English but "may" or "potential" for me have a little bit of correlation between the two.

15 MR ASPINALL: But wouldn't the person in middle or senior management reading this conclude that in respect of regulatory, legal and contractual obligations that they didn't need to report something to the risk management committee until there had been an actual breach and the question of what it may mean is after that breach?

20 MS SIEGERS: That's why I take responsibility of the reporting. I make that call.

MR ASPINALL: I'm sorry?

25 MS SIEGERS: That's why I have responsibility for the risk reporting. I am the person who will make that call, not necessarily – so if I feel something needs to be reported, I will add it to my report.

30 MR ASPINALL: But surely, Ms Siegers, in terms of the escalation pathway that you've been discussing, isn't it important for senior and middle management and perhaps even people lower down to understand when they need to report something  
- - -

MS SIEGERS: Yes.

35 MR ASPINALL: - - - rather than just you?

MS SIEGERS: Yes, absolutely.

40 MR ASPINALL: So why does this row say that they only need to report things after there has been a breach?

45 MS SIEGERS: I think – when we're talking about middle management, we need to look at another tool. We need to look at the risk matrix, not the risk appetite. For me, the word "that may" is the equivalent of "that has the potential to", so "significant breaches that may have a financial or reputational impact" I could very well replace, "that has the potential to have a financial or reputational impact" and I would assume to be the same.

MR ASPINALL: Ms Siegers, can we just leave that document for a moment and move to a slightly different document. It is CRL.668.001.0050, and it is at tab 8 of volume 1 of your bundle, Ms Siegers. It's exhibit W36, Commissioner.

5 COMMISSIONER: Thank you.

MS SIEGERS: Would you please repeat the reference, Mr Aspinall?

MR ASPINALL: Pardon, Ms Siegers?

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COMMISSIONER: The reference, please.

MR ASPINALL: The reference for you is tab 8 of volume 1 of your bundle.

15 MS SIEGERS: Okay.

MR ASPINALL: Is your document a Crown Risk Management Framework – Risk Appetite?

20 MS SIEGERS: Yes.

MR ASPINALL: Can you explain to me what is happening in this diagram?

25 MS SIEGERS: You like my fried egg. So the purpose of this document was to explain to – and I took this to the chair of the risk management committee, the chair of the audit committee and the CEO of Australian Resorts. During the - - -

COMMISSIONER: Put the microphone to your mouth, if you would be kind enough; yes, thank you.

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MS SIEGERS: My apologies, Commissioner. During the Royal Commission on banking there was a lot of talk about risk appetite, and I wanted to explain where Crown sat with regards to risk appetite and understanding what risk appetite meant for us. And in order to do that, I created two diagrams: one for the financial risk for banks, which is a very – when you look at financial risk in banks it's very clear-cut. You either are below 10 per cent or above 10 per cent; you're talking in numbers, so setting a limit is a very mixed process. When you talk about operational and strategic risks those boundaries are far less clear. And it's very difficult in words to set – or even in quantitative measures to set a very clear boundary because, as you mentioned earlier, there are a number of shades of grey.

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MR ASPINALL: My question was, what does this document tell us about risk appetite?

45 MS SIEGERS: So you want me to describe it. This is a document that shows the link between the risk matrix, the reporting of elements between – to the board and the responsibilities of management and the board across events that take place. You

will see the centre is the green which is the green colour that you will find in the risk matrix for low risks. The orange is moderate risks – sorry, the yellow is moderate risks, the orange are high risks and the red are critical risks, so this is how you link back a risk profile and a risk map to the notion of risk appetite. It also shows with the dotted line that is within the high area – so the section between the dotted line and the border of red is what we report to the board.

So we don't report to the board just elements that are in the red and that are, therefore, critical risks. We also go a little bit into the responsibility of the CEO and report what we call material high risks, which is why it doesn't quite correlate to a rating, but we provide visibility to the board over more than just critical risks.

MR ASPINALL: I see. Well, I think I see. In terms of the way in which this works, then, this is not a document that is intended to be for anyone other than people who are specialised in risk.

MS SIEGERS: No, it requires me to explain it. I'm just an extremely visual person and I needed that tool to be able to articulate that concept when I was discussing it with key management.

MR ASPINALL: But in general terms, what you are talking about here is for the rank and file member of the organisation, low risks are dealt with on the ground, if it might be put that way. That's the operational green part?

MS SIEGERS: Yes.

MR ASPINALL: And then for each deviation from the centre of zero risk appetite, you would move further out from the centre but that then relies upon different levels of executives within the organisation deciding whether or not that risk is serious and deciding whether to pass it on up the chain; is that right?

MS SIEGERS: Using the risk matrix to articulate that level, yes.

MR ASPINALL: And so in terms of whether or not this system works, it's still dependent upon the decision of the individual executives as to whether to keep escalating; is that right?

MS SIEGERS: Yes, risk management is a human-based process, so absolutely.

MR ASPINALL: And in terms of your – the role of your department, to risk – well there are two departments now, aren't there: risk and audit?

MS SIEGERS: Yes.

MR ASPINALL: Does audit conduct any function to review whether or not this process is occurring as it should?

MS SIEGERS: No, because I have both hats, I make sure that those reviews are done externally so there's no conflict of interest.

MR ASPINALL: When was the last review done externally?

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MS SIEGERS: So we had – PWC did a review as part of the section 25 in, I believe, 2018. And we had external advice, or external review, from Deloitte in 2019. But the focus of the review was more to make sure that the elements that we were putting in place were the correct elements, that they were informed - - -

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MR ASPINALL: So, again, the review is at a level of abstraction from the detail of whether or not an individual event is being escalated appropriately; is that right?

MS SIEGERS: The review did not focus on that element.

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MR ASPINALL: Yes. And what do you call that element, the actual practical element of whether risks are being appropriately elevated rather than whether there is a governance framework or a risk framework that means that they should be elevated?

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MS SIEGERS: That's the essence of risk management.

MR ASPINALL: No. But who checks that? Who is responsible for checking it within the organisation? No one?

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MS SIEGERS: When we do the next risk review, that will mostly likely be part of the – of the scope of work. In the meantime, my team is out there in the business engaging and collating information – so am I, at a slightly different level – and we – we – part of our role is to challenge the business. So that includes that element.

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MR ASPINALL: When you say your team, do you mean the risk team or the audit team?

MS SIEGERS: The risk team.

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MR ASPINALL: And is the audit team focused more on the financial traditional form of auditing?

MS SIEGERS: No. Financial is more the external audit team. The internal audit team would be more broadly on the control framework.

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MR ASPINALL: So why doesn't the internal audit team audit whether or not the risks are being appropriately elevated?

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MS SIEGERS: They would inherently do that, if – but, I think, as I mentioned, the organisation has a fairly slight hierarchy and information does come through quite materially. We also have a compliance framework that requires everybody on a

monthly basis to report any incident. And I attend the committees where those incidents are discussed. So I have visibility over any incident that occurs within the organisation, which is a very useful tool.

5 MR ASPINALL: Well, I'm just interested in your statement that you say it's a flat hierarchy and information comes through fairly freely; is that right? Is that what you said?

MS SIEGERS: Fairly quickly. Yes.

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MR ASPINALL: Quickly. But, without auditing it, how can you know that the important information is, in fact, coming through?

MS SIEGERS: That's – that's part of my – my role. The way I often describe it is – I don't know if you play puzzles – but between my team and myself, we grab information across the whole organisation and we try to put that picture together. So that's a core element of my role and my team's role.

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MR ASPINALL: But the organisation is huge, isn't it? And your risk team is very small?

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MS SIEGERS: Yes.

MR ASPINALL: How can they possibly have a proper understanding of what's going on in the organisation?

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MS SIEGERS: We attend many of the – we've identified a lot of the core management meetings and we – we attend them. So we are embedded in the business.

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MR ASPINALL: But in terms of core management meetings, by the time you get to the management, there's already a question as to whether the important information has reached that level of management, isn't there?

MS SIEGERS: Between the monthly compliance survey that identifies all those breaches and our attendance at the meetings, we are across quite a lot of information. I wouldn't say we are across everything, but we are across quite a lot.

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MR ASPINALL: And in terms of the core management meetings, by the time you get to a core management meeting, aren't you also relying upon whoever the relevant manager is to decide that something is worth passing on to you?

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MS SIEGERS: It's not passing on to me. It's passing on to their peers and their managers. We just happen to be here. So it's not – it's not a decision as to whether it should be reported to us. It's part of everybody's role to discuss it with the management team, their peers and their managers.

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MR ASPINALL: So do I understand by that, that you step back from the proposition that it's your role, in the risk department, to be checking up on whether escalation is happening as it should?

5 MS SIEGERS: It's – I would say it's everybody's role. It's part of mine, definitely. But it is everybody's role as well. The focus of my role is to make sure it's escalated to the board.

MR ASPINALL: I don't want to labour their point but, at a management level, the  
10 core management meeting, I just asked you whether or not it was dependent upon whether the core managers decided to tell you about the risk and, as I understood it, you take no steps to check on them as to whether they are escalating things properly. You just rely upon them to do so; is that correct?

15 MS SIEGERS: Yes.

COMMISSIONER: That seems to be a problem of the past, Ms Siegers. There's a lot of evidence before the Inquiry to suggest that people thought things were  
20 happening "on the ground", when they were not. What do you suggest in terms of having a vision into what these processes are?

MS SIEGERS: So we're building a number of framework elements, like our data capacity, to be able to analyse events if they're recorded. But, fundamentally, as sophisticated as we get, we are a business that is based on humans. We are – not  
25 only human interaction but many of our processes are not automated. And engaging with a customer is a face-to-face action, therefore, we will always have the issue of human error. That is something we – that is part of our fabric.

COMMISSIONER: Well, for instance, there are elements to business that have  
30 vulnerabilities for money laundering, for dealing with individuals with connections to organised crime, and for putting employees at risk of detention in overseas countries. These have been the topics, as you would understand, into which the Inquiry has been looking; correct?

35 MS SIEGERS: Yes, yes.

COMMISSIONER: And it's not suggested for one moment that that is all that this  
40 company does. Of course, it does very many more things than the things that I've just, or the areas into which this Inquiry is looking. But to look at the problems that have arisen that have caused the press to pursue Crown in the way that it did, and to claim that it had information about Crown, then these are the topics that are at the forefront of the evidence. Do you understand that?

MS SIEGERS: Yes.  
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COMMISSIONER: And so, for instance, what you're indicating to me is that the errors of judgment will always be made. And that's obvious, because everyone is

human. But what is it that you say is the reform that can be brought into play to ensure that these things don't happen? What is the reform that you're promoting?

5 MS SIEGERS: So if we're talking about the specific events rather than risk management in general, when it comes to identifying transaction actions, I think the AML team working extremely diligently right now in building automation for their identification of transactions. So – and I think you may – no. I think you heard from a number of our AML team members. So that will assist in having more systematic identification of patterns. So that will be a great improvement.

10 COMMISSIONER: So far as – and so far as risk management is concerned, do you have anything to do with the AML team?

15 MS SIEGERS: I – so my framework is the umbrella framework. So I ensure that what - - -

COMMISSIONER: Which? What sort of a framework is it?

20 MS SIEGERS: Apologies. My risk framework is the umbrella framework for the whole organisation. So as the AML team develops their framework, it needs to fit within mine. So I ensure there's consistency there. From a risk angle - - -

25 COMMISSIONER: Just pause there. Let me see if I with penetrate this. You're developing a framework. And you say "their framework", that's the AML framework, needs to fit within your framework; is that right?

MS SIEGERS: The risk framework – yes – is the umbrella one for everything that happens in the organisation.

30 COMMISSIONER: And what are you doing with your framework to fit with the framework of the AML team?

35 MS SIEGERS: So I make sure that the processes that we have for identifying risks flow from the ones identified in the AML framework and are disseminated throughout the whole organisation and there's clear communication of what those risks and the risk assessments are for each individual business unit that is taking a part in the AML control framework.

40 COMMISSIONER: So what is it that you are promoting?

MS SIEGERS: So there are two frameworks need to work together. Sorry, I'm speaking with my hands and I have an issue with my - - -

45 COMMISSIONER: That's all right.

MS SIEGERS: So the risk framework identifies the core risks and the controls that support them. Parallel to that, the AML team identifies all the key risks that could

lead to AML activity throughout the organisation. I make sure that there is communication between those individual business unit risk profiles and the AML team, so that in the risk profile we have a link between the risks identified by the AML team – the controls that they identify, and they have a lot of controls to make  
5 sure that those – they have a lot of processes to make sure those controls are operating, but I make sure that the risk framework captures that information and feeds it up to the board as well.

10 COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Before we leave the question of checking on people that they are doing what they should in terms of the risk management strategy, does your team, the risk department, have the ability to look at people's emails, for example?

15 MS SIEGERS: No. I would have to have special requests for that.

MR ASPINALL: Who would you make that request to?

20 MS SIEGERS: I would have to go to the executive and the IT team. But there would have to be – there's a whole element of privacy - - -

COMMISSIONER: I'm sorry, you'll have to hold the microphone up. I can't hear you.

25 MS SIEGERS: There's a whole element of privacy and a number of considerations that need to be taken into account if I were ever to look at – everybody – anybody's emails so I would have to go through a number of steps to do that.

30 MR ASPINALL: Would you have to ask Mr Felstead?

MS SIEGERS: I most likely would have to, yes.

MR ASPINALL: You would have to get Mr Felstead's permission.

35 MS SIEGERS: I would have to justify why I would need to take such a step, yes.

MR ASPINALL: So in terms of an external auditor of that compliance with the risk management strategy, would those external auditors have the ability to look at people's emails?  
40

MS SIEGERS: Unless it was specifically requested and there was a particular reason why we would do that, not – not at first hand, unless they identified a potential gap and wanted to dig in further.

45 MR ASPINALL: Wouldn't a potential reason be to see whether or not risks identified were being appropriately escalated?

MS SIEGERS: But they could be escalated via phone, via SMS; there's a number of ways or just face-to-face discussion, so I think having access to email would not necessarily give us the full information we would – we would aim for.

5 COMMISSIONER: I'm sure that's so, but Mr Aspinall's question relates to emails. Wouldn't a potential reason be to see whether or not the risks that are identified were being appropriately escalated in emails?

10 MS SIEGERS: Yes, but as I said, they may not – we may not have an email trace of something being escalated but it still may be so - - -

COMMISSIONER: Of course. Of course, they may not, but isn't that the starting point?

15 MS SIEGERS: No, I think the starting point would be the interviews – interviewing of the key individuals to identify when and where they – their recollection is of when they were notified.

20 COMMISSIONER: Well, let's just go back to Mr Aspinall's question if I may, please, to press you; I am sorry to do this. Mr Aspinall has asked you in respect of an audit – an external audit and there being a basis for looking at emails to see if risks were being properly escalated. Do you accept that that is one reason which may be propounded for looking at emails in respect of risks being appropriately escalated or not?

25 MS SIEGERS: Yes.

COMMISSIONER: Thank you. Yes, Mr Aspinall.

30 MR ASPINALL: If we look again at your risk management strategy, Ms Siegers, which is volume 1, tab 4 of your bundle.

MS SIEGERS: Yes.

35 MR ASPINALL: Operator, it is CRL.668.001.0019, and we're looking at page pinpoint 0026. Just the top diagram please, operator. Do you have that diagram, Ms Siegers?

40 MS SIEGERS: I do.

MR ASPINALL: Can you tell me what this diagram is hoping to convey to the reader?

45 MS SIEGERS: Yes. It's about representing the elements of the risk - - -

COMMISSIONER: Put the microphone to your mouth, please, Ms Siegers.

MR ASPINALL: Sorry, Ms Siegers. Could you start again.

5 MS SIEGERS: It's about representing the elements of the risk governance frameworks. Those elements being subordinate committees, the first line, the second line and the third line.

MR ASPINALL: All right. Well, perhaps you could just take it step by step. The first line of defence are the senior and middle management; is that right?

10 MS SIEGERS: Yes.

MR ASPINALL: And the CEO - - -

15 MS SIEGERS: Well, actually, all staff.

MR ASPINALL: I see. The senior executives have something called risk ownership. What does that mean?

20 MS SIEGERS: They're fundamentally responsible for identifying and managing risks.

MR ASPINALL: I see.

25 MS SIEGERS: They make the operational decisions.

MR ASPINALL: I see, that is – risk ownership refers to the responsibility to identify and appropriately escalate risks; is that right?

30 MS SIEGERS: Yes.

MR ASPINALL: And if that doesn't happen, then I assume that the first line of defence won't work?

35 MS SIEGERS: Well, that's why you have a second and third line that hopefully will identify some of those breakdowns. The second line really is where that breakdown should – should be identified.

40 MR ASPINALL: But just to come back to my question: it's true, isn't it, that if that doesn't happen then the first line of defence will fail?

MS SIEGERS: It will have failed in one of their responsibilities but hopefully they won't fail completely because it will be identified by the second line.

45 MR ASPINALL: Yes, but that means the first line has failed when you get to the second line; correct?

MS SIEGERS: The second line is there all the time. I think they will fill in that element of their responsibility to escalate or to – yes, but that doesn't mean they haven't identified the risks and managed it. So that's why I hesitate with the word "fail" because it hasn't necessarily failed in the entirety of the process, just a section of it.

MR ASPINALL: Yes, well, the first line has failed?

MS SIEGERS: No, that's what I'm - - -

MR ASPINALL: Who is the second line?

MS SIEGERS: It's the risk management function as well as the compliance, legal and AML function.

MR ASPINALL: Who is the risk management function?

MS SIEGERS: That's my area, my team.

MR ASPINALL: But why are you called a function?

MS SIEGERS: Because we have a functional role. That's - - -

MR ASPINALL: But it's difficult for me to understand who the people are. Can you tell me who the people are? The risk team, is that correct? The risk department.

MS SIEGERS: Yes, the risk team. Yes.

MR ASPINALL: You.

MS SIEGERS: Me.

MR ASPINALL: What about the risk management committee?

MS SIEGERS: No, the risk management committee you will note is in that top middle box. It's one of the - - -

MR ASPINALL: Right.

MS SIEGERS: It's one of the governance – board governance elements.

MR ASPINALL: So to be clearer, that could say the risk department and Ms Siegers; is that correct, the second line?

MS SIEGERS: Yes, yes.

MR ASPINALL: But I think you've just told me that you have no ability to look into, other than by asking them what the CEO and executives are doing; is that right?

5 MS SIEGERS: I apologise, I didn't think I had said that. I said I cannot go and read their emails. But I can definitely - - -

MR ASPINALL: Yes.

10 MS SIEGERS: - - - go and talk to them and - - -

MR ASPINALL: I see.

15 MS SIEGERS: - - - I'm present at many of the forums. And we have what we call an executive risk and compliance committee in which all of those matters are reported. So I think I would have a number of mechanisms by which I could have visibility over what is happening.

20 MR ASPINALL: Well, other than what they might choose to tell you, you have no ability to look into what they are doing; is that correct?

25 MS SIEGERS: I'm not sure how to answer that question. I have – my team – when an executive does something, they usually don't do it on their own, other than if it's not related to work. So they'll have a team. And then that team needs to engage. If there's a project, there's a lot of engagement with a lot of people. And my team will either be a part of or have visibility over that, or I will have visibility over that. If there's a project, there's money, so I can have access to the financial statements and see that there is capital spend. So there's a lot of – there's a lot of elements for me to have visibility over what is happening, without needing to have email  
30 correspondence.

35 MR ASPINALL: Well, just coming back to the lines of defence, though. We're talking about a scenario here where the CEO and/or the executives have failed in their duty to own the risk. In other words, to identify and escalate up risk that they know about; correct?

40 MS SIEGERS: Actually, if I am going to be honest, I think they've owned it much and haven't escalated it up. So they have taken the ownership of identifying and managing it. So I think the risk ownership element has not failed.

MR ASPINALL: But isn't this – under this diagram, isn't that what they are supposed to do, to own the risk?

45 MS SIEGERS: Exactly. But there's also protocols which I felt were missing, when I joined the organisation, around escalation.

MR ASPINALL: And I was exploring with you a situation where the CEO and executives do know something but have failed to report it up.

MS SIEGERS: Yes.

5

MR ASPINALL: And what I was asking you about is, in the situation where they decide not to tell you about it, either the risk or their failure to escalate it up, won't the second line fail as well?

10 MS SIEGERS: Well, that's where we are embedded in the business. And it's my experience that, if it's something material, the information will be discussed and somebody in my team or myself will hear from it. It may not be from the person who was meant to tell me, but the odds are I will hear from it.

15 MR ASPINALL: And in terms of the second line, isn't the second line always trailing behind, in terms of time, what is happening at the level of the CEO and executives?

MS SIEGERS: Most likely, yes. Yes.

20

MR ASPINALL: In other words, where there is an unseen risk that the CEO and executives haven't dealt with it appropriately, the second line may not find out about that for a long time; is that right?

25 MS SIEGERS: It's hard to talk in generics when we talk about that, which is, I'm afraid, what we're doing right now. It will all depend on the – on the event and what we are specifically talking about. There may be other factors that come about, that give us an indication.

30 MR ASPINALL: Well, in other words, isn't the second line a sort of a repace in terms of what's happening: the CEOs are managing risk as they see fit – they may be doing so appropriately and they may not – but unless they tell you, contemporaneously, what they're doing or not doing, you won't find out until later that there's been a problem?

35

MS SIEGERS: So, at the CEO level, they often deal with more strategic issues which have a longer – a longer implementation or time. And so I will most likely – it's very possible for me not to see something, but I will often hear of it or know of it. And the way the organisation functions right now, I am extremely comfortable in walking into any executive or CEO office and having a discussion with them around anything. So if I had any indication of anything, I would very happily walk into their office and have a conversation.

40

MR ASPINALL: Well, my question was really more in terms of timing, in that the risk management function – you – unless the CEOs tell you in a contemporaneous way, and the executives, you're always playing catch-up with a risk which may be hidden within that structure; correct?

45

MS SIEGERS: Sometimes I bring risks to their attention. So, I guess, that's why I'm saying it's very hard for me to answer this question in a theoretical way because, as I was telling you, my role is to take little pieces of information together and put that – try to piece it in a way that makes sense, I may have some insight that I can  
5 bring. So it's not – I can't quite give you a systematic answer, in terms of theory. I may often have – or I may have information or insight before – before the executive or the CEO does as well.

MR ASPINALL: Well, in circumstances where you don't become aware of the risk  
10 until later - - -

MS SIEGERS: Yes.

MR ASPINALL: Do you understand that scenario?  
15

MS SIEGERS: Yes.

MR ASPINALL: There has been a failure at that level?

20 MS SIEGERS: Yes.

MR ASPINALL: No one told you, but you found out later.

MS SIEGERS: Yes.  
25

MR ASPINALL: To come back to the Commissioner's point: wouldn't it be your role, as the second in line of defence, to then try and work out what went wrong?

