



**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**

**TUESDAY, 1 SEPTEMBER 2020  
AT 9.59 AM**

**Continued from 31.8.20**

**DAY 20**

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)*

**MS N. SHARP SC appears with MR S. ASPINALL as counsel assisting the Inquiry**  
**MR N. YOUNG QC appears with MS R. ORR QC and MR H.C. WHITWELL 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**

**<JOSHUA ROBERT PRESTON, ON FORMER OATH [09.59 am]**

10

**<EXAMINATION BY MS SHARP**

15   COMMISSIONER: Yes, Ms Sharp.

MS SHARP: Good morning, Commissioner. Could I please clarify one matter before - - -

20   COMMISSIONER: Yes, of course.

MS SHARP: - - - I commence examining Mr Preston?

COMMISSIONER: Yes.

25

MS SHARP: Could I take you, Commissioner, to transcript for yesterday and take you to page 1684.

COMMISSIONER: Yes.

30

MS SHARP: Commissioner, could I please draw your attention to line 35.

COMMISSIONER: Yes.

35   MS SHARP: And you will note that this is in the course of my examination of Mr Preston yesterday.

COMMISSIONER: Yes.

40   MS SHARP: And I put to Mr Preston:

*And there was another tranche of production under that summons on the 18th of August this year.*

45   COMMISSIONER: Yes.

MS SHARP: And Mr Preston answered. Now, that proposition was correct. And then I said, at line 4:

5       *And some more documents were produced under that summons on the 30th of August, that is, yesterday.*

Now, I've been asked to clarify that by those instructed by Crown. The correct situation is that one further document was produced on the 30<sup>th</sup> of August under summons 103. And just to be clear, that one document that was produced had  
10 previously been produced but it was produced again on the 30<sup>th</sup> with a particular redaction lifted. So I just wanted to make that clear.

COMMISSIONER: I see. I think I see, Ms Sharp. Yes, thank you.

15 MS SHARP: Thank you.

COMMISSIONER: Are you ready to proceed now?

MS SHARP: Yes, I am, thank you, Commissioner.

20 COMMISSIONER: Yes, Mr Preston. Thank you. Are you ready to proceed?

MR PRESTON: I am. Thank you, Commissioner.

25 COMMISSIONER: Yes. Thank you, Mr Preston. You're bound by the oath that you took on the previous occasion. Yes, Ms Sharp.

MS SHARP: What I would like to do, Mr Preston, is take you to a transcript of some evidence that you gave on the 31<sup>st</sup> July before this Inquiry. That's the  
30 transcript of 31 July. I will just see if I can have the document number brought up. The document number is this, Commissioner: it's INQ.009.003.0570. And could I ask that that be shown and could I take us to pinpoint 0590, which I'm hoping is page 592 of the transcript.

35 COMMISSIONER: Thank you.

MS SHARP: Mr Preston, do you have page 592 before you?

MR PRESTON: I do. Thanks, Ms Sharp.

40 MS SHARP: Now, could I draw your attention, firstly, to your evidence at line 14. And just to put it in context, you're talking about the Riverbank and the Southbank accounts. And you commence answering a question at 14. And you are speaking about the transaction monitoring program. And then you say that the Riverbank and  
45 Southbank accounts, and then at line 15:

*They run through the transaction monitoring program and report on them, whether they are Southbank or Riverbank or other Crown accounts.*

- 5 Now, you agree that what you were telling the Inquiry there that reports are made on the Southbank and Riverbank accounts under the transaction monitoring program?

MR PRESTON: I – yes. I – yes, I do.

- 10 MS SHARP: Now, can I take you a little bit further down where Mr Aspinall asks you a question at line 28. Mr Aspinall said:

*15 Do you say that Crown Melbourne, in respect of Southbank, or Crown Perth, in respect of Riverbank, has an obligation to report in respect of the accounts of Southbank and Riverbank respectively on suspicious transactions or threshold transactions that go through the accounts of Southbank and Riverbank?*

And then you said:

*I see it as our obligation.*

- 20 Now, what you were saying to the inquiry there was you saw it as an obligation for Crown to file suspicious matter reports and threshold transaction reports with AUSTRAC. Do you agree with that?

- 25 MR PRESTON: I agree that that's what I said, but as I believe I referenced yesterday - - -

MS SHARP: Yes. We'll come back to your corrections in a moment. Now, then, if I can take you a little further down the page to 592 at line 44, this is your evidence:

30 *We've always ensured that our transaction monitoring program responds to our accounts where there is transactional activity. So they review the accounts on a very regular basis and report on anything they deem appropriate to report on.*

- 35 Now, would you agree that that was the third time in that evidence that you told the Inquiry that reports were made in respect of the Southbank and Riverbank accounts?

MR PRESTON: Yes.

- 40 MS SHARP: Now, if we go over the page, and that's pinpoint 0591, at line 16 you say:

*45 ...Crown Perth and Crown Melbourne, review their transactions and report on those transactions, as I've explained, through the transaction monitoring program.*

Now, this was said in the context of Riverbank and Southbank. You'd agree that this was the fourth time you told the Inquiry that day that Crown Perth and Crown Melbourne reported to AUSTRAC in respect of the Riverbank and Southbank transactions?

5

MR PRESTON: That's correct.

MS SHARP: And, finally, if I can take you to line 30, Mr Aspinall asked you:

10       *Are you able to tell us whether or not Crown Melbourne and Perth do report transactions to AUSTRAC in respect of Southbank and Riverbank accounts?*

And at line 34 you answered:

15       *Yes, they do.*

And you would agree, wouldn't you, Mr Preston, that that is the fifth time you told the Inquiry that Crown Perth and Crown Melbourne report to AUSTRAC in respect of the Riverbank and Southbank accounts?

20

MR PRESTON: That's correct.

MS SHARP: Now, as it turns out that evidence was not correct, was it?

25       MR PRESTON: I still stand by that evidence, save for the issue I raised yesterday regarding threshold transactions.

MS SHARP: Now, it's correct, isn't it, that it's the bank that issues the threshold transaction reports in respect of the Southbank and Riverbank accounts, isn't it?

30

MR PRESTON: Yes, the bank does.

MS SHARP: Yes. But Crown doesn't?

35       MR PRESTON: That's what I've said. Yes.

MS SHARP: Well, that's slightly different to what you told us yesterday. But let's just be clear, you are now saying that Crown Melbourne and Crown Perth do not file threshold transaction reports with AUSTRAC in respect of the Southbank or the 40 Riverbank accounts?

MR PRESTON: That's what I believe I said yesterday. The cash transaction takes place with the bank and it's, therefore, their obligation.

45       MS SHARP: And so you do agree that, to the extent that you told the Inquiry on the last occasion that reports were made to AUSTRAC by Crown Perth and Crown

Melbourne in respect of those bank accounts, those reports did not include threshold transaction reports?

MR PRESTON: That's correct.

5

MS SHARP: Can I take you to your new statement. That was the one that was served at about 11 o'clock on Friday night. This is document reference – pardon me for one moment.

10 COMMISSIONER: Yes, of course.

MS SHARP: Commissioner, I apologise. I'm not sure whether this is a confidential statement or not. Perhaps Ms Orr could clarify - - -

15 COMMISSIONER: Yes.

MS SHARP: - - - because I don't want do the wrong thing.

20 COMMISSIONER: Yes. Ms Orr, may we presume that this is not a confidential statement?

MS ORR: Could I briefly seek some instructions on that? I should be able to have an answer to that quite quickly, if the Inquiry wouldn't mind giving me a moment.

25 COMMISSIONER: Of course.

MS ORR: Thank you. I apologise, Commissioner. I'm just waiting for the electronic instructions. I can see that someone is typing them to me as we speak.

30 COMMISSIONER: Thank you, Ms Orr. I will just indicate that it appears there's no confidential markings on it.

MS SHARP: No, I just wasn't sure.

35 MS ORR: I'm sorry, I've just received instructions which are that our position is reserved on this document because we don't have detailed instructions on the document. The concern that we have is one of exploitation risk. This was communicated to the Inquiry – I'm sorry, I'm not sure exactly when that was communicated to the Inquiry, but the position is reserved in respect of the document.

40

MS SHARP: Well, Commissioner, with respect, I would ask that you make a ruling about it now because this document clarifies or purports to clarify evidence that was given to you by Mr Preston which I will submit was wrong.

45 COMMISSIONER: Yes.

MS SHARP: And I submit that it's important that this clarifying statement be in the public domain together with the other public evidence that he's given.

5 COMMISSIONER: It appears to be unmarked as confidential, Ms Orr. It may be the nocturnal delivery of it that caused the lock of communication about it but I'm not sure. Obviously, there are aspects to it that are clearly publicly available such as – let's look at the first four paragraphs.

10 MS ORR: Commissioner, could I make a suggestion?

COMMISSIONER: Yes.

15 MS ORR: Which is that the person who is best placed to assess whether the questions and the answers to those questions will traverse topics where there is an exploitation risk is Mr Preston, and perhaps we could proceed on the basis that Mr Preston could identify, as the questioning progresses, if there are any areas where he has that specific exploitation risk concern.

20 COMMISSIONER: Would you like to just identify for me, Ms Orr, what do you mean by exploitation risk? Is it the fact that material that may be in the public domain may expose Crown to exploitation by criminals?

25 MS ORR: Yes, it's because there are documents referred to in Mr Preston's statement that contain a very detailed examination of Crown's processes for preventing money laundering, and if the questions are to traverse the detail of those procedures and reveal the way Crown attempts to prevent money laundering, the things it looks for and the action it takes in response to particular triggers, that will undermine the effectiveness of its anti-money laundering techniques. That is an issue that we raised in connection with a number of documents that have been produced to the Inquiry. So that is the only basis for concern. So if the questions could be asked in a way that is mindful of the details of the processes being exposed and creating exploitation risk, and Mr Preston is also mindful of when the questions might be traversing those areas, perhaps that's a way to proceed.

30 35 COMMISSIONER: Thank you for that suggestion. Ms Sharp, are you happy to do it that way?

MS SHARP: Yes. Thank you, Commissioner.

40 COMMISSIONER: Yes.

MS SHARP: Mr Preston, could I take you to paragraph 52 of your statement, please, and I will just have that shown just on the VC, so not a public document page. CRL.666.001.0004 at pinpoint 0030.

45 COMMISSIONER: I think Mr Preston has his paragraph in front of him.

MS SHARP: Thank you.

Mr Preston, would I be correct in thinking that there's nothing about this particular paragraph that gives rise to what's been described as an exploitation risk?

5

MR PRESTON: That's correct, Ms Sharp.

MS SHARP: In that event could I have this paragraph shown to the live feed. Just this paragraph.

10

COMMISSIONER: Just 52, thank you.

MS SHARP: Just take it down until we've got just this paragraph.

15

COMMISSIONER: Yes.

MS SHARP: Now, could you just read this paragraph to yourself, please, Mr Preston.

20

MR PRESTON: Yes, Ms Sharp.

MS SHARP: Is what you are saying in this paragraph that Crown Melbourne and Crown Perth did not lodge IFTIs in respect of the Southbank and Riverbank accounts until late 2016?

25

MR PRESTON: As I recall, that was the fact with all of our accounts including Riverbank and Southbank, yes.

30

MS SHARP: So just to clarify, prior to late 2016 Crown Melbourne and Crown Perth did not lodge IFTIs with AUSTRAC in respect of the Southbank or the Riverbank accounts.

MR PRESTON: As I understand it, that's right.

35

MS SHARP: Right. So the – to the extent you said in your evidence on 31 July that Crown Melbourne and Crown Perth lodged reports with AUSTRAC in relation to the Southbank and the Riverbank accounts, at least so far as IFTIs were concerned that only happened from late 2016 onwards.

40

MR PRESTON: That's correct.

MS SHARP: Now, tell me this: was this limited to outgoing IFTIs or did it also include incoming IFTIs?

45

MR PRESTON: I can't recall the detail, sorry, Ms Sharp.

MS SHARP: But Mr Preston, you've spent at least a couple of weeks investigating what reporting obligations were and what they involved. Surely you can tell us whether it's ingoing and – sorry, incoming and outgoing or only one.

5 MR PRESTON: I can't recall specifically, but as – to the best of the my recollection it would have been ingoing and outgoing and the reason for that was it would have seemed to be a duplication with the banks, and the banks were doing the IFTI reporting for all of our accounts.

10 MS SHARP: All right. Now, that last answer, is that just speculation because the reality is you just don't know?

MR PRESTON: I just can't recall specifically regarding ingoing and/or outgoing.

15 MS SHARP: All right. Well, Mr Preston, if you can't recall specifically, isn't that exactly the same as you don't know?

MR PRESTON: I don't know with entire clarity whether it was both outgoing and ingoing – incoming.

20 MS SHARP: Do we understand your last answer to mean you don't know?

MR PRESTON: I think I answered as best I can, Ms Sharp.

25 MS SHARP: Now, has Southbank or Riverbank – sorry, I will withdraw that. In respect of the Southbank and the Riverbank transactions, has Crown Perth or Crown Melbourne ever lodged a suspicious matter report with AUSTRAC?

30 MS ORR: I object. I object to that question being answered on the basis that by answering that question Mr Preston, on behalf of Crown, may commit an offence under section 123 of the AUSTRAC legislation.

MS SHARP: Could I be heard on that submission?

35 COMMISSIONER: Yes, of course.

MS SHARP: Thank you. Commissioner, do you have a copy of the AUSTRAC Act with you?

40 COMMISSIONER: I do not.

MS SHARP: In that event I may start my submission and have one provided to you, if I can, although it is in Ringtail so I might be able to – yes, the AML/CTF Act.

45 COMMISSIONER: Do I need the rules as well or just the - - -

MS SHARP: No, no. I might start, Commissioner, where I left off yesterday which was with section 41 of the Act. That creates the legal obligation to report suspicious matters.

5 COMMISSIONER: Yes.

MS SHARP: Now, subsection (1) says that:

10 *If a suspicious matter reporting obligation arises for a reporting entity in relation to a person –*

where, at:

- 15 (a) *the reporting entity commences to provide, or proposes to provide, a designated service to the first person; or*  
(b) *the first person requests the reporting entity to provide a designated service.*

20 So they're the triggers. If I then can go to section 123, Commissioner. It commences in subsection (1)(a) if:

*...a suspicious matter reporting obligation arises or has arisen - - -*

25 COMMISSIONER: Just pardon me. I have the Act now.

MS SHARP: Yes.

COMMISSIONER: Yes.

30 MS SHARP: This is the first submission I'm going to make, because I'm going to approach this in a few different and alternate ways. So:

35 *If a suspicious matter reporting obligation arises or has arisen.*

If we go to the definitions, Commissioner, in section 5 of the Act, the expression:

*“suspicious matter reporting obligation” –*

40 is defined to have –

*the meaning given by subsection 41(1).*

45 In other words, the suspicious matter tipping off offence in section 123 is not triggered unless a reporting obligation has arisen under section 41. So my first submission – and I'm going to make a few in the alternative – but my first submission is that Crown Melbourne and Crown Perth were not reporting entities in

respect of the Southbank and Riverbank accounts because they weren't the provision of a designated service. For that reason, my first submission is that the tipping off offence in section 123 is not engaged at all.

- 5 I do have an alternative submission, though, your Honour – I beg your pardon – Commissioner. Again, looking at the text of section 123(1). So assuming for the moment that a suspicious matter reporting obligation has arisen – so I will assume against myself for the moment. And the second thing that has to happen to engage subsection (1) is that the reporting entity must have communicated the information to  
10 AUSTRAC. Now, obviously, if the information has not been communicated, again, subsection (1) is not engaged. But even if it has reported, we then must have regard to what the prohibition attaches to. And what it attaches to is this: the reporting entity must not disclose that the information has been communicated. That's where this section bites, Commissioner. Now, I'm not asking a question about what  
15 information has been disclosed. I'm just asking whether suspicious matter reports were ever made. So I'm not asking about the information. And, of course, the information must be understood by reference to what the reporting obligation is in section 41. So that's my first submission and, alternatively, my second submission.  
20 There are a few limbs in the prohibition in tipping off. And the second limb is found in subsection (2):

*If –*

- 25 then –

*(a) a suspicious matter reporting obligation arises or has arisen ... and ... either ... the reporting entity has formed the ... suspicion ... or ... the reporting entity has communicated the information –*

- 30 then the tipping off offence applies. Again, my first submission is that the suspicious matter reporting obligation did not arise. My second submission is that I'm not asking about whether a suspicion has arisen. And I'm not asking with respect to any particular information. So, again, section 123(2) does not bite. But, Commissioner,  
35 even if that one does bite, I rely on the exception to it, which, Commissioner, you will find in subsection (9), if I can take you to that. Now, my submission is we don't even get to subsection (9), but just for completeness, it says that:

*Subsection (2) –*

- 40 that is, the second limb of the tipping off offence –  
*does not apply to the disclosure of information –*

- 45 and, again, I say it's not information, but, in any event:

*...does not apply to the disclosure of information by a reporting entity if:*

(a) the disclosure is in compliance with a requirement under a law of –  
relevantly:

5           ...a State.