MS SIEGERS: Yes, it would. And I would do that.  
30

MR ASPINALL: Yes. And in terms of your appointment in late 2017, wasn't, by that time, there ample evidence that many things had gone wrong in this organisation?

35 MS SIEGERS: Yes.

COMMISSIONER: From a risk management perspective.

MR ASPINALL: From a risk management perspective, Ms Siegers?  
40

MS SIEGERS: Yes.

MR ASPINALL: And so I'm interested in understanding why, at the time of your appointment, you, in your role of risk management function, didn't do that?  
45

MS SIEGERS: Well, I looked at why the risk management framework failed. And I found that there were a number of elements that were lacking, so I tackled those.

So that the failure could not come from the risk management framework itself. And so that was the very first step that needed to be taken, to fix my own risk management framework.

5 MR ASPINALL: Well, before you fix the risk management framework, wasn't it important to find out precisely what had gone wrong?

MS SIEGERS: Well, I think, as you mentioned – the main challenge that I think we had was an escalation one, so I fixed that.

10

MR ASPINALL: But you assumed that, didn't you? You hadn't done any investigation to find out whether that was correct or, indeed, whether that was the only problem?

15 MS SIEGERS: I didn't do an in-depth investigation, but I didn't need to do one to have people come to me and explain to me what they felt had been wrong or had failed.

MR ASPINALL: You see, as the Commissioner said, the people of this State might be forgiven for being concerned that, until you or an external auditor in the third line had been through and carefully analysed what went wrong in terms of risk governance in this organisation, that to change the strategy framework was, in effect, embroidering around the edges of the problem without knowing what it really was. What do you say to that?

25

MS SIEGERS: No. I – I'm afraid I would disagree with that – that assessment. So if I look at specific issues, China, by the time I joined the operation, we were no longer operating in China, so there was very little value into me digging into what happened; that was not going to happen in the future. We were also designing our joint program and starting to automate a lot of the reporting. So the issue around the adding of transactions together was not going to – or was hopefully, in the future, going to be addressed and by the monitoring program. So there was not necessarily a lot of value in me digging into that all over again. I think a lot of people had. And there was a lot of information available for me to understand what had happened.

35

COMMISSIONER: If you found – if you did do that digging to which you have just referred, if you found that there was, in fact, a real problem in one person, or even two people, recognising their responsibility to escalate things, would you not want to know who that person was?

40

MS SIEGERS: Yes. But I think that would be, that would come to my attention quite quickly.

COMMISSIONER: And you would want to say to that person, or to some superior, "We have a problem with this person's attitude". Would you not want to do that?

45

MS SIEGERS: Yes.

COMMISSIONER: And so you have to dig around a little bit, don't you?

MS SIEGERS: I think I would make that assessment – I try to not take other people's view, so I met with everyone – all the executives and I make my own  
5 assessments of the individual, whether they appear to be truthful or honest or especially with me, with my two hats. It's often interesting to see how people respond to me. So I tend to make my – my assessment of individuals and how much I can rely on them, so I – I did that piece of work quite early on when I introduced myself to the organisation.

10 COMMISSIONER: I understand all that. But if you have not looked at what actually happened, as you called it, digging around, you will not be able to assess with any real confidence whether the communication process was caused by either individual or individuals at the time; correct?

15 MS SIEGERS: Yes.

COMMISSIONER: And so if underlying all that, in the fabric of the facts that were to be exposed in what happened, you found an individual or individuals that could  
20 not recognise or even did recognise and did not comply, you would want to advise the board of that, surely?

MS SIEGERS: Yes, I would maybe not start with the board but if I felt there was no response from the executive, I would escalate to the board, yes.  
25

COMMISSIONER: But would not the board want to know – I withdraw that. Yes, Mr Aspinall.

MR ASPINALL: And, Ms Siegers, wasn't the obvious and commonsense thing to  
30 do at the time you were appointed, to go to the board and ask for funding to expand the risk department to the extent necessary to conduct a thorough review of the operations of this company in terms of the risk governance failures that had already happened?

35 MS SIEGERS: So I did go to the board and ask for further resources which is how my team has grown, but not for a thorough review of historical matters for – I asked for resources to build a solid framework that would assist them in discharging their duties.

40 MR ASPINALL: Well, I asked you whether that was not the commonsense thing to do: do you disagree that that was my proposition?

MS SIEGERS: Yes, I think I – I answered that a little bit on Friday as well. I did  
45 not see much value in spending a lot of time on processes that were more historical and for which the context had changed.

MR ASPINALL: But looking back on it now and having had the benefit of what this inquiry has exposed, does it not now seem like that was the case; that you should have done that?

5 MS SIEGERS: No, I'm comfortable with how the framework has changed. I think – I understand you're speaking to the board so you can ask them how comfortable they are with how the risk framework is now operating. I think they have a lot of visibility over many matters that they wouldn't – maybe not have had before, so I'm comfortable with the changes we've made.

10 MR ASPINALL: When you commenced or thereafter, has there been any discussion or resistance from the board in terms of giving you the scope to conduct a thorough review and the necessary resources to do so?

15 MS SIEGERS: That did not come into discussion.

MR ASPINALL: And so the decision not to conduct any sort of review of what had happened at the time of your appointment was yours alone, was it?

20 MS SIEGERS: Yes.

MR ASPINALL: Did you discuss that with any member of the board or the senior executives?

25 MS SIEGERS: I honestly did not see the value in conducting a thorough review in historical matters.

COMMISSIONER: No, no. No, the question was whether you discussed it with any member of the board or senior executive.

30 MS SIEGERS: No.

MR ASPINALL: We might now move to – just to finish off this diagram, in terms of the third line of defence, which is on the right-hand side, that talks about internal and external audit. Do you see that?

35 MS SIEGERS: Yes.

MR ASPINALL: In terms of internal audit, isn't that, again, you?

40 MS SIEGERS: Yes.

MR ASPINALL: And I don't quite understand how you can then be in a position of reviewing your own work in respect of the second line of defence. Can you explain that to me?

45

MS SIEGERS: So that's why I said that when the internal audit team conducts a review of the risk management framework, I – we have that done by an external auditor so there is no conflict. But other than that, the focus of the internal audit team is to look at the control frameworks, the control environment and provide  
5 assurance to the board that that control environment is as effective as it needs to be.

MR ASPINALL: But do you accept, as a logical proposition that in terms of the third line, it cannot be the case that the internal auditing department can play any useful role in that line of defence?  
10

MS SIEGERS: No, because in their process, what they do for every single audit, so they – they use the output from the second line work to – as a basis to conduct theirs, but they will also have their own – they overlay their own assessment. And what I have is I have a group of internal managers who conducts and leads the rest of the  
15 team, so there is an element of independence. That team does their own risk assessment and if they found gaps, they would highlight them.

MR ASPINALL: But do you accept there's a tension there because that internal audit team answers to you, and you just told me that you are deeply involved in managing the second line of defence?  
20

MS SIEGERS: Yes, and that's why I told you - - -

MR ASPINALL: And so would you be asking your subordinate to review their superior's work?  
25

MS SIEGERS: No, that's why I said that whenever my – there is a review conducted on my function, it's conducted by an external party, so there is no conflict.

MR ASPINALL: So what does the internal auditor review?  
30

MS SIEGERS: They review the operations and - - -

MR ASPINALL: But isn't that the very nature of what should be reviewed, the nub of it?  
35

MS SIEGERS: Yes, absolutely.

MR ASPINALL: So why would you leave the review of the operations to an internal audit team?  
40

MS SIEGERS: Because that's the purpose of internal audit.

COMMISSIONER: Who is the external auditor in this aspect of the work?  
45

MS SIEGERS: We are just moving away from having E & Y do – Ernst & Young conducting our external audit.

COMMISSIONER: And when you say external audit - - -

MS SIEGERS: Sorry, external audit is the – yes, external audits is for the financial – financial accounts. External auditor can be anyone, any expert that we call upon,  
5 when they – so in the diagram, external audit refers to E & Y - - -

COMMISSIONER: Who is it?

MS SIEGERS: - - - our – Ernst & Young, who are our financial external auditor;  
10 they review our accounts. And as part of their process, they also review the broad effectiveness of the control framework at a high level. But we can call upon any external audit firm - - -

COMMISSIONER: Ms Siegers, I am just asking you, in this diagram who is the  
15 external auditor?

MS SIEGERS: Yes, E & Y, so it's Ernst & Young.

COMMISSIONER: And so they audit the risk management side of the business, do  
20 they?

MS SIEGERS: No. They audit financial services – the financial statements.

COMMISSIONER: Who is the auditor in this structure of the risk management, that  
25 is, the external auditor - - -

MS SIEGERS: It - - -

COMMISSIONER: Wait, wait. That you've referred to in the third line of defence?  
30

MS SIEGERS: It can be anyone who we call upon.

COMMISSIONER: Yes, I'm asking who it is.

MS SIEGERS: So the last person we conducted – so we had two reviews done in  
35 the last three years. We had PwC do one through the VCGLR sixth review, and we had Deloitte do one in 2019.

COMMISSIONER: So you've had two so far in your term of employment; is that  
40 right?

MS SIEGERS: Yes.

COMMISSIONER: Thank you. Yes, Mr Aspinall.  
45

MR ASPINALL: Ms Siegers, I think you told me on Friday that your superior is Mr Felstead; correct?

MS SIEGERS: Yes.

MR ASPINALL: And so if there is a problem with Mr Felstead under this structure  
5 in the first line of defence, isn't Mr Felstead then the superior of both the second and  
third lines of defence other than the external auditor?

MS SIEGERS: That's why I have reporting lines into the board committees. I can  
escalate anything directly to the board.

10 MR ASPINALL: The board, which board?

MS SIEGERS: Yes. So Crown Melbourne.

MR ASPINALL: Which board? Crown Melbourne?  
15

MS SIEGERS: I will finish my answer. Crown Melbourne for – through the audit  
committee or the Crown Resorts board through the risk management committee.

MR ASPINALL: And have you made such reports during your tenure?  
20

MS SIEGERS: No.

MR ASPINALL: You accept there's a tension between your role as the subordinate  
25 of Mr Felstead and the need, perhaps, to report upon him in respect of risk ownership  
failures?

MS SIEGERS: No, I would be comfortable in escalating anything.

MR ASPINALL: But you accept that there's a tension there, from a structural point  
30 of view at least?

MS SIEGERS: Possibly but it's always – I'm always going to have an operational –  
the board doesn't have any operational staff reporting directly to them so that's  
always going to be the case.  
35

COMMISSIONER: Well, at the moment it doesn't; couldn't you suggest it?

MS SIEGERS: It's not a proper governance framework for the board to have direct  
40 responsibility for operational staff, so you want reporting lines so that there is direct  
access. But I don't think you want the board to have management responsibility of  
staff. That creates a conflict for them and there's – from a governance angle, it's not  
an ideal position.

COMMISSIONER: You see, there's evidence before the Inquiry that that it is a  
45 proper governance framework structure for a board to have a direct report from an  
AML compliance officer. Did you see that evidence?

MS SIEGERS: Yes, I don't necessarily agree with that one. But - - -

COMMISSIONER: And why would you not agree with that?

5 MS SIEGERS: Because I think what you want from operational staff is that they have access to the board through a reporting line but not that the staff directly report to them. That is not – the only staff that makes the – so the only person that the board makes a decision on usually is the CEO, their appointment, not necessarily many others.

10 COMMISSIONER: Yes. And the evidence that was given by the experts in February indicated that one of the reasons for the AML individual or compliance officer, whoever it is, has that direct reporting or direct access, is so that that person will not be put upon or seen to be put upon for the driving of profits over the  
15 consideration of anti-money laundering policy. You understand that?

MS SIEGERS: I agree – I absolutely agree, Commissioner, that it is – it would be healthy for a – the head of the AML to have access to the board directly; yes, that would be a very healthy governance structure. But not that that person would – now,  
20 maybe it's the understanding of the word that I have issues with but it's not – that report would be employed and directly managed by the board. They would need some form of operational reporting line which I do through the CEO, which is the same – the same thing.

25 COMMISSIONER: The last thing you want a board to do is to micromanage; I understand that concept, Ms Siegers. But when you have problems that have been exposed like this, don't you need to ensure that when you are reporting on someone they are not superior to you from a perception point of view, unless you have that total independence from them?

30 MS SIEGERS: I've never found an issue with that, to be honest, in my 25-year career, so I – I'm not sure it's a tangible issue.

35 COMMISSIONER: Well, you've just agreed that the AML person should have access to the board or should be able to do so; correct?

MS SIEGERS: Yes.

40 COMMISSIONER: So in those 25 years, have you found that?

MS SIEGERS: That the AML person reported directly to the board or had a direct connection to the board?

45 COMMISSIONER: Yes.

MS SIEGERS: Not in many of the organisations I've worked for, no.

COMMISSIONER: I can't hear you, I'm sorry.

MS SIEGERS: Not as I recall in many of the organisations I have worked for.

5 COMMISSIONER: So in the 25 years you haven't seen that, but you agree that it is a sensible regime, do you not?

MS SIEGERS: I agree. Yes. And I think in the – in the short term - - -

10 COMMISSIONER: Yes. Yes, Mr Aspinall.

MS SIEGERS: - - - until the board is comfortable with the AML structure and what the AML program is, it could possibly be valuable to have – to have a subcommittee of the board that focuses on AML. And you could have that head of AML reporting  
15 into that committee, like I do for the risk committee, and that can be an effective way to ensure communication and visibility.

COMMISSIONER: You're, once again, diluting it by doing that, aren't you?

20 MS SIEGERS: No. I don't think, actually. You are – you are – you would, absolutely, be focusing on just AML if you did that.

COMMISSIONER: You see, if someone in the AML team wants to change the way things are done, and has indicated – and a superior of that individual tells them,  
25 "That's not the way we do things here," without the board ever knowing about this communication, that's unhelpful, isn't it?

MS SIEGERS: Yes. But, then, if the individual has access to the board they can – they can bring that proposition there.

30 COMMISSIONER: That's what I'm putting to you. Yes, Mr Aspinall.

MR ASPINALL: Ms Siegers, I just want to finish off this point by asking you about the structure again. You see that you answered to Mr Felstead, and Mr Felstead  
35 would then answer to the CEO of the organisation; correct?

MS SIEGERS: Yes.

MR ASPINALL: So with regard to a person in your position as group manager of risk and audit, that means, at least in respect of those two positions, the structure  
40 itself might create, in a timid person, a reluctance to report to the board or to the risk structure with regard to misconduct by those two individuals, at least?

MS SIEGERS: It's a good thing I'm not timid then. I – it could. But I've never  
45 found that to be an issue. But I think you make a point that's valid: in the risk environment, I interact with the Crown Resorts board quite materially, and we could revisit my reporting line.

MR ASPINALL: Well, you talk about 25 years, but the scenario we're talking about here may only occur very rarely, but, when it does occur, it's extremely important, isn't it?

5 MS SIEGERS: Yes. And, in my career, I have – and not at Crown, but in other organisations, I have escalated issues to the board.

MR ASPINALL: Yes, I know. But - - -

10 MS SIEGERS: So I personally have no issue with doing it.

MR ASPINALL: - - - in terms of the structure, you may not be there next year or the year after, or in five years time. We're talking about the structure. Doesn't the structure create a tension for the person in your position that if, for example, they  
15 impugn the conduct of their superiors, the CEO or the CEO of Australian Resorts and, for example, that imputation fails, and the board rejects it, that that would then put the person in your position in an untenable position, wouldn't it?

MS SIEGERS: Yes. But that would, possibly, not stop me from doing what I had to  
20 do. Integrity is quite an important for me as a personal value, so I would do what is meant to be done.

MR ASPINALL: I am not impugning your personal values, but I'm talking about the structure and what it creates in terms of tension. Do you accept there's a problem  
25 with the structure?

MS SIEGERS: I think I hear what you are saying. I just don't know how you can address it. There is – it would be – there is – reporting to the CEO is pretty much as high as I can go. So I wouldn't know how to address that.  
30

MR ASPINALL: I see. Just before we leave this page – if you scroll down, operator, to the next position, 6.1, the role of the board – you see the first objective dot point there is that the:

35 *To fulfil its obligation, the board clearly defines risk appetite.*

MS SIEGERS: Yes.

COMMISSIONER: You see that?  
40

MS SIEGERS: Yes.

MR ASPINALL: That's just a couple of pages after, in this document, the table that we saw where the risk appetite is not clearly defined, isn't it?  
45

MS SIEGERS: I don't agree with that statement. I think you wanted a word that said low, medium, high. For me, "low" is not as clear as saying that "to maintain systemic compliance"; that, to me, is very clear.

5 MR ASPINALL: If we turn over the page to 0027, you see there's a diagram there that deals with the risk or the board committees?

MS SIEGERS: Yes.

10 MR ASPINALL: I just want to take you through those committees and see if you can tell me what they do. You are familiar with their operations, presumably?

MS SIEGERS: Not all of them in detail.

15 MR ASPINALL: But aren't you the group general manager of risk and audit?

MS SIEGERS: Yes. We can – we - - -

MR ASPINALL: Why wouldn't you know in detail what the board committees do?  
20

MS SIEGERS: I – it's going to be hard for me to recall. Just, like, I would need to refer to papers. And I don't have them in front of me. I would be afraid I would misrepresent some of their – their scope of work.

25 MR ASPINALL: So you've not had much to do with some of these committees?

MS SIEGERS: I have. No, I have. The only one I report to is the risk management committee.

30 MR ASPINALL: So you don't, really, have any familiarity of what's going on in respect of the others?

MS SIEGERS: I've not – I'm not in those meetings. No.

35 MR ASPINALL: With respect to the nominations and remuneration committee, do you accept that the functions of that committee bear upon the risk to the organisation?

MS SIEGERS: Yes.

40

MR ASPINALL: Did you not consider it was – that you should take an interest in what that committee is doing?

MS SIEGERS: I – I take an interest in all the committees, but I am not a member of  
45 it and I do not attend those meetings. So I cannot give you insight into what is discussed.

MR ASPINALL: But, don't you think, looking at it now, that you should be a member of that committee or, at least, have a standing invitation to attend it?

5 MS SIEGERS: I could. But there's elements that are quite confidentially discussed in there. But I could attend. Yes.

MR ASPINALL: Well, my question is: doesn't the level of incentivisation or remuneration in respect of key executives and others have a direct bearing on the amount of risk that they are prepared to accept to the organisation in order to achieve personal gain?  
10

MS SIEGERS: I think I can have input into the framework without necessarily attending the committee.

15 COMMISSIONER: I think there was a different question asked there of you. Yes, Mr Aspinall.

MR ASPINALL: Do you accept, do you, as a risk professional, that the level of remuneration or incentivisation of senior executives can be a factor which affects the amount of risk they are willing to take to achieve profit for the organisation?  
20

MS SIEGERS: Yes.

MR ASPINALL: And that, to an extent, that incentivisation can create a conflict of interest for senior executives with regard to their personal gain and the overall wellbeing of the corporation, in terms of risk?  
25

MS SIEGERS: Yes.

30 MR ASPINALL: And so my question to you is: why don't you take more interest in what's happening in the nominations and remuneration committee?

MS SIEGERS: The way for me to influence that process doesn't need to be through that committee. I can have that discussion with the CEO and the HR team around the structure of the incentive and what are the key – key drivers behind the calculation of the incentive payments without necessarily being in that committee for the final decision.  
35

MR ASPINALL: And in terms of your analysis, such as it is to date, upon the reasons for what happened at Crown prior to your joining and what has occurred since, have you given much consideration to the effect that remuneration or incentivisation might have had upon those issues?  
40

MS SIEGERS: Yes. And we are in the middle of starting a piece of work on risk culture which will take into account those elements.  
45

MR ASPINALL: Risk culture is a more nebulous concept, isn't it?

MS SIEGERS: It has some elements that are very nebulous. Yes.

MR ASPINALL: My question to you is how much consideration have you given to the question of to what extent incentivisation and remuneration has been linked to  
5 issues which have emerged in Crown Resorts?

MS SIEGERS: I haven't looked at the past.

MR ASPINALL: Have you made any recommendations to the board or any other  
10 person regarding changes that should be made to the remuneration or incentivisation packages at Crown?

MS SIEGERS: Not at this stage.

15 MR ASPINALL: Are you planning to do that.

MS SIEGERS: Based on what comes out of my work on risk culture, possibly.

MR ASPINALL: And is it the case that you haven't done that so far, because you  
20 haven't looked at whether or not there is a causative effect there?

MS SIEGERS: It's a maturity issue. So I have started with fixing the elements of the framework that I felt were core, and then this is the next step in our – I don't want to call it a "journey", but – but in our review process.  
25

MR ASPINALL: But just to take a step back, you wouldn't know the extent to which remuneration or incentivisation was the cause of the problem unless you analysed what's happened in the past; is that right? I sound like a broken record. But perhaps you could explain to me again how you would understand whether that  
30 was an issue unless you looked back at what had happened?

MS SIEGERS: So I have – the notion of linking remuneration and risk-taking is something I have experience with through my previous role, in particular, through the implementation of the APRA framework. So I understand the link between  
35 remuneration and risk-taking. So the way I plan to consider that piece of work is to look, going forward, at what elements we are putting in people's performance plans and the drive behind them and what kind of behaviour that can drive and to enhance them.

40 COMMISSIONER: Yes. I'm sorry. Ms Siegers, the process of what is happening here includes all the things about which Mr Aspinall is taking you to, but you're responsible for risk management for an organisation that does many things, which, in part, includes casinos; correct?

45 MS SIEGERS: Yes.

COMMISSIONER: So there's a hotel side of things, and there is a food and beverage/restaurant side of things, there's the golf course, I understand. So there are aspects to the business that are not governed by regulatory authorities in respect of the operation of the casino; do you understand that?

5

MS SIEGERS: Yes, I agree.

COMMISSIONER: But because of the structure of the regulatory regime for casinos, the nature of the business, the way it's operated it's operated, even in those other areas, is caught up in the assessment of the suitability of the licensee. You understand that?

10

MS SIEGERS: Yes.

COMMISSIONER: And so to look at your risk management document that we looked at a little while ago, I do understand why you have to have a broad approach to the nature of the business of Crown, which is very large, but when you look at it from a point of view of regulating a casino, which everybody accepts – and if they don't, perhaps someone might say they should – that the casino is vulnerable to organised crime and infiltration of people who want to money launder; you understand that?

20

MS SIEGERS: "Infiltration" is, maybe, not the word I would use. "Exploitation", I would agree. "Infiltration", I'm not - - -

25

COMMISSIONER: All right. I'm happy – I'm happy to adopt your phraseology, "exploitation" by organised crime or money launderers.

MS SIEGERS: Yes.

30

COMMISSIONER: But once you have that element, which is not a great focus of your risk management document – once you have that element and the need for constant and diligent focus on the risks that are there, surely there's a driver for a risk management process. Do you agree with that?

35

MS SIEGERS: I think I agree. And that's why we have a dedicated team with expertise that focuses on that; absolutely. It's the same concept if you look at work health and safety and people safety, we have a great number of individuals. It would not be appropriate for my team to manage those elements, because they require specific expertise. So we have dedicated teams that focus on those areas.

40

COMMISSIONER: And is this right, then: your team does not manage the elements about which I have spoken; is that right?

MS SIEGERS: That is right.

45

COMMISSIONER: Who does?

MS SIEGERS: So AML?

COMMISSIONER: I see.

5 MS SIEGERS: The element for AML is the – our group general manager for AML  
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COMMISSIONER: That's Mr Preston - - -

10 MS SIEGERS: - - - for work, health and safety, we have a group – actually, the  
group general manager for AML is Mr Stokes.

COMMISSIONER: Who is it?

15 MS SIEGERS: Nick Stokes.

COMMISSIONER: Mr Stokes. Yes, of course.

MS SIEGERS: Yes, and he has a dedicated team.

20

COMMISSIONER: He is not the compliance officer, is he?

MS SIEGERS: No, but that's just the – that's the formal reporting individual. The  
person who really has responsibility for the program and embedding it and enhancing  
25 it is the group general manager for AML.

COMMISSIONER: Mr Aspinall.

MR ASPINALL: Just before we break, Ms Siegers, could the operator take you  
30 back to 0020 of this document, the bottom table there. If you could blow that up  
please, operator.

MS SIEGERS: Yes.

35 MR ASPINALL: You see, you are the author of this document with Mr Preston.

MS SIEGERS: Yes.

MR ASPINALL: And the second row of the table speaks of the incorporation of  
40 references to Crown Sydney; do you see?

MS SIEGERS: Yes.

MR ASPINALL: Have you given any consideration to whether it's appropriate in  
45 light of the fact that what will be the three casinos at the time Crown Sydney opens  
will be subject to different regulatory structures and a different regulator; that one  
document should be appropriate to cover all three licensees?

MS SIEGERS: I think the differences with regards to the regulatory regime will be addressed through the compliance framework – legal frameworks that are specific to each property. From a risk angle, I wanted consistency so that the Crown Resorts board, when they were looking at one property or the other, understood exactly what we were talking and fundamentally having a consistent vocabulary and regime and framework across all properties.

MR ASPINALL: But am I right in thinking that the very existence of your role as a group general manager speaks against Crown Resorts being enamoured of the idea of having different levels of, for example, risk appetite in respect of the three states that it operates?

MS SIEGERS: I think because it's quite conservative, it's comfortable in having one appetite for all of them.

COMMISSIONER: Did you include the references to Crown Sydney as you wanted to?

MS SIEGERS: Yes, I did.

COMMISSIONER: Yes. And so you've included it in your strategy; is that right?

MS SIEGERS: Yes. The main reason for having one as well is I didn't want to create the possibility for elements - - -

COMMISSIONER: I can't hear you.

MS SIEGERS: One of the main reasons for having only one framework is also to ensure that there is no – there could be no gaps between frameworks or between different processes that didn't match up very well.

COMMISSIONER: But once again, this document and the structure about which we're speaking, needs to be understood in light of the caveat you put on the structure being that AML deals with the risk in relation to the licensing of the casino; is that right?

MS SIEGERS: Not the licensing – so the AML team manages the AML risk. With regards to the licensing and all the requirements that are regulatory or legal, those would be handled through the compliance or legal team.

COMMISSIONER: Through the which?

MS SIEGERS: Compliance or legal team.

COMMISSIONER: But not you?

MS SIEGERS: I would – not directly; I don't have that direct expertise.

COMMISSIONER: But you understand that the risk management of the general company, that is, the general operations of the company, are highly significant to the suitability of the entity holding the licence; correct?

5 MS SIEGERS: Absolutely. And I would be handling that element of it.

COMMISSIONER: Yes. And in your document, you've dealt with that, and Mr Aspinall has taken you to it in relation to the breaches that you've referred to; correct?

10

MS SIEGERS: Yes.

COMMISSIONER: Yes.

15 MR ASPINALL: I'm about to move to another document, if that's a convenient time?

COMMISSIONER: Just before you do then, can you bring up on that one .0495 which is CRL.658.001.0495 which is page 12 of your document, Ms Siegers; it's one that you were looking at with Mr Aspinall a little earlier. Do you have that in front of you?

20

MS SIEGERS: I do, Commissioner.

25 COMMISSIONER: Thank you. In the second block, it says "brand/reputation"; do you see that?

MS SIEGERS: Yes.

30 COMMISSIONER: Thank you for that; they're just going to highlight it. And what you've identified there in the second line is sustained negative media coverage. Do you see that?

MS SIEGERS: Yes.

35

COMMISSIONER: Now – and also the last column, for reporting is any event that comes up in the press that's sustained is to be reported to whom?

MS SIEGERS: I apologise; I'm not sure about your question.

40

COMMISSIONER: You've got the last column, it says "Any event"; now, let's assume that there's an event. To whom is it reported?

MS SIEGERS: The risk management committee. The risk management committee.

45

COMMISSIONER: Thank you. And so why does it have to be sustained before it's reported?

MS SIEGERS: You will have most likely noted through the work you've done recently that we are quite often in the papers, so the matters that are a one-off are usually handled by the business. It's more when something becomes more sustained that the board would get involved.

5

COMMISSIONER: So if you have negative international media coverage, that's one thing. But it has to be sustained negative international media coverage to qualify as an event; is that right?

10 MS SIEGERS: Yes.

COMMISSIONER: And so if somebody in China were to report upon an event which looked a bit negative to Crown, such as the questioning of someone or the detention of someone and it was only one report, it wouldn't be an event; is that right?

15

MS SIEGERS: It wouldn't be from a brand perspective, but it may be from a people, so if you look at the people criteria, it may fall within that.

20 COMMISSIONER: I see. Yes, Mr Aspinall.

MR ASPINALL: Is that a convenient time?

COMMISSIONER: It is. Ms Siegers, what is going to happen now, we are going to have just a 10-minute break to give you a break, and then we will return in about 10 minutes. Thank you very much.

25

MS SIEGERS: Thank you. Thank you, Commissioner.

30

**ADJOURNED**

**[11.37 am]**

35

**RESUMED**

**[11.56 am]**

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

MR ASPINALL: Thank you, Commissioner. Ms Siegers, could we now look at a document which I think may be the risk matrix – perhaps it's not, but you can tell me. It's volume 1, tab 2 of your bundle, and its Ringtail reference is CRL.668.001.0006. It is exhibit W30.

40

COMMISSIONER: Thank you.

45

MR ASPINALL: Do you have that one, Ms Siegers?

MS SIEGERS: I do.

MR ASPINALL: What is this document; is this the risk matrix?

5 MS SIEGERS: It is.

MR ASPINALL: I've looked at it for some time and I have still some difficulty, no doubt my problem, but in terms of what it says in terms of likelihood criteria at the top in the first table, there are five criteria.

10

MS SIEGERS: Yes.

MR ASPINALL: And then when we get down to the ones that we were interested in earlier, which were reputation and brand, number 2 - - -

15

MS SIEGERS: Yes.

MR ASPINALL: - - - and compliance and regulatory.

20 MS SIEGERS: Yes.

MR ASPINALL: We have then in the second table a series of severities of impacts, I suppose.

25 MS SIEGERS: Yes.

MR ASPINALL: And then when we turn over to 0008 - - -

MS SIEGERS: Yes.

30

MR ASPINALL: - - - there's a risk map - - -

MS SIEGERS: Yes.

35 MR ASPINALL: - - - which marries those two tables together, doesn't it?

MS SIEGERS: Yes.

40 MR ASPINALL: How do I know in respect of, say, compliance and regulatory, where people consider those various risks to the business should go within the risk map?

45 MS SIEGERS: So that's where often we will create the risk profile and my team will be engaged and challenge the business if it comes through a process of discussion, challenge - - -

MR ASPINALL: So asking around; is that right?

MS SIEGERS: Usually having the right individuals in the room, so having a number of people, whether it be from the business, from legal and compliance, depending on which area of risk we're talking about, and making sure that all the inputs is taken into account. I can again go into the theory of risk. Most risks do not  
5 have one rating. They live on a curve. So you will have lower impact risk are usually more likely. Bigger impact risks are more rare, so they're – on the map they've often represented on a curve. We discuss that curve and identify the one with the highest rating as the rating for the risk.

10 MR ASPINALL: In terms of the risk map that we're looking at, I recall seeing, and the Inquiry has been shown, earlier versions of what was called a risk matrix in those days which had listed risks in various boxes in a table that looked like this.

MS SIEGERS: Yes.  
15

MR ASPINALL: Do you recall seeing those?

MS SIEGERS: Yes.

20 MR ASPINALL: But this box – this risk map has nothing of that nature. Is it the case that I would then need to look at another document to see where the risks fit into the risk map?

MS SIEGERS: So this is the tool that provides the detail of how things work. What  
25 we would need to do if we see one with risks is the risk profile of the area we're looking at. So if you're looking at the corporate risk profile, we have a list of risks and then we have a map for the corporate risk profile that puts all the risks identified at the corporate level onto that map and it shows their relative position.

30 MR ASPINALL: I see. Now, in terms of the nomenclature, the risk matrix is now different from the risk map, and the risk profile is another thing; is that right?

MS SIEGERS: Yes.

35 MR ASPINALL: So to work out where things go on a risk map, would I need to go to the risk profile and then put them into the risk map?

MS SIEGERS: You would create a risk map based on the risks you had identified and the ratings you had identified for your risks. And then they would be plotted on  
40 to a risk – that risk – a risk map where you could visualise all the risks you had identified.

MR ASPINALL: Have you done that already in respect of Crown Resorts, the seven categories of risk; is that right?  
45

MS SIEGERS: So I have – we have risk profiles that exist for a large number of divisions and we have them for the Crown Resorts corporate risk map, Crown

Melbourne corporate risk map, Crown Perth corporate risk map, as well as for the Melbourne and Perth property we have profiles that exist at a lower level that feed into that higher one.

5 COMMISSIONER: Is there one for money laundering risk?

MS SIEGERS: There is also a risk profile that was created with all – I think it has 41 different elements on it that looks after – looks at all the different ways the organisation can be subject to money laundering.

10

COMMISSIONER: And so if it's almost certain, and it's a major problem, that is, a major risk – it goes up - - -

MS SIEGERS: Yes.

15

COMMISSIONER: - - - in the top row, second from the right-hand side and it's a critical risk; correct?

MS SIEGERS: Yes.

20

COMMISSIONER: And that needs to be managed by the risk management committee and the board?

MS SIEGERS: It has to be oversighted, yes, by the board.

25

COMMISSIONER: Oversighted, I see. And oversighted that means what?

MS SIEGERS: That means we can report to it. They need to be across everything that happens. Obviously, the board doesn't have the same ability to take operational action but they need to understand everything that is happening in that area and have decision authority if they – if they want to. They can hand that over to the CEO.

30

COMMISSIONER: Thank you.

35 MR ASPINALL: Ms Siegers, just so I understand, you say that what we are seeing at 0008 is, in effect, the archetype risk map and that based upon that, each various parts of the business has its own risk map; is that right?

MS SIEGERS: Yes.

40

MR ASPINALL: And will that risk map – well, there must be many of them, but do those risk maps go to particular people within the organisation and you say to them, "Here is your risk map - - -

45 MS SIEGERS: Yes, so each - - -

MR ASPINALL: - - - look after this".

MS SIEGERS: - - - risk profile has an owner.

MR ASPINALL: Each risk profile has an owner. I see. Who would, typically, the owner be; a senior executive?

5

MS SIEGERS: It depends on the area of the business. So we – we tend to look at that framework – it’s a little bit of a pyramid, so we go from the very top, corporate, and then the executive will have one and then their direct reports will have one, so it depends on which layer of the organisation you are looking at.

10

MR ASPINALL: In terms of the likelihood side of this box that we’re looking at, you see that - - -

MS SIEGERS: Yes.

15

MR ASPINALL: - - - where things become almost certain or where likelihood increases, even where it’s a minor consequence, the level at which it should be escalated to rises?

20

MS SIEGERS: Yes.

MR ASPINALL: And so just in – by a logical way of thinking, would it not be important – and we have covered this seven or more times now, to know from your point of view whether there had been failures and why, so that you could assess whether or not they were likely to recur?

25

MS SIEGERS: Yes and no. So, as I think I have mentioned, this tool, when I started, was not properly calibrated. So the first thing that I did was recalibrate the tool. To give you the example of what I mean, I think that hopefully will illustrate to you; an insignificant financial consequence was \$5 million. If you look now, that’s a moderate rating for us, that’s the difference between a minor and a moderate, so I had to recalibrate things to take smaller risks into account and so that we could identify risks that were more – well, smaller and we could focus on those that are managed by the business. One of the things I did was review an old risk map; it had nearly a quarter of the boxes were red. I reduced that dramatically; once it’s red, it’s red. I don’t include a shade of red. Once it’s in the red zone, it is managed by the board; that’s as high as it can go. So I’ve had to recalibrate things so it was – it did – it wouldn’t have made a lot of sense for me to go through historical data and why things were not – because I didn’t feel comfortable using the tool that was in place when I arrived.

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35

40

MR ASPINALL: Well, I was talking at a higher level of, perhaps, abstraction, which is that if something has already occurred isn’t it more likely that it will recur?

45

MS SIEGERS: Not necessarily, because hopefully what – what happens is when something happens you look at your control framework. You adjust the control framework and therefore the event may not happen again.

MR ASPINALL: In terms of probability then, you say that each individual risk failure is effectively an independent event; is that right?

5 MS SIEGERS: It is. And the fact that the likelihood is not zero means that we will have events that will materialise.

MR ASPINALL: But can that be right as a matter of commonsense?

10 MS SIEGERS: I'm sorry, I'm not sure about the question.

MR ASPINALL: Well, if, for example, one of the senior executives have failed to elevate a risk before, causing problems, isn't it more likely that going forward that senior executive might do that again?

15 MS SIEGERS: It depends on the response that they would have had if that escalation failed at the time, but then the board became aware and had words with that executive, the odds are no.

20 MR ASPINALL: But surely as a matter of commonsense the proposition I put to you is correct?

MS SIEGERS: Can I maybe use an analogy to explain why I don't believe so?

25 MR ASPINALL: Yes, of course.

MS SIEGERS: I don't know if have children; I do. I have one and when I – when I – when she does something or doesn't tell me something and I find out, the way I engage with her and tell her that that is not right and I want her to tell me things, increases the chance of her telling me again, not her – so it changes her behaviour to hopefully make her tell me next time, not withhold the information again. So we're talking that type of human behaviour, where if you haven't told someone something, it's either because you then know you have to or you maybe intentionally did not report. But once that comes to light, most people will respond in a way that is to avoid that happening again.

35 COMMISSIONER: I am terribly sorry. We missed the first part of your answer, Ms Siegers. To whom were you referring when you said that "I have one".

40 MS SIEGERS: My children.

COMMISSIONER: I see.

45 MS SIEGERS: I was trying to provide an analogy in terms of what happens in terms of human behaviour when you may not have said something and are identified as not having said it.

COMMISSIONER: But surely children are a much different prospect to a senior executive in a public company who's had life experience of doing things, and you might have ingrained conduct over years, whereas children are, in one sense, are extraordinarily capable of learning at their early age. I mean, when you have a senior  
5 give who, in fact, fails to deliver to the board information that's appropriate, Mr Aspinall is asking you do you not think there is a risk that he or she may do it again?

MS SIEGERS: Absolutely, there is a risk that they can do it again. But I don't know that it is an increased risk.  
10

COMMISSIONER: Yes. Well, you were just asked about the risk. You accept that it's a risk, do you?

MS SIEGERS: Yes.  
15

COMMISSIONER: Yes, thank you. Yes, Mr Aspinall.

MR ASPINALL: And accepting it's a risk, wouldn't that mean that it should be moved up, in terms of likelihood, on the left-hand side of this box?  
20

MS SIEGERS: Well, unless the likelihood has changed.

MR ASPINALL: Correct.

MS SIEGERS: I think one of the elements that's always difficult for understanding risk, the moment you have a likelihood of something happening, you are not saying it will never happen.  
25

MR ASPINALL: But unless you identify - - -  
30

MS SIEGERS: So if, therefore, it has happened - - -

MR ASPINALL: - - - and fix the problem, what I say must be correct, mustn't it? It's more likely that it will occur again, because it's a vulnerability that exists within the organisation?  
35

MS SIEGERS: Yes, so you are making the assumption here that the person has not been – or the lack of information has not been identified by anyone. Is that what you're saying?  
40

COMMISSIONER: Correct.

MR ASPINALL: Well, yes.

MS SIEGERS: So if it has not been identified by anyone, most likely, the control environment hasn't changed, because nobody has identified it. So it may not be an inherent – a negative behaviour. It may just be that the person doesn't understand  
45

the rule or doesn't – doesn't necessarily understand that they have not done something right – sorry – that they have done something - - -

5 MR ASPINALL: Well, it may be that, or it may be that the person doesn't want to comply with their obligations for other reasons.

MS SIEGERS: It may be the case, but we wouldn't know. Yes.

10 MR ASPINALL: Well, we don't know, because, for example, it may be that this person has one of those incentivisation problems that I referred to earlier which fits their own financial interest against the wellbeing of the company; do you agree?

MS SIEGERS: That could be the case.

15 MR ASPINALL: And just to return to that question, until you look at those factors and think about them, you can't really tell which scenario you're in and whether or not that failing is likely to recur, can you?

20 MS SIEGERS: I'd have to go into a specific example to be able to answer that question.

25 MR ASPINALL: Do you know whether the risk maps which are applicable to regulatory and compliance for Crown Resorts and the two licensees have been provided already to the inquiry?

MS SIEGERS: So it depends on what you are referring to.

30 MR ASPINALL: Well, I think you told me that, in respect of 0008, there would be maps which map risks for regulatory compliance for at least the two licensees and Crown Resorts; is that right?

35 MS SIEGERS: So we have – we have risk maps that have been provided to the Inquiry with regards to the corporate – corporate risk map of Melbourne and the corporate risk map of Perth.

MR ASPINALL: But I thought you said they were broken down into the various component risks which are in this document?

40 MS SIEGERS: Yes. So – so we're still working on some of the – the layer below. What – if you are looking at gaming, so gaming activity has a number of risk profiles and risk maps that exist. Yes.

45 MR ASPINALL: Well, if we go back to 0006, you see, at the bottom row, there's a regulatory and compliance row.

MS SIEGERS: Yes.

MR ASPINALL: And, as I understood your evidence, there will be a risk map that maps that risk for the two licensees in Crown Resorts; is that right?

5 MS SIEGERS: No. So those – that risk matrix is organised against seven risk categories. Those categories are – relate to the impact. So there's not a direct mapping between the categories and areas of the business. What we map – what we have risk profiles and risk maps are for distinct areas of the business. All areas would have consideration for those seven categories. And when we discuss the risks, they would have to look at those seven types of impact and identify the one that was most relevant to the risk we are identifying.  
10

MR ASPINALL: But don't these risks that we see here in the left-hand column of the consequence criteria – if you could just zoom out please operator.

15 MS SIEGERS: Those are not risks - - -

MR ASPINALL: The far left-hand column. Don't those ones match up with the risk appetite statements that we were looking at back in your regulatory strategy document?  
20

MS SIEGERS: Yes. And if you look at the top of page 12 of that risk management strategy, they're organised by risk categories which are consequences. They are not risk events.

25 MR ASPINALL: Correct. Yes.

MS SIEGERS: So those seven categories - - -

MR ASPINALL: I'm just struggling to understand why - - -  
30

MS SIEGERS: Sorry.

MR ASPINALL: - - - if the board has said, in your view, what the risk appetite is in respect of regulatory and legal, that there then wouldn't be a risk map that answers that question for the two licensees and for Crown Resorts.  
35

MS SIEGERS: Because every single risk out there in the organisation could have a regulatory or legal impact. Most risks have more than one impact that can flow on from the event. And so it would – it's not – that's not the way that the framework is organised – the risk framework is organised. It is – we have decided to go with impact categories so that we could bring consistency across all the different dimensions of the organisation with something that is consistent across the divisions. But we do not have risk maps against each of those seven categories, as they are impacts, not events. When we identify risk we talk about a risk event. It's normally something that has a beginning and an end, hopefully, and there are things that can materialise. Compliance or regulatory is a type of consequence to an event, not an event.  
40  
45

MR ASPINALL: Say, for example, I wanted to see the risk map that maps the risk for a breach of the AML Act. Where would I find that in a risk map?

5 MS SIEGERS: So you would have to go to the risk map that identifies the risks – the AML risks – that have been identified by the AML team, and that’s a risk profile that, I think, currently has 49 different line items in it, and each of those individual risks represents a different type of event that is an AML/CTF event that could take place in the organisation.

10 COMMISSIONER: Did you prepare that?

MS SIEGERS: My team helped prepare it with the AML team. It’s the input from those risk profiles comes from the expert area, normally.

15 COMMISSIONER: I see.

MR ASPINALL: And where would I find the risk map that deals with whether or not Crown is likely to breach internal controls set by a regulator?

20 MS SIEGERS: So that would be across almost all the gaming areas, in particular, if we’re talking about the controls set by the gaming regulators. So all the – all the business units that have activity that is governed by the gaming regulator or some of the processes that are approved, would have a risk that relates to breaches – material breaches – or breaches of processes in their risk profile.

25 MR ASPINALL: Do you have any idea how many different risk maps there are at the moment?

MS SIEGERS: The number, I should know. There’s - - -

30 MR ASPINALL: Is it tens or?

MS SIEGERS: We’re talking 20, 30, 40. I think less than 50, more than 20.

35 MR ASPINALL: And have you authored those?

40 MS SIEGERS: No, I haven’t necessarily authored them. So the content comes from the business unit. I facilitate – my team or I facilitate the process of identifying those risks and applying them into the framework. The content, even though we challenge it when we meet with them, comes from each expert area.

MR ASPINALL: I see. And some of them, as you mentioned, have a lot of items in them; the AML one has 41 items, you think?

45 MS SIEGERS: Yes. Generally, they have a lot less. Experience and general practice says that you shouldn’t have too many risks in a risk profile otherwise you lose perspective on what’s material.

MR ASPINALL: And in respect of who is the recipient of that risk map with AML risks and 41 items in it, is that Mr Howell and Mr Stokes?

5 MS SIEGERS: Mr Stokes is the owner of that risk profile. The risk profile we worked on with his predecessor, but he is the owner of that risk profile.

MR ASPINALL: So he and Mr Howell are supposed to look at that and be alert to those risks; is that right?

10 MS SIEGERS: What that identifies for them is the key risks that they are – that the organisation is – is potentially subject to. It also identifies the key controls that they rely upon and they use that information to define their risk – their program, to define their program of transaction monitoring, their engagement with all the relevant  
15 business units and how to consider the AML risk – AML/CTF risk in the organisation.

MR ASPINALL: How long has the risk map for AML been in place, the one with the 41 items on it?