Now, Mr Preston is giving evidence under compulsion at the moment under the law  
of this State, by which the subpoena – or the summons to attend has been served  
upon him. But for all of those reasons, Commissioner, it's my respectful submission  
10       that the tipping off offence does not in any way operate to prohibit me asking  
whether Crown Melbourne or Crown Perth ever lodged with AUSTRAC suspicious  
matter reports in relation to the Riverbank and Southbank accounts.

COMMISSIONER: Yes. Thank you, Ms Sharp. Yes. Yes, Ms Orr.

15       MS ORR: Commissioner, the question is not one of whether the Act prohibits Ms  
Sharp from answering this question. The question is whether by answering the  
question, Mr Preston and, therefore, Crown, will commit a criminal offence under  
section 123 of the Act. And the submissions that I'll now make directed to Ms  
20       Sharp's two alternative submissions, need to be assessed against that backdrop. And  
if there is room for an alternative construction to the one advanced by Ms Sharp, I  
would ask the Commissioner to proceed with extreme caution, because of the  
consequences that flow for my client if that construction is wrong. Those  
25       consequences will be the commission of a criminal offence. So that is the backdrop  
against which I make the submissions directed to the legal construction articulated by  
Ms Sharp.

Dealing with the first limb of Ms Sharp's legal construction of section 41(1) of the  
Act. As I've indicated to the Commissioner in making previous submissions about  
30       this point, a critical part of section 41(1)(a) is that:

A suspicious matter reporting obligation arises for a reporting entity –  
such as Crown Perth or Crown Melbourne, not only when they commence to  
35       provide, but if they propose to:

provide a designated service to the first person.

40       The money that was deposited into these accounts was deposited for the purposes of  
gaming activity by patrons. Crown proposed to provide designated services, through  
gaming activity, to those patrons. Crown Melbourne and Crown Perth, therefore,  
had the obligation imposed on them by section 41(1) to make a suspicious matter – to  
comply with the suspicious matter reporting obligation in connection with the  
proposed provision of designated services to the patrons who were taking the deposit  
45       of this money into their gaming accounts for the purposes of gaming within the  
premises of Crown Perth and Crown Melbourne. There is, therefore, in my

submission, a suspicious matter reporting obligation that meets the description of section 41(1) that arose, which Crown's programs - - -

5 COMMISSIONER: Do you mean it arose in respect of Crown Melbourne or Crown Perth's obligation?

MS ORR: Yes.

COMMISSIONER: Yes, I understand. Yes?

10 MS ORR: I'm not making a submission that Riverbank or Southbank was a reporting entity with this obligation.

COMMISSIONER: That's all right.

15 MS ORR: The submission that I make is direct – yes.

COMMISSIONER: Yes.

20 MS ORR: Yes. So that - - -

COMMISSIONER: Just pardon me for a minute because we may save some time. Ms Sharp, are you asking about the report from Southbank and Riverbank?

25 MS SHARP: Yes, I am asking what report – no, I withdraw that. We know that - - -

COMMISSIONER: Just a minute, please.

30 MS SHARP: Yes. No, I'm asking about reports made by Crown Melbourne and Crown Perth, but could I shortcut some time here. I respectfully accept the correctness of the submission that Ms Orr has just made about section 41(1)(a), but I submit that that does not answer the second two submissions.

35 COMMISSIONER: Yes. Well, I think if you can ask Mr Preston about Riverbank and Southbank there is no submission being put by Ms Orr that there's an obligation to report in respect of those two companies and I would ask you to restrict yourself to those two companies.

40 MS SHARP: Well, yes, Commissioner, I think I've already asked that question, but I will put it again.

It's correct, isn't it - - -

45 MS ORR: I'm sorry. I'm sorry. Just before that question is put, I just want to be clear because if there is a connection made between the evidence Mr Preston has given about reporting in the past and who had the reporting obligation, the evidence he gave on 31 July, there is a need for care in moving now to deploying those

answers in connection with questions about reporting obligations on the part of Southbank and Riverbank. I just want to make that clear in case the question that comes does not draw those distinctions.

5 COMMISSIONER: All right. Well, we will wait for the question, if we may, Ms Orr. Please feel free to object at any time.

MS ORR: Thank you, Commissioner.

10 COMMISSIONER: Yes.

MS SHARP: Mr Preston, it's correct that at no time did the companies, Riverbank or Southbank, file with AUSTRAC suspicious matter reports with respect to the Riverbank or Southbank accounts.

15 MR PRESTON: That's correct.

20 MS SHARP: Commissioner, I now wish to put the question as to whether Crown Melbourne or Crown Perth ever filed suspicious matter reports. I accept, with respect, what learned counsel, Ms Orr, says about section 41(1)(a) and the fact that a suspicious matter obligation may have arisen but, with respect, that does not answer my submission that I am not asking a question that engages section 123 because I am not asking for "the information".

25 COMMISSIONER: Yes. Ms Orr, can you address me on the information?

30 MS ORR: Yes. In my submission that contention – that construction of section 123(1) should not be accepted. It undermines the purpose of section 123(1). It is an inordinately narrow construction of the word "information" as it appears in that section. What section 123(1) prohibits is disclosure of information communicated to the AUSTRAC CEO in compliance with the suspicious matter reporting obligation. The information that is communicated is a suspicious matter report, and it is not to the point that Ms Sharp is not intending to ask questions about the detailed content of that report. She is asking for disclosure of the information that was reported to the 35 AUSTRAC CEO, namely the making of a suspicious matter report, and that, in my submission, will put Mr Preston in a position where by answering that question on behalf of Crown he will be committing a criminal offence.

40 COMMISSIONER: We don't want that, Ms Sharp.

MS SHARP: No.

45 COMMISSIONER: If that's going to happen then Mr Preston would need to be protected, and it seems that the real vice here is in relation to Southbank and Riverbank. Southbank and Riverbank were seen as non-designated service providers, or providers of non-designated services for some reason, and it does appear that they were never reported directly from those companies. If there is a

constraint, the subsection (9) of section 123 relates to a previous submission made by Ms Orr that it's all very well for me to require the witness to give evidence and therefore get the protections of section 17(2) of the Royal Commissions Act, but that exposes Crown, because it is a Crown matter.

5 In all the circumstances, with what I see as a highly unsatisfactory situation which has been referred to a number of times in this Inquiry which obviously needs attention, I will allow you to ask about Riverbank and Southbank and I'm going to assume that if there was a reporting obligation to AUSTRAC it was complied with  
10 for the moment, until we can see if there's some other way around this constraint that's highly unsatisfactory.

MS SHARP: Thank you, Commissioner. I will move on.

15 COMMISSIONER: Thank you.

MS SHARP: Could I take you, please, Mr Preston, to an annexure to your statement of 20 February this year. That annexure was the VCGLR sixth review report. That is at CRL.508.001.8052. It's exhibit J1, Commissioner.

20 COMMISSIONER: Thank you.

MS SHARP: This is a public document.

25 COMMISSIONER: Yes.

MS SHARP: I was hoping we could go to pinpoint 8188, please.

Mr Preston, this is just following up some evidence you gave earlier today about  
30 IFTIs. Could I just direct your attention, please, to the very last paragraph on page 133 of the report. You will see it says:

35 *AUSTRAC has developed specific industry guidance and undertaken specific industry initiatives to enhance gambling industry awareness of AML and CTF obligations.*

And it says:

40 *For example, on 16 November 2016 AUSTRAC published an update in its compliance guide including scenarios of common international funds transfers conducted by casino licence holders.*

You're familiar with that document, aren't you, Mr Preston, that is, the guidance document that AUSTRAC provided?

45 MR PRESTON: I have some familiarity with it, yes, Ms Sharp.

MS SHARP: And you're aware that it set out six separate scenarios in relation to which a casino operator was required to lodge an IFTI?

MR PRESTON: Yes, I am.

5

MS SHARP: And if we return now to this report, we're now on pinpoint reference .8189, and perhaps I could have the first column, the top half of it enlarged. And perhaps I could have that enlarged; first column, top half.

10 COMMISSIONER: We will get there, Ms Sharp.

MS SHARP: Thank you.

COMMISSIONER: Yes.

15

MS SHARP: Thank you.

And Mr Preston, you will see that there is a reference to scenario 6.

20 MR PRESTON: Yes.

MS SHARP: And it outlines the obligations of an Australian casino operator which has a 100 per cent owned and controlled subsidiary company located in Australia with an Australian bank account which has been approved by the state casino regulator as is the case with Crown Melbourne. Now, you agree, don't you, that scenario 6 is a reference to the Southbank account.

MR PRESTON: Yes, I do.

30 MS SHARP: Now, you would also agree that AUSTRAC is providing guidance from 16 November 2016 in relation to the Southbank account via scenario 6.

MR PRESTON: Yes, that's captured, yes.

35 MS SHARP: And just returning to what the sixth review report said, it says that:

*Where a customer instructs an Australian casino operator to transfer \$150,000 from the bank account of the subsidiary into the customer's overseas bank account, the Australian casino is required to report an outgoing IFTI.*

40

MR PRESTON: Yes.

MS SHARP: Now, it's correct, isn't it, that it was only from very late November 2016 that Crown Melbourne and Crown Perth started reporting outgoing IFTIs to 45 AUSTRAC in respect of the Riverbank and the Southbank accounts?

MR PRESTON: Yes. I think that's what I said earlier; that's correct.

MS SHARP: And you can't assist us in understanding whether Crown Melbourne and Crown Perth have ever reported ingoing IFTIs to AUSTRAC in respect of these accounts?

5 MR PRESTON: No. If I could just clarify, I was talking about previously. But in terms of IFTIs from 2016 onwards, we report outgoing and we report incoming.

MS SHARP: Well, you weren't - - -

10 MR PRESTON: So if I confused that before - - -

MS SHARP: You couldn't remember - - -

15 MR YOUNG: No. I'm sorry. I don't know how I can get it to – I mean, that's – you know how to do that now; right? You just - - -

COMMISSIONER: Mr Young, we can hear what's happening in your chambers. So I just want to warn you that perhaps you would like to go on mute. Yes.

20 MR YOUNG: I was on mute. I apologise. Somebody opened it.

COMMISSIONER: No, no.

MR YOUNG: Sorry.

25 COMMISSIONER: That's no problem. Mr Preston, I'm sorry for that interruption. Yes. Yes, Ms Sharp.

30 MS SHARP: A little bit earlier today you said you couldn't recall whether Crown Perth and Crown Melbourne reported incoming IFTIs to AUSTRAC in respect of the Southbank and Riverbank accounts. Have you gained a recollection?

MR PRESTON: Sorry. If you could - - -

35 MS ORR: I'm sorry. I object, because there is potential confusion here. Is the question directed to the period prior to October or November 2016?

COMMISSIONER: Yes, that's a fair point. Yes. Yes, Ms Sharp?

40 MS SHARP: I'll break it down. Prior to very late November 2016, the correct position is that Crown Melbourne and Crown Perth did not report either ingoing or – sorry – incoming or outgoing IFTIs in respect of the Southbank and the Riverbank accounts.

45 MR PRESTON: That's correct, as I understand it.

MS SHARP: Now, following the AUSTRAC guidance given in late November 2016, is it correct that Crown Melbourne and Crown Perth commenced reporting outgoing IFTIs to AUSTRAC in respect of the Southbank and the Riverbank accounts?

5

MR PRESTON: That's correct.

MS SHARP: Now I wish to ask you, in relation to the period from very late November onwards, did Crown Melbourne and Crown Perth report incoming IFTIs 10 to AUSTRAC in respect of the Southbank and the Riverbank accounts?

MR PRESTON: Yes, they did.

MS SHARP: Now, earlier, didn't you tell us that you could not remember or you 15 could not recall?

MS ORR: I object. I object. That is not an accurate characterisation of Mr Preston's evidence. He said he could not recall in the period prior to the period referred to in paragraph 52 of his statement. He did not say he did not know the 20 position after that time.

MS SHARP: Well, I – we can check the transcript later. I will move on. Now, returning to some introductory - - -

25 COMMISSIONER: Just before you go on.

MS SHARP: Yes.

30 COMMISSIONER: Mr Preston, there has been some legal debate, about which I'm sure you're aware and across it, in relation to the inability to answer questions about what you did or didn't do in respect of Crown Melbourne and Crown Perth. You remember that debate?

MR PRESTON: Yes, I do, Commissioner.

35 COMMISSIONER: One of the problems, in respect of the legislation – I withdraw that. One of the prohibitions in the legislation is to prevent people who are the subject of those reports from finding out about it, so that they're not tipped off that they're being investigated. You'd agree with that?

40 MR PRESTON: I do, Commissioner. I do, Commissioner.

COMMISSIONER: And so what we're talking about is a series of transactions as long ago as 2014, some of them; that's right, isn't it, in the Riverbank accounts?

45 MR PRESTON: That – that's about right, I think, Commissioner, with the dates. Yes.

COMMISSIONER: And leaving Crown Melbourne to one side for the moment, from the point of view of your own position in an AML hat that you wear at Crown, the prospect of tipping someone off about a transaction in 2014 of the kind that you saw with Mr Aspinall would be rather low, wouldn't it?

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MR PRESTON: I would expect, in the scheme of it, it would be quite low, the possibility.

10 COMMISSIONER: And so the prohibition on you talking about these things – and rightly so in the Commonwealth legislation – is so that one doesn't compromise extant operations and investigations that are going on between various law enforcement and regulatory agencies. You would agree with that?

15 MR PRESTON: I think that's the premise of it. Yes.

COMMISSIONER: I beg your pardon?

MR PRESTON: I would agree with that, Commissioner. Yes.

20 COMMISSIONER: And so from your point of view as a practitioner, both legal and operational, commercial practitioner, the actual period of prohibition under the legislation is quite open-ended, isn't it?

MR PRESTON: It is, indeed. And they are - - -

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COMMISSIONER: There's no time limit.

MR PRESTON: Sorry, Commissioner.

30 COMMISSIONER: No time limit, is there?

MR PRESTON: That's correct. They are – they are broad and they are very carefully observed and looked at with respect to anyone who is in the AML field for they're quite powerful outcomes if they – it's wrong.

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COMMISSIONER: And when you speak of the “AML field”, has there been any debate in that so-called field about the good sense in having prohibition forever as opposed to a prohibition for a sensible period?

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MR PRESTON: Not to my knowledge, Commissioner. It does present us, I think, with some challenges to present a full – full picture of the activities that a reporting entity does undertake in matters like this, when other regulatory bodies are looking at the role that a reporting entity does take, generally speaking, with its business, because it is an area that is heavily restricted in terms of the prohibitions that we're subject to.

45 COMMISSIONER: Yes. I'm sorry to interrupt. Thank you. Yes, Ms Sharp.

MS SHARP: Yes. Thank you, Commissioner. Just pardon me for one moment, Commissioner.

COMMISSIONER: Yes, of course.

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MS SHARP: Now, can I confirm the following matters with you, Mr Preston, and I will start with the Riverbank accounts, if I may. It was the cage staff at Crown Perth that reviewed transactions made in the Riverbank account for the purpose of making entries into Crown Perth's casino management system, which is known as the  
10 abbreviation S-Y-C-O, and I will call SYCO.

MR PRESTON: That's correct, Ms Sharp.

MS SHARP: In the event that multiple individual deposits were made into the  
15 Riverbank account in favour of the same patron, what cage staff at Crown Melbourne did was aggregate the individual deposits and only record the aggregated amount as a credit into SYCO.

MS ORR: I object. I object.

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MR PRESTON: I think you referenced - - -

COMMISSIONER: Just pause there.

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MS ORR: I object to the question. There was a reference in there to Crown Melbourne. I don't know if that was a reference in error, given that we are dealing with the Riverbank account. The question was directed to the conduct of Crown Melbourne. That does not appear to be the entity to whom the question should have been directed, if we are, in fact, speaking of the Riverbank bank account.

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COMMISSIONER: Well, I think there is some evidence that there were aggregations across and Melbourne dealt with some of it, I think. But, Ms Sharp, what's the position?

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MS SHARP: Yes. If I've put it the wrong way I have, let me start again.

COMMISSIONER: Yes. All right.

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MS SHARP: Again, in context, we're talking about the Riverbank account and we are talking about Crown Perth. It is correct that, when the cage staff at Crown Perth reviewed the Riverbank account and found that a number of deposits had been made in favour of the same nominated patron, the cage staff would aggregate those individual deposits and only record the aggregated value of those deposits as a credit in the SYCO system.

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MR PRESTON: Yes, that appears to be the case with a number of transactions, Ms Sharp.

MS SHARP: And it is also correct that that AML team at Crown Perth did not themselves review the Riverbank accounts.

MR PRESTON: They did not review the Riverbank bank accounts.

5

MS SHARP: That what the AML team at Crown Perth reviewed were the entries made in SYCO; correct?