20 MS SIEGERS: I think we worked on it about two years ago, not to say that there was not one before but I can't recall whether we worked off something to create this one.

25 COMMISSIONER: That was 2018, was it?

MS SIEGERS: I believe that's the case, yes.

COMMISSIONER: Yes, thank you.

30 MR ASPINALL: And in respect of the risk map, if we go back to 0008 of this document.

MS SIEGERS: Yes.

35 MR ASPINALL: The risk map for AML which would look something like this which would mean that it would tell them when something needed to be elevated; is that right?

40 MS SIEGERS: Well, so when you look at a risk, there's two different ratings that are considered. One is inherent. So if you have no controls in place, so that's a bit of a theoretical rating. Then you consider your controls and then that gives you, with the consideration of the control, a residual rating. So most maps that we represent are the residual rating, and so they would have their 41 risks represented on a map  
45 like this one that would identify for them which ones are the most likely and have the highest consequence versus those that are less likely and less significant.

MR ASPINALL: Yes, but from their practical point of view, isn't the point of this risk map to tell them when it's time to send this up the chain?

5 MS SIEGERS: I think they have a reporting structure which they have on an ongoing basis. So I don't know that that would be an issue of reporting up the chain. That would not necessarily - - -

10 MR ASPINALL: I know they have a reporting structure; there's obviously a statutory one as well, but I want to know how, if you're Mr Howell, you know when you should go and alert the board or when you should go and report something to the risk management committee. How do you know that?

15 MS SIEGERS: So the colour in those maps would indicate that for you and what that would then mean is that you create a reporting tool that gives that information to the relevant individual.

MR ASPINALL: So you're saying Mr Howell can't use this risk map.

20 MS SIEGERS: I don't think Mr Howell would use that risk map much. Mr Stokes would maybe more.

MR ASPINALL: So the risk map will tell Mr Stokes when to elevate something that happens; is that right?

25 MS SIEGERS: I think there's a lot of other elements within his own framework that would indicate for him when he has to elevate or escalate events or issues.

30 MR ASPINALL: But doesn't this represent a risk that things won't be elevated. If it's so complicated that you can't explain to me how it works when there's all these factors, doesn't that create a risk of itself?

MS SIEGERS: You're right; it's complicated and I feel like I'm not giving you all the elements. If I did, I could be here for quite a while.

35 MR ASPINALL: I accept as a matter of regulatory theory or perhaps risk theory it all sounds tenable but I'm talking about people in the real world who have to do their job and do other things. Isn't it important that they have clear guidance when things need to be elevated?

40 MS SIEGERS: Absolutely.

MR ASPINALL: I may have misunderstood the purpose of the risk map but isn't that what this is for? If not, what is it for?

45 MS SIEGERS: So this is for the ability to escalate and to link risk between different business units and risk profiles.

MR ASPINALL: Correct.

MS SIEGERS: Mr Howell would have a process, an AML process that he follows. That would indicate for him – that would be much more detailed than this and that  
5 would indicate for him what he needs to do in different circumstances and who he needs to communicate with. This is not - - -

MR ASPINALL: But that might have to do with his statutory obligations. But in terms of elevation within the organisation so that more senior executives know  
10 what's going on in terms of money laundering, is this – is his risk map where he should turn to find out?

MS SIEGERS: No, he will – so he will have a process that is specific to his, in which he would be operating and that would have his escalation protocol in it, but  
15 they would have to match up with this.

MR ASPINALL: Is there a separate escalation protocol? Is that another document?

MS SIEGERS: He would have – every single process that I generally work on, has  
20 an element of what to escalate when and that is not held into this ..... as I said, this one is an umbrella one. When we have elements of risks that are so material, we usually have specific teams so like work health and safety team, AML team, that focus on that particular risk and they have their own process.

25 MR ASPINALL: Okay. We've - - -

COMMISSIONER: It'll probably continue.

MR ASPINALL: Can you hear me again, Ms Siegers?  
30

MS SIEGERS: Yes.

MR ASPINALL: So do you say there's another document which is called the elevation protocol?  
35

MS SIEGERS: No.

MR ASPINALL: You were just talking about that in theoretical terms?

40 MS SIEGERS: Yes.

MR ASPINALL: But how would Mr Howell or someone like Mr Howell know what the elevation protocol is?

45 MS SIEGERS: He would have his own operational processes that he follows.

MR ASPINALL: But you don't have any oversight of that?

MS SIEGERS: No, those would be owned by the AML team. That is what they would be doing. That would be - - -

5 MR ASPINALL: What about in other areas of the business; do you have insight into the elevation protocol?

MS SIEGERS: I could if I wanted to, but I don't necessarily – I could if I wanted to, I'm sure.

10 MR ASPINALL: But I thought that we discussed earlier that you accepted that there had at least in some instances been elevation problems within this organisation?

MS SIEGERS: So when I first joined the organisation, one of the things that I found missing in the risk management framework – so the framework that I own and that I manage and that I develop for the board – was a clear – a clearer path of what the escalation protocols should be with regards to within the risk framework, the risks identified. So that's one of the things that I set up when I reviewed the framework. But I do not tell every single staff member what they should do within their own process. There are managers, there are management teams that set the protocol, the operating procedures for each of those business units and within those processes should be what to escalate when.

MR ASPINALL: I see. So in respect of the troops down below, you don't have oversight of their escalation protocol but what about senior executives and the middle management; do you control their escalation protocols?

MS SIEGERS: No, it's the same thing.

MR ASPINALL: Isn't that a bit of a problem because if escalation fails, the risk structure above it doesn't become aware of what's going on?

MS SIEGERS: That's why I have risk managers who are really very experienced and who sit within the business and are a bit of a parallel mechanism to the operational one and that provides information flow through to me that I can discharge my responsibilities with regard to the risk management framework.

MR ASPINALL: Yes, but how many risk managers do you have?

MS SIEGERS: I have two in Melbourne, one in Perth.

MR ASPINALL: How can they sit within the whole business and work out what's going on? It would be an impossible task.

MS SIEGERS: Some risks are more material than others and they attend some of the key forums and they are embedded into certain projects that are high risk so that they have access to the information.

MR ASPINALL: What sort of areas do you think – how do you work out what areas are high risk at the moment?

MS SIEGERS: Through that risk profiling process.

5

MR ASPINALL: So the risk map?

MS SIEGERS: Through that, yes.

10 MR ASPINALL: And you work out the likelihood of risks occurring based upon what has already been reported to you or just on a – from your gut feel for what's likely to happen?

15 MS SIEGERS: There is a lot of elements that come into play but as you were pointing out - - -

MS HAMILTON-JEWELL: Mr Aspinall, I've lost audio.

MS SIEGERS: I have lost you as well, Mr Aspinall. I can't hear you.

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COMMISSIONER: That's all right.

MR ASPINALL: You're back now.

25 COMMISSIONER: You can hear us now. Thank you.

MR ASPINALL: You were saying that there were a lot of elements; is that right?

30 MS SIEGERS: There's a lot of elements that come into discussing the risk and consequence of a risk. We try to look into the future so there's no – there's no science. We're trying to quantify as much as we can, but nobody has the ability to completely look into the future, so there is an element of experience that comes into play.

35 MR ASPINALL: All right. So in part, it's based upon the experience of those building the table rather than on some scientific basis?

MS SIEGERS: Yes.

40 MR ASPINALL: Now, Ms Siegers, you said, I think, that you joined the organisation in December 2017.

MS SIEGERS: Yes.

45 MR ASPINALL: Were you aware of television programs which had been aired on the Four Corners program in 2004 and, I think, 2016.

COMMISSIONER: 2014.

MR ASPINALL: 2014 and 2016; were you aware of those?

5 MS SIEGERS: No.

MR ASPINALL: Have you seen clips from those programs as you watched the evidence unfold at the Inquiry?

10 MS SIEGERS: I did not have the video, so no.

MR ASPINALL: So you are unaware of a program which was called Crown Confidential aired on the Four Corners program on ABC?

15 MS SIEGERS: I know it was – I know of it, but I haven't necessarily seen it.

MR ASPINALL: You never watched it?

MS SIEGERS: No.

20

MR ASPINALL: We might just watch some excerpts from it now, if you don't mind. Do you have a screen that you can watch that on?

MS SIEGERS: Yes.

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MR ASPINALL: If we could play the first extract from Crown Confidential please operator. These are a subset of exhibit U32, Commissioner.

COMMISSIONER: Thank you.

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### **VIDEO SHOWN**

35 MR ASPINALL: Do you see that, Ms Siegers?

MS SIEGERS: Yes.

40 MR ASPINALL: You see the reporter there is referring to the arrests in China but is also referring to the fact that in their view, Crown had engaged in a risky business.

MS SIEGERS: Yes.

45 MR ASPINALL: At the time you joined Crown, were you of that view?

MS SIEGERS: At the time I joined Crown, Crown was no longer in business in China. So I think it was a completely different environment.

MR ASPINALL: I see. So you took the view that, whether or not they had engaged in risky business, that was, now, not relevant, going forward; is that correct?

5 MS SIEGERS: I think that's why I made the assessment that the risk appetite had materially had changed and the risk rules needed to be adjusted.

MR ASPINALL: I'm sorry. Your audio has gone a bit muffled again.

10 MS SIEGERS: I think that's why, when I joined, I identified that the risk rules were not aligned with the risk appetite and needed to be adjusted.

MR ASPINALL: We might watch the second clip on the Crown Confidential, please. And it's a subset of U32.

15 COMMISSIONER: Thank you.

### **VIDEO SHOWN**

20

MR ASPINALL: See that, Ms Siegers?

MS SIEGERS: Yes, I saw that.

25 MR ASPINALL: And were you aware, at the time you started at Crown, that allegations were being made in the media that Crown and other casinos were dealing with junkets who may have been linked to organised crime?

30 MS SIEGERS: I had heard those rumours. Yes.

MR ASPINALL: I'm sorry, there's just a power tool working outside. I couldn't quite hear you.

35 MS SIEGERS: I had heard those rumours. Yes.

MR ASPINALL: Yes. And wouldn't you regard that as being in a different category from the Chinese arrests, because that was an allegation that was ongoing?

40 MS SIEGERS: Yes. But, at the same time, many of those individuals noted were no longer patrons or doing business with Crown.

45 MR ASPINALL: Yes. But don't you see there's a bigger problem there in that patrons may come and go, junket operators may come and go, but the program was making allegations that Crown, knowingly or negligently or uncaringly, was dealing with organisations through junkets who were criminal organisations.

MS SIEGERS: Some were alleged possibly have. Yes.

MR ASPINALL: Yes. And, wouldn't, from your perspective as the risk manager for the group, that have been gravely concerning?

5 MS SIEGERS: That is why we have – we have a risk that identifies that on our risk profile. Yes.

10 MR ASPINALL: But wouldn't you have been concerned that, despite the fact that whatever internal controls Crown may have been had up to the point you joined, they weren't effective?

15 MS SIEGERS: I think the – that's why I was saying the appetite has been changed dramatically. And that is why the likes of myself and my peers at the time in the AML, and, I think, the organisation would ensure that we had an enhanced – enhanced frameworks in place.

MR ASPINALL: I'm sorry. Ms Siegers, in fairness to you, I'm not hearing many of your answers. Maybe if you could try – it is very noisy here at the moment. If you could try speaking into the microphone a bit closer to you.

20 COMMISSIONER: I think Ms Siegers said, "Things have dramatically and that is why the likes of myself and my peers at the time in the AML, the organisation would ensure that we had an enhanced framework in place."

25 MR ASPINALL: And when do you say that – when do you think that changed, Ms Siegers?

MS SIEGERS: So, I think, the arrests in China sent tremors through the organisation. When I joined, I could still feel the impact of it.

30 MR ASPINALL: When you joined, you were still feeling the impact of it; is that right?

MS SIEGERS: Yes.

35 MR ASPINALL: And, in respect of the enhanced due diligence, you say that that increased after the arrests; is that right?

40 MS SIEGERS: I'm not sure. I wasn't there. It would only be from when I joined that I could see the increased focus and sophistication that was being felt.

45 MR ASPINALL: Is that why you didn't think it was necessary to conduct any review of what was happening with junkets yourself? I think, as the – as the – so a lot of the individuals were no longer there. We were no longer doing business in China. There were a number of things that had changed. So I don't know that – I honestly don't know that there would have been an enormous amount of value in me doing a backward review.

COMMISSIONER: When you say the – a lot of individuals were no longer there, someone must have told you that.

5 MS SIEGERS: No. When I looked at certain records, there were a number of people that I could not place in the organisational chart.

COMMISSIONER: So you did look to see whether some of those people were still being dealt with in a commercial relationship with Crown, did you?

10 MS SIEGERS: No, not patrons. Sorry. So when I made that comment, I referred to internal staff.

COMMISSIONER: I apologise. You were talking about the people who used to work for Crown?  
15

MS SIEGERS: So there are two – two elements. One is the people who worked for Crown. A lot of them – a lot of the senior people had left. So me going back and doing an investigation and looking at those people would, really, not have achieved a lot. With regards to the – so I understand, too, having heard things over the last two  
20 and a half years, that a lot of the people that were identified in that program as being customers were actually no longer customers at all.

COMMISSIONER: How would you know if you didn't watch the program?

25 MS SIEGERS: Because it was discussed.

COMMISSIONER: I see. So you didn't watch the program, but you were made aware of some of its contents by discussion; is that what you're telling me?

30 MS SIEGERS: Yes.

COMMISSIONER: I see. Yes, Mr Aspinall.

MR ASPINALL: You do understand, Ms Siegers, that there is a difference between  
35 the patrons that were coming from China as a result of Crown's marketing in China, and the junket operators who were often coming from Macau. Do you understand the difference between those two categories?

MS SIEGERS: Yes.  
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MR ASPINALL: And did you understand that, notwithstanding that the flow of Chinese patrons through the marketing efforts might have ceased, Crown were still dealing with junkets from Macau? You understand that?

45 MS SIEGERS: Yes.

MR ASPINALL: So, in those circumstances, how could you say, one way or the other, that the part – that the problem was behind you, in terms of the risk to the organisation?

5 MS SIEGERS: I don't know that I said that the problem was behind us. But I discussed with divisions of the organisation who were doing some due diligence activity, and I understand that there was a continuous effort to enhance our due diligence processes.

10 MR ASPINALL: So is this the position: that you spoke to some people about it, and they told you, "Well, we're trying to do better," and that you let it rest there?

MS SIEGERS: No. I looked into what those processes were. I can't quite recall, when my audit team did it, if it was on the junkets.

15

MR ASPINALL: I'm losing your audio again.

COMMISSIONER: Just speak into the microphone please, Ms Siegers.

20 MS SIEGERS: Sorry. I can't quite recall the timing, but I think my audit team also did considerable work on the junket due diligence process. So I took a number of steps to get an element of comfort that the processes were actually taking place, the due diligence processes.

25 MR ASPINALL: So you did do – you did do some auditing of the process; is that correct?

MS SIEGERS: For, at the current – for the current period and the current control framework.

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MR ASPINALL: Which framework is that?

MS SIEGERS: The due diligence framework.

35 MR ASPINALL: I'm sorry? The - - -

COMMISSIONER: The due diligence framework.

40 MR ASPINALL: Due diligence framework. But you didn't do any auditing of whether or not Crown had previously been involved with junkets who might have links to organised crime?

MS SIEGERS: No.

45 MR ASPINALL: Did you not consider that, whether or not that was ongoing, that the historic position as to whether or not Crown had been engaged with such a person would be a regulatory threat to the organisation?

MS SIEGERS: I think, from a regulatory – yes.

COMMISSIONER: Please speak into the microphone.

5 MS SIEGERS: Yes.

MR ASPINALL: And, likewise, that it would be a regulatory threat to the organisation in respect of what had happened with regards to the China arrests, wouldn't it?

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MS SIEGERS: I think there's a lot of elements to that China arrest. And it was, again, before my time. We had no longer staff in China. So I didn't think there was value in me going over that .....

15 MR ASPINALL: No. But in terms of the China arrests, the allegations had been made, rightly or wrongly, that China – that Crown had operated illegally in China by promoting gambling; you understood that?

MS SIEGERS: I think that was the allegation.

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MR ASPINALL: Correct. But did you not think that it was worth investigating that allegation to see whether that was correct, so that if it was, you, as risk manager, could take some steps to rectify it or to assure regulators that that problem was behind you rather than just assuming that?

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MS SIEGERS: So I made some inquiries to understand what the process was today. I looked at the document that identified the junket process. I made a number of inquiries, but I don't that it's an investigation in the term that you're using it.

30 MR ASPINALL: I see. But do you accept, now, that there would have been some utility in doing so, because, notwithstanding that the risks might have been historical, that they had ongoing impact, potentially, for the organisation?

35 MS SIEGERS: No, I – again, we were no longer in China. We had changed our processes. A lot of the people were no longer in the same roles or with the organisation, so I did not see value in doing a historical review. I think I would have missed a lot of – a lot of information; the people just weren't there.

40 MR ASPINALL: I was just trying to raise with you the fact that notwithstanding the events might have been historical, they represented a present risk to the organisation, didn't they?

MS SIEGERS: I think the present risk was in a lot of the regulatory oversight and questioning - - -

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MR ASPINALL: Yes.

MS SIEGERS: - - - not so much from the events.

MR ASPINALL: Exactly. But isn't part of your role to deal with the risks of regulatory oversight?

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MS SIEGERS: No, it's to identify them. I don't necessarily – I can't – I can't be managing all the risks in the organisation. That's part of the first line, so as long as the right people were involved in that process of managing it, I didn't need to be involved in the detail of managing it.

10

COMMISSIONER: But you see, what the publication to which you've just been taken – the Four Corners program – demonstrates is, you would agree, negative to Crown?

15 MS SIEGERS: Yes.

COMMISSIONER: And over the years, we have seen these programs, '14, '16, '19; it seems that Crown is dogged by these publications. You understand that, don't you?

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MS SIEGERS: Yes.

COMMISSIONER: And one of the things in your table that I discussed with you was these sustained negative publications about the company. You remember that?

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MS SIEGERS: Yes.

COMMISSIONER: And I presume that the reason that the word "sustained" is in there is because if it's still continues, if it happens again and again, there may just be something in it and you need to look to it. Is that right?

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MS SIEGERS: Yes.

COMMISSIONER: All right. So have you watched any of the programs to which I have referred?

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MS SIEGERS: I've watched the one in 2019.

COMMISSIONER: You watched the one in?

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MS SIEGERS: 2019.

COMMISSIONER: 2019. And what about the ones before that?

45 MS SIEGERS: Not – not end to end.

COMMISSIONER: So to make an assessment, possibly, of the 2019 program, would you agree that it might have been helpful to review the previous programs to see if there were consistently – if there was consistently a theme of attack on Crown, justifiably or otherwise?

5

MS SIEGERS: I think there was a lot of press and a lot of analysis on that, so I don't necessarily feel a need to look at it.

COMMISSIONER: So when you do have a company dogged by press reports of this nature, I'm not sure what you say as a risk manager to try to deal with this; what is it that you can do?

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MS SIEGERS: There's – there's external factors that we can't control, and then there's internal ones that we can control.

15

COMMISSIONER: Yes.

MS SIEGERS: So the internal ones that we can control are things like having experts look at all processes to add – to continuously challenge and make us improve our processes so I think the organisation, in the time that I have been there, has definitely tried to do that over and over and continues to do it and is committed to continuously enhancing our processes. When it comes to external factors, if the media – the media seems to love to bring James Packer's name and Crown's name into disrepute. I – I anticipate it. I assume it brings up sales volume, we're talking about sales, so I think they will continue just because of the name and the association. And that we cannot control, which is why we are aiming – in our risk framework, we look at sustained media and not just one-off – one-off media coverage.

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COMMISSIONER: So when you are looking at something that the press like to publish, to which you have just referred, that's one thing. But when you have the other aspects of the way in which the company is presented with dark music and connections to organised crime and fascination, that may also be what you've indicated, that is, to put the volume up and to make sure that the live audience or the audience is large. But in terms of assessment of the reality, that is, "Why are we being dogged by this?"; who asks that question? "Why is that that they keep doing this to us?" Who asks that question?

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MS SIEGERS: Everybody asks that question.

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COMMISSIONER: And what is the answer?

MS SIEGERS: I – I don't know that anybody has the answer. To be – if you look at it, there is – I don't know that there is anybody that we deal with that the Star does not deal with, except if you look at the media, it's always Crown, it's never the Star. So there is something that seems to attract media attention when it comes to Crown

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that maybe, you know, the other names do not – I don't know, do not trigger the same interest - - -

COMMISSIONER: Yes.

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MS SIEGERS: - - - from the public.

COMMISSIONER: I suppose if money launderers know no borders, your point is not a bad one. It's not just your employer that has the casino to which they go, but there is an aspect of a repetition of allegations that would need to be, surely, reviewed to see if there's something in them?

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MS SIEGERS: Yes.

15 COMMISSIONER: Yes.

MS SIEGERS: There is also something that I encountered when I first joined the organisation that was – maybe answers a little bit to some of the questions you've put this morning. When I joined Crown, I had never worked for an integrated resort like Crown is. So – and I - - -

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COMMISSIONER: Never worked for what? You never worked for what?

MS SIEGERS: An integrated resort. This is the - - -

25

COMMISSIONER: I see.

MS SIEGERS: - - - name that Crown described its businesses – or the industry describes Crown. And I'm not a gambler; I didn't really know casino operation. And so my personal image of what Crown was, was very much influenced by the media, by Hollywood, with films like Ocean's Eleven and – you know, everything that is used in – in the media that relates to casinos. And I was incredibly – incredibly impressed with how different the inside of Crown works to that public image. The level of the staff, their integrity, their deep desire to be compliant and how well that is embedded was actually quite impressive.

30

35

COMMISSIONER: That's a very good thing to hear and, of course, when you reviewed that yourself, I presume that's one of the reasons why you wanted to only look forward?

40

MS SIEGERS: Yes.

COMMISSIONER: Yes, Mr Aspinall.

45 MR ASPINALL: Is that a convenient time?

COMMISSIONER: Yes, yes. What we do now, Ms Siegers, is take the luncheon adjournment and if you could return at 2 pm. Thank you.

MS SIEGERS: Thank you, Commissioner.

5

COMMISSIONER: Thank you.

**ADJOURNED**

**[12.58 pm]**

10

**RESUMED**

**[2.00 pm]**

15 COMMISSIONER: Yes, thank you. Yes, Mr Aspinall.

MR ASPINALL: Ms Siegers, can you hear me?

MS SIEGERS: Yes, I can, Commissioner – I can, Mr Aspinall.

20

COMMISSIONER: That's all right.

MR ASPINALL: Ms Siegers, I want to just take you through some documents which we have looked at during the course of the Inquiry, some relating to the China situation, some relating to junkets and a couple relating to AML.

25

MS SIEGERS: Yes.

MR ASPINALL: And just get your view on how your revised risk strategy or the risk maps you've done would deal with those situations now; do you understand?