10 MR PRESTON: They reviewed – yes, that's correct, into a report that comes out of SYCO; that's correct.

MS SHARP: And that means that the AML team at Crown Perth could only see the aggregated amount of the deposits that had been made into the Riverbank account; correct?

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MR PRESTON: Yes. As I've said in my statement; that's correct.

MS SHARP: And so far as you know, that practice occurred at least between 2013 and late 2016.

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MR PRESTON: I believe that's the – the time bracket that we've managed to get through.

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MS SHARP: And this means that the AML team had no ability to check whether there had been smurfing, sometimes known as structuring, in the Riverbank accounts.

MS ORR: I object.

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COMMISSIONER: Yes.

MS ORR: I just want to be very clear about this, because both Mr Preston's oral evidence and his statement at paragraph 44 make clear that this has been identified as something that happened in respect of a number of transactions. And I object if these 35 questions are being put, as I apprehend them to be, on the basis that there was a practice that covered the entirety of the transactions; that is not Mr Preston's evidence either orally or in his statement.

COMMISSIONER: Well, has he looked at the entirety of the transactions, Ms Orr?

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MS ORR: Mr Preston can be asked that, Commissioner. But I just don't want there to be confusion by the way these questions are put about a practice that he has not given evidence in support of.

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COMMISSIONER: I see. Yes, Ms Sharp.

MS SHARP: Mr Preston, could I ask you to look – I will do this on a confidential basis at this stage. Could you please – or could it be brought up, for Mr Preston's benefit, CRL.663.001.0001. That was in Crown confidential list 12 at tab 19. Now, at the time this document was produced, we were told – please don't bring this up on the live feed, only on the VC link, hearing room only – at the time this document was provided to us, that is, late on Friday night, I understand that a global claim was made for confidentiality, including this document, and I don't know what the updated position is, but - - -

5 10 COMMISSIONER: Just ask the question.

MS SHARP: Could I take you – you can see what this document is, can you, Mr Preston?

15 MR PRESTON: No, I can't, Ms Sharp.

COMMISSIONER: All right. Well, we will wait. It's annexed - - -

MS SHARP: It's annexure I to your 28 August statement, if that assists.

20 20 MR PRESTON: What's the title of it, Ms Sharp?

MS SHARP: The title of the document or do you mean the document ID?

25 MS ORR: It may assist - - -

COMMISSIONER: It's CRL – just pardon me. It's CRL.663.001.0001, Mr Preston.

30 30 MS ORR: It may assist if Mr Preston looks behind tab 14 of his bundle containing the statements.

MR PRESTON: Yes. I have that. Thank you.

35 35 COMMISSIONER: Yes. Thank you.

MS SHARP: You've now got the document, Mr Preston?

MR PRESTON: I do, Ms Sharp. Thank you.

40 40 MS SHARP: And you're the author of this document?

MR PRESTON: Myself and Mr Nick Stokes.

45 45 MS SHARP: And could I take your attention to the second page, that is, pinpoint 0002, and direct your attention to subparagraph (e).

MR PRESTON: Yes.

MS SHARP: Now, I will ask you this question: is it the case that during the period 2013 and late 2016 there was a practice of the cage staff at Crown Perth reviewing  
5 the Riverbank accounts and where they found a number of deposits made in favour of the same patron, they would aggregate those deposits and only enter that aggregated amount into Crown Melbourne's SYCO system.

MR PRESTON: They'd enter it into Perth's SYCO system, yes.

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MS SHARP: Can I go to your statement, please, at paragraph 46; that is the 28 August statement.

MR PRESTON: Yes.

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MS SHARP: Now, is there anything in that statement that gives rise to – anything at paragraph 46 that gives rise to an exploitation risk?

MR PRESTON: No, I'm comfortable with that.

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MS SHARP: So what you say here is that the practice that we've just referred to did inadvertently compromise the AML team's ability in reviewing the telegraphic transfer listing report under the transaction monitoring program.

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MR PRESTON: That's what my statement says, yes.

MS SHARP: Well, isn't this more of a structural deficiency?

MR PRESTON: No, I don't agree with that.

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MS SHARP: So it's an inadvertent compromise, is it?

MR PRESTON: Yes, that's what my statement says and that's what I believe it to be.

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MS SHARP: Now, your letter that I've just taken you to refers only to the situation at Crown Perth, doesn't it?

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MR PRESTON: It refers to what we've – we found in Crown Perth, but I've indicated in my letter that we are reviewing all of our other accounts.

MS SHARP: Now, while this only refers – let me take a step back. When did you first get in contact with AUSTRAC about this issue?

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MR PRESTON: About a week before the letter.

MS SHARP: And did you contact AUSTRAC or did AUSTRAC contact you?

MR PRESTON: I contacted AUSTRAC.

MS SHARP: Now, that letter is written on 20 August 2020. Yes?

5 MR PRESTON: Yes, that's the date it was sent. It wasn't written then, it was – took a - - -

COMMISSIONER: I wonder if you could move a little closer to your microphone, please, Mr Preston.

10 MR PRESTON: Is that better, Commissioner?

COMMISSIONER: Thank you.

15 MS SHARP: It outlines a problem that occurred at Crown Perth in relation to aggregation of amounts before they were entered into SYCO at Crown Melbourne.

MR PRESTON: At Crown Perth, yes.

20 MS SHARP: But it's right, isn't it, that you've detected that this exact same problem also happened at Crown Melbourne.

MR PRESTON: We have continued a review of the Southbank accounts and there does appear to be evidence of this kind of aggregation as well.

25 MS SHARP: So the problem happened – your evidence in answer to my last question is yes.

MR PRESTON: Yes.

30 MS SHARP: Did you know that as at 20 August 2020?

MR PRESTON: We were making inquiries at that point in time, but I was not satisfied that I had an answer that was sufficient. I subsequently called AUSTRAC 35 after the date of this letter and updated them that we had seen evidence of it in the Southbank account as well with the - - -

MS SHARP: So when did you call AUSTRAC?

40 MR PRESTON: - - - aggregation. I can't recall the specific date, but it was post the 20<sup>th</sup> of August, as I had undertaken to do when I spoke to AUSTRAC initially to keep them informed.

45 MS SHARP: So we have a situation where – and I will take a step back. Your evidence is that at both – I will do it in pieces. Your evidence is that pursuant to the transaction monitoring program at Crown Perth, cage staff were supposed to monitor the Riverbank accounts for anti-money laundering purposes; correct?

MR PRESTON: That is correct.

MS SHARP: And your evidence is that at Crown Melbourne, cage staff and credit control were to monitor the Southbank account under the transaction monitoring

5 program for AML purposes.

MR PRESTON: Yes, they all – also have a role to monitor for AML purposes, that's correct.

10 MS SHARP: But what your investigation has revealed is that at both Crown Perth and Crown Melbourne, the cage was not monitoring the Riverbank account and the Southbank account for smurfing or structuring.

MR PRESTON: I don't necessarily accept that proposition, Ms Sharp.

15 COMMISSIONER: It must be the case, mustn't it, otherwise you would have found out.

20 MR PRESTON: Commissioner, if I can just maybe put some context around that response, if that helps. Part of the process is understanding the individual who is looking at these to determine why they – what they knew about the transaction, what inquiries they made, why they did or did not - - -

25 COMMISSIONER: Just get a bit closer to the microphone if you would be kind enough. Just bring it towards you. Yes, thank you.

MR PRESTON: Sorry, we installed a new microphone from the last experience so hopefully this - - -

30 COMMISSIONER: That's very good now. Thank you, Mr Preston. You're putting some context around your answer but what I've suggested to you is that it must be, mustn't it, otherwise you would have found out.

35 MR PRESTON: Commissioner, it has the hallmarks of a form of structuring or smurfing and I think I acknowledged that when it was first brought to my attention at the first hearing.

COMMISSIONER: That's a different point. Please, Mr Preston. Look – Ms Sharp, ask your next question, please.

40 MS SHARP: I will put it another way. Isn't the most likely position that the cage at Crown Perth and the cage and the credit control team at Crown Melbourne simply didn't know they were supposed to be monitoring Riverbank and the Southbank accounts respectively for anti-money laundering purposes.

45 MR PRESTON: No, I do not agree with that.

MS SHARP: And yet this very same omission has occurred at both Crown Perth and Crown Melbourne.

MR PRESTON: They have aggregated in both accounts, yes, that is factual.

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MS SHARP: Well, doesn't that strike you as rather remarkable that both Crown Perth and Crown Melbourne have done this if the cage at Crown Perth and the cage and credit control at Crown Melbourne were supposed to be monitoring the Riverbank and the Southbank accounts for anti-money laundering purposes?

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MR PRESTON: They monitor them for a whole range of reasons, including the concept in my mind of suspicious behaviours generally.

MS SHARP: All right. I was just asking you about anti-money laundering

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purposes.

MR PRESTON: My view is they monitor them for anti-money laundering purposes.

COMMISSIONER: But the proposition that's been put to you is isn't it rather

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extraordinary that you find two teams of cage staff, separate from each other, one across on the west coast of Australia and one over in Melbourne, missing the same thing. Don't you think that's extraordinary?

MR PRESTON: Yes, I do.

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COMMISSIONER: Yes, and so - - -

MR PRESTON: I do find - - -

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COMMISSIONER: All right. Well, what's being put to you is, more probably than not in those circumstances, they either weren't instructed to do so or they were instructed and both teams failed to do so. That's what's being put to you. Do you agree with that proposition?

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MR PRESTON: I agree. I agree.

COMMISSIONER: All right. Yes, Ms Sharp.

MS SHARP: Now, it's the case, isn't it, that since early 2014 Crown has been on clear notice that there was a problem of structuring or smurfing in the Riverbank account.

MR PRESTON: Yes, I've seen the evidence that Mr Aspinall took me to.

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MS SHARP: And I might just take you back there, if I can. If I can have shown only to you, so hearing room only, document CRL.557.001.0815.

MS ORR: Is Ms Sharp able to identify where that document might be in Mr Preston and my material?

5 MS SHARP: I apologise. It was in Crown confidential list 1 at tab 33, and I'm told in fact it's an open document. Now, could I take you, please, Mr Preston, to .0815 which is the second page of this email chain. And I apologise, I said to you this was in respect to the Riverbank account. It's in fact in respect to the Southbank account, but you see this email from the associate director at ANZ Bank to Travis Costin at Crown?

10 MR PRESTON: Yes. Yes, I do.

MS SHARP: Okay. And what she says is:

15 *It is our understanding from previous conversations that when it comes to amounts deposited in accounts Crown would aggregate deposits through the course of the day and report the aggregated amount. However, this differs for cash received at the casino itself.*

20 Now, isn't this clear notice from the bank all the way back in March 2014 that we have this aggregation issue occurring with respect to the Southbank account?

MR PRESTON: Yes, and I believe Mr Costin responded to that proposition that was put.

25 MS SHARP: Yes. And we will go to that response. If you go to the first page, at .0815, Mr Costin replies at the top:

30 *My understanding is it's the same for bank accounts as it is for cash deposits made into the cage.*

Now, he's disagreeing with what the ANZ said, isn't he?

35 MR PRESTON: That's the point. If you go to the bottom of that page, he responds initially regarding the multiple – I think, if I'm reading correctly:

*...multiple receipts from the same patron under the threshold are placed on the same day by Crown would then be reported as suspicious transactions rather than a –*

40 transaction threshold –

*threshold transaction.*

45 He's making that same point regarding deposit into the bank accounts as he's made at the bottom of that page.

MS SHARP: Yes. But my point to you is that, from this time, Crown is on clear notice that there's been an aggregation problem in these accounts.

MR PRESTON: Yes.

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MS SHARP: And yet it's continued to happen after this matter was expressly drawn to its attention.

MR PRESTON: It appears that it has been. Yes.

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MS SHARP: Yes. All the way up to two thousand and – well, as you say in your letter to AUSTRAC, to late 2016?

MR PRESTON: Yes.

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COMMISSIONER: Can I just ask you, you said a little while ago, when Ms Sharp asked you about that period 2013 to late 2016, is it the case that you have only managed in the timeframe to look at that period but not further on? Is that the position, Mr Preston?

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MR PRESTON: No, Commissioner. We've now completed our review of the remainder of the years.

COMMISSIONER: I see. Up to end of 2019; is that right?

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MR PRESTON: Up to – up-to-date.

COMMISSIONER: I see. Thank you. Yes. I'm sorry to interrupt.

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MS SHARP: Now, can I show you document CRL.557.001.0719. That's on Crown confidential list 1 at tab 25, but my instructions are there's no confidentiality claim over that document.

COMMISSIONER: Yes. Thank you.

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MS SHARP: Now, you will recall being taken to this by Mr Aspinall back in July. But you can take it from me this spreadsheet was provided to Crown by ANZ. And you'll agree that Crown were on very clear notice of what would appear to be an issue with smurfing or structuring from 2014?

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MR PRESTON: Yes.

MS SHARP: And it was also on clear notice, from that time, that ANZ bank was concerned that Crown was aggregating these deposits and, therefore, missing the prospect of what we can call structuring or smurfing.

MR PRESTON: That's correct.

MS SHARP: Doesn't the fact that your investigation has revealed that the aggregation practice continued both at Crown Perth and Crown Melbourne up to, at least, late 2016 indicate to you that nothing was done in respect of the concerns raised by ANZ bank?

- 5 MR PRESTON: No, Ms Sharp. I don't agree with that. And what I – I can add some context as to why I say that. Post the hearing in July, I did go back to review some of my records that I could track back to 2014. It was some time ago. And there was a discussion engagement between myself and representatives of the AML 10 team in Perth who did meet with the cage and finance team, as I understand it, to discuss this issue. And then, subsequent to that, I directly received an email from one of the cage shift managers indicating that he had seen a transaction of this nature come through. So – and he drew it to my attention, to which I asked him to investigate and take any necessary action. So – and again it's a – I can't remember 15 the detail. I can't remember it specifically, or at all, until I refreshed my memory by going back through some emails. It appeared to me that the issue had been addressed, because it had been drawn to my attention because they had seen it again later in 2014 on an incident.
- 20 MS SHARP: Thank you. So just to make sure I've heard correctly, you say that you attended a meeting with AML staff where you gave an instruction.

MR PRESTON: No, that's not what I said.

- 25 MS SHARP: Sorry. What – could you just repeat what you said?

MR PRESTON: I said I reviewed my emails and there is a – some correspondence between myself and members of the AML team in Perth who have informed me they did engage with the cage staff and, if I recall, the finance team as a result of this to 30 discuss this aggregation issue.

MS SHARP: And - - -

MR PRESTON: And so I had a - - -

- 35 MS SHARP: - - - it's right that those emails are not annexed to the statement you provided to us dated 28 August 2020?

MR PRESTON: No. No, they're not.

- 40 MS SHARP: And could you provide those emails to us?

MR PRESTON: Certainly.

- 45 MS SHARP: For the purpose of preparing your supplementary statement, did you speak with Travis Costin?

MR PRESTON: My – the statement – the statement dated the 28th?

MS SHARP: Yes.

5 MR PRESTON: No, I did not.

MS SHARP: He is the recipient of large volumes of correspondence from various banks in relation to the Riverbank and Southbank accounts, isn't he?

10 MR PRESTON: Yes. He works in treasury and he would receive all correspondence from banks initially.

MS SHARP: Yes. And he was basically the person at Crown who dealt with the banks about these accounts in the first instance?

15 MR PRESTON: I can't say for sure. I – I'm not entirely sure who deals with them at first instance. All I've seen is the correspondence and I know that Travis does deal with the banks a lot.

20 MS SHARP: Really, you're not sure that Travis Costin was the liaison point with the banks in relation to the Riverbank and Southbank accounts?

25 MR PRESTON: Well, he's clearly one of the liaison points, but I think the question was he's the – I just don't know who it goes to first, whether it's to others in treasury or not, but I certainly know he's – he's heavily involved with them.

MS SHARP: Yes. He's heavily involved in these accounts. He still works at Crown, doesn't he?

30 MR PRESTON: He does.

MS SHARP: But you haven't consulted with him, at all, for the purpose of your investigation into transaction monitoring of the Riverbank and Southbank accounts?

35 MR PRESTON: I did not speak to him regarding the – my most recent statement.

MS SHARP: Why not?

40 MR PRESTON: Because I didn't think it was pertinent to providing a response regarding the questions asked.

MS SHARP: Wasn't he an obvious source of information to answer the questions you were asked?

45 MR PRESTON: Not to – not to me, because part of the response was regarding the transaction monitoring program, specifically, and IFTIs and threshold transactions. What I added into the response was the fact that we are carrying out a review of our

accounts, and that review will be a detailed review and we have to speak to a number of people about what transpired, and that is an ongoing process.

5 MS SHARP: Did you make a decision not to speak to somebody who might be an obvious source of information to you about the monitoring of these accounts?

MR PRESTON: Absolutely not. Travis isn't responsible for the monitoring of these accounts in terms of the AML obligations.

10 MS SHARP: But you accept that he made various representations to the banks about the monitoring of these accounts for AML purposes?