30

MS SIEGERS: Yes.

MR ASPINALL: The first document that I wanted to show you is CRL.522.001.3082. Can this be brought up on the VC, please. This is exhibit M197. Ms Siegers, apparently you haven't been provided with a hard copy of this document, but you can look at it on the screen. Is it big enough?

35

MS SIEGERS: Yes.

40

MR ASPINALL: Mr Barnett.

COMMISSIONER: Yes.

45 MR ASPINALL: Can you see that?

MS SIEGERS: Yes, I can.

MR ASPINALL: Have you been following the evidence at the Inquiry so far?

MS SIEGERS: On and off, but mostly yes.

5 MR ASPINALL: Well, you see, this is an email which was sent in June 2015 from Mr Barton, who is the current CEO.

MS SIEGERS: Yes.

10 MR ASPINALL: And it relates to the fact that some South Korean employees at a casino in China had been arrested, marketing employees.

MS SIEGERS: Yes.

15 MR ASPINALL: And do you see – if we take that down again – that Mr Rankin, who was the incoming chairman of the board, wrote back to Mr Barton and copied in Mr Craigie, the CEO at the time, saying:

20 *Thanks Ken. We should be on high alert for this type of regulatory action in China.*

Do you see?

MS SIEGERS: Yes.

25 MR ASPINALL: And then at the top of the page, you see Mr Craigie forwarded that message to Mr Felstead.

MS SIEGERS: Yes.

30 MR ASPINALL: Who was the CEO of Australian Resorts at the time.

MS SIEGERS: Yes.

35 MR ASPINALL: Now, I just want to take you to Mr Felstead's evidence with respect to that document. That is at INQ.009.003.1317; if we could bring that up on the screen please operator and put it to the VC. Can we go to pinpoint 1350, please. I'm sorry, that might be the wrong document; it's INQ.009.003.1317. You don't have 1317? I will read to you from the transcript, Ms Siegers. That might be easier.  
40 Mr Bell showed Mr Felstead that email and Mr Felstead agreed, at page 1350, that he understood:

*The "we" in "we should be on high alert" to be Crown Resorts Limited.*

45 Mr Bell then said to him:

*In other words, you understood that Mr Rankin was saying that Crown Resorts should be on high alert for the possible arrest of its staff in China; correct?*

And Mr Felstead said:

5

*Yes, that would be a – that would be – you could draw that assumption on that, definitely.*

And then Mr Bell continued later:

10

*And do you say you were on high alert at this time to deal with the possibility of the staff in China being arrested?*

And Mr Felstead said:

15

*I think we are on high alert, not so much for the staff getting arrested, Mr Bell, but we were on high alert in how – in relation to how we run the business in China. We had been for quite some time.*

20 Continuing over to the page at 1352, Mr Bell said:

*Yes, and do you say you were on high alert at this time to deal with the possibility of the risk of arrest of staff in China?*

25 And Mr Felstead said:

*I wouldn't. I would not say specifically in relation to the arrest of staff in China, but we were on high alert for any adverse reaction that would occur in China.*

30

And Mr Bell said:

*Mr Felstead, you had an email from a man who was about to become the chairman of Crown Resorts, didn't you?*

35

And Mr Felstead said:

*Yes, we did – yes, I did, sorry.*

40 And the Commissioner asked:

*Asking you effectively to be on high alert relating to the risk of arrest in China, did you not?*

45 And Mr Felstead said:

*Yes, I did.*

The Commissioner then asked:

*Was it not contemplated by you that the risk should be at the forefront of your thinking about your staff on the ground in China?*

5

And Mr Felstead said:

*Yes – well, yes, it was, Commissioner.*

10 And then if we turn to paragraph 1353, Mr Bell said:

*And I take it that it didn't occur to you at this time that it was necessary for you to report this high alert for the risk of arrest to the risk management committee for Crown Resorts.*

15

And Mr Felstead said:

*No, I – this was – I did report this to other individuals so other people were aware of it. No, I did not think to report it to the risk management committee.*

20

And Mr Bell said:

*Is it the case that you recall attending a Crown Resorts board meeting shortly after the Korean arrests when Mr Michael Johnston told the board about the Korean arrests?*

25

And Mr Felstead said:

*Yes, I do.*

30

And then Mr Bell said:

*And is it the case that you have discussed the Korean arrests with Mr Johnston and briefed him on the situation?*

35

And Mr Felstead said:

*That is correct.*

40 Were you aware of that evidence?

MS SIEGERS: Now, that you have given it to me, yes.

45 MR ASPINALL: Do you see from that evidence that the incoming chair of the organisation had told very senior executives that the organisation needed to be on high alert and that it had come to the attention of Mr Felstead; do you understand?

MS SIEGERS: Yes.

MR ASPINALL: But that nobody had told the risk management committee.

5 MS SIEGERS: That's what I seem to understand from what you have just told me.

MR ASPINALL: Now, where does that sort of risk fit on your risk map and how would your new strategy deal with a situation like that?

10 MS SIEGERS: So there's, I think, at least two places, if not three, where that would come up. We have a risk in a risk map called changes in legislation/regulations. We would consider something – an event like this, to be possibly an indication of a change in – in the environment in one of those foreign jurisdictions. So we would most likely report it there. The other place we would report it is in that same report;  
15 at the front of the report we have what we call an executive summary, which, in a bullet form, highlights any new events that have materialised since the last meeting. And I would expect that something like this would be recorded there. If both of those failed, we also have a third area in the risk management committee that we call an emerging risk section. There are, at times, reports, but not always. And this is an  
20 open forum for all members of the committee, whether they be board management, executive, or myself, to bring up any matters. So I would expect something like that, now, to have a number of chances to be reported.

MR ASPINALL: But in terms of if it was reported, that would be fine, but, in this  
25 case, aren't we looking at an the example where the senior executives knew, including the chairman, that there was a need to be on high alert, but it never reached the risk management committee?

MS SIEGERS: The chairman knew, in the current framework, it would reach that  
30 committee.

MR ASPINALL: But you say if the chairman knew, under your strategy, the risk committee would know as well?

35 MS SIEGERS: Yes. Because what your email chain shows is that there are at least three individuals in that – that had that information. So I would anticipate that one of those three would provide the information to the committee.

MR ASPINALL: But why would you assume that?  
40

MS SIEGERS: There is another element: I receive, on a daily basis, all the media – any article that is relevant to the industry or to Crown. And so I would most likely see that as well. So I would have an opportunity to raise that.

45 MR ASPINALL: I see. And so you would, thereby, be acting as the second line the defence, would you?

MS SIEGERS: Yes.

MR ASPINALL: Would you expect that, if this were to recur, that, you, because of  
5 your access to media alerts, would find out and you would check that it had been  
passed on to the risk management committee? Is that what you mean?

MS SIEGERS: I would make sure it had. Yes.

MR ASPINALL: Now, I will try and show you another document, which is the  
10 transcript from Ms Danziger's evidence; that is at INQ.009.003.1596.

MS SIEGERS: Is that a document I have?

MR ASPINALL: You should be able to see it on the screen shortly, if the operator  
15 can bring it up for you, Ms Siegers. Can that be shared to the VC, please? Can you  
see that now, Ms Siegers?

MS SIEGERS: I can, Mr Aspinall.

MR ASPINALL: Now, if we could go to 1602, please, operator. You see, about  
20 halfway down the page, Mr Bell is asking Ms Danziger:

*Did you read any articles in about June 2015 about the arrest of the south  
casino – casino employees in China?*  
25

Ms Danziger:

*No.*

*Did you become aware, in June 2015, that the arrest of the South Korean  
casino employees in China was part of a broader crackdown on foreign casinos  
which had been announced by the Chinese authorities?*  
30

Ms Danziger:

35

*No.*

*Do you have any recollection of Mr Michael Johnston speaking at a board  
meeting about the arrest of the South Korean casino employees in China?*  
40

Ms Danziger:

*Not at a board meeting.*

45 And if we skip down to the second-last paragraph Ms Danziger says:

*The context was an informal discussion, I think, between other meetings and Mr Johnson said the arrests had occurred. He'd got advice that it wasn't. And it had no relevance to what we were doing in China, and that's about it.*

5 And, then, if we go over to 1605, please. And in the middle of the page, to the line 20 to 30, Ms Danziger, there, is expanding upon what was happening in respect of that communication. She was asked:

10 *Could you please expand or explain what you recall about the particular context? When you said it was between meetings, could you identify what kind of meetings and what other persons were present?*

And Ms Danziger said:

15 *No, not accurately. I'm sorry. On a day when we have a number of meetings, there would be a number of board members and staff in the room between meetings, having a coffee or whatever, while the next – waiting for the next arrival of members of the next committee. And I remember Michael Johnston coming into the room and saying that these arrests had happened and, but that*  
20 *he'd had legal advice that they weren't about things we were doing and didn't affect us; that it was all right. And that's – that's the only – I've got a very clear memory of that. Whether it was mentioned again later, I just am not clear. It's so long ago.*

25 Were you aware of that evidence?

MS SIEGERS: I heard Ms Danziger's evidence. Yes.

30 MR ASPINALL: And you know, at that time, Ms Danziger was on the board of Crown Resorts. She was a longstanding member of the board of Crown Resorts. She was on the board of the licensee in Melbourne. She was on the risk management committee. And she was the chair, I think, of the audit and risk committee for Crown Melbourne. Do you see?

35 MS SIEGERS: Yes.

MR ASPINALL: As we've seen, Mr Rankin, the incoming chairman and the senior executives knew to be on high alert because of the arrest of the Koreans. We saw that?

40

MS SIEGERS: Yes.

MR ASPINALL: And here we have Ms Danziger, who is on every committee that should be dealing with this and a member of both boards, finding out about it over a  
45 coffee between meetings.

MS SIEGERS: It appears that way.

MR ASPINALL: And that what she was then told, in respect of it, by Mr Johnson was that it wasn't of any relevance to them; that they were all right.

MS SIEGERS: That appears to be the case. Yes.

5

MR ASPINALL: But you know, of course, in the fullness of time that it wasn't all right.

MS SIEGERS: Yes.

10

MR ASPINALL: So what we have here is a breakdown, isn't it, because the chairman of the board and the senior executives know something that doesn't make it to the risk management committee and some members of the board; important information.

15

MS SIEGERS: I agree.

MR ASPINALL: Now, in respect of your new strategy or framework and the risk map, what would your strategy – how would it deal with a situation like this?

20

MS SIEGERS: So as I mentioned, there are – this is something that I would expect to come to me at some point very quickly after it happened. But also through the operational ranks, like it did through the email. But then I would expect that I would capture that information into the reports that go through to all of these forums. So

25

MR ASPINALL: Sorry. I just missed what you said. Copied in an email to all - - -

MS SIEGERS: I anticipate that the same chain of email may happen. I would be notified quite quickly after this came through. And the information would make it on to the relevant reports of the committees, whether they be operational or board committees.

30

MR ASPINALL: I see. But under this scenario, Mr Felstead, Mr Craigie, Mr Barton and Mr Rankin didn't forward the email to anyone other than themselves. Why do you think, now, they would forward that information to you?

35

MS SIEGERS: .....

40

MS HAMILTON-JEWELL: I object. That's not what the witness said.

COMMISSIONER: Sorry?

MS HAMILTON-JEWELL: So I object to that. That's not what the witness said. She said that she would expect, operationally, for emails to come through, not necessarily to her.

45

COMMISSIONER: Mr Aspinall.

MR ASPINALL: Why would you expect you to receive an email with that information about it being needing to be on high alert?

5

MS SIEGERS: Not necessarily emails, but the information about arrest in - - -

MR ASPINALL: I see.

10 MS SIEGERS: - - - China of South Korean staff would at some point come to me. And I would correlate, either through the information that comes through management or through my report, and make sure that it came to the right forum and it had the right visibility.

15 MR ASPINALL: But, that's relying, again, on the second line of defence, isn't it?

MS SIEGERS: First and second. I think we have different personnel now in a lot of those roles. I think everybody has learnt from this experience. So I anticipate that the first line would respond differently today than they would have at the time. But also my role is a lot more visible than it used to be in the past.

20

MR ASPINALL: Now, in terms of the – we spoke before about the escalation protocol which you said was operational. What we would be looking at in this scenario is perhaps not an escalation but a de-escalation from the chairman down to the risk management committee?

25

MS SIEGERS: It's – I would call it in risk term, so a flow of information.

MR ASPINALL: Is there anything in your strategy that now reinforces that to occur?

30

MS SIEGERS: Yes. Yes. So again, I apologise, I'm going to give you a little bit of theory on this. One of the basic principles of risk management is what we call top down and bottom up. So it is creating that flow of information from operations to the board and then back from the board down to operations, so there is a number of mechanisms that support that, but this is one of the core principles of what you would expect to see in a working and effective risk management framework.

35

MR ASPINALL: If we look at the next transcript now which is INQ.009.003.1206 to the VC, please. If we go to page 1302, please. If we look at the section there from line 35 to the bottom. Can you read that, Ms Siegers?

40

MS SIEGERS: Yes.

45 MR ASPINALL: You see that Mr Felstead is there being asked about his awareness in February 2015 that the Chinese government was cracking down on foreign casinos?

MS SIEGERS: Yes.

MR ASPINALL: And if we go to the next page please, operator, you see – can you read that?

5

MS SIEGERS: Yes, that's good, thank you.

MR ASPINALL: Just tell me when you have finished reading there.

10 MS SIEGERS: Yes, I have read that.

MR ASPINALL: Could you go down now, please, operator.

15 MS SIEGERS: Yes, I have read that.

MR ASPINALL: And now, operator, if you could go to 1308 and down to line 20 to the bottom, please. Do you see Mr Bell asked Mr Felstead a question there regarding that exhibit M.

20 COMMISSIONER: The email.

MR ASPINALL: Line 20.

25 COMMISSIONER: Is that the email?

MR ASPINALL: Yes, it is.

COMMISSIONER: Yes.

30 MR ASPINALL: I want you to assume that that email that Mr Chen and Mr O'Connor sent to Mr Felstead attaches the Reuters article which we had just been looking at about the crackdown on the casinos. Do you understand?

35 MS SIEGERS: Okay, yes.

MR ASPINALL: You see Mr Felstead is thereby saying that he saw that; you see at line 35 it says:

40 *Mr Chen had sent you a link to an article headed China's President Just Declared War.*

MS SIEGERS: Yes.

45 MR ASPINALL: If you could scroll down there, please, operator. You see Mr Bell then showed Mr Felstead that he had replied to Messrs Chen and O'Connor saying:

*Another good challenge for you both.*

MS SIEGERS: Yes.

MR ASPINALL: If we go to the next page. And he said:

5           *Yes, I do.*

And Mr Bell suggested that it was a pretty glib response to a serious problem.

MS SIEGERS: Yes.

10

MR ASPINALL: And do you see, if we move down to line 16, to the bottom, Mr Felstead said:

15           *My response to this was that we need to manage this on the ground as we have done all along. Should it have been on a register; I acknowledge that may have been very helpful but I was managing this situation on the ground with people who knew the landscape of China.*

Do you see?

20

MS SIEGERS: Yes.

MR ASPINALL: Mr Bell asks:

25           *You did not in fact report this crackdown which had been reported to the risk management committees for Crown Melbourne or Crown Resorts, did you?*

And Mr Felstead said:

30           *I did not make specific reference to that, no.*

Mr Bell asked:

35           *Do you now acknowledge that was an oversight on your part?*

And Mr Felstead said:

40           *I think from a – from a compliance perspective I should have put it on the register. There is no doubt about that. This was common knowledge in the industry amongst people who were on that committee. This – many people got these emails. I'm not apportioning blame but I should have put it on the register.*

Do you see?

45

MS SIEGERS: Yes, I see.

MR ASPINALL: But do you recall that Ms Danziger had said that she wasn't aware of it?

MS SIEGERS: Yes, I recall you saying that.

5

MR ASPINALL: And she was on the risk committees that should have been monitoring this, shouldn't it?

MS SIEGERS: Yes.

10

MR ASPINALL: And if we go over the page to 1310, Mr Felstead was asked there at line 8:

*Did you report this crackdown on foreign casinos in China to Mr Craigie?*

15

Do you see?

MS SIEGERS: Yes.

20

MR ASPINALL: And Mr Felstead said:

*I don't recall specifically reporting it to Mr Craigie. I may well have. I don't recall.*

25

Do you see?

MS SIEGERS: Yes, I see.

30

MR ASPINALL: Now, this is in a situation where we're aware that Mr Felstead had been told that the organisation needed to be on high alert; correct?

MS SIEGERS: Yes.

35

MR ASPINALL: And this is a situation - - -

MS SIEGERS: - - -

40

MR ASPINALL: - - - where Mr Felstead is aware of risks but decides to manage them on the ground; correct?

MS SIEGERS: That's what it appears to be, yes.

MR ASPINALL: So this is an example of an escalation problem, isn't it?

45

MS SIEGERS: It's either an escalation or a risk appetite problem. Maybe a bit of both.

MR ASPINALL: How do you say it's a risk appetite problem?

MS SIEGERS: The risk appetite – the concept of risk appetite is the point where the board delegates to the operation and gives it authority to take charge of certain  
5 elements, and as I said when I first started, I felt that the tools were – required  
recalibrating because the actual appetite of the organisation was a lot more  
conservative than what the tools were indicating. So if you consider risk appetite and  
delegation together, if this felt like it was in the realm of being managed by the  
operation – and I can't comment on what the appetite really was at the time in 2015,  
10 I believe, then it may have been an appetite failure rather than an escalation failure,  
but it could have been either.

MR ASPINALL: I see. So do you think then that Mr Felstead might have thought  
15 that the appetite of the organisation to deal with risks of this nature was higher than it  
really was?

MS SIEGERS: Possibly. And I can't really comment; I would be speculating.

MR ASPINALL: I see. So in your view, here they misunderstood the risk appetite  
20 and thought that his role was to manage it on the ground or he simply failed to - - -

MS HAMILTON-JEWELL: I object to that.

MR ASPINALL: Pardon?  
25

MS HAMILTON-JEWELL: I object to that. This witness can't give evidence as to  
what Mr Felstead did or did not think.

COMMISSIONER: Yes, I think it's in her view; here they misunderstood the risk  
30 appetite and thought his role was to manage it on the ground. So what is the  
problem, having regard to the evidence, Ms Hamilton-Jewell; it's clear Mr Felstead  
thought he should manage it on the ground.

MS HAMILTON-JEWELL: That's certainly as the evidence has been given,  
35 Commissioner, but I'm not sure how much further this witness can be asked  
questions about what Mr Felstead's view was. She has been asked whether or not it  
was a governance failure and she has given that answer.

COMMISSIONER: Yes, I think perhaps I will wait until the end of the question so  
40 I can understand the detail of it. Yes, Mr Aspinall.

MR ASPINALL: Well, Ms Siegers, you've said to me that this was either an  
example of an escalation problem or a risk appetite problem; you agree?

45 MS SIEGERS: I said that this could indicate either of the failures.

MR ASPINALL: Yes.

MS SIEGERS: It could be other factors. I – I won't know.

MR ASPINALL: Yes.

5 MS SIEGERS: But from a risk framework angle, I could attribute failings to those two elements.

MR ASPINALL: Yes. And what I wanted to understand with you and explore with you is, if it is a risk appetite problem, it must be because Mr Felstead misunderstood  
10 what the organisation expected him to do with regard to the risk that came to him; is that right?

MS SIEGERS: It could also be that the board had a larger appetite at the time. I could not – I could not - - -  
15

MR ASPINALL: Now, I listened to your answer before. And I just wanted to understand what you had was the disconnect between the risk appetites. I think you said that the board thought its risk appetite was lower than the operational part of the business; is that correct?  
20

MS SIEGERS: No. What I said was, when I joined the organisation, and I looked at the tools that were in place in the risk management framework and the reality of what I was seeing within the organisation, I had to recalibrate the tool, because there was a disconnect between the appetite. The actual appetite of the board at the time I  
25 joined in 2017 – late 2017 – was more conservative than the tool .....

MR ASPINALL: I see. This is after the arrests had happened?

MS SIEGERS: December 2017. So, yes, after that.  
30

MR ASPINALL: Yes, I see. So there might have been a change here? It's hard for you; you haven't looked back to examine what the board risk appetite was at this time, 2015?

35 MS SIEGERS: In 2017? 2015? No.

MR ASPINALL: And can I just backtrack to say, was there any statement, formally, of risk appetite before you brought it into the risk management strategy more recently?  
40

MS SIEGERS: That – that document, as it now stands, did not exist. No.

MR ASPINALL: I see. So the best you could do at that point was the two documents I took you to at the beginning of the examination which were the code of  
45 conduct for the directors and the employees?

MS SIEGERS: Yes. With regards to the regulatory and compliance risk, yes.

MR ASPINALL: I see. So, on one view, could it be that Mr Felstead did understand the risk that he was supposed to take and that's why he is dealing with it on the ground rather than escalating it?

5 MS SIEGERS: It would be difficult for me to think what Mr Felstead thought at the time.

MR ASPINALL: Well, looking at it now, where would it fit on your risk map?

10 MS SIEGERS: So this would be where, as I mentioned, we have a risk called "change in legislative or regulatory", and it would fit into that risk. It could also be highlighted in risks that – in a risk called "change in factors out of our control", where there would be a change in the environment that we have no control over, that that would impact our business.

15 MR ASPINALL: I see. Now, looking at what was being reported, you would have to say that it was highly likely that it would occur, wouldn't you, because they were specifically saying, at the Chinese level that they were going to crack down on foreign casinos and that's what you were; correct?

20 MS SIEGERS: I – I couldn't comment on the situation at the time. I don't know what – what the regulatory environment was like in China before that time or even just after.

25 MR ASPINALL: Well, just based upon the news reports you've read and what I've shown you, where would you put this risk upon your risk map, in terms of likelihood?

30 MS SIEGERS: The risk of changes?

MR ASPINALL: Yes. Well, the left-hand side of your risk map has various likelihoods, doesn't it?

35 MS SIEGERS: Yes.

MR ASPINALL: Well, based upon – I mean, you are seeing, in effect, the same news report as these people were seeing at the time. I'd like to know where, based upon that material, you would put this risk in terms of likelihood?

40 MS SIEGERS: So, with the current framework, again, the definitions of the term were different at the time. So with the current definition, I would put them at almost certainly in either major or severe.

45 MR ASPINALL: So that would go right over to the right-hand corner, which is the red part; yes?

MS SIEGERS: Yes.

MR ASPINALL: And so that would need to be referred to the board?

MS SIEGERS: In today's framework, yes.

5 MR ASPINALL: And would it also be referred to the risk management committee on the way, or would it just go straight to the board?

10 MS SIEGERS: The way I communicate with the board is usually through the risk management committee, so I would expect that it would go through the risk management committee first.