MR PRESTON: I can see what he's written, but I haven't spoken to him about those representations.

15 MS SHARP: When you say you can see what he's written, you would agree with my last proposition?

MR PRESTON: Yes, he has made some commentary. Yes.

20 MS SHARP: Would now be a convenient time?

COMMISSIONER: Yes, of course. I will take a short adjournment for 10 minutes and I will return at half past 11. Thank you.

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**ADJOURNED**

[11.19 am]

30 **RESUMED** [11.32 am]

COMMISSIONER: Yes. Thank you. Yes, Ms Sharp.

35 MS SHARP: Mr Preston, before the mid-morning adjournment you stated that Crown is reviewing the accounts to date. Does that mean that you're also reviewing accounts held by Crown Melbourne and Crown Perth? I'm sorry, I can't hear you.

40 MR PRESTON: I'm sorry, I got a message the moderator had muted me. I'm now unmuted. That's correct.

MS SHARP: So you're reviewing all of the accounts held by Crown - - -

MR PRESTON: Yes.

45 MS SHARP: - - - Melbourne and Crown Perth at the moment. Now, in relation to those accounts that are Crown Melbourne and Crown Perth accounts, is it the case or

is it not the case that the credit team or the cage team in Crown Perth has been aggregating these amounts before entering them into the SYCO system?

- 5 MR PRESTON: I can't speak for the Crown Melbourne accounts. We haven't – we've been focused on the Southbank positioning to date and again it's taking a bit longer just due to the current office restrictions we have in Melbourne. In Perth there is some evidence of it, but there doesn't appear to be as many transactions that we've seen that are aggregated, but I haven't got the final analysis yet by some distance.
- 10 10 MS SHARP: So just to be clear, in relation to Crown Perth's own accounts – and I'm not talking about Riverbank, I'm talking about - - -
- MR PRESTON: Yes.
- 15 15 MS SHARP: - - - its own accounts, it appears to you that there is some evidence of aggregation.
- MR PRESTON: Yes, but I can't speak to specifics. It's still early in the review piece at this stage, sorry.
- 20 20 COMMISSIONER: But you're just being asked, there is some evidence of it; is that right?
- MR PRESTON: Yes, I – that's the information I've had, that there is some evidence of it.
- 25 COMMISSIONER: Thank you. Yes, Ms Sharp.
- MS SHARP: Is there some reason why you didn't refer to that in your statement to the Inquiry on 28 August?
- 30 MR PRESTON: No. No reason. I didn't think I – it's not progressed enough to provide any form of certainty at all.
- 35 35 MS SHARP: But isn't the fact that you've now been made aware of evidence of this aggregation occurring at Crown Perth in respect of its own accounts and at both Crown Perth and Crown Melbourne in respect of the Riverbank and Southbank accounts, isn't that suggesting that there's been a major fail with your transaction monitoring program?
- 40 40 MR PRESTON: Ms Sharp, no, I don't agree with that. I would accept the fact that for the purpose of this element of our transaction monitoring program there is an issue. I accept that. But there are a whole range of elements to our transaction monitoring program that I would suggest there are no issues with related to this, and again, there's nothing that I'm trying to hide whatsoever. It has not progressed far enough to provide any useful information in my view.

MS SHARP: And as you give evidence today you can't give us any assistance at all about whether this has been happening at Crown Melbourne in respect of Crown Melbourne's own bank accounts.

5 MR PRESTON: No, not at this point in time I cannot.

MS SHARP: And you certainly can't give us an assurance as the AML compliance officer that this has not been happening at Crown Melbourne in respect of Crown Melbourne's own bank accounts.

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MR PRESTON: No. Well, we haven't completed or carried out the review yet.

MS SHARP: Who is doing the review, Mr Preston?

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MR PRESTON: There are a number of – a number of teams involved in it including the legal and AML team, together with the cage and the credit team. Just the volume of information and who can get access to them, it's comprising a number of people going through them.

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MS SHARP: And who is leading the review?

MR PRESTON: Well, it's all largely been led by – under my instruction.

MS SHARP: Have you been in contact with any of the directors of Crown Resorts

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about this review?

MR PRESTON: I've spoken to a number of the directors through committee meetings and board meetings that I had post my evidence in the first instance where I raised this issue and I informed them that we would be carrying out a review of all of our accounts.

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MS SHARP: So which – have you told this to a board meeting of Crown Resorts?

MR PRESTON: Yes, I've referenced – no, not – not Crown Resorts. I haven't

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attended Crown Resorts board meetings. I have informed, as I recall, the – if I recall correctly the Melbourne and Perth boards together with the relevant Melbourne committees and if I recall I've also had a Crown Resorts risk management meeting where I referenced it as well, if I recall correctly.

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MS SHARP: And is Jan Williamson involved in this review?

MR PRESTON: No, she's not.

MS SHARP: She's the chief legal counsel at Crown Melbourne, isn't she?

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MR PRESTON: She's a senior legal counsel in Melbourne.

MS SHARP: She directly reports to you, doesn't she?

MR PRESTON: Yes, she does.

- 5 COMMISSIONER: Mr Preston, you understand that part A of the Terms of Reference of this Inquiry is a suitability review of Crown for its licence. You understand that, do you?

MR PRESTON: Yes, I do, Commissioner.

- 10 COMMISSIONER: And so far as these accounts are concerned, that is, Crown Melbourne, Crown Perth and Crown subsidiary companies Riverbank and Southbank, this aggregating problem you accept is a significant matter, do you not?

- 15 MR PRESTON: I do accept that it's a significant issue, Commissioner, yes, I do.

COMMISSIONER: And so far you seem to suggest that it's the cage staff's fault. That's what you've told me. Is that your evidence?

- 20 MR PRESTON: I wouldn't suggest it's just the cage staff's fault, Commissioner, but if I can explain - - -

- 25 COMMISSIONER: Well, just go back to your statement and have a look at paragraph 43 to 48. Do I not get from that that you have blamed the cage staff for a practice of aggregation that they should not have been doing? Isn't that what you've told me?

MR PRESTON: I've – sorry, Commissioner. I wouldn't use the term blame. What I would say is that that's where - - -

- 30 COMMISSIONER: I see. Well, just come back to - - -

MR PRESTON: I would say that's where the breakdown has occurred.

- 35 COMMISSIONER: Just come back to 43. So, in 44, you tell me that they were responsible for reviewing. In 45, you tell me what the review did. And then you say:

*The practice that they adopted –*

- 40 the cage staff –

*compromised your team's ability to do things.*

- 45 Correct?

MR PRESTON: That's correct.

COMMISSIONER: And you don't suggest that that's blaming the cage staff?

MR PRESTON: I'm sorry. Commissioner, that's just not the language I'd use. That's where the problem seems to exist. Part of the review is speaking to all of the  
5 cage staff involved to understand the reasons why. That's where the breakdown has occurred, in my view.

COMMISSIONER: And if they didn't know that they were supposed to do what you say they should have, where is the problem? Where does the problem lie?

10 MR PRESTON: Well, then, I would have to understand that it would appear that there's an issue with respect to training. All of these staff members are trained in AML, are trained to look at suspicious matters. There – it seems to me there is a problem in terms of our optimisation of the training program; that could be the  
15 answer.

COMMISSIONER: It could be the answer?

20 MR PRESTON: It could – it could be, because if they haven't identified these as suspicious, then I would like to understand why they wouldn't have identified them as suspicious; what reasons they have got for that.

COMMISSIONER: Yes.

25 MR PRESTON: And if they don't appreciate it, then it seems to me there's a breakdown in the – their understanding, which is clearly linked to the training program.

30 COMMISSIONER: Well, could it not be your responsibility, Mr Preston, that you should have picked this up a long time ago and, perhaps, had a chat to the cage staff about it?

35 MR PRESTON: Well, I've got responsibility for the anti-money laundering framework, Commissioner, so I have to take responsibility for the broad outcomes of it.

COMMISSIONER: And is the answer to my question "yes"?

40 MR PRESTON: Well, I accept responsibility for the weaknesses in the AML framework where they've occurred. But they're – weaknesses occur at times, Commissioner. And, again, I can't say that I've spoken to all of these cage staff about this, or any of them at all. But there is a weakness there and it was not identified.

45 COMMISSIONER: Did you say that you've never spoken to the cage staff about this?

MR PRESTON: I don't believe I've ever spoken to any of these supervisors about this issue, save for at least what I can find one email that I mentioned to Ms Sharp earlier on, that came to me in 2014 drawing an instance of this nature to my attention.

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COMMISSIONER: And how on earth could you conclude that it was inadvertent then?

MR PRESTON: Sorry, Commissioner. I don't understand.

10

COMMISSIONER: You've told me that their conduct was an inadvertent compromise. If you haven't spoken to them, how do you conclude – and on your oath tell me – that it was inadvertent?

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MR PRESTON: That's in the context of, I believe, but – sorry. That's a fair question, Commissioner. I shouldn't have used the word "inadvertent" - - -

COMMISSIONER: Thank you, Mr Preston.

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MR PRESTON: - - - because I hadn't spoken to them about it.

COMMISSIONER: Mr Preston, I would be most grateful – this is the most serious issue. And, to be fair to you, I'm getting the impression that you're not getting across the message, or you're not receiving the message from Ms Sharp, of the seriousness of this aspect of your evidence. Could you please just address the questions that are asked of you. If your counsel, Ms Orr, wishes to raise anything with you to clarify matters, she will do so. But if you could keep your answers directed to the question, I'd be most grateful. Yes, Ms Sharp.

25

MR PRESTON: Yes, Commissioner.

MS SHARP: Don't these failures to monitor these accounts indicate that there is a structural problem with your transaction monitoring program?

35

MR PRESTON: This element of the transaction monitoring program, there is a problem.

MS SHARP: And who's responsible for that problem?

40

MR PRESTON: Well, responsibility sits at various levels, Ms Sharp. As I said, I'm responsible for the overarching AML framework. There is also responsibility that sits within the staff members themselves, with their management, the training programs, the whole lot of it. This was an issue that clearly wasn't addressed to a satisfactory level.

45

MS SHARP: Now, this review, is Nick Stokes involved in this review?

MR PRESTON: Yes, Nick is.

MS SHARP: Is Scott Howell involved in this review?

5 MR PRESTON: I would expect Scott will be involved in the review.

MS SHARP: So, no? Is that the answer?

10 MR PRESTON: That's not what I said. I said I would expect him to be involved in the review at a – at a particular stage. But not at this point in time, he's not, because they're still collating the information from Southbank.

MS SHARP: So he hasn't been involved in the review yet?

15 MR PRESTON: Not – not at this point.

MS SHARP: And that's despite the fact that you gave evidence on 31 July that he was responsible for monitoring the transactions with Riverbank and Southbank in their bank accounts?

20 MR PRESTON: I think they're different propositions, Ms Sharp. I'm collating the information through the credit team to get all the information for Southbank. And then the AML team will review it, as they do, and my expectation is Scott will perform part of that role.

25 MS SHARP: Is Travis Costin involved in this review?

MR PRESTON: No, unless the team are seeking bank account statements through Travis, but not involved in the actual review itself.

30 MS SHARP: Now, it's correct, isn't it, that the ASB Bank closed the Southbank accounts by letter dated 22 January 2019?

MR PRESTON: That's correct.

35 MS SHARP: And can I take you to the closure letter, which you'll find at CRL.563.001.2807. That's on Crown confidential list 1 at tab 72, but I'm instructed that that is not a document in respect of which a non-publication order was sought. It can be brought up on the live screen – the public screen. Now, it's – do you see it's dated 21 January 2019?

COMMISSIONER: 22 January?

MS SHARP: Sorry. 22 January 2019?

45 MR PRESTON: Yes, I do.

MS SHARP: And you will see it's written to Travis?

MR PRESTON: Yes.

5 MS SHARP: We may take it that's Travis Costin?

MR PRESTON: I would expect so. Yes.

MS SHARP: Now, what it says in the second paragraph is:

10 *Our review considered a number of factors ... Unfortunately –*

the bank's –

15 *determined ... it is outside of its risk appetite.*

And you'll see in the fourth paragraph:

20 *The decision has been made in conjunction with the ASBs obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act.*

Now, may we assume that, given that you're the AML officer, you were made aware of this letter at about the time it was sent to Travis?

25 MR PRESTON: I can't recall seeing this letter, Ms Sharp.

MS SHARP: Do you have any recollection, whatsoever, that your bank told you it was shutting down the bank account because it didn't have the risk appetite, and it was making that decision in conjunction with its obligations under the Anti-Money Laundering Act?

MR PRESTON: I don't recall that level of detail being provided to me, Ms Sharp.

35 MS SHARP: You knew, didn't you, that the bank account was shut down in about January 2019 because of anti-money laundering concerns, didn't you?

MR PRESTON: I can't recall specifically, but I may well have.

40 MS SHARP: Now, the Commonwealth Bank closed down its Southbank and Riverbank accounts on 8 October 2019, didn't it?

MR PRESTON: I believe that's the date, yes.

45 MS SHARP: I will show you the letter. It's CRL.605.016.6607. This is in Crown confidential list 10 at tab 23. And my instructions are that this is an open document.

COMMISSIONER: Thank you.

MS SHARP: And you will agree that's the closure letter for the Southbank account?

MR PRESTON: Yes, I have that.

5 MS SHARP: You can take it from me that the very same – a letter of the same date and the same terms was sent in respect of the Riverbank accounts. Now, those accounts were closed by the CBA following queries it had raised with Crown about its compliance with anti-money laundering laws, weren't they?

10 MR PRESTON: As I understand it, that's correct.

MS SHARP: Now, can I take you, please, to document CRL.557.001.0734. And this is on Crown confidential list 7 at tab 3 and my instructions are that no claim for confidentiality is made over them.

15 COMMISSIONER: Thank you.

MR PRESTON: Sorry, what tab was that, Ms Sharp?

20 MS SHARP: Yes, it was Crown confidential list 7 tab 3.

MR PRESTON: Yes, I have that. Thank you.

25 MS SHARP: Now, this isn't sent to you, but I'm going to take you to this as a matter of fairness. You will see that somebody from CBA writes to Travis Costin on 10 December 2018 and asks a series of questions about Southbank and its compliance with anti-money laundering programs. Do you agree?

MR PRESTON: It asks about our AML program and relationship, yes.

30 MS SHARP: Yes. And what you then see is that Travis Costin forwards this email to Louise Lane. Do you see that?

MR PRESTON: I do.

35 MS SHARP: And Louise Lane was the group general manager for anti-money laundering, wasn't she?

MR PRESTON: She was, yes.

40 MS SHARP: Yes. She held the position that Nick Stokes now holds.

MR PRESTON: That's correct.

45 MS SHARP: And she reported directly to you, didn't she?

MR PRESTON: Yes, she did.

MS SHARP: And do you see what Mr Travis Costin says:

*So the ASB queries have finally reached CBA.*

5 Now, it's quite clear that he is referring to the ASB queries about money laundering, isn't it?

MR PRESTON: It would seem logical, yes.

10 MS SHARP: May we take it that Louise Lane reported this to you?

MR PRESTON: I can't recall, Ms Sharp.

MS SHARP: It would have been remiss of her not to, wouldn't it?

15 MR PRESTON: If she hadn't have, it would've, but she may well have; I can't recall specifically, sorry.

20 MS SHARP: In any event we see here that Travis Costin is the contact point for the bank again.

MR PRESTON: Yes.

25 MS SHARP: But he's not somebody you spoke to about the evidence that you've given in your statement of 28 August.

MR PRESTON: No, I did not.

30 MS SHARP: Can I take you to document CRL.605.016.6611. This is on Crown confidential list 12 at tab 7. I am uncertain about the status of the document and so I will treat it confidentially. Hearing room only, please. And can I direct your attention, please, Mr Preston, to the email at the bottom of the chain from Travis Costin of 4 October - - -

35 MR PRESTON: Sorry, Ms Sharp, I'm not quite sure where list 12 is, sorry.

MS SHARP: Yes. We will wait while you find it, Mr Preston.

40 MR PRESTON: No, apologies. I've got multiple lists. Yes, I have it. Thank you. Yes.

MS SHARP: You see there's an email from Travis Costin dated 4 October 2019 and you are one of the recipients? You were cc'd.

45 MR PRESTON: Sorry, Ms Sharp, can you just give me which tab number that was, sorry? I might have the wrong tab.

MS SHARP: It is tab 7.

MR PRESTON: Yes, I see that.

5 MS SHARP: So you would agree that on 4 October 2019 you were made aware that Commonwealth Bank was shutting the Southbank and Riverbank accounts.

MR PRESTON: Yes.

10 MS SHARP: Doesn't it stand to reason that you would have inquired at the time as to why those bank accounts were being shut down?

MR PRESTON: Possibly. I don't believe that I did make inquiries as to the specific reasons why that I can recall.

15 MS SHARP: Is that really your evidence?

MR PRESTON: I can't recall specifically whether I made any inquiries as to why. This is a note that they were closing.

20 MS SHARP: Are you doing your best to assist this inquiry, Mr Preston?

MS ORR: I - - -

25 MR PRESTON: I do.

MS ORR: I object. I object, Commissioner. I object to this line of questioning. The question has been asked and answered.

30 COMMISSIONER: I think in the circumstances, Ms Orr, I'm afraid I'm having to allow it. Yes, Ms Sharp, you may proceed.

MS SHARP: Mr Preston, are you doing your best to assist this Inquiry?

35 MR PRESTON: I'm doing my absolute best, Ms Sharp.

MS SHARP: In relation to this email from Travis Costin dated 4 October 2019, we see that it is forwarded by Roland Theiler on 4 October 2019 to a limited number of recipients, including Ishan Ratnam.

40 MR PRESTON: Yes.

MS SHARP: Are you able to assist us at all in relation to why Mr Theiler would have been forwarding this email about the closure of the accounts to Ishan Ratnam?

45 MR PRESTON: No, sorry, Ms Sharp, I – I don't know.

MS SHARP: Tell me, did you tell AUSTRAC why the Riverbank and Southbank accounts had been closed in.

MR PRESTON: No, I did not.

5

MS SHARP: Has AUSTRAC ever been made aware of why the Southbank and Riverbank accounts were closed?

MR PRESTON: Not to my knowledge.

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MS SHARP: So to your knowledge, as the AML compliance officer at Crown, no attempts have been made by Crown to explain the reasons why the Riverbank and Southbank accounts were closed by two separate banks.

15 MR PRESTON: Well, not to my knowledge, Ms Sharp.

MS SHARP: Do you think in your capacity as the AML compliance officer, and as part of your commitment to engendering a culture of compliance, that you ought to have notified AUSTRAC of the closure of these accounts and the reason for the 20 closure of these accounts?

MR PRESTON: Yes, I believe that that would have been not unhelpful for AUSTRAC.

25 MS SHARP: So why didn't you?

MR PRESTON: I don't believe that I assessed it appropriate at the time to say so in that the banks were – didn't accept the risk associated with it and I – they closed the 30 accounts and I didn't think to tell AUSTRAC at that point in time, but on reflection I accept that it's something I should have drawn to AUSTRAC's attention.

MS SHARP: Did you raise with Barry Felstead the question of whether you ought to tell AUSTRAC about this?

35 MR PRESTON: No.

MS SHARP: Did you raise with Ken Barton the question of whether you ought to tell AUSTRAC about this?

40 MR PRESTON: No.

MS SHARP: Did you raise with any directors of Crown Resorts, Crown Perth or Crown Melbourne whether you ought tell AUSTRAC about this?

45 MR PRESTON: No.

MS SHARP: Now, I will take you to the Crown Melbourne AML/CTF program. It was annexure to your February 2020 statement. I will – it was a – if you'll pardon me, I'll get you the number for it. It's CRL.566.002.0001. Now, that was an annexure to your statement. It's also – it's a confidential document. It's also in

5 Crown confidential list 1, at tab 98.

COMMISSIONER: Thank you.

MS SHARP: Yes, it's hearing room only. Now, Mr Preston, take all the time you  
10 need. But I suggest that in this Crown Melbourne AML program, there is nothing in this entire document that expressly refers to the Southbank account.

MR PRESTON: That's correct.

MS SHARP: And I will put the same proposition to you in respect of the Crown Perth AML program, save that there is nothing in that program that expressly refers to the Riverbank accounts.

MR PRESTON: That's correct.

MS SHARP: And yet your evidence is that Crown Melbourne and Crown Perth, respectively, ought to have known that these accounts were subject to transaction monitoring.

MR PRESTON: It certainly is.

MS SHARP: How were they to know, Mr Preston, if no reference whatsoever was made to the Southbank or the Riverbank accounts in those documents?

MR PRESTON: Because, as I've indicated, the accounts are looked – every deposit is looked at. It doesn't matter which account it comes from. The staff are trained to look for suspicious behaviours. They all get loaded into the telegraphic transfer listing report. It's not as if the Riverbank and Southbank are not considered in terms of looking at those transactions. It's just not. That's just not factually right, based on all the systems that we have in place.

MS SHARP: Mr Preston, I'm not cavilling with you that cage staff looked at the online accounts for Riverbank and Southbank. Of course they did, because they had to make entries into SYCO to reflect the credits that had been made into those accounts. What I am putting to you is that the cage staff and the credit team in Melbourne were not aware that they were to review those online accounts for anti-money laundering purposes. What do you say to that?

MR PRESTON: I don't agree with that. They look at them for a range of reasons.  
45 Yes. I accept that there seems to have been a failing with respect to the under \$10,000 threshold transactions that we've seen. But they look at them and they report on them, together with the anti-money laundering team, for other reasons

irrespective of whether it's Southbank or Crown Melbourne or Riverbank or Crown Perth.

MS SHARP: Could I take you, please, Mr Preston, to the transaction monitoring  
5 program document that you annexed to your February statement. I understand this is a confidential document. For assistance, it's Crown confidential list 1, at tab 109, and the document ID is CRL.562.001.0024. And this is to hearing room only. Would you agree, Mr Preston, that there is nothing in this transaction monitoring document that expressly refers to the Riverbank or the Southbank accounts?

10 MR PRESTON: Sorry, Ms Sharp. I'm going to have to just ask you to direct me to, specifically, where you're talking to. Is there a particular - - -

15 MS SHARP: Yes. Have a – take your time to have a good look at this one-page document. My suggestion is there is nothing anywhere in this document that expressly refers to the Riverbank or the Southbank accounts.

MR PRESTON: No. Sorry. My apologies. I didn't make myself clear. Which document are you talking about? It was a - - -

20 MS SHARP: There is – it's a transaction monitoring existing document. It is CRL.562.001.0024.

MS ORR: I'm sorry. I think the information – yes.

25 MR PRESTON: I have it.

MS ORR: Mr Preston needs to know that it's tab 109 of list 1.

30 MR PRESTON: I have it. Thank you. Yes, that's correct, Ms Sharp.

MS SHARP: And do you see in the first column the type of transaction monitored it refers to "designated services"?

35 MR PRESTON: Yes.

MS SHARP: But the transactions going on in Riverbank and Southbank were not designated services, were they?

40 MR PRESTON: Well, when money is deposited into those accounts, it's proposed to be for a designated service. It's to go on to a patron account for the – for gambling purposes. And there's no specific reference to Southbank or Riverbank, like there is no specific reference to Crown Melbourne account or the Crown Perth account, because all accounts are looked at through the same lens.

45 MS SHARP: Can I go now to – I withdraw that. Can I return to your statement, Mr Preston. This is the most recent one, the 28 August statement. And there's no need

to show you on the screen. But I just refer you to paragraph 13 and following of your statement where you refer to the transaction – I withdraw that. You refer to the AML/CTF program for Crown Perth.

5 MR PRESTON: Yes.

MS SHARP: Now, you say, at clause 14, that:

10 *Clause 12 specifically provides for cage to monitor account opening and transacting.*

Where – can you show us where, in clause 12, that you've quoted that's said?

MR PRESTON: About the sixth row down of the table.

15 MS SHARP: Is that the one where it says “account opening and transacting”?

MR PRESTON: Yes.

20 MS SHARP: And it says “what is supposed to be monitored”.

MR PRESTON: Yes.

25 MS SHARP: But you see the second column specifies the method by which it's to be monitored?

MR PRESTON: Yes.

30 MS SHARP: And you see the method of monitoring for account opening and transacting is a report from SYCO.

MR PRESTON: Yes.

35 MS SHARP: Well, doesn't this mean that what the cage supervisors are told that they need to do to monitor account opening and transacting is look at the report from SYCO.

MR PRESTON: Yes.

40 MS SHARP: But they're not told they have to - - -

MR PRESTON: But you also have - - -

45 MS SHARP: No, no, you listen to me, please, Mr Preston. They're not told in this method that they need to monitor the actual accounts from Riverbank and Southbank.

MR PRESTON: Not there they are not, that's correct.

MS SHARP: Right. So when you say at 14:

*Clause 12 specifically provides for cage to monitor account opening and transacting –*

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you don't mean to infer there that cage are monitoring the actual accounts of Riverbank and Southbank.

10 MR PRESTON: Not specifically with respect to that method right there, but what I might add, if I can - - -

MS SHARP: Please do.

15 MR PRESTON: - - - these – these very staff are looking at the online statements and are moving the information from the online statements into the SYCO account. They also have an obligation, like all of our staff, as articulated in the second row, monitoring of patron behaviour for suspicious matters. Which is an important overall with respect to how our staff are proposed to understand their responsibilities in looking for suspicious behaviours.

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MS SHARP: Now, just in relation to what you say in respect of Crown Melbourne and its transaction monitoring program, at paragraph 25 we see the same situation. That is, if you count down 1, 2, 3, 4, 5 rows, account opening and transacting, the method is to monitor the report from the SYCO system. Correct?

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MR PRESTON: That's correct.

MS SHARP: So the method is not to monitor the actual accounts of Riverbank and Southbank.

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MR PRESTON: For that specific provision as it reads, yes, that's correct.

MS SHARP: All right. But this is the program that tells people what they need to monitor, isn't it?

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MR PRESTON: That's exactly correct.

MS SHARP: And this actual program is not telling them that they need to monitor the accounts themselves for anti-money laundering purposes.

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MR PRESTON: The – it cannot be read in isolation, sorry, Ms Sharp. Again, if you look at the monitoring of patron behaviours for suspicious matters, so in carrying out their duties that is the expectation.

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COMMISSIONER: Just looking at – sorry, Mr Preston. You're just being asked about the document. I think you agreed with Ms Sharp that at that point in that place they are not so advised; would you agree with that?

MR PRESTON: Sorry, I've just lost sound, Commissioner.

MS ORR: I'm sorry, we're unable to hear the Commissioner.

5 COMMISSIONER: I see. Can you hear me now? I think I'll - - -

MR PRESTON: I can. Thank you.

10 COMMISSIONER: - - - be back on. Yes. All right. Mr Preston, you're just being asked about this particular aspect of the document. I think you agree that in that particular aspect of the document, they're not so advised; do you agree with that?

MR PRESTON: Yes, I do.

15 COMMISSIONER: Yes, Ms Sharp.

MS SHARP: Now, I would like to take you to another document, Mr Preston. This is a confidential document. You will find it in Crown confidential list 1 at tab 79. If it can be brought up to the hearing room only, it is CRL.666.001.0004. I'm sorry, I 20 think I've given the wrong – I have indeed given the wrong number here. Let me have another go. It is CRL.563.002.4035. This is a hearing room only document. You will see this is a draft document prepared by you.

MR PRESTON: Yes, it is.

25 MS SHARP: All right. May we take it this document had been prepared because you were given some notice that an article would be run in the media about the Riverbank and the Southbank accounts?

30 MR PRESTON: That's correct.

MS SHARP: Can I take you to pinpoint 4041.

MR PRESTON: Yes.

35 MS SHARP: And just to be clear, this was a document you prepared, right?

MR PRESTON: That's correct.

40 MS SHARP: All right. Now, you will see there's a heading about four or five lines down.

MR PRESTON: Yes, I see that.

45 MS SHARP: Right. And there's no reference there to monitoring of bank accounts?

MR PRESTON: Not specifically, no. That's correct.

MS SHARP: And then with the heading in the middle of that page where there are three dot points, the first one is an arrow, you will agree there's no reference there about the cage or the cage – or credit having any monitoring responsibility - - -

5 MR PRESTON: That's correct.

MS SHARP: - - - for AML purposes? And then could I take you, please, to pinpoint 4043, and I will just take you to the very last paragraph and perhaps you could read that to yourselves.

10 MR PRESTON: Yes.

15 MS SHARP: And that is the correct position, isn't it?

MR PRESTON: Save for the overarching obligation pertaining to AML.

20 MS SHARP: Which you didn't refer to in any way at this part of your memorandum?

MR PRESTON: Well, I think – I haven't read this for a while, sorry, Ms Sharp.

25 MS SHARP: Well, take some time to read that now from that heading about two-thirds of the way down.

COMMISSIONER: This is the Southbank heading.

30 MS SHARP: Yes.

COMMISSIONER: Yes.

35 MS SHARP: And this is a memo – just to put it in context, this is a memo that you're writing because you've been given advance notice that a newspaper article is about to break with the Riverbank and Southbank accounts to suggest that something was going wrong with money laundering.

MR PRESTON: Yes.

40 MS SHARP: Now, what you're saying at the bottom of that page, that is the true position, isn't it?

45 MR PRESTON: As I said, Ms Sharp, no, I do not agree with that proposition. This was a question specifically to who manages, so who manages those accounts. The actual - - -

MS SHARP: Your evidence now is not true, Mr Preston.

MR PRESTON: Well, sorry, Ms Sharp, I just do not agree with that.

COMMISSIONER: Just be careful, Mr Preston, and for my benefit I would like to be clear. This is a document that you sent to a director, correct?

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MR PRESTON: That's correct, Commissioner.

COMMISSIONER: And in this you said that cage – the word “cage” meaning cage staff, is that right?

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MR PRESTON: Sorry, Commissioner, I'm having trouble - - -

COMMISSIONER: The word “cage” – did you mean by “cage”, cage staff?

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MR PRESTON: Yes. Yes, Commissioner. That's correct.

COMMISSIONER: And so what you said in that first sentence about the cage staff responsibility, what Ms Sharp is putting to you is that that is inconsistent, really, with what you have said about the cage staff's responsibility today. You understand that's 20 what's being put to you?

MR PRESTON: I do indeed, Commissioner.

COMMISSIONER: And do you agree that the two things seem inconsistent?

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MR PRESTON: In terms of what's being put to me, I don't agree with what's being put to me, Commissioner.

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COMMISSIONER: Can I just ask you again. If you look at the first sentence of the memorandum to the director of Crown Resorts, what's being put to you is that the proposition, or the contention, in that first sentence seems to be inconsistent with what you have said about the responsibilities of cage staff today. Do you agree with that proposition?

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MR PRESTON: This first sentence is a response to the question mark of management of those accounts. Sorry, Commissioner. It's the - - -

COMMISSIONER: I'm going to ask you to pause, Mr Preston, please. Now, could you just focus on – this is a straightforward question. The first sentence of that 40 bottom paragraph indicates to the reader that:

*Cage staff have no responsibility –*

and then the rest of the words; do you see that?

45

MR PRESTON: I see those words.

COMMISSIONER: Well, what is being put to you is that that statement – whether it be right or wrong – that statement is inconsistent with what you have said about the cage staff responsibilities today. Do you agree with that proposition?

5 MR PRESTON: In isolation, I – in isolation, I agree with that.

COMMISSIONER: All right. So the proposition in the first sentence is not consistent with what you've said today about their responsibility. Ms Sharp, the next question, please.

10

MS SHARP: That sentence represents the true position, doesn't it?

MR PRESTON: No, it does not.

15

MS SHARP: And what you have told the Inquiry in your statement of 28 August is not the true position in relation to the responsibility of the cage?

MR PRESTON: It is fact. It is true.

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COMMISSIONER: Why didn't you tell the director of Crown Resorts that in the memorandum?

MR PRESTON: Commissioner, again, I'm sorry. But this was – and if I – if the – if it's taken out of context, that's for me. But this was a direct response I was

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making regarding the management of those accounts, not the broader concept of AML-related matters. This was the management of those accounts. They weren't in charge of opening them or closing them, those accounts; that was a different area. The previous section regarding – at page – at 4041m was specifically dealing with the concept of other parts to their responsibilities. This was, in my mind – and if I

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read it wrong, then I accept that – but this was about the management. And I took that as something different to the previous page commentary.

COMMISSIONER: The management of an account, surely, would include identifying the transactions within it on a daily basis and looking at it; would it not?

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MR PRESTON: Yes. I think that, as an expanded concept, yes. I would agree with that. And – but by no means was I saying there that they had no responsibilities and, indeed, my view is that it's referenced on the previous page, 4041.

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COMMISSIONER: 4041, please, operator. Yes. Which reference is that, Mr Preston?

MR PRESTON: It doesn't specifically call out cage, but it is very overarching and general, which is:

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*Customer behaviours are monitored - - -*

COMMISSIONER: Which reference are you - - -

MR PRESTON: I'm sorry.

5 COMMISSIONER: Where is it?

MR PRESTON: 404.

COMMISSIONER: Yes.

10 MR PRESTON: It's underneath the first – underneath the first heading in bold.

COMMISSIONER: What, the Transaction Monitoring.

15 MR PRESTON: Transaction:

*...and customers are monitored at - - -*

COMMISSIONER: What are you saying?

20 MR PRESTON: Sorry. I'm just saying that is the position that I'm making today, which is my evidence, that there is obligations on Crown staff to monitor behaviours.

25 COMMISSIONER: This is a bank account, Mr Preston. Really, please, if you go back to the other page that you were just asked about, at the bottom of the page, where Ms Sharp was asking you about the first sentence; this is about managing a bank account, isn't it?

MR PRESTON: Yes.