15 MR ASPINALL: Okay. Now, turning back to this situation, do you see that Mr Felstead did not report it up to the board or to anyone higher at that point, as far as we could see from this evidence. Can you tell me, other than – other than you, as the second line of defence, again, finding the newspaper report yourself, what would have changed since then that would mean that, if this scenario was repeated or something like it, you could be confident that Mr Felstead would report this?

20 MS SIEGERS: If I can also pinpoint something that – it appears that the information did come from the board to start with; right?

MR ASPINALL: This is – well, there were two different pieces of information: the first one was the arrest of the South Koreans - - -

25 MS SIEGERS: Yes.

30 MR ASPINALL: - - - which we looked at before, where that caused the high alert; and now we're getting a newspaper report, which the Chinese spokesperson is saying, "We are going to crack down on foreign casinos marketing to our citizens." So this is an escalation. Do you understand the difference?

MS SIEGERS: Yes. Yes, I do.

35 MR ASPINALL: What we are looking at here is Mr Felstead being told about the escalation, in terms of the rhetoric that was coming from the Chinese spokesperson.

MS SIEGERS: Yes.

40 MR ASPINALL: And do you recall Ms Danziger said that she wasn't aware of this?

MS SIEGERS: I thought she said she wasn't aware of the arrests.

45 MR ASPINALL: She wasn't aware – she was aware of the arrests of the Koreans. She found out about that at the coffee break.

MS SIEGERS: Yes.

MR ASPINALL: But she said she was not aware of the crackdown on the foreign casinos. She said no to that.

MS SIEGERS: Okay.

5

MR ASPINALL: So what I'm asking you again is, under your new system, how could we be confident that Mr Felstead would, in a similar scenario, report this?

MS SIEGERS: So other than the fact that the context has changed and I'm sure he would want to inform the board of this in today's environment. As I said, there are a number of people present. There are – it's not just one mechanism, there's a number of ways through which the information would have reached other members of the board, myself, a number of individuals. And I think the quality of the risk management committee meetings that we have today would – and the openness of conversations we have in that forum would lead to us bringing that item to the committee.

MR ASPINALL: Okay. Well, let's assume, for the sake of argument, Mr Felstead has not changed and wouldn't have acted any differently. What other methods do you say are now in place that would allow that information which Mr Chen and Mr O'Connor had raised with him, to make it up past him?

MS SIEGERS: So Mr Chen and Mr O'Connor, if they were still in the roles today that they had then, I engage with them directly. My team engage with their team. So we would most likely hear of that information through that avenue and, otherwise, I receive the papers and I read them every morning. So I would most likely, if this was in a Reuters article, have read that as well, and gone and asked the questions.

MR ASPINALL: You see, what is effectively happening here is that a pyramid beneath Mr Felstead is reporting up to him; do you agree? Mr Felstead - - -

MS SIEGERS: Yes.

MR ASPINALL: Mr Chen and Mr O'Connor are reporting to Mr Felstead. And then Mr Felstead's not taking it any higher. So they're within a silo, aren't they?

MS SIEGERS: Yes. But they're not in a – they are in a hierarchy, but they also talk to a lot of people outside of just that chain, and my team or myself would be some of those people.

40

MR ASPINALL: Well, it seems like, if we look at Ms Danziger's evidence at the time that, even if Mr Chen or Mr O'Connor did talk to other people outside their silo or within their silo, that it didn't make it around Mr Felstead to some members of the board; you see?

45

MS SIEGERS: That - - -

MR ASPINALL: I'm asking this because you said that, now, under the new structure, they might come to you and tell you. Do you think that is a realistic possibility?

5 MS SIEGERS: I do.

MR ASPINALL: And why is that?

10 MS SIEGERS: Because my role has significantly changed over the past two and a half years and three years. I have a lot more visibility across the organisation. I have built a lot of networks. Many people provide me with information, not all of which is always escalated up to the board, because of its lack of materiality. But, through my team, who's embedded in the business, and my own relationships, I actually receive quite a fair amount of information.

15 MR ASPINALL: Okay. Well, let's continue the scenario one step further. Say, for example, Mr Chen or Mr O'Connor had come to you with information of this nature and said, "Well, we've told Mr Felstead and he's not interested", what do you then do, given that Mr Felstead is your superior?

20 MS SIEGERS: I would still have the information present in the paper. Mr Felstead is my – I report to him but I have a fair amount of independence in terms of what I write in the paper and I have access to the board member. If somebody actually – and it has never happened, but if anybody came to me and said, "Anne, do not say this" and I felt it was a risk, I would still have the opportunity to escalate to the board; I have that relationship and that reporting line into those subcommittees.

30 MR ASPINALL: I see. So at least in relation to where the information comes from a media outlet, you are fairly confident that you will receive it and then pass it up to the relevant person notwithstanding any other blocks to it flowing upwards; is that right?

MS SIEGERS: Yes.

35 MR ASPINALL: Can I now show you another piece of transcript, which is INQ.009.003.1933.

MS SIEGERS: Is that one that I have? No.

40 MR ASPINALL: It should be on your screen, Ms Siegers.

MS SIEGERS: Yes, it is.

45 MR ASPINALL: This was some evidence that Mr O'Connor gave to the Inquiry. If we look at page 2009. If you read from about line 18 to the bottom of that page, you will see that Mr Bell is asking Mr O'Connor again about the crackdown on foreign casinos.

MS SIEGERS: Yes.

MR ASPINALL: And now if we turn to page 2011, line 20 to the bottom of the page; you see there's an email between Mr O'Connor and Mr Aldridge which,  
5 again, attached the same Reuters article about the crackdown, which had been sent to Mr Felstead.

MS SIEGERS: Yes.

10 MR ASPINALL: And Mr Bell asked Mr O'Connor:

*Mr Aldridge asked you if there were any concerns of Crown staff working in China. Do you see that?*

15 Mr O'Connor said:

*Yes, I do.*

20 *And look at your email back, you say "Personally, I am very concerned with the international business near term prospects for reasons I'm sure you're well aware of."*

Do you see that?

25 MS SIEGERS: Yes.

MR ASPINALL: If we turn over the page, 2012 - - -

30 COMMISSIONER: Point zero.

MR ASPINALL: - - - do you see Mr O'Connor says:

35 *I think I meant by that statement, Mr Bell, I was referring to the expectation of business volumes and business profits that were part of the business relative to our capacity to deliver on those expectations.*

Do you see that?

40 MS SIEGERS: Yes, I do.

MR ASPINALL: And then at line 9, Mr O'Connor said:

45 *I felt at the time there was something of a disconnect between the business volumes and profits that our business unit was able to deliver relative to what was expected.*

Do you see?

MS SIEGERS: Yes, I see.

MR ASPINALL: And then Mr Bell referred him to part of the email that says – his email where he said:

5

*Our challenge will be convincing our masters that they need to temper their expectations with the development plans ahead. Talk of conservative expectations won't be well received.*

10 Do you see?

MS SIEGERS: I see that.

MR ASPINALL: And then if we go to 2058 please, operator. At the bottom of the page the Commissioner asks a question; do you see? And the Commissioner asked:

15

*What you said to me yesterday about getting caught up in the pressure to chase profits does seem to me on one view – on one view, that that was a very big factor. What was happening in the team in chasing business that may have blinkered some? I'm not suggesting you, but some, from seeing the signals.*

20

And Mr O'Connor said:

*It may have blinkered some, Commissioner. Yes, I will concede that.*

25

Do you see?

MS SIEGERS: Mmm.

MR ASPINALL: What is being expressed there, isn't it, is the trade-off between the risk appetite of the business and the profit to be made from taking risks.

30

MS SIEGERS: Yes.

MR ASPINALL: And what we are seeing in this example is Mr O'Connor and Mr Aldridge saying to each other that they wished the business unit in which they were in would take a more conservative approach to risk appetite, do you see, but saying that their superiors would not receive that expectation well.

35

MS SIEGERS: I think what I read indicates to me that the notion of conservative is with regards to business volumes and the level of activity that could actually be undertaken and delivered – undertaken and delivered, yes.

40

MR ASPINALL: Correct, but what they are saying there, in effect, is that "We are concerned for the business, that it's taking too much risk, but if we tell our superiors that, they won't be impressed".

45

MS SIEGERS: I think if they had expressed it in terms of risk, it may have been understood better but that's speculation on my part.

5 MR ASPINALL: Well, assume that to be the case. Assume them to be saying to each other, "We consider that this part of the business is taking too much risk but that will not be well received by our superiors." Can you assume that?

MS SIEGERS: I can make that assumption, if you wish to.

10 MR ASPINALL: Yes. Now, how would your new strategy deal with this scenario?

MS SIEGERS: So I would expect that I would capture that pressure in the risk profile that Mr O'Connor, assuming he was still in that role, has ownership of so he would be able to give the rating that he felt comfortable and then I would, through  
15 the escalation and that top down, bottom up process that I mentioned, I would escalate that – the concerns to first the Melbourne corporate and then the Crown Resorts corporate risk profile.

MR ASPINALL: But in this case of the China situation don't we of an exquisite  
20 problem in that from the bottom people are trying to tell – to get information up saying that "The risks we're taking are high". And at the other side of the story we have Mr Rankin telling people below him to be on high alert; do you agree?

MS SIEGERS: From what you've told me, that appears to be the case.  
25

MR ASPINALL: How is it possible in this organisation that this did not come to the attention of the risk management committee?

MS SIEGERS: I – I can't say. That was in 2015 and that was really significantly  
30 before my time.

MR ASPINALL: But in terms of the problem that it represents, isn't it a personal  
35 problem with the people involved rather than any systemic failure of the risk structure?

MS SIEGERS: I couldn't – this would be, again, speculation; I don't know that I can answer that question. I don't have all the factors to give you a proper answer.

MR ASPINALL: And the fact that you can't tell me the answer would point to the  
40 need for you to go back and examine the situation, wouldn't it?

MS SIEGERS: A lot of the people are no longer there so I don't know that that  
45 would be, really – I don't know if I would be able to get information out of a backward looking.

MR ASPINALL: Don't you consider that the scenarios that I've just set out to you are important to solve for Crown going forward so that you need to know what is happening and where Crown failed in these regards?

5 MS SIEGERS: I think that's what I have tried to do by looking forward and making sure that those mechanisms were embedded and in place so that all the issues you manage – without having the need to go and dig into what I could or could not find but making sure that the framework looking forward was effective.

10 MR ASPINALL: But I thought you just told me that you couldn't give me an answer on that question, because you didn't have enough information. How does that fit with the answer that you just gave me?

MS SIEGERS: I did not do – I know you've been trying, for two days, to ask me  
15 why I did not do an in-depth investigation into two or three years before I joined the organisation. That is not normal practice. That is not common practice. My – my experience and my common practice is to look at what the tools I have today, and to make sure that I review them, enhance them, critique them, challenge them for the future. So I did not spend an inordinate amount of time looking through data, where  
20 I would have gaps, I wouldn't have had the people to interview. But I tried to build a framework forward-looking that addressed any major challenge that I had identified looking at the risk framework.

MR ASPINALL: And, having looked at the example or the case study that I've just  
25 given you, do you remain of the view that it's not necessary for you to go back and have a careful look at what has occurred in this organisation?

MS SIEGERS: I think you've just proven to me that there was a breakdown in  
30 communication. So I think my – my – the changes that I have made to the framework, I hope, would have addressed those. And the changes that I have made to how my team and myself engage with the business would have also helped make sure that doesn't happen in the future.

MR ASPINALL: Can we now look at an example regarding junkets, Ms Siegers.  
35

MS SIEGERS: Yes.

MR ASPINALL: That is at INQ.009.003.0698.

40 MS SIEGERS: Is that something that I have?

MR ASPINALL: No. This is a transcript.

MS SIEGERS: No? Okay.  
45

MR ASPINALL: Actually, operator, if you might indulge me and bring up CRL.527.001.1969. Ms Felstead – Ms Siegers, this document is at tab 12 of volume 2 of your folder.

5 MS SIEGERS: Yes.

MR ASPINALL: And it is exhibit S15, Commissioner.

COMMISSIONER: Thank you.

10

MS SIEGERS: Yes, Mr Aspinall.

MR ASPINALL: You see, again, this is another newspaper report, which is at the bottom of 1969, and it's talking about the Neptune Group.

15

MS SIEGERS: Yes.

MR ASPINALL: Which is one of Macau's biggest junket operators.

20 MS SIEGERS: Yes.

MR ASPINALL: And I want you to assume, at that point, that Crown Resorts was dealing with the Neptune Group or representatives – people related to the Neptune Group.

25

MS SIEGERS: Okay.

MR ASPINALL: And, at 1971, you see the final paragraph reads:

30 *One of Neptune's former major shareholders Cheung Chi-Thai is facing three charges of laundering HK\$1.8 billion through Hong Kong bank accounts.*

MS SIEGERS: Yes.

35 MR ASPINALL: And you see, if we turn back to 1969, that information came via Mr O'Connor and Mr Aldridge, again, to Mr Felstead?

MS SIEGERS: Yes.

40 MR ASPINALL: And that, rather than making any comment about the fact that there was a link between the junket and a money launderer, Mr Felstead said:

*Let's have a think about what we let them draw down.*

45 MS SIEGERS: I see that.

MR ASPINALL: Doesn't that example again show a failure to manage risk to the organisation?

5 MS SIEGERS: If I have no other information, which I'm sure there would be other elements coming into that, so the response focused on the drawdown rather than the full content of the reports. I think they were focusing on one element of the article, not all of it. But I don't know if that was the only action or question that was raised from that article.

10 MR ASPINALL: Assume, for the purposes of argument, that that's true that no further action was taken in respect of Neptune Group other than to look at what they could draw down?

15 MS SIEGERS: Then I would – yes – assume that that last sentence of the other report should have been considered as well.

MR ASPINALL: You see, that that, again, represents a failure to escalate, doesn't it?

20 MS SIEGERS: That article here is not about escalation. It's more about the response. So – sorry – that that email - - -

COMMISSIONER: Yes. No. And I think - - -

25 MS SIEGERS: - - - is more about a response to the article.

COMMISSIONER: Yes, I understand. And I think the position is that Mr Aldridge did as well as he could to escalate things, but where it landed in the escalation, it seems to have stopped; correct, on the face of this?

30 MS SIEGERS: Based on this chain of emails and nothing further, yes, it appears to have stopped.

35 COMMISSIONER: And based on this set of emails and nothing further, then I think you'd agree with the proposition that was put to you by Mr Aspinall that there was a failure to manage risk on this occasion?

MS SIEGERS: Yes.

40 COMMISSIONER: Yes. Yes, Mr Aspinall.

MR ASPINALL: And in terms of your risk map structure, how would a situation like this be dealt with now?

45 MS SIEGERS: So this article would appear in the daily screening that the AML team does, particularly, with regards to name, if we were still dealing with those people, which I believe we are not. And they would escalate that information to – so

they would make an assessment and do whatever additional due diligence was required to confirm the information in the articles. And there would – they would take that matter further and escalate whether or not we should still do business with that. In recent times, I have seen them do quite detailed emails to the business,  
5 identifying for them the type of information that they could gather, and ask – and ask the business to make a decision on whether or not we should keep doing business with these people. And the business, fairly systematically, responds, “No.” So that would be escalated at that stage.

10 MR ASPINALL: So is it, again, dependent upon you becoming aware of the media article?

MS SIEGERS: No, not me. At this stage, if it was about something to do with business with someone based on allegations, there would be a number of avenues  
15 through which it could come to the company, either through the AML team: we have an individual that looks after law enforcement inquiries; we have a security and surveillance team that engagement with law enforcement agencies. So, depending where the source or the information came from, there would be a number of avenues for it to be taken and escalated, operationally.

20 MR ASPINALL: Well, don’t we know, in this case, that it came from a newspaper article?

MS SIEGERS: Yes. But there may be other – so this is historical, 2015. So I don’t  
25 know what the process was at the time. I’m only talking about how it would be dealt with today.

MR ASPINALL: In the previous example, you said it could be an escalation  
30 problem or it could be a risk appetite problem; remember that?

MS SIEGERS: Yes. On the specific matter?

MR ASPINALL: Now, in respect of this example, could that not also be a risk  
35 appetite problem?

MS SIEGERS: It could be a number of factors. Risk appetite could be one of them.

MR ASPINALL: What else could it be?

40 MS SIEGERS: Because I don’t know what else took place, it’s hard for me to speculate. It could be that the information was not – maybe somebody checked the information and it wasn’t corroborated, or if a decision was made after that to stop doing business with the individuals, then it wouldn’t have needed to be escalated. So there’s a number of scenarios and elements that would – would need to be properly  
45 understood for me to make an answer.

MR ASPINALL: Well, couldn't it represent a situation where the business, as Mr O'Connor said earlier, became blinkered to the risks it was running with dealing with junket operators, because of the profit that it wanted to make from them?

5 MS SIEGERS: That would really be speculation on my part, I think.

MR ASPINALL: And have you seen the evidence that has been given to the Inquiry about within the casino, the ongoing tension between the marketing department and the compliance department; have you seen that evidence?

10

MS SIEGERS: That is – I haven't seen this one but this is very common for, I think, all organisations I have every worked for, yes.

MR ASPINALL: So what we're potentially seeing in this case study is an example where that balance or tension has gone awry; that people don't care or seem not to care that there is a link with a criminal and they're more concerned with the money aspect of it.

15

MS SIEGERS: That could be the case but I'm not sure I can really make a yes or no answer on this. I - - -

20

MR ASPINALL: Assume that is the case, how, under your new strategy, is this tension between the compliance section and the marketing section going to be dealt with at Crown Resorts?

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MS SIEGERS: So as I said, I think the appetite of the organisation has materially reduced.

MR ASPINALL: Yes, I know that is so. I know that is so and that's probably a knee jerk response to a catastrophe that occurred, but this Inquiry is looking at more than the next year or so. We want to be satisfied that going forward, these failures will not happen again and the people involved in the Crown China arrests will, over time, leave the organisation, memories will fade. But what I wanted to know is, in terms of the structure, what you are doing to make sure that it can't happen again. You see, these shocks wear off. You must know that.

30

35

MS SIEGERS: I do.

MR ASPINALL: Corporate memory is lost so - - -

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MS SIEGERS: I do but at the same time - - -

MR ASPINALL: What's happening this year may be not what is happening in two years time, but I was wondering if you can give us any insights or reassurances as to why what we have just seen would not recur?

45

MS SIEGERS: So I think there is now a lot of different departments. The notion of three lines have been embedded far more widely, and so there's a lot more areas that would see this article, would respond to it, would raise flags. There's a lot more transparency in reporting, and there is really not just one but many mechanisms through which discussions would be had, and escalation could take place. So I cannot – in today's environment I cannot imagine that a reference to money laundering like this would not be picked up by more than one area and would be questioned and followed up.

10 MR ASPINALL: On that point, could I take you to DEL.001.001.1254 which is at tab 15 of your volume 1. It's exhibit W43.

COMMISSIONER: It's just the hearing room?

15 MR ASPINALL: Yes, it can just be for the hearing room. I think Ms Siegers has it.

MS SIEGERS: Tab 15, yes.

MR ASPINALL: Yes.

20

MS SIEGERS: I have tab 15.

MR ASPINALL: It's an interview plan with Mr Stokes; do you see?

25 MS SIEGERS: Yes, I see.

MR ASPINALL: And are you aware that Deloitte did a review of the junket due diligence process?

30 MS SIEGERS: Yes.

MR ASPINALL: And as part of that process, they interviewed various people at Crown?

35 MS SIEGERS: Yes.

MR ASPINALL: And they interviewed you?

MS SIEGERS: Yes.

40

MR ASPINALL: And when did they do that?

MS SIEGERS: The interview or the whole review?

45 MR ASPINALL: The interview of you.

MS SIEGERS: I'm not going to know exactly the date; I'm going to say within the last two months.

5 MR ASPINALL: Yes. And so it's – this document doesn't seem to have a date on it but it's part of the same round of interviews, so we can assume it's relatively recent. If you go over to 1256 - - -

MS SIEGERS: Yes.

10 MR ASPINALL: - - - you see in the middle of the page:

*What do you see as the key challenges or pain points to change process?*

15 MS SIEGERS: Yes.

MR ASPINALL: Mr Stokes says:

*It's mindset, culture. Three lines signed off by board last year but very little embedding of program in my space.*

20 Do you see?

MS SIEGERS: Yes.

25 MR ASPINALL: What's your response to that sort of comment in respect of the answer that you just gave that the three lines is now embedded?

MS SIEGERS: I think when he means that it is not embedded in my space.

30 MR ASPINALL: Well, his space is a very important space.

MS SIEGERS: I'm not denying that at all. When he - - -

35 MR ASPINALL: Why would he be saying this in circumstances where you just told the Inquiry that in your view the three lines was well embedded?

40 MS SIEGERS: His role is clearly a second line role which is why he, I think, makes reference here to the fact that he needs to embed it more in his space, meaning the area of AML/CTF. That doesn't mean that his role as group general manager of AML does not fall squarely into the second line and he has access to – to escalate. He provides reports to the executive risk and compliance committee or ERCC. He provides reports to the board. So he has that independent second line structure well in place and understood by the board and the executive and senior management team. I would not read his comment as him thinking that the second line is not – his role is not understood as a second line role. And his next sentence actually - - -

45 MR ASPINALL: .....

MS SIEGERS: - - - ..... that.

MR ASPINALL: Pardon?

5 MS SIEGERS: His next sentence really highlights that comment.

MR ASPINALL:

*Embed it more to program, underlying policies and procedures?*

10

MS SIEGERS: Yes, that's in his AML program .....

MR ASPINALL: What do you say that second sentence means?

15 MS SIEGERS: It's relating to the AML program. It's a discussion Nick and I have had where – it's about what his team does versus the business does and what falls under the description of the second line versus the first line and he needs to clarify that a little bit more in his processes which I think he is in the process of doing.

20 MR ASPINALL: Do you see at the bottom of the page, three paragraphs from the bottom, they're looking at the resourcing of the due diligence process for junkets. And he said:

*Historically, team has been very lightly resourced.*

25

MS SIEGERS: Yes.

MR ASPINALL: Has that reflected your experience of the resourcing of compliance functions at Crown?

30

MS SIEGERS: Not generally compliance function. AML, yes. Risk was quite lightly resourced as well.

MR ASPINALL: You think AML was tightly resourced – lightly resourced?

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MS SIEGERS: Yes.

MR ASPINALL: You agree with that?

40 MS SIEGERS: Yes.

MR ASPINALL: And have you been able to work out why that was the case?

45 MS SIEGERS: I think we were meeting our obligations and I – I wouldn't know historically what – what drove those decisions but we had – we had been meeting our obligations from an AUSTRAC perspective and so maybe – after that I don't know – I would speculate.

COMMISSIONER: The age old problem, it seems, across the evidence, Ms Siegers; it's all very well to report to AUSTRAC but you have got to look back to yourself and do the risk assessment and that's where light resource doesn't help, I think. You agree with that?

5

MS SIEGERS: Yes, I agree.

COMMISSIONER: Yes. All right.