30 COMMISSIONER: And what you've told me today in your evidence is that the cage staff had a responsibility with respect to the management of the accounts in that they were required to look at the transactions from the point of view of being quite cautious about them and reviewing them and seeing what was happening in them.

35 That's what you've told me effectively, isn't it?

MR PRESTON: That's correct. And I might – I might add, Commissioner, that it might be my explanation or differentiation between the concept of management of the bank accounts and the commentary on transactions.

40 COMMISSIONER: But the difference between telling a director of Crown Resorts the cage staff had no responsibility with respect to the management of the accounts and what you've told me today, you would agree, is a stark contrast; is it not, Mr Preston?

45 MR PRESTON: Yes. Yes, it is, Commissioner. But I – I don't believe that that was in the context of no responsibility for those – the transactions on those accounts.

COMMISSIONER: They're your words, sir, "no real responsibility". Yes, Ms Sharp.

MS ORR: Can I – Commissioner, I've been – I'm sorry. I didn't want to interrupt  
5 the Commissioner's questions. But I do want to draw to the attention of the Inquiry  
the second part of that first sentence, which has not been a matter drawn expressly to  
the attention of the witness.

COMMISSIONER: You can do that certainly, Ms Orr. Thank you. And you will  
10 have ample time with Mr Preston, should you need it. It is a situation that is very  
concerning and it's concerning me quite deeply, Ms Orr.

MS ORR: I'm very sorry, Commissioner, but we're having a lot of trouble hearing  
what you are saying.

15 COMMISSIONER: Yes. I think there's a problem with the system. I apologise.  
Can you hear me now?

MS ORR: Yes. I can pick – I think we can all pick up some of your words, but we  
20 cannot hear the entirety.

COMMISSIONER: I see. All right then. What I was saying was important. I was  
indicating to you my deep concern – and I'm grateful for you talking to – I withdraw  
that. I'm grateful for you pointing out the second sentence. But my deep concern is  
25 that the director of Crown is given the first sentence, which is totally at odds – and it  
may be - - -

MS ORR: I'm - - -

30 COMMISSIONER: - - - that some clarification can be sought. And it will be a  
matter that you can take up with Mr Preston. Can you hear me?

MS ORR: I can. And I'm sorry. I wasn't pointing out the second sentence. I was  
pointing out the second part of the very sentence that the - - -

35 COMMISSIONER: I see.

MS ORR: - - - Inquiry has been directing Mr Preston's attention to, because a  
number of the questions have not – have characterised that first sentence in a way  
40 that does not have regard to the second part of that sentence. There is a carve-out in  
that sentence. And it has not been expressed that way.

COMMISSIONER: Yes. I understand your analysis of the sentence. Mr Preston  
has accepted the position and, as I said to you, it is deeply concerning. In in any  
45 event - - -

MS ORR: I'm sorry. We've lost the sound again.

COMMISSIONER: Yes. It's probably something that's happening here. Can we please see if we can get this – is it correct now? Ms Orr, can you hear me now?

MS ORR: I can hear you now, Commissioner.

5

COMMISSIONER: Yes. Thank you.

MS ORR: It's just that, periodically, it drops out.

10 COMMISSIONER: Yes. What I'm going to do is to cease and desist. And I'm going to let Ms Sharp proceed and that will cure the problem in more ways than one, I think. Yes, Ms Sharp.

15 MS SHARP: Can I take you to another document, please, Mr Preston, which is the article published in the Sydney Morning Herald on 5 August 2019. This is exhibit F65, INQ.100.010.0092. And Mr Preston, do you have a copy of that Sydney Morning Herald article in front of you?

MR PRESTON: Can you possibly indicate which list and tab it's under, Ms Sharp?

20

MS SHARP: Yes. What I will do is have it shown to the live feed. Because this is a newspaper article, this can go to the live feed. It's exhibit F65. Please let me know, Mr Preston, when you can see that on the computer screen.

25 MR PRESTON: I might need it to be enlarged if that's okay.

MS SHARP: Yes. And if we – can you see that this is an article dated 5 August 2019?

30 MR PRESTON: Yes, I see that.

MS SHARP: And you will see the heading is Crown Investment Companies were Used to Launder Drug Funds.

35 MR PRESTON: Yes, I see that.

MS SHARP: Now, you were given some advance notice that an article was going to be run about the Riverbank and the Southbank accounts?

40 MR PRESTON: I believe so.

MS SHARP: And you're well aware that Crown Resorts issued a statement in response to the allegations?

45 MR PRESTON: Yes, they did.

MS SHARP: Did you have any role in the preparation of that statement?

MR PRESTON: I will have to have a look at the statement, but I would expect I would have.

MS SHARP: Well, I just want to – before you have a look at anything, it was only 5 last August. I will ask you again, did you have a role in preparing the statement given to the media when your response was sought – that is, Crown's response was sought in relation to these allegations?

MR PRESTON: We produced, if I recall, more than one statement, Ms Sharp, so I 10 will have to see which statement you're referring to, please.

MS SHARP: If I can take you to pinpoint 0094, and if I could, for your assistance, have highlighted the bottom four paragraphs. Now, could you just read that to yourself and tell me when you've finished, please, Mr Preston.

15 MR PRESTON: I'm sorry, I've got video screens over part of the document. I can't read two paragraphs.

MS SHARP: I will read it out to you, Mr Preston.

20 MR PRESTON: I can read the first two paragraphs.

MS SHARP: Thank you:

25 *In a statement in response to questions, a Crown Resorts spokeswoman said the two companies were set up for receiving and transferring funds to and from casino customers of Crown Perth and Crown Melbourne respectively. Both accounts are authorised to be used for that purpose in accordance with casino-regulated and legislative requirements, the spokeswoman said.*

30 Now, is this enough to remind you as to whether you had a role in preparing the statement?

MR PRESTON: I would have had a role in that, yes.

35 MS SHARP: What was that role?

MR PRESTON: Most probably providing words or confirming the language to be used or providing words and it was settled, but I was certainly involved in the 40 preparation.

MS SHARP: Who else had a role in the preparation of that statement?

MR PRESTON: I can't recall.

45 MS SHARP: Did Mr Johnston have a role in that statement?

MR PRESTON: No, I wouldn't expect him to have a role in that.

MS SHARP: Did Mr - - -

5 COMMISSIONER: I'm sorry, I missed what you said.

MR PRESTON: I wouldn't expect Mr Johnston to have a role in providing any of these statements.

10 MS SHARP: Did Andy Carr have a role in preparing that statement?

MR PRESTON: I wouldn't have thought so.

MS SHARP: Who is Andy Carr, by the way?

15 MR PRESTON: Andy Carr works for Crown Resorts in the – I think his role is in Crown digital arm, and is a – Mr Carr is a lawyer who works in the digital arm, I think.

20 MS SHARP: Is that where Travis Costin now works?

MR PRESTON: No, Travis Costin works in treasury.

MS SHARP: Did Jan Williamson have a role in preparing this statement?

25 MR PRESTON: No.

MS SHARP: So who did, to the best of your recollection, have a role in preparing this statement, other than you?

30 MR PRESTON: It would normally – my expectation is it would normally be circulated through a – through a few people for confirmation of the language.

35 MS SHARP: I'm just trying to get some names. Can you give me some names, please, Mr Preston?

MR PRESTON: If I recall correctly it might have been Barry Felstead, Karl Bitar, Mary Manos and maybe Ken Barton.

40 MS SHARP: And Karl Bitar works for CPH, does he, or does he work for Crown Resorts?

MR PRESTON: No, he works for Crown Resorts.

45 MS SHARP: Now, I just want to go through this statement with you. I want to draw your attention to the paragraph:

*Both accounts are authorised to be used for that purpose in accordance with casino-regulated and legislative requirements.*

5 Now, do I understand that that purpose is the purpose for receiving and transferring funds?

MR PRESTON: The patron deposit account, for transfer and receiving, yes.

10 MS SHARP: Now, the Riverbank account was not authorised by the Western Australian casino regulator, was it?

MR PRESTON: As I mentioned to Mr Aspinall, it's a function of deemed authorisation through the legislative framework in WA.

15 MS SHARP: And what you mean by deemed authorisation is that the Western Australian regulator knew about the existence of these accounts.

20 MR PRESTON: There's a – yes, they – they knew about the existence of the Riverbank account and that through the function of the relevant directions and the casino manual which is approved by the regulator it does reference the casino accounts and Riverbank is one of those casino accounts, but they don't specifically authorise it if that's the question.

25 MS SHARP: All right. So the Riverbank account was not specifically authorised by the Western Australian regulator. Now, you've given evidence that the Southbank accounts were authorised by the Victorian regulator, haven't you?

MR PRESTON: It's a different regime. That's correct, they are – they're approved accounts.

30 MS SHARP: And you agree, don't you, that AUSTRAC had no role in authorising either of these accounts.

MR PRESTON: That's correct.

35 MS SHARP: So is this statement 100 per cent true, Mr Preston?

MR PRESTON: The whole statement or that paragraph, Ms Sharp?

40 MS SHARP: That paragraph, Mr Preston.

MR PRESTON: I believe it is true.

MS SHARP: No-one expressly authorised the Riverbank accounts, did they?

45

MR PRESTON: No, but that's not what I've said. I said they are deemed to be – they are deemed authorised accounts as a function of the legislative framework in WA.

5 MS SHARP: Do you accept that this particular paragraph is misleading?

MR PRESTON: No.

MS SHARP: Now, it goes on to say:

10 *Transactions through those accounts are subject to all of our usual reporting obligations, including our obligations under the AML/CTF Act.*

MR PRESTON: Yes.

15 MS SHARP: Now, the Riverbank – just to be clear, Riverbank and Southbank, the companies, had absolutely no reporting obligations under the AML/CTF Act, did they?

20 MR PRESTON: That's correct.

MS SHARP: And Crown Melbourne and Crown Perth did not report threshold transactions in respect of these Riverbank and Southbank bank accounts, did they?

25 MR PRESTON: That's correct.

MS SHARP: And your evidence is that until very late November 2016 Crown Melbourne and Crown Perth did not report IFTIs in respect of these bank accounts; correct?

30 MR PRESTON: Correct. In accordance with the AUSTRAC guidelines; that's correct.

MS SHARP: Isn't this paragraph misleading, Mr Preston?

35 MR PRESTON: If this – if it's to be read to reference threshold transactions, yes, that's incorrect.

MS SHARP: Well, it is to be read that way, isn't it, since you said:

40 *Subject to all of our usual reporting obligations.*

MR PRESTON: Well – well, it's subject to IFTIs, it's subject to the review from a suspicious matter perspective. It's not subject to a review with respect to the threshold transactions. I accept that piece.

MS SHARP: Now, it's correct that in around 2016 AUSTRAC raised with you some concerns about your transaction monitoring program.

MR PRESTON: I'd have to refresh my memory, sorry, Ms Sharp.

5

MS SHARP: Well, I will take you to an exhibit to your 20 February statement. If we could return to the Sixth Review report which is a public document. This was – to assist you, Mr Preston, it's exhibit J1, CRL.508.001.8052. And could I go to pinpoint reference 8190 and that can be brought up on the live feed. What I will do is highlight for you the first – the bottom half of the first column. I'm sorry, I should highlight a little bit more than that. The paragraph – that's it. Thank you. So can I draw your attention, Mr Preston, to the paragraph about halfway down the page that says that:

15

*In 2016-17 AUSTRAC undertook a casino junkets campaign.*

MR PRESTON: Yes, I can see that.

MS SHARP: I take it you remember that occurring?

20

MR PRESTON: Yes.

MS SHARP: And you will see that further down the page the report states:

25

*As part of the casino junket campaign, AUSTRAC assessed Crown Melbourne's AML/CTF program.*

MR PRESTON: Yes.

30

MS SHARP: And you will see that:

*The assessment identified several required actions to address areas of concern.*

MR PRESTON: Yes, I see that.

35

MS SHARP: And then the next paragraph:

*Crown Melbourne supplied the VCGLR and AUSTRAC correspondence which worked through areas of concern.*

40

MR PRESTON: Yes, that's correct.

MS SHARP: And then:

45

*These areas included Crown Melbourne's jurisdictional risk assessment for nationals from other countries and the transaction monitoring program.*

MR PRESTON: Yes.

MS SHARP: Does that refresh your memory that AUSTRAC had expressed some concern to Crown about its transaction monitoring program?

5

MR PRESTON: It does. My apologies. I think you referenced 2016. This was 2017, so - - -

10 MS SHARP: And then, Mr Preston, while we're here if I could take you over the page to pinpoint 8193, you will see that recommendation 17 of this review was that:

*...Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC to ensure that anti-money laundering risks are appropriately addressed.*

15

MR PRESTON: Yes, I see that. If I may, Ms Sharp. Sorry, if I may, just with respect to the reference to transaction monitoring program, firstly, whenever we get recommendations from AUSTRAC we implement them. With respect to that one specifically, that was referenced to staff observations on the floor, as I recall.

20

MS SHARP: Pardon me for one moment, Commissioner.

COMMISSIONER: So are you saying that the only thing that needed to be done in accordance with recommendation 17 relating to the input from AUSTRAC was 25 related to the observations made by staff in the general gaming area; is that right?

30

MR PRESTON: No, sorry, Commissioner, that was with respect to the AUSTRAC recommendation. The VCGLR recommendation was broader – was a broader proposition of review of the – all of the gaming regulator's internal controls to ensure that gaming internal controls ensured that the AML risks were appropriately addressed.

COMMISSIONER: But in respect of this recommendation that observation is irrelevant, is it?

35

MR PRESTON: Somewhat.

COMMISSIONER: All right. Yes.

40

MS SHARP: Could I take you, please, Mr Preston, to a document that you will find on Crown confidential list 5 at tab 78. My instructions are that this is an open document. It is CRL.606.001.0184.

MR PRESTON: Sorry, Ms Sharp, what tab was it?

45

MS SHARP: Tab 78, Mr Preston.

MR PRESTON: Yes.

MS SHARP: And you will see that's a letter from AUSTRAC to you dated 26 September 2017.

5

MR PRESTON: Yes, I do.

MS SHARP: And could I take your attention to the second page at pinpoint 0185.

10 MR PRESTON: Yes, I have that.

MS SHARP: And you will see there's a heading Other Matters, if I could highlight what comes after there.

15 MR PRESTON: Yes.

MS SHARP: Now, there's a reference to AUSTRAC encouraging Crown Melbourne to submit a suspicious matter report, then it says:

20 *Also as discussed, AUSTRAC wishes to advise that it is continuing to consider the IFTI-DRA matter internally and will be in contact as soon as possible with further information.*

What is the IFTI-DRA matter?

25

MR PRESTON: It came to our attention – I can't recall the specific date period, but there was a system upload – a system upgrade which, if I – again, if I recall correctly, which had an effect of moving some information that was supposed to be in one reporting box under an IFTI into another box, and there was about maybe 100 IFTIs 30 that had been – if I recall correctly, lodged. But it came to our attention they were lodged with wrong information in one box to another. So I called AUSTRAC and explained to them that we needed to extract a number of IFTIs to correct the information, which we duly did, if I recall the specifics of it, sorry.

35 MS SHARP: Could I take you to another document which you will find at Crown confidential list 4 at tab 11. My instructions are that this is an open document, but I might just confirm that with Ms Orr, if I can. The number is CRL.559.001.1560.

MS ORR: I will just get instructions on that, Ms Sharp.

40

COMMISSIONER: Thank you.

MS ORR: Mr Preston may have a view on that as well by the look of things.

45 MR PRESTON: No, this is subject to exploitation risk.

COMMISSIONER: Yes, it's a confidential document for the time being.

MS SHARP: Thank you.

COMMISSIONER: Yes, thank you, Mr Preston.

5 MS SHARP: You're, of course, familiar with this document, Mr Preston?

MR PRESTON: Yes, I am, Ms Sharp.

MS SHARP: Are you the person who arranged for this review to be conducted?

10

MR PRESTON: No, it was arranged by Louise Lane directly.

MS SHARP: Did you have any role at all with respect to this review?

15

MR PRESTON: Yes, in that to the extent that I instructed Louise Lane – sorry, I shouldn't say instructed – when we were reviewing the program, part of it was to engage an external party so there was general discussion between Louise and myself. She progressed and carried out the project.

20

MS SHARP: Is it right to say that this review was a follow up to the recommendations from the Sixth Review report that we've just looked at?

MR PRESTON: No, it's not.

25

MS SHARP: Is this review something that was a follow-up to a request from AUSTRAC?

MR PRESTON: No, it was not.

30

MS SHARP: Why was this review conducted?

MR PRESTON: Because we were working through enhancement opportunities for our AML framework. And one area we wanted to have a look at was our transaction monitoring program. This was an independent piece of work, Ms Sharp.

35

MS SHARP: Can I take you, please, Mr Preston, to pinpoint 1561. And you can – under the heading Background, could I just have you read the third paragraph to yourself.

40

COMMISSIONER: Perhaps we can just identify this without exposing any problems for Crown, of course. This is a document that was prepared by a company called Initialism; is that right?

MR PRESTON: That's correct, Commissioner.

45

COMMISSIONER: And you say it was not in response to the sixth review of the VCGLR; is that right?

MR PRESTON: That's correct.

COMMISSIONER: And it was only produced – I withdraw that. It was produced for the purposes of analysis by internal processes of Crown; is that right?

5

MR PRESTON: That's correct, Commissioner.

COMMISSIONER: Yes. Yes. Thank you, Mr Preston. Yes, Ms Sharp.

10 MS SHARP: And all I'm asking, Mr Preston, is in relation to the paragraph beginning Purpose, that that is what you understood the purpose of this review to be?

MR PRESTON: That's correct.

15 MS SHARP: And you will see there's an executive summary on the next page, pinpoint 1562.

MR PRESTON: Yes.

20 MS SHARP: And could I have you note the comment four paragraphs in, beginning "Crown's monitoring"?

MR PRESTON: Yes.

25 MS SHARP: And you will agree that the reference is to the "AML team reviewing" or "business units" - - -

MR PRESTON: It goes on to say – sorry. My apologies.

30 MS SHARP: Yes:

*...business units reviewing system-generated reports.*

MR PRESTON: Yes.

35

MS SHARP: So there's nothing anywhere in here about the cage in Crown Perth or the cage or credit control in Crown Melbourne reviewing accounts for AML purposes, is there?

40 MR PRESTON: There's nothing there that says that; that's correct.

MS SHARP: And can I take you, please, Mr Preston, to pinpoint 1568. And what we see here, you will agree, is a very detailed breakdown, in the case of Crown Melbourne, of its current monitoring activity.

45

MR PRESTON: Yes.

MS SHARP: Now, take all the time you need to look through this. But you'll agree, won't you, that there is no reference whatsoever to the accounts of Riverbank or Southbank being monitored?

5 MR PRESTON: No, I – I accept there's no reference to Riverbank or Southbank.

MS SHARP: And can I suggest to you that, nowhere in this entire report, is there any reference to the Riverbank or the Southbank account?

10 MR PRESTON: That's correct. I might add, if you like, at one-five - - -

MS SHARP: If you could just wait.

MR PRESTON: Sorry.

15 MS SHARP: Mr Preston, if you could just wait for me that would be appreciated. Pardon me. I would then like to – just on that point, are you able to assist us with the – if I can take you back to the front page of this document, can you assist us with the date of this document?

20 MR PRESTON: I can't recall the specific date, but it was certainly prepared by mid-year 2019.

MS SHARP: Thank you. Now - - -

25 MR PRESTON: Give or take.

MS SHARP: - - - there was another report prepared by Initialism. And I will take you to that now. This is a confidential document. It's to be found in Crown  
30 confidential list 4 at tab 4, and it's CRL.559.001.1554. Hearing room only. I will just have that document brought up for the hearing room only; CRL.559.001.1554. Now, it's not addressed to you, it's addressed to Louise Lane, but may we assume that she made you aware of this report?

35 MR PRESTON: Yes; that's correct.

MS SHARP: And you've read this report before?

MR PRESTON: I have before, not recently, but I have before.

40 MS SHARP: And this report was obtained arising from recommendation 17 in the sixth review that I've just taken you to?

MR PRESTON: That's correct.

45 MS SHARP: Can I take your attention, please, to pinpoint 1556?

MR PRESTON: Yes.

MS SHARP: And you will see, down towards the bottom of that page B, there's a reference to the transaction monitoring program.

5

MR PRESTON: Yes.

MS SHARP: And you'll agree that there's no reference to the Riverbank or the Southbank accounts there?

10

MR PRESTON: No, it just references any telegraphic transfer. But there's no reference to Riverbank or Southbank.

15

MS SHARP: And, in fact, there's no reference to Riverbank and Southbank or the Riverbank and Southbank accounts in either this report or the previous report by Initialism that I just took to you.

MR PRESTON: That's correct. Neither is there a reference to Crown Melbourne or Crown Perth accounts.

20

MS SHARP: What do you say to the suggestion that Initialism, via Neil Jeans, was never made aware of the existence of the Southbank or Riverbank accounts?

25

MR PRESTON: I can't speak to that. Sorry. Louise was dealing with – sorry. Ms Lane was dealing directly with Mr Jeans. And I'm not sure whether she made him specifically aware of those accounts.

MS SHARP: You never made Mr Jeans aware of those accounts?

30

MR PRESTON: Not for the purpose – not that I can recall for the purpose of the first report, and not that I can recall for the purpose of this report which Louise was driving.

MS SHARP: Now, his reports were all about transaction monitoring, weren't they?

35

MR PRESTON: That's correct.

MS SHARP: You agree, don't you, that it would be very important for Mr Jeans to be made aware of the fact that the Southbank and the Riverbank accounts existed?

40

MR PRESTON: I think it's relevant. And Mr Jeans would have been looking at accounts coming – transactioning into – all transactions coming in as a concept.

MS SHARP: It's not only - - -

45

MR PRESTON: He may have only seen the SYCO – sorry.

MS SHARP: It's not only relevant, but it was very important that he was made aware of these accounts; don't you agree?

5 MR PRESTON: I think it's relevant. And I think it's important that he's aware of all – he should have been aware of all transactions coming in through accounts.

MS SHARP: But you just can't tell us whether he was made aware of the existence of the Southbank or the Riverbank accounts?

10 MR PRESTON: No, I can't say that.

MS SHARP: Can I go back to – I withdraw that. Don't you think that, given that Southbank and Riverbank accounts were in a somewhat unusual position because they were, in fact, held not by Crown Melbourne and Crown Perth, but by other 15 companies, that it would have been important for Mr Jeans to expressly consider whether these accounts were being monitored by Crown Melbourne and Crown Perth?

20 MR PRESTON: I think it's absolutely relevant. But, again, I just can't say the specific detail with respect to what Ms Lane provided Mr Jeans with.

MS SHARP: Even though she reports to you and you are the AML compliance officer for the whole organisation?

25 MR PRESTON: Yes. And, unfortunately, I don't have the time to see all documents and go through all documents. But I agree with you, understanding our accounts is an important – important aspect.

30 MS SHARP: All right. Well, I'm asking you because you are the AML compliance officer. It was very important that these accounts were disclosed to Mr Jeans, wasn't it?

MR PRESTON: Like the other accounts. Yes.

35 MS SHARP: Can I just take you back to your letter to AUSTRAC which is appended to your 28 August 2020 - - -

COMMISSIONER: I think we might adjourn now.

40 MS SHARP: Yes.

COMMISSIONER: Thanks. Mr Preston, we're going to take the luncheon adjournment. We'll resume at 2 pm, 12 noon, your time.

45 MS ORR: I'm sorry, Commissioner - - -

MR PRESTON: Sorry. Commission, I don't have any sound.

MS ORR: Commissioner, we have no sound for the Commissioner, but before – before the Commissioner leaves - - -

COMMISSIONER: Just pause. Just pause. Can you hear me now, Ms Orr?

5

MS ORR: I've just heard the last part then. The volume came on as you finished that sentence, Commissioner.

COMMISSIONER: Yes. Did you want to say something, Ms Orr?

10

MS ORR: Yes, I did, Commissioner. I would like to speak to Mr Preston over the luncheon adjournment for the purposes of clarification of some of the evidence so far.

15

COMMISSIONER: Ms Sharp, any objection to Ms Orr speaking at this stage or do you wish to wait until you've concluded?

MS SHARP: I have no objection.

20

COMMISSIONER: All right. Ms Orr, there's no objection to you speaking to Mr Preston during the luncheon adjournment.

MS ORR: Thank you, Commissioner.

25

COMMISSIONER: And, as I was saying, although you may not have heard it, I'm going to adjourn for the luncheon adjournment until 2 pm.

MR PRESTON: Thank you, Commissioner.

30

MS ORR: Thank you, Commissioner.

COMMISSIONER: Yes. All right. Thanks.

35

**ADJOURNED**

[1.02 pm]

**RESUMED**

[1.58 pm]

40

COMMISSIONER: Thank you. Yes, Ms Sharp.

MS SHARP: Mr Preston, can I take you to a document that you annexed to your statement dated 28 August this year. It's document I – I will bring it up only for the VC – CRL.663.001.0001. Have you got that document, Mr Preston?

MR PRESTON: Can I just repeat it, 666.001.0001? Sorry.

MS SHARP: Yes.

MR PRESTON: Sorry.

5 COMMISSIONER: I think that was only for the hearing room.

MS SHARP: Yes, hearing room only.

COMMISSIONER: Only for the hearing room. Thank you.

10 MR PRESTON: Yes, I have it.

MS SHARP: And that's the document that you authored to AUSTRAC dated 20 August 2020?

15 MS ORR: I'm sorry, Commissioner, that document remains on the screen. I just want to check that that is hearing room only.

COMMISSIONER: Yes, I've asked for it to be taken down and it is happening. I'm 20 sorry for that occurrence. Yes. Yes, Ms Sharp. I'm sorry. If you could ask that again.

MS SHARP: Yes. Could you go to – I withdraw that. I'll just confirm this is the document that you authored on 20 August 2020 to AUSTRAC?

25 MR PRESTON: Co-authored, yes.

MS SHARP: Co-authored. The other person who authored it is the current group general manager of anti-money laundering, Mr Nick Stokes?

30 MR PRESTON: That's correct.

MS SHARP: Could I take you, please, to pinpoint 0002, and just have you look under the heading Next Steps. Now, could I direct your attention, please, to 35 subparagraph (a), right at the bottom, and just have you read that subparagraph continuing on to – once you've read that, on to the next page. And is it correct that when you're referring to an engagement of an external reviewer, you are referring to Mr Neil Jeans of Initialism?

40 MR PRESTON: That's correct.

MS SHARP: And what you were intending to convey to AUSTRAC was that the reviewer had found that under the monitoring program Crown's obligations were being met.

45 MR PRESTON: That's correct. That's what the report indicated.

MS SHARP: But you cannot tell us – even though you gave that assurance to AUSTRAC, you cannot tell us whether Mr Jeans was ever provided with knowledge of the existence of the Southbank and Riverbank accounts.

5 MR PRESTON: So not – not with certainty, sorry, Ms Sharp.

MS SHARP: Well, not at all.

10 MR PRESTON: I just said I can't tell you specifically whether he was not, so I don't – I can't tell you right now that he was.

MS SHARP: But you gave that assurance to AUSTRAC that all was in order.

15 MR PRESTON: I don't think it was an assurance. I just provided a statement of fact that that is what the report provided, which was an indication that it's – the monitoring program has been looked at recently and it was deemed to be Crown was meeting its obligations, but obviously acknowledging as articulated in the letter that we've identified what we believed to be an issue, a serious issue.

20 MS SHARP: Now, you have never spoken to the cage staff about whether they were monitoring the Southbank or the Riverbank account for money laundering purposes?

MR PRESTON: Not specifically that I can recall.

25 MS SHARP: And you have never spoken to the cage supervisors about whether those accounts were being monitored by the cage for anti-money laundering purposes.

30 MR PRESTON: Not that I can recall specifically referencing those accounts, no.

MS SHARP: So you have absolutely no basis, do you, for saying that the failure of the cage staff to monitor those accounts for anti-money laundering purposes were inadvertent.

35 MR PRESTON: If I can explain what my interpretation of the language used was that their aggregation of the numbers in my mind compromised inadvertently – I've got no reason to believe they were doing it deliberately, but again I haven't spoken to them – compromised the TT listing report which the AML team reviews.

40 MS SHARP: When you said that the Crown cage staff inadvertently failed to monitor the Southbank and Riverbank accounts for anti-money laundering purposes, that was not true.

45 MR PRESTON: I don't think I said inadvertently failed to monitor the accounts.

COMMISSIONER: I think you said inadvertently compromised the AML team capacity.

5 MR PRESTON: Inadvertently – yes, sorry, Commissioner. But it wasn't to not monitor the accounts for the purpose of the AML obligations; it was inadvertently compromised through their aggregation of the numbers, compromised the ability of the AML team to review the transactions.

10 MS SHARP: And in fact, you have never confirmed with a single cage staff member or a cage supervisor that they understood that they were in any way required to monitor the Southbank and Riverbank accounts for any anti-money laundering purposes.

15 MR PRESTON: Ms Sharp, as I've said numerous times, the expectation is that all of the transactions are monitored equally.

MS SHARP: Could you answer my question, please, Mr Preston.

MR PRESTON: Can you repeat the question, please?

20 MS SHARP: In fact, you have never confirmed with a single cage staff member or a cage supervisor that they understood that they were in any way required to monitor the Southbank and Riverbank accounts for anti-money laundering purposes.

25 MR PRESTON: No, I have not.

MS SHARP: It was your expectation when you gave evidence last month that it was Scott Howell that did it, wasn't it?

30 MR PRESTON: Scott Howell did what, sorry, Ms Sharp?

MS SHARP: Monitor the Southbank and Riverbank accounts for anti-money laundering purposes.

35 MR PRESTON: Scott Howell monitors the TT listing reports, I – I may have been more expansive in terms of my commentary last time, but Scott Howell monitors the TT reports which captures the transactions that come through from all of our accounts.

40 MS SHARP: Mr Preston, you do understand that I'm referring specifically to the accounts, don't you?

45 MR PRESTON: Well, this might be part of – it may be my problem in that reference to accounts, I'm talking about the transactions off those accounts. They look at the bank statements which has got each and every transaction and that might be – it may be my inability to explain it to the Inquiry. They're looking at the – each and every transaction of the – of the accounts.

MS SHARP: I will move on. Can I show you your statement of 6 March this year. That is an open document. It is CRL.577.002.0017. And it's exhibit J3, if that assists, Commissioner.

5 COMMISSIONER: Thank you.

MS SHARP: Could I take you, please, to your paragraph 31(g) which is .0024.

10 MR PRESTON: Yes, Ms Sharp.

MS SHARP: Can you see at the bottom of that page .0024 at subparagraph (3) you refer to the Chinatown junket?

15 MR PRESTON: (g), yes.

MS SHARP: And you state there:

*We have identified a number of junket operators who use the term "Chinatown" as a brand or identifier.*

20 And then on the following page you identify four people.

MR PRESTON: That's correct.

25 MS SHARP: And then you explain that in annexure 3 you've set out some searches conducted in relation to them and that's what we've come to refer to as confidential annex 3. Then you explain:

*Crown decided not to carry on any further business with these persons as junket operators in November 2016 as part of the review referred to in paragraph 21(b) above.*

Now, that was what we've been describing as the 2016/2017 review following on from the arrests in China?

35 MR PRESTON: That's correct.

MS SHARP: And your evidence is that Crown decided not to have any further business with these four named persons as junket operators in November 2016?

40 MR PRESTON: That's – that's correct.

MS SHARP: And why was that decision made?

45 MR PRESTON: I – I – I wasn't part of that decision, sorry. I can't answer that.

MS SHARP: Mr Preston, are you suggesting you have no idea why a decision was made not to deal with these people you've identified as the Chinatown junket in November 2016?

- 5 MR PRESTON: No, I'm not suggesting that. I don't know, specifically, with respect to these ones. What I do know is, as I understand it – again, it was before any involvement I had – the business took a decision to review or cease doing business with any junkets who had a – were domiciled in China, if I'm not mistaken.
- 10 MS SHARP: Well, you're the one who put in your statement that Crown decided not to carry on any further business with these persons as junket operators in November 2016. To the very best you can, can you explain why that decision was made in November 2016?
- 15 MR PRESTON: As I just said, as I understand, the business decided to stop dealing with junkets who were domiciled – PRC-domiciled.

COMMISSIONER: Any junket in China was – there was a cessation of the commercial relationship with any junket who domiciled in China; is that right?

- 20 MR PRESTON: I believe that was the decision of the business, Commissioner. Sorry, I just lost sound. Sorry. Commissioner, I didn't mean to interrupt.
- COMMISSIONER: What I said was, as I understand it, the business decided to stop dealing – is that right – with any junket - - -

MR PRESTON: Sorry. Commissioner, I've lost sound.

COMMISSIONER: I see. All right. Can you hear me now, Mr Preston?

- 30 MR PRESTON: I can. Thank you, Commissioner.

COMMISSIONER: Yes. I apologise for that. I just wanted to make sure what you had said. Is that that you, that's Crown, decided to stop all commercial – no. You 35 can't hear.

MS ORR: I'm very sorry, Commissioner. We - - -

40 COMMISSIONER: Yes. That's all right. That's all right. Now, I'm going to take an adjournment.

MS SHARP: Yes. We did check this extensively over the lunch - - -

COMMISSIONER: I will take an adjournment.

- 45 MS SHARP: Yes. Thank you.

**ADJOURNED**

[2.12 pm]

**RESUMED**

[2.22 pm]

5

COMMISSIONER: All right. I think, Mr Preston, you were interrupted a little when I was asking you to tell me whether it was the case that you had said that, in late 2016, the company stopped dealing with any junket that was domiciled in the  
10 PRC; is that right?