10 MR ASPINALL: Ms Siegers, just turning to 1257 here - - -

MS SIEGERS: Sorry, 1257, yes.

MR ASPINALL: You see Mr Stokes is there talking, answering to the question:

15

*What's your view?*

*Junket risk assessment is done in credit. One of the key things is DICJ registration. It really influences to what level the process registers them as risk.*

20

MS SIEGERS: Yes.

MR ASPINALL: Mr Stokes says:

25

*I think the current process from what I have seen of it, is very light in understanding true risk behind the operator. We don't have enough information on who the reps are, who their employees are.*

30 MS SIEGERS: Yes .....

MR ASPINALL:

35

*Operator probably doesn't have a lot of dealings with casino on a regular basis or oversight of those reps. Reps come and go. No process that tracks activities of reps themselves. No recognise of risk reps pose just by being on the premises without having been through the due diligence themselves.*

You see?

40

MS SIEGERS: Yes. I see that.

MR ASPINALL: Does this fall – does this level of risk fall within your purview, as the group general manager of risk?

45

MS SIEGERS: All risks fall within the risk management framework. So, yes.

MR ASPINALL: Well, isn't this comment being made in 2020, almost, I suppose, two and a half years after you commenced at Crown?

5 MS SIEGERS: I think there is a – there is a lot of work happening. And that review, the Deloitte review, was one of them to look at how we could further enhance our processes. There has been an appetite, for as long as I've been there, to continuously review what we do and enhance it. So I would agree with Mr Stokes' comment that we can do better. And the Deloitte review was part of that effort.

10 MR ASPINALL: Yes. But it's been made, three and a-half – almost three and a half years after the Crown Confidential story that I showed you earlier in the examination; correct?

15 MS SIEGERS: Yes.

MR ASPINALL: And is your reason, do you say, for this not having been addressed earlier is because of the lack of resources. You've got too much to do; is that right?

20 MS SIEGERS: No. So the AML is one thing. Junket and junket due diligence is another, so it's different teams. So, here, we're talking about the AML team resourcing. And AML team resourcing is about – was mostly about monitoring and reporting to AUSTRAC.

25 MR ASPINALL: Isn't Mr Stokes, here, talking about:

*The current process, is very light in understanding true risk behind the operator.*

30 Correct?

MS SIEGERS: Yes, that's around the due diligence process for junkets.

35 MR ASPINALL: So he's talking about junket risk. He's talking about junket risk.

MS SIEGERS: Yes. I see that.

40 MR ASPINALL: And three and a half years before this, the ABC had been broadcasting a program which pointed to those very risks, hadn't it? You saw it.

MS SIEGERS: Yes. And the processes had already been materially enhanced. Mr Stokes came from a financial services background, with a different set of expertise, which is one of the reasons we welcomed – his appointment was very welcome to the organisation to add a further layer of challenge and enhancements to the process.

45 MR ASPINALL: And, as the Commissioner said to you earlier, these allegations had dogged Crown Casino for years before Crown Confidential.

MS SIEGERS: Yes. Yes.

MR ASPINALL: And how do you explain, now, that, in 2020, Mr Stokes is giving evidence that:

5

*The current process –*

from what he has seen –

10

*is very light in understanding the true risks behind the operator.*

COMMISSIONER: He's - - -

MS HAMILTON-JEWELL: Well, I object.

15

COMMISSIONER: He's giving an interview – sorry, Ms – he's giving an interview with Deloitte. Yes.

MR ASPINALL: How do you explain that?

20

MS HAMILTON-JEWELL: But I do object to this line of questioning.

COMMISSIONER: Just pause, Mr Aspinall, while I hear this. I just have a little difficulty, because you just a little cut off, I think. Yes. Thank you.

25

MS HAMILTON-JEWELL: I'm sorry. I've also lost my voice. So I'm doing the very best that I can. I do object to this line of questioning. It's an interview with Mr Stokes. And there is only so much that this witness can comment on what Mr Stokes meant during an interview. There is also some conflation of the different types of resourcing within the organisation, which is a premise that underlies these questions.

30

COMMISSIONER: Yes. Quite. I think that what is being asked of, though, is if the position is that this is accurate, I have to say that this document, if it's recorded correctly, then this organisation is very lucky to have Mr Stokes. He's obviously - - -

35

MS HAMILTON-JEWELL: Apologies, my audio cut out then.

COMMISSIONER: I said, if this document is recorded accurately, Ms Hamilton-Jewell, this organisation is very lucky to have Mr Stokes. He seems to be candid and careful and, notwithstanding, his background with financial institutions, he's obviously able to get across what is happening in the casinos. And this is the sort of approach that inquiries such as this see as totally and utterly refreshing. And so I don't see it as any adversity to Crown that Mr Aspinall is exploring this with your group manager of risk. It is something that, if it is the case, then it's, obviously, going to be addressed at some time. And he can – I withdraw that. The witness can give evidence on the premise that what Mr Stokes has said is an accurate reflection

45

of the reality within the organisation. But I take your point, rightly, that she can't say what was in his mind. I accept that submission. Anything further?

5 MS HAMILTON-JEWELL: And just, Commissioner, just the conflation of resourcing within different teams and across different timeframes. I'd be grateful if the timeframes and the teams could be made clear in the questions.

10 COMMISSIONER: Yes. I think this is talking about a general resourcing, historically, it says, historically, the team has been very lightly resourced and, historically, it's been a regulatory compliance function. So I understand that to be in context. But anything else, Ms Hamilton-Jewell?

MS HAMILTON-JEWELL: No. Thank you, Commissioner.

15 COMMISSIONER: Yes. Yes, Mr Aspinall, if you proceed.

MR ASPINALL: So, Ms Siegers, I think the tenor of your evidence has been that, since you joined Crown Resorts, you did not consider there had been any lack of resources to you; is that correct?

20

MS SIEGERS: When I first started, my team was particularly light. But we have we remedied that situation and I have a number of resources, now, that allow me to be rolling out my framework.

25 MR ASPINALL: And from what I took your answer to be earlier in respect of why, three and a half years after the Crown Confidential program was shown, Mr Stokes was still expressing concerns that the process of junket due diligence was what he called "very light", but your answer was that you'd been very busy; is that right?

30 MS SIEGERS: No.

MR ASPINALL: Well, what is – what is the answer to why, three and a half years after those allegations were raised, Mr Stokes is still describing the process as "very light"?

35

COMMISSIONER: I think it can be put this way, I think, Mr Aspinall, having regard to Ms Hamilton-Jewell's objection. I think the proposition, Ms Siegers, is, if it is the case that there's very little embedding of program in the AML space, even in 2020, if that is the case, what is the explanation for that, that you might be aware of?

40

MS SIEGERS: I would not – I would not make the same assessment that Mr Stokes made. I don't think there is very little embedding of the AML program. I think it's – it's been an obligation of ours for 13 years, I believe, in 2007, the Act came into play with regards to AML monitoring. So we've had a program in place all that time and it is, considering the volume of transactions we deal with, it is very well embedded. There has been enhancements. And the challenge that I think we are facing in the junket world is that we are understanding things better. We have more information.

45

We have tools that are better. And we – we are looking and we have been looking, and we are continuously increasing how we can get access to that information and form a better assessment of where the risk is. But there is still elements ongoing. And everything that the Deloitte report recommended is currently in process to be  
5 implemented throughout the organisation. So we absolutely value the content of that review and the possibility to enhance the process further. Any new person that comes into Crown and has a perspective adds a layer of sophistication and maturity to the program, and I think that is what Mr Stokes is definitely doing as well. He just joined the organisation in November, I think, last year, so his view is still fresh.

10 COMMISSIONER: You see, none of this would be happening, really, unless there were – unless there was a casino licence. You understand that? None of this inquiry. It's all to do with the casino licence.

15 MS SIEGERS: Yes.

COMMISSIONER: You understand that?

20 MS SIEGERS: Absolutely. Yes.

COMMISSIONER: So when you are – when you are in a position of having the privilege of a licence, and when you are in a position of having to honour that privilege by behaving yourselves, then it is, obviously, a problem if you don't have communications that expose the problems urgently. You'd agree with that?

25 MS SIEGERS: Yes.

COMMISSIONER: And when we are speaking about culture, it's that the situation that Mr Aspinall has taken you to, that, on the one hand, you have a group that has to  
30 have profits for the organisation to survive – and any commercial person would obviously accept that – but you have to have an open dialogue with the regulator to tell them the truth. You agree with that?

35 MS SIEGERS: Yes.

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Ms Siegers, I wanted to take you now to your interview with Deloitte, which is at DEL.001.001.1260.

40 MS SIEGERS: Yes.

MR ASPINALL: That is exhibit W44. It is at tab 16, volume 1 of your material, Ms Siegers.

45 MS SIEGERS: Yes.

MR ASPINALL: And you are there being asked about junkets.

MS SIEGERS: Yes.

5 MR ASPINALL: Do you see at the bottom of that page you say:

*Criminal side of things, major criminal activity.*

What do you mean by that?

10

MS SIEGERS: So if I recall that discussion, the major criminal activity is where we have – Deloitte was asking me where we were representing the junket risks.

15 COMMISSIONER: Could you put the microphone near your mouth, please. Sorry. Yes.

MS SIEGERS: Sorry, Commissioner.

COMMISSIONER: You recall that discussion?

20

MS SIEGERS: If I recall that conversation correctly, Deloitte was asking me where the risks of junket were represented in the corporate risk profile. The major criminal activity is one of our risks and that is what that refers to.

25 MR ASPINALL: And then down a few dot points you say again:

*Risk of major criminal activity. Corporate risk. Volatility of getting risk revenue.*

30 And then:

*Major reputational damage.*

Correct?

35

MS SIEGERS: Those are – yes, those are all the risks that touch on the junket activity, yes.

40 MR ASPINALL: Do I take it from this, that you've understood at least lately that ensuring that the company does not deal with junket operators who are associated with organised crime is very important.

MS SIEGERS: Yes.

45 MR ASPINALL: And has that understanding changed in recent times?

MS SIEGERS: No.

MR ASPINALL: And so I ask you again, why has it taken three and a half years for this process to be looked at in any serious way?

5 MS SIEGERS: I don't believe it has. I think you interviewed with Mr Jeans, you are interviewing a number of other people. The board and the management team have taken this quite seriously. Since I have joined the organisation, there has been a number of challenges to the program, bringing external expertise to challenge what we do and ensure it's effective. So I wouldn't say that this is new.

10 MR ASPINALL: Mr Jeans had nothing to do with the due diligence on junkets, did he?

MS SIEGERS: No, but he reviewed the quality of the joint – what – part of the program to make sure that the way we were building it was effective - - -  
15

MR ASPINALL: But - - -

MS SIEGERS: But taking that expert input is critical to Crown.

20 MR ASPINALL: Isn't this discussion about ensuring that Crown doesn't do business with people or junkets who are associated with organised crime?

MS SIEGERS: Which element, I'm sorry? Which element are you referring to?

25 MR ASPINALL: There's discussion here about major criminal – risk of major criminal activity, reputational damage and so on, is about the risk of Crown doing business with junkets who have affiliations or association with organised crime, isn't it?

30 MS SIEGERS: Amongst other things, yes.

MR ASPINALL: And that's so more to do with whether or not you partner or do business with these people; correct?

35 MS SIEGERS: Yes, because at times we may not exactly know who they are, yes.

MR ASPINALL: Mr Jeans was looking at the structure of your transaction monitoring process, not that issue, was he?

40 MS SIEGERS: No, it's related but not that specific issue.

MR ASPINALL: You see, as the Commissioner said, these allegations had dogged the casino for many years, and it's difficult to understand, perhaps from the perspective of the public, why in 2020, only now, these issues are being addressed.  
45

MS SIEGERS: That is not the case.

MR ASPINALL: ..... information.

MS SIEGERS: So I - - -

5 MR ASPINALL: And why Mr Stokes should still, in 2020 be saying the process  
- - -

MS HAMILTON-JEWELL: I object to that. The witness is trying to answer the  
10 question.

COMMISSIONER: Yes, just pause there, Mr Aspinall.

MS HAMILTON-JEWELL: Sorry, Commissioner.

15 COMMISSIONER: That's all right. I have asked Mr Aspinall to pause and ask the  
first question again.

MS SIEGERS: Could you ask me one question.

20 MR ASPINALL: Yes. I'll ask - - -

COMMISSIONER: Yes, he is going to ask you one question.

MR ASPINALL: I will ask you half a question.  
25

COMMISSIONER: I think you should ask the whole question.

MR ASPINALL: The whole question. What is your explanation for why, in  
30 circumstances where these allegations had dogged the casino for years, it appears  
that only very recently has Crown taken these allegations seriously?

MS SIEGERS: So Crown has not – despite what it may appear like, Crown has not  
taken those allegations seriously only recently; it has for a long time. I think I recall  
35 a conversation nearly when I started, so I won't recall the details, but the Four  
Corners allegations, there were 25 names and I think we were actually only dealing  
with three or four of them. So many of those allegations were untrue and no longer  
correct at the time. When we looked at the 60 Minutes, it was pretty much the same  
story again, so the same people, which we were mostly not dealing with. So the  
40 veracity behind those allegations was a little bit questionable, for one.

And then all the time that I have been in the organisation, so since December 2017 –  
I can't talk to before so much – there has been a continuous effort by the company to  
review and enhance its processes to make sure that it continuously improves and  
strengthens its junket due diligence process and its AML processes and anything that  
45 touched on major criminal activity. So that is not new. And it has been through my  
tenure at Crown.

MR ASPINALL: But I thought you said earlier that you hadn't done any investigation into the allegations that had been made.

5 MS SIEGERS: No, as I said, it was a conversation I had early on with somebody in the organisation that gave me that information. I did not conduct the investigation myself.

MR ASPINALL: You accepted what you were told in that regard?

10 MS SIEGERS: Yes.

MR ASPINALL: And can you give me any insight as to why you think Mr Stokes might be saying in 2020 that the junket approval process is very light in circumstances where you say it has been taken seriously for a very long time?  
15

MS SIEGERS: I think that's a question for him, not for me so much. I think we can do more but I wouldn't call it light either, so I can't comment on his – his statement.

MR ASPINALL: So am I right in thinking that you're happy with the structure that's in place now?  
20

COMMISSIONER: No, no, Ms Siegers said - - -

MS SIEGERS: No.  
25

COMMISSIONER: - - - she thought we could do more.

MR ASPINALL: But are you happy with the structure that's in place now?

30 MS SIEGERS: I think we're reviewing that right now so I think it can be enhanced.

MR ASPINALL: If we turn over to 1261, you see under the heading If You Had a Blank Canvas.

35 MS SIEGERS: Yes.

MR ASPINALL: And you are recorded there as saying:

40 *I would change it dramatically.*

MS SIEGERS: Yes.

MR ASPINALL: How does that fit with the answer you just gave me?

45 MS SIEGERS: It's exactly that; we are right now reviewing it and because the three lines of defence was not clearly articulated before, we are making sure that is the case now. We are also formalising the input from a number of different areas, so

ensuring that there is no – there is a formal engagement with all the different groups that should have input. So we're making – following the Deloitte review we are making a number of recommendations right now, and changes.

5 MR ASPINALL: So you are now changing it dramatically, are you?

MS SIEGERS: Yes. Well, we are changing it.

COMMISSIONER: But if you had a blank canvas, you would be doing more?

10

MS SIEGERS: I think that's where the recommendations from Deloitte have captured my input and have captured – have – and everybody else's input who was interviewed that has provided us with a way forward to change things, yes.

15 COMMISSIONER: Yes. All right.

MR ASPINALL: And have you been given a blank canvas now?

MS SIEGERS: Yes, pretty much.

20

MR ASPINALL: How long do you think these dramatic changes will take to embed in, as you call it?

MS SIEGERS: I think embed won't be – so some of them will be quite quick. I think, within two, three months, we can have made quite material foray into those changes. Some of them will be a little bit longer, because they require a system – technical, IT system changes, so those always take a little bit longer to roll out, etcetera. But a lot of the changes should be able to be implemented within two, three months, I hope.

25

MR ASPINALL: Very well. If we look underneath here at the heading:

30

*If you're making decisions about reputational risk at the same time you're deciding if people are credit worthy, you are making trade-offs to those risks in terms of commercial.*

Correct?

MS SIEGERS: Yes. So that's the question that was put.

35

MR ASPINALL: Underneath that, the third bullet point is:

*No involvement whatsoever.*

40

45 What does that mean?

MS SIEGERS: That's my team, right now, have no involvement whatsoever in the junket due diligence process.

MR ASPINALL: And do you consider that a bad thing?

5

MS SIEGERS: I consider that the type of specific information that my team holds will not necessarily add any tangible input into the due diligence process. But having somebody like me who has a more broader view and perspective on more dimensions could be an asset. So I am looking at how my team will be involved in the process, going forward, at this stage.

10

MR ASPINALL: And do you accept that, in terms of the tension that I discussed before regarding compliance and the marketing team, that this is another example where that tension arises?

15

MS SIEGERS: Yes.

MR ASPINALL: And in terms of how you resolve that tension in this setting, what is your view?

20

MS SIEGERS: I think the largest control element for that is where the decision take place. So the moment we have the formal involvement of teams like AML, compliance, security and surveillance, myself, in through the process will add some activity to the data gathering. And then the decision is escalated to a group of very senior people, including, I think, Mr Preston is one of them, so he represents that second line challenge. So we have – we don't have the marketing team making decisions, but a different range of people with different seniority and different focus.

25

MR ASPINALL: I see. So, under your dramatically changed system, is it envisaged that you, the risk department, will make the decision of whether or not to approve a junket operator, or will it be somebody else?

30

MS SIEGERS: No. No, it will be somebody else. I think, at this stage, we are looking at the two CEOs and the legal counsel.

35

MR ASPINALL: That's Mr Preston, Mr Felstead?

MS SIEGERS: And Mr Barton.

MR ASPINALL: And Mr Barton. Remember, we looked back at the – back a little while ago at the email where Mr Chen and Mr O'Connor had tried to warn Mr Felstead of the risks of the casino crackdown?

40

MS SIEGERS: Yes.

45

MR ASPINALL: And Mr Felstead didn't escalate that?

MS SIEGERS: Yes.

MR ASPINALL: Do you not think that could be another situation where a trade-off was being made in terms of risks and of the commercial aspect?

5

MS SIEGERS: I think it could have, but where we're looking, going forward, we are looking at having the second – the second line individuals feeding into that process, and there's no commercial tension. The concept of second and third line is designed, by definition, to make sure that the second and third line do not have commercial or operational responsibility, so they remain – so that they have a level of independence. So, I think, having more input from those second lines will reinforce that.

10

MR ASPINALL: And so given your theoretical blank canvas, if you were given a blank canvas, would it be Mr Felstead that you think should be one of the people making the decision as to whether to approve a junket?

15

MS SIEGERS: I think the CEO of an organisation is a proper level of escalation. And if he has more than one – he doesn't just have a commercial hat, he has all hats. So I think it's – I don't have an issue with that.

20

MR ASPINALL: The final dot point under this heading it says:

*If someone had information and couldn't share it around.*

25

See that?

MS SIEGERS: So I think we were talking, specifically, about – we sometimes are asked by a law enforcement agency for collaboration. And in order to ensure the success of those law enforcement actions, the information that relates to them being in the middle of an investigation has to be kept incredibly confidential, so that we don't risk their operation. And so we would not want too many people knowing that we were collaborating with law enforcement agencies. So that could not necessarily be shared. But we, as a decision-making group, when we consider the individuals, it would still be important to, somehow, know that there is activity going on. So we are faced with a little bit of a challenge there.

30

35

MR ASPINALL: But, presumably, you as the risk – the general manager of risk would be trusted to deal with such information; correct?

40

MS SIEGERS: I love that you are saying that. And I will repeat that to our head of security and .....

MR ASPINALL: Well, if that wasn't the case, how could you conduct a proper review of whether or not the process is working?

45

MS SIEGERS: That is an element that we are looking at. So one of the things that we are considering is making sure we only have senior individuals in that forum, so that there is a level of confidence around sharing that information.

5 MR ASPINALL: Do you accept that, in respect of junkets, if Crown is to continue dealing with junkets, that it will need a lot more resourcing to determine whether or not junkets are suitable, than has been given to it in the past?

10 MS SIEGERS: I don't know that's the issue is an issue of resourcing. I think it's an issue of having access to information. The way I look at junkets, for AML in general, it's like a chain with links in it. We are just one link. And we are often challenged with only having access to so much information. It's not always possible. And a lot of these media articles cite confidential law enforcement sources, and so on. We do not have access to those. So if we don't have the information, it's hard  
15 for us to act on it. So, for me, the issue of doing a good – a thorough job, as we can in terms of information gathering, is not so much a question of resources as a question of having access to the information so that we can make a proper informed decision.

20 MR ASPINALL: Assuming that you do get access to information, much of which would always be sketchy or incomplete, what's your view of the standard of proof which the casino should apply to deciding whether or not to permit someone to operate as a junket at the casino?

25 MS SIEGERS: It's, again, a very difficult – it's a very difficult question to answer.

MR ASPINALL: Have you thought about it?

30 MS SIEGERS: I have thought about it. And I don't believe I have a good answer yet. It's, I think, a question that we continue to ask ourselves.

MR ASPINALL: Are you aware that, in some jurisdictions, the view is taken that it's up to the junket operator to prove to the casino, by clear and cogent evidence, that they are satisfactory to be granted a junket agreement?  
35

MS SIEGERS: Yes. But - - -

40 MR ASPINALL: In other words, taking the onus upon the junket operator to prove to you, rather than the other way, for you to prove that they are not suitable? Have you given any thought to whether or not that model would be good?

MS SIEGERS: I think maybe a good model would be a mix of the two, because if you are, really – if one of your associates is somebody in a triad or a criminal, doing criminal activity, you're not going to come forward with that information. I mean, it would be a bit crazy to do that, wouldn't it? So I think it requires a little bit more. If  
45 you're somebody who's honest to start with, you're not going to have any issues saying you're honest. But if you're dishonest to start with, I don't know that you're

going to be forthright with the information you're providing us to prove that you are, you know, you are ..... are not dishonest. So I think there's - - -

COMMISSIONER: I think - - -

5

MS SIEGERS: - - - a little bit of a - - -

COMMISSIONER: I think there's a level of sophistication that needs to be introduced into such a process. It wouldn't be just a question, "Are you a triad member or are you not?"

10

MS SIEGERS: Definitely. Definitely.

COMMISSIONER: It would be – it would be an assessment of financial connections, business connections, personal connections. And it's not easy to do it, but it has to be done.

15

MS SIEGERS: Yes.

COMMISSIONER: Yes. All right.

20

MS SIEGERS: And I think that's where we are aiming in our processes. We are heading that way.

COMMISSIONER: Yes, I see. Yes, Mr Aspinall.

25

MR ASPINALL: In terms of the standard of proof, Ms Siegers, have you given any consideration to the question that at the moment the attitude of the casino seems to be that unless there is a proven conviction or charges laid, the casino is not in a position to regard that rumours and inuendo as having any weight?