MR PRESTON: That's correct. And they did a full review of them, Commissioner.

COMMISSIONER: I'm just asking you – I'm just asking you a simple question. Is  
15 that what you said?

MR PRESTON: I just don't think it's – sorry. I just don't think it's a simple answer, because I think that was the philosophy. But they've reviewed them all at  
20 the same time, but, ultimately, we've stopped doing business with any junket, now, who is domiciled in China.

COMMISSIONER: I'll have to leave it to you, Ms Sharp.

MS SHARP: Thank you.

25

COMMISSIONER: And may I just say thank you to the technology staff and the support staff. They're doing an extraordinary job. It's rare that we have these interruptions. Thank you very much. There's no need to apologise. Yes, Ms Sharp.

30 MS SHARP: Mr Preston - - -

MS ORR: I'm sorry to – I'm sorry to interrupt and be the bearer of bad news, but only about two-thirds of what the Commissioner just said was audible to me.

35 COMMISSIONER: I was just saying that I was congratulating the technology staff for assisting us across the times that we're in, these difficult connections, and it's – that's all I was saying, that I was grateful for the assistance that we are receiving, as best we can, whilst trying to take evidence from all over the country. Thank you. Yes, Ms Sharp.

40

MS SHARP: Mr Preston, could I now, please, take you to a further part of your 6 March statement. This is at paragraph 31(j) which is at pinpoint 0025.

MR PRESTON: Yes.

45

MS SHARP: Now, here, at (j), you refer to Mr Tom Zhou who you note is sometimes known as Zhou Jiuming.

MR PRESTON: Yes.

MS SHARP: And you explain that he has never had a junket operator arrangement with Crown or been a junket representative for other junket operators at Crown.

5

MR PRESTON: Yes, that's – that was the information that we have on our records.

MS SHARP: But he did have a very important relationship with the Chinatown junkets, didn't he?

10

MR PRESTON: That's what has been referenced, yes. But I have no personal knowledge of his relationship with any of those people listed in the Chinatown junket.

15

MS SHARP: And what is that special relationship he has with the Chinatown junkets?

MR PRESTON: I can only go on what I've – what I've been told, Ms Sharp, if that's helpful.

20

MS SHARP: Yes, it is.

MR PRESTON: I have no direct knowledge of it at all.

25

MS SHARP: Yes, please.

MR PRESTON: I've heard him being referenced as a financier. But I have seen – no one's provided any records to me that there's any form of commercial relationship that I've seen in that capacity. And I've also had reference made - - -

30

MS SHARP: Well, stop there, Mr Preston, please. Why didn't you tell this Inquiry that you had heard that important piece of information?

35

MS ORR: I object. I object, because the information that Ms Sharp is referring to in this part of Mr Preston's statement is directed to a particular question that dealt with junket operators.

COMMISSIONER: Yes, Ms Sharp.

40

MS SHARP: You were aware that this Inquiry was interested in the Chinatown junkets, weren't you?

MR PRESTON: Yes.

45

MS SHARP: And you were aware that this inquiry was interested in understanding all that it could about Crown's relationship with the Chinatown junkets, weren't you?

MR PRESTON: I – I was responding to this question – sorry, Ms Sharp – that was put to me with respect to this statement.

MS SHARP: All right. You made no connection in this statement, when you spoke  
5 about Tom Zhou to him – you mentioned that he was not a junket operator; you mentioned that he was not a junket representative; you mentioned that he was a player; and you mentioned that he had been issued with a withdrawal of licence. But you did not mention that, in fact, you understood him to be the financier of the Chinatown junket.

10 MR PRESTON: That's not what I said. I did not understand him to be the financier of a junket. I said information that has been referenced to me – and there's been no confirmation one way or the other – and that's the reason why it's not included and specifically the facts – the records suggest – show that he's never been an operator, 15 never been a rep. He's only ever been a player.

MS SHARP: Can I please show you document CRL.579.026.369. This is in Crown list 2 at tab 19. That's a confidential Crown list. Sorry. I think I gave the wrong number. It's CRL.579.026.0369. Just show that to the hearing room.

20 MR PRESTON: Sorry. Ms Sharp, can you just repeat the tab number?

MS SHARP: Yes. It's tab 19 of Crown confidential list 2. Now, do you have before you a document called Patron Information?

25 MR PRESTON: Yes, I do, Ms Sharp.

MS SHARP: All right. And do you see that there's a footnote on the heading.

30 MR PRESTON: Yes, I do.

MS SHARP: All right. And can you have a look at what that footnote is defined to mean?

35 MR PRESTON: Yes, I'm just trying to see where the foot – sorry. There we go. Sorry. Yes.

MS SHARP: Now, you've seen this document before, haven't you?

40 MR PRESTON: I have.

MS SHARP: It was prepared for you, wasn't it?

MR PRESTON: Yes, it was.

45 MS SHARP: Yes. It was prepared – who was it? Was it Louise Lane or Jan Williamson who prepared this document to brief you?

MR PRESTON: It would have been Jan who collated the information and put it together in this form.

5 MS SHARP: And do you see one of the pieces of information they're briefing you with is that Mr Tom Zhou is:

*...believed to be the financier of the Chinatown junket.*

10 MR PRESTON: Yes, I see that.

MS SHARP: So you were briefed on that piece of information?

MR PRESTON: Yes. I had that piece of information.

15 MS SHARP: And you were briefed on that piece of information well before you made your statement to this Inquiry on 6 March 2020.

MR PRESTON: Yes, I was.

20 MS SHARP: But you did not see fit to include in this paragraph 31 where you're telling us about the Chinatown junket and then separately about Mr Tom Zhou that you had been briefed by one of your most senior legal officers that he's believed to be the financier of the Chinatown junket.

25 MS ORR: Commissioner, I maintain my objection in relation to that question. It is not a fair question given the question that the statement was directed to.

30 COMMISSIONER: I think in the context I will allow it. Thank you, Ms Orr. Yes, Ms Sharp. I think the question was you saw fit not to put it in your statement, Mr Preston.

MR PRESTON: That's correct, Commissioner.

COMMISSIONER: Yes. Thank you.

35 MS SHARP: Why?

40 MR PRESTON: I didn't think it pertinent, Ms Sharp. In answering this question – it says there "believed to be". At the time of making the statement there were questions – not actually at the time of the making of the statement, it might have been at that same time as well, but there were questions asked as to "why does anyone believe" – "can anyone show me any form of documentation or proof or otherwise that he's the financier" and it seemed to me that it was just some form of innuendo because I could not see anything further to that and I didn't think that was relevant for the purpose of my second statement responding to the questions that were – the question that was asked.

MS SHARP: Is it your serious evidence that nobody in Crown so far as you were aware had knowledge that Mr Tom Zhou was the financier of the Chinatown junkets?

5 MR PRESTON: No-one that I know of has confirmed for me that he was the financier.

MS SHARP: Now, that was your statement you made back in March. Let me ask you about your knowledge today. What is that, please?

10 MR PRESTON: Well, nothing has changed. No-one has ever said to me or shown to me any documentation that shows that Tom Zhou is the financier of these junket operators referenced as Chinatown.

15 MS SHARP: So despite the fact that one of your most senior legal officers, who you requested to brief you on the matter, briefed you with information that he was believed to be the financier of the Chinatown junket, that was not enough to satisfy you that Crown thought that he was the financier of the Chinatown junket.

20 MR PRESTON: No.

MS SHARP: Is that true?

MR PRESTON: Absolutely it's true.

25 MS SHARP: Now, you see if we can look a little bit further down this patron information report, there's a dot point halfway down the first page that says:

*Chinatown junket means –*

30 do you see that?

MR PRESTON: I do.

35 MS SHARP: And can you count them, can you see that in fact six different junket operators are referred to?

MR PRESTON: Yes.

40 MS SHARP: But you do agree that you only referred to four of them in your March statement to this Commission at 31, subparagraph (g)?

MR PRESTON: Yes, I – I see that.

45 MS SHARP: Why did you fail to refer to all of them?

MR PRESTON: I didn't fail. It's deliberate in that this was information produced early in the piece and for the purpose of producing of the statement we wanted to ensure that those – the detail was accurate and there are two on that list that are not a reference to Chinatown junkets. It was information that was provided early and it

5 turned out to be incorrect.

MS SHARP: You see on that first page that in relation to the first three junkets on that first page, a guarantor is referred to and that's Tian Di?

10 MR PRESTON: Yes, I see that.

MS SHARP: Now, you don't make any reference to that in paragraph 31(g) of your 20 February statement, do you?

15 MR PRESTON: No, I do not.

MS SHARP: You do, of course, refer to Tian Di when you refer separately to Mr Tom Zhou at paragraph 31(j).

20 MR PRESTON: That's correct.

MS SHARP: Again, can I ask you why weren't you drawing these links to the Inquiry's attention in your statement?

25 MR PRESTON: Well, I was responding to question 9 and if it had have been broader as a question I would have had no problems responding with that information.

30 MS SHARP: Would you excuse me for a moment, Commissioner. It's right, isn't it, that Tian Di was arrested at the same time as the Crown staff in mainland China in October 2016?

MR PRESTON: I understand that's correct.

35 MS SHARP: He, in fact, was regarded by Crown to be a major provider of Chinese high rollers to Crown?

MR PRESTON: I'm – I'm not quite sure I – I have that knowledge, Ms Sharp.

40 MS SHARP: Well, I might just refer you to the footnote in the patron information that was briefed to you. If we can return to CRL.579.026.0369, and then over the following page at .0370. Could I ask you to look at footnote 2, please.

MR PRESTON: Yes.

45

MS SHARP: He's, to your knowledge, clearly associated with the Chinatown junkets, isn't he?

MR PRESTON: The records indicate that he was a guarantor for those Chinatown junkets, yes.

5 MS SHARP: And your information to us is you just didn't think that question 9 asked for that information so that's why you didn't expose the link of Tian Di to the Chinatown junkets.

MR PRESTON: That's correct, Ms Sharp. If I had have thought it was relevant, I would have absolutely have put it in.

10 MS SHARP: You wouldn't have thought it was relevant to tell us who the funder of the junkets is?

MR PRESTON: No, I didn't - - -

15 MS ORR: I maintain - - -

MR PRESTON: - - - at the time in responding to the question.

20 MS ORR: I'm sorry, I maintain the same objection.

COMMISSIONER: I think Mr Preston said, "I didn't at the time in responding to the question". Have you got the transcript there, Ms Orr? You have access to the realtime - - -

25 MR PRESTON: That's what I said, Commissioner.

COMMISSIONER: Yes. But you accept now that it's a relevant matter to be brought to the attention, you would think.

30 MR PRESTON: Yes, I see it's relevant, Commissioner.

COMMISSIONER: Yes, all right. Yes, Ms Sharp.

35 MS SHARP: I would now like to ask you some questions about Veng Anh. You're familiar with who that is?

MR PRESTON: Yes, I'm aware of Veng Anh. Yes.

40 MS SHARP: Is it correct that Veng Anh has been stood down from his employment at Crown?

MR PRESTON: I believe he's been stood down with, I think, 97 per cent of our staff, if I'm not mistaken.

45 MS SHARP: He was stood down for a COVID-19 reason, was he?

MR PRESTON: I believe so. I – I'm not – I'm not entirely sure, but I believe so.

MS SHARP: I don't understand your answer. Sorry. What, was he stood down for COVID-19 purposes or for some other reason?

5

MR PRESTON: As I said, I – as I said, I believe he was stood down for that purpose. I don't – I'm not sure whether he was stood down for any other purpose. I can't recall.

10 MS SHARP: It's right that he's a fairly senior officer of Crown Resorts?

MR PRESTON: I – I don't know Mr Anh. I know he's a VIP host based locally in Melbourne. But I'm not quite sure if I'd describe him as a very senior officer of Crown.

15

MS SHARP: Well, you conducted some investigations into a transaction he was involved in, didn't you?

20 MR PRESTON: I – I did in, I think, it was late '17. I responded to a regulatory request for information.

MS SHARP: About a transaction that Mr Anh was involved in?

MR PRESTON: That's correct.

25

MS SHARP: Can I show you a document, please. I understand it is now an open document. It's on – just to assist you, Mr Preston, it's the Crown confidential list 11 at tab 18. It's a VIP international organisational chart. It's CRL.651.001.0039. Have you got that document in front of you?

30

MR PRESTON: Yes. Sorry. I was trying to locate it. Yes, I – I do.

MS SHARP: Okay. This is the reporting structure of the VIP international team as at August 2020; do you agree?

35

MR PRESTON: Yes, it is.

MS SHARP: And you will see that Mr Barry Felstead is at the top of this chart, because he's the leader of this team?

40

MR PRESTON: I see Mr Felstead up there in his capacity as CEO. Yes.

MS SHARP: And if you follow down his reports, on the left-hand side you can see Jacinta Maguire?

45

MR PRESTON: Yes.

MS SHARP: And under her, to the right, you can see Luke Di Paola?

MR PRESTON: Yes. I – I see that.

5 MS SHARP: And right under that you see Mr Veng Anh?

MR PRESTON: Yes, I see that.

MS SHARP: And he's named here as a vice president IBO.

10

MR PRESTON: Yes.

MS SHARP: That's international business opportunities, is it? Sorry. International business operations?

15

MR PRESTON: Yes, that's correct.

MS SHARP: So vice president level, you'd agree he's a reasonably senior officer at Crown?

20

MR PRESTON: I wouldn't. I wouldn't describe that level – and, again, I don't know Mr Anh – but I wouldn't describe that level as very senior. Vice president titles, I think, are often used in that part of the business in a different sense to what you would normally see vice president in a corporate arrangement.

25

MS SHARP: Are you able - - -

MR PRESTON: And I – sorry.

30

MS SHARP: Are you able to shed any light on his role and responsibilities in that position?

MR PRESTON: No, sorry, I'm not. I'm not familiar with what role he actually undertakes.

35

MS SHARP: And you say that notwithstanding that you conducted an inquiry for the purpose of answering a letter to the Western Australian casino regulator?

40

MR PRESTON: Yes, I – I didn't conduct an inquiry on what his – his roles and responsibilities were.

MS SHARP: Can I just go to the letter that the Western Australian casino regulator wrote to you. I understand this is an open document, but it is in Crown confidential list 5 at tab 69, and it is CRL.606.001.0001. If I can bring that up.

45

MR PRESTON: Yes, I have that. Thank you, Ms Sharp.

MS SHARP: Thank you. Now, as it turns out, this letter is not dated, but you can take it from me that you've referred to it in other correspondence as being dated 31 October 2017.

5 MR PRESTON: Yes.

MS SHARP: Now, the regulator, the chief casino officer in Western Australia, is asking you, specifically, about a transfer of \$500,000 from a Crown Perth account in the name of Nan Hu.

10

MR PRESTON: Yes.

MS SHARP: Was this a usual or unusual thing for the Western Australian regulator to ask you for details of particular transactions?

15

MR PRESTON: It was unusual.

MS SHARP: Did it cause you to have any concerns when you first received that letter and before you'd looked into it?

20

MR PRESTON: Well, it was unusual. And it certainly led me to make inquiries with the regulator. And I asked my team to make inquiries with the regulator and collect the necessary information, because it was unusual.

25

MS SHARP: And it is correct, isn't it, that you gave a fairly detailed reply to the regulator on 8 November 2017?

MR PRESTON: That's – that's correct. I responded to the questions that were asked with as much detail as we could.

30

MS SHARP: And you were the person who signed that letter?

MR PRESTON: Yes, I was.

35

MS SHARP: And you said, at the end of that letter:

*Should you have any queries, please do not hesitate to contact me.*

MR PRESTON: Yes.

40

MS SHARP: And that was because you investigated the matter yourself, was it?

MR PRESTON: No. That was because I was - - -

45

MS SHARP: You signed the letter.

MR PRESTON: That's right. And, often, the regulator will call me or other people in my team. If they call me direct and ask further questions, I will source the necessary information.

5 MS SHARP: So you didn't conduct the investigation?

MR PRESTON: I had my team go through the questions, collate the information and prepare a response for me.

10 MS SHARP: And do you - - -

MR PRESTON: And they spoke to me about it.

15 MS SHARP: Do you accept that you were ultimately responsible for the investigation?

MR PRESTON: Well, when you say "investigation", we got a letter from the regulator; we made inquiries within the business as to what they were asking about; and we responded; and the letter was in my name.

20 MS SHARP: Well, I'll call it the inquiries then. Do you accept that you were ultimately responsible for the inquiries?

MR PRESTON: Yes, I do.

25 MS SHARP: And may we take it that, before you put your signature to a letter to the Western Australian regulator, which you regarded to be an unusual request, that you satisfied yourself of the accuracy of what was stated in that letter?

30 MR PRESTON: I would expect I did.

MS SHARP: Can I now take you through the transaction that was the subject of the inquiries for which you were ultimately responsible. Now, firstly, can I take you to a document,, which I understand to be an open document which is – Mr Preston, you will find at Crown confidential list 6 at tab