30

MS SIEGERS: I wouldn't say that; I think they do come onto our radar, but as we discussing earlier, Crown is often in the media and often most of the allegations have nothing to do with us or are not quite as true as the media would report. So we are very aware that having an article out there in the media that suggests something, is not enough for that something to be true. So I think just having an article with no other information coming from any law enforcement or nothing else does not give it the same weight even though it's not zero weight but it does not give it the same weight as a charge or a sentence on – on certain crimes. We have to take a little bit of – have a bit of critical thinking on that one.

35

40

MR ASPINALL: Well, in respect of triads who the evidence is are sophisticated criminal organisations, do you accept that suspicion and inuendo may be the best you will ever get with respect to a junket operator?

45

MS SIEGERS: Yes. But if those people come to Australia, go through our border security, go through everything they're given, for visas and everything else, whereas

those agencies have access to a lot more information than we do, we also take that as an element of – in our decision-making.

5 MR ASPINALL: And do you accept that the standard of proof which whoever – whichever department or body within Crown might ultimately make the decision with – get reasonable suspicions, charges, convictions and so forth is ultimately an outworking of the level of risk appetite that the board says should be applied to this part of the organisation?

10 MS SIEGERS: Yes, it's an element of that.

MR ASPINALL: And I think you've agreed with me in respect of the regulatory side of the business, that the board, although you used that certain form of phrase has already now said that the risk appetite is low; correct?

15 MS SIEGERS: Yes.

MR ASPINALL: So would it not flow from that, that the standard of proof that you require in order to decide that a junket is not suitable would be similarly quite low?

20 MS SIEGERS: Yes and no. As I said, the media saying something doesn't make it right, doesn't make it true. So there is an element of judgment that has to come into play.

25 MR ASPINALL: But you would accept that this area of the business is one where the board should be required to set the level of risk tolerance so that everybody knows clearly what is to be done.

30 MS SIEGERS: So what we are going to do in the next two to three months, I've been tasked with developing a tool that helps us in – a form that we call the POI, a person of interest committee and to replicate a similar tool for our junket ..... process. So we will take that tool to the board, demonstrate to them how it works, what the criteria for decision-making are, and – and they can comment and review it. We also asked Deloitte when they did their review to look at the criteria that were being used  
35 to decide or to help make the decision on the POI committee so that they could comment and let us know whether or not we had gaps in that – in that tool so we could take external advice on how that tool was designed.

40 MR ASPINALL: So is that an agreement with me that you do consider this is an area where the board should be making a call on what level of standard of proof is applied to junkets?

MS SIEGERS: I don't know if they will be making a call. They have an opportunity to comment and to provide feedback on it.

45 MR ASPINALL: So you don't think that they – this is not an area where they should be required to say?

MS SIEGERS: No, that's not what I said.

MR ASPINALL: Well, do you – I'm a bit confused. My question was do you regard - - -

5

MS SIEGERS: I said they'll be able to comment.

MR ASPINALL: Yes, but don't you regard it as their obligation to tell those working under them what standard of proof is to be applied to the approval of junkets?

10

MS SIEGERS: I think they've had an opportunity to comment and provide feedback if they are not satisfied with it. But I think that's part of – that's why we have operational staff with a level of expertise that will provide that input into the tool.

15

COMMISSIONER: Has there been any engagement with the regulator in respect of all these plans and exercises to which you have referred?

MS SIEGERS: I apologise, Commissioner; what was your question?

20

COMMISSIONER: Has there been any engagement with the regulator, the casino regulator, in respect of all of these plans and exercises to which you have referred?

MS SIEGERS: So in Victoria in particular, the regulator has access to all of our minutes of meetings, to all of our records – live records; they see absolutely everything we do. So there's – they also do a section 25 review every five years, so they have ample opportunity to comment.

25

COMMISSIONER: No, no, I'm sorry. I'm sorry, Ms Siegers, I'm well aware of that statutory process. I'm asking you whether you have talked to the regulator about your plans that you have just exposed to me?

30

MS SIEGERS: Not at this stage, no.

35

COMMISSIONER: You see, if it be the case that a regulator has an interest in knowing whether a licensed organisation is dealing with a group of people who have connections with or possible connections with organised crime, then it's sensible to expose your plans, isn't it, to say how you're going to work it out?

40

MS SIEGERS: We could – we could go down that path. What we make sure is we meet the requirements set out in the ICS – or internal control documents the regulator approves, so we make sure that we meet all those requirements that are set out by the regulator.

45

COMMISSIONER: But putting that to one side, what you have here and what I've been told about are grand plans in respect – they are grand plans – to try to work out

how to deal with this thorny problem of the junket operators that have caused so much problems. Now, if you don't have a line open to the regulator to discuss your plans, then it seems to me that something is missing. Why not engage with the regulator?

5

MS SIEGERS: We engage with them very regularly and we have a lot of meetings with them. I don't know that we had decided not to engage with them. At this stage I'm not involved with any of that process, so maybe we will. I'm just not – I'm just not sure at this stage what the process is to pick up to the - - -

10

COMMISSIONER: See one of the things about culture is that this is not just a public company hopefully making lovely profits for the shareholders. This is, in fact, a casino with a licence, and that's why I'm exploring this with you because it is an integral part of the business, and unless you have some form of relationship that's workable with the regulator that you in fact are open about what your plans are, and also open about where you might have fallen short. See, there's no need for big inquiries if there is, in fact, a disclosure of problems. If the Inquiry – I withdraw that. If the regulator is, in fact, advised of a mishap, let's say dealing with a junket that's associated with a triad group, then what's wrong with telling the regulator that you're worried about this, that you need to get something done about it, rather than having this process. It's the last thing a regulated entity would want, I am sure.

15

20

So what I'm suggesting to you is that there needs to be some form of culture put in place that needs to be dealt with in both Melbourne and in Sydney with the ILGA here. You understand that?

MS SIEGERS: I completely agree with you, Commissioner. Yes.

25

COMMISSIONER: And, as I read what you've said and all the things that you've given evidence about, that's not one of the steps that has been taken either in New South Wales, Victoria or Western Australia, in respect of your review of the junket arrangements; is that right?

30

MS SIEGERS: Not at this stage, but that doesn't mean that it's not going to happen. I'm just not informed of – I don't personally deal with the relationship with the regulator. So maybe it has, just – I'm just not across that.

COMMISSIONER: I understand. Yes, Mr Aspinall.

35

MR ASPINALL: Ms Siegers, can I now show you INQ.100.010.0092, which is exhibit F65.

MS SIEGERS: Is that something that I have?

40

MR ASPINALL: No. But you can look at it on the screen. It's a newspaper article. Do you see it's 5 August last year. Can you see that?

MS SIEGERS: Yes.

MR ASPINALL: You see the opening lines are:

5       *Drug traffickers have used two private companies which were set up by Crown  
Resorts with Crown executives as directors to bank suspected proceeds of  
crime.*

MS SIEGERS: Yes.

10

MR ASPINALL: And if we go over to 0093, you see about halfway down the page:

15       *In a separate incident in early 2017, a Crown bank account was used to send  
hundreds of thousands of dollars to a drug trafficker, according to multiple  
sources aware of the transaction.*

You see?

MS SIEGERS: Yes.

20

MR ASPINALL: Now, as far as you are aware, was this the first time that these  
allegations about Southbank Investments and Riverbank Investments and the use of  
Crown bank accounts for money laundering had been made in the media?

25 MS SIEGERS: I'm – I'm not sure.

MR ASPINALL: You became aware of these allegations, though, didn't you?

MS SIEGERS: In August 2019. Yes.

30

MR ASPINALL: And these were allegations which were recent, weren't they?

MS SIEGERS: Well, 2017. I think there was something else about 2013.

35 MR ASPINALL: Wasn't it about early 2017?

MS SIEGERS: Yes.

40 MR ASPINALL: And, in respect of the allegations about Southbank and Riverbank,  
you weren't aware that these had been raised before, so they were new, weren't they?

MS SIEGERS: I can't recall.

45 MR ASPINALL: Well, this is an allegation which is being made for the first time  
on your watch, as general manager of risk and audit, isn't it?

MS SIEGERS: Yes.

MR ASPINALL: So unlike the allegations in respect of junkets and the China arrests, which had been made and occurred before you arrived on the scene, this is an allegation that is different, isn't it?

5 MS SIEGERS: Yes and no, because all of it related to quite old transactions which occurred before my time.

MR ASPINALL: You say because it's in early 2017?

10 MS SIEGERS: Yes. But, also, I think the paragraph before says "in 2013". So those were really older events.

MR ASPINALL: So are you saying, again, that because of the allegations are in twenty – well, if we go up above to the paragraph at the top, you see it says:

15

*Between 2012 and 2016.*

MS SIEGERS: Yes.

20 MR ASPINALL: Are you saying that, for that reason, you regarded these allegations as old?

MS SIEGERS: Well, one in 2019. And those hasn't occurred in three years, they're older. Yes.

25

MR ASPINALL: Now, in respect of these allegations, did you take any steps to investigate whether or not they were true?

MS SIEGERS: Not personally.

30

MR ASPINALL: Did you take any steps to cause others to take any – make any investigations as to whether or not they were true?

MS SIEGERS: I understand there were investigations, but not performed by me.

35

MR ASPINALL: That wasn't the question. I was asking about whether you instigated anything?

MS SIEGERS: No. And I answered, no, I did not.

40

MR ASPINALL: And can you tell me why that is?

MS SIEGERS: There was no need to have multiple people investigating the same – the same event.

45

MR ASPINALL: Well, who was conducting the investigation?

MS SIEGERS: I don't know exactly who was part of the team.

MR ASPINALL: Do you know anyone who was on the team?

5 MS SIEGERS: No. I'm sure if you gave me a list, I would know – I'm sure if you gave me the list of who that was, I would know most of these people, but I wouldn't be able to give you the names.

10 MR ASPINALL: How could you know whether the investigation was being conducted appropriately if you didn't know who was doing it?

MS SIEGERS: I was told it was.

15 MR ASPINALL: Who told you?

MS SIEGERS: I can't recall. It was discussed in a number of forums, but I can't recall quite who said what.

20 MR ASPINALL: But isn't this the sort of allegation that you, as general manager of risk and audit, should be investigating within Crown?

MS SIEGERS: If I'm asked to by the board, yes.

25 MR ASPINALL: But isn't it a part of your - - -

MS SIEGERS: Otherwise, I'm happy to let other organisations investigate. The core investigation team was not in my team.

30 MR ASPINALL: But isn't it your role, as part of risk and audit, to look at allegations like this, not leave it to others?

MS SIEGERS: No, not necessarily.

35 MR ASPINALL: - - - whether or not you're .....

MS SIEGERS: No, no. I'm happy to have other – we have – we have an investigation team with ex-police members on them. I'm happy to let them run that type of investigation.

40 MR ASPINALL: And did you understand the investigative team made up of former policemen was looking into these allegations?

MS SIEGERS: I can't recall.

45 MR ASPINALL: You didn't know who was doing the investigation?

MS SIEGERS: I apologise. I can't recall who was.

MR ASPINALL: Have you seen the evidence that's fallen from the Inquiry in relation to the accounts of Southbank and Riverbank?

MS SIEGERS: I have heard some of it.

5

MR ASPINALL: You've heard of it?

MS SIEGERS: I've heard some of the evidence.

10 MR ASPINALL: And what do you understand the evidence to have shown?

MS SIEGERS: That the accounts were used to deposit funds under \$10,000 and that at some stage our team consolidated those amounts.

15 MR ASPINALL: And are you aware, as time went by, that various banks decided they didn't have a risk appetite to continue to operate these accounts for Southbank and Riverbank?

MS SIEGERS: Yes.

20

MR ASPINALL: And are you aware that notwithstanding that, Mr Barton and others continued to try to find new banks who would take them on as customers?

MS SIEGERS: Yes, as much as we are – we need bank accounts to operate so yes, definitely, we need to - - -

25

MR ASPINALL: Were you consulted in that process?

MS SIEGERS: No.

30

MR ASPINALL: Were you consulted as to whether that process should occur?

MS SIEGERS: No.

35 MR ASPINALL: Can you explain to me how it can be that a casino which is vulnerable to money laundering did have a higher risk appetite for operating these accounts than the banks who hold the accounts?

MS SIEGERS: I think the Royal Commission may have had - into banking - may have been a part of it. There is, I think - from my understanding of some of the dynamics in the financial services sector, there's also an interest in not interacting with certain industries that have social activism. So things like climate change, mining, and gaming is definitely one of those. So there are a number of factors that come into - into play.

45

MR ASPINALL: Is that your explanation for why you think it would be appropriate for a casino to have a higher risk appetite to operate accounts than the banks?

MS HAMILTON-JEWELL: No, I object to that question. Commissioner, I object to that question. This witness has given evidence that there has been a change in the risk appetite of Crown over a period of time. The question is put without any temporal connection. Mr Aspinall is not asking at what point in time and which  
5 particular risk appetite Crown had at a particular time. I think the question needs to be broken down a little bit more in fairness to the witness.

COMMISSIONER: Can you accommodate that, Mr Aspinall?

10 MR ASPINALL: Yes, I can, Commissioner.

COMMISSIONER: Yes, thank you. Thank you, Ms Hamilton-Jewell.

MR ASPINALL: Could we bring up CRL.605.016.4017.  
15

MS SIEGERS: Is that a document that I have?

MR ASPINALL: It is part of Crown confidential list 10 at tab 20.

20 COMMISSIONER: Does Ms Siegers - - -

MR ASPINALL: She may not but we can bring it up on the screen.

COMMISSIONER: It'll be on the screen, I think.  
25

MR ASPINALL: There you are. You see at the bottom of that page there - we will share it with you - do you see at the bottom of that page there - well, actually we go over to the next page, 4018, you see from January 2019?

30 MS SIEGERS: Yes.

MR ASPINALL: The bottom email, I'm sorry, operator.

35 *It has been foreshadowed that the Commonwealth Bank made a decision to shut the Southbank account, effective March 2019.*

MS SIEGERS: Yes.

MR ASPINALL: And do you see the next email up?  
40

MS SIEGERS: No.

MR ASPINALL: We will blow that up for you. Mr Walsh is asking Mr Costin and copying in Mr Preston and others:  
45

*Are we able to set up an account with a different bank or is that not an option?*

MS SIEGERS: Yes.

MR ASPINALL: Are you aware that the ASB shut those accounts after asking questions to Crown Resorts as to their money laundering program?

5

MS SIEGERS: I didn't recall what the reason was, but I recall them closing the account.

MR ASPINALL: Yes. You can assume that to be the case. And do you see if we go to straddle the next two pages, I don't know if you can do that, operator, there's an email from Travis to Mr Walsh and he says:

15 *I can take a look for you and let you know, though I think it is unlikely, with a brief look at the banks that operate in New Zealand. ANZ have already shut down our Southbank Investments accounts in Australia due to AML concerns, hence the switch to CBA in Australia. The Chinese, European and US banks won't go anywhere near patron accounts which really leaves us with only Westpac and the Bank of New Zealand.*

20 Do you see? My question to you is: how could it be appropriate for a casino like Crown to have a higher risk appetite to operate these bank accounts in circumstances where banks had been uniformly turning them down and refusing to hold them?

MS SIEGERS: Well, I think for one we have more information on our program and who transacts in them than the banks do. So we are able to have a slightly different lens on them.

MR ASPINALL: You consider it appropriate that Crown Resorts continued to try to open these accounts after banks had closed them for money laundering concerns - - -

30

MS SIEGERS: Well, we have – we have patrons in those different countries. So it's difficult for us to do business with them if we don't have a means of exchanging funds. So yes, we are at that point where we need – like any business, we need bank accounts to transact with. It's a requirement of doing business, so we need them.

35

MR ASPINALL: Well, you're talking there about the trade-off between being able to get money from patrons versus the risk that those accounts will be used for money laundering; correct?

40 MS SIEGERS: Yes.

MR ASPINALL: And you take the view that because you need money, you have to put up with the risk of money laundering; is that right?

45 MS SIEGERS: No, because we - - -

MS HAMILTON-JEWELL: No.

MS SIEGERS: - - - need to be able to transact with our – sorry.

MS HAMILTON-JEWELL: No. It's fine; you continue. Commissioner, I was  
5 going to object to that question because I thought it was an unfair premise, but the  
witness has answered.

COMMISSIONER: Yes.

MR ASPINALL: I see the time, Commissioner.  
10

MS SIEGERS: No, I don't think that's the case.

COMMISSIONER: All right. Mr Aspinall, how much longer do you think you will  
15 be?

MR ASPINALL: I may not need to recall Ms Siegers; I will consider the position  
overnight and I can let the solicitors ..... otherwise - - -

COMMISSIONER: It may be that Ms Hamilton-Jewell might - - -  
20

MR ASPINALL: It may be, yes.

COMMISSIONER: - - - have to make an application to ask some questions.

MR ASPINALL: Obviously – don't have – I'd like to review my notes before I  
25 finally finish - - -

COMMISSIONER: All right. Yes, of course.

MR ASPINALL: - - - but substantively, I think I have finished.  
30

COMMISSIONER: Yes. All right, then.

MR ASPINALL: But it may be in the morning I don't have any further questions.  
35

COMMISSIONER: Ms Siegers, were you aware that the accounts were for the  
purpose of providing what was referred to as privacy to the patrons?

MS SIEGERS: You mean the name of the patron?  
40

COMMISSIONER: No.

MS SIEGERS: Sorry, the name of the account?

COMMISSIONER: Were you informed that the accounts were provided for use by  
45 the patrons so that they did not have to disclose the truth of the transaction to others;  
in other words, it was referred to as privacy. Have you been informed of that?

MS SIEGERS: Around the name of the accounts?

COMMISSIONER: No, the actual accounts.

5 MS SIEGERS: Southbank and Riverbank.

COMMISSIONER: Yes.

10 MS SIEGERS: Southbank and Riverbank names; yes, yes, I understand that that was part of the reason for it, yes.

COMMISSIONER: So you understood that this was a process that was set up so that the person who was making the deposit and the account that may be recorded in their name would not have the name of the casino in it?  
15

MS SIEGERS: Yes.

COMMISSIONER: And that was said to be for the patron's privacy; did you understand that?  
20

MS SIEGERS: Yes.

COMMISSIONER: And when were you informed of that?

25 MS SIEGERS: I think early on when I asked what those accounts were.

COMMISSIONER: When was that?

30 MS SIEGERS: Early on in my tenure. I don't recall exactly but early on in my two and a half years with Crown.

COMMISSIONER: So you became aware of these accounts at some time before the publication of the media allegations last year?

35 MS SIEGERS: Yes.

COMMISSIONER: And you would see it as a risk, would you not, to have accounts that put forward a position that may not be quite accurate?

40 MS SIEGERS: I think they were set up many, many years ago, over 20 years, if I recall correctly.

45 COMMISSIONER: Don't worry about the history, please. I'm just asking you as an expert in risk. When you put forward a situation that's not a reality; that is, it's not a casino when it really is. That's the position, isn't it?

MS SIEGERS: I think gambling is one of those activities that not everybody wants aired. So - - -

5 COMMISSIONER: A lot of people going to the racetrack don't seem to worry. They bo there in public. People go to the casino.

MS SIEGERS: Yes, but some people don't - - -

10 COMMISSIONER: It is a legal process, Ms Siegers.

MS SIEGERS: Yes.

15 COMMISSIONER: When you set up an account that puts forward a position that's not the reality, you're always going to have risks associated with it, aren't you?

MS SIEGERS: You may have some – you have more risks than an account that is named differently, yes.

20 COMMISSIONER: When you actually record it as the reality of money going in to gamble, that's one thing. When you record it as something that's going into an investment company, when it's really to gamble, that's another thing, isn't it?

MS SIEGERS: Yes.

25 COMMISSIONER: And so looking at it from a risk point of view, what are the risks?

MS SIEGERS: I think they're mostly going to be reputational.

30 COMMISSIONER: Yes.

MS SIEGERS: Yes, they're mostly going to be reputational, I think.

35 COMMISSIONER: Because it may be suggested that you're putting forward a charade or a sham arrangement.

MS SIEGERS: I wouldn't quite use those words but, yes, it may appear like we are being less forthright with the activity associated with the money.

40 COMMISSIONER: You're party to a pretence.

MS SIEGERS: Possibly, yes.

45 COMMISSIONER: And that can damage your reputation, particularly if you're a licence holder, can't it?

MS SIEGERS: I'm not so worried from the licence perspective because I think the regulators knew exactly what was what, so I don't think there was any misinformation with regards to the regulator and what was actually happening in those accounts. I think it's more from a public perception.

5

COMMISSIONER: Apart from the regulator not knowing that smurfing in fact - that structuring was taking place?

MS SIEGERS: I think any bank account is subject to that. We are definitely as well. But the moment you have a bank account, you are possibly subject to - to that, so yes.

10

COMMISSIONER: And so I presume from what you're saying in your new structure of the world at Crown, such accounts wouldn't be needed; is that right?

15

MS SIEGERS: They may still be needed because we will - a lot of - a lot of large transactions need a financial - a lot of the big accounts need some financial transaction to take place. So some exchange of money needs to happen. What they will be called and who will hold them is different, but we will still need bank accounts to transact. So - - -

20

COMMISSIONER: I'm not talking about bank accounts; I'm talking about the pretence that we referred to.

MS SIEGERS: No, I think the new accounts that were opened are opened in Crown's name, yes.

25

COMMISSIONER: You think that the new accounts would be opened were what?

MS SIEGERS: In Crown's name, if I understand correctly, yes.

30

COMMISSIONER: So Crown has given up on Riverbank and Southbank, has it?

MS SIEGERS: I don't know that I can give a definite answer on that, but it's my understanding.

35

COMMISSIONER: Yes. Ms Siegers, I'm grateful for your assistance but we haven't quite finished. I can indicate to you, it won't be very long tomorrow morning, I hope. Ms Hamilton-Jewell, should you wish to consult with your witness overnight, please feel free to do so.

40

MS HAMILTON-JEWELL: Thank you, Commissioner I'm grateful for that indication.

COMMISSIONER: That's if you wish to.

45

MS HAMILTON-JEWELL: Yes, thank you, Commissioner.

COMMISSIONER: Thank you. Anything further, Mr Aspinall?

MR ASPINALL: No, Commissioner, thank you.

5 COMMISSIONER: The witnesses tomorrow will be, firstly, Ms Siegers if necessary and then?

MR ASPINALL: Ms Whitaker.

10 COMMISSIONER: Yes.

MR ASPINALL: And Mr Kaldas.

15 COMMISSIONER: Thank you very much. I will adjourn until 10 o'clock tomorrow morning.

MS SIEGERS: Thank you, Commissioner.

20 COMMISSIONER: Thank you.

<THE WITNESS WITHDREW

[4.11 pm]

25 **MATTER ADJOURNED at 4.11 pm UNTIL TUESDAY, 15 SEPTEMBER 2020**

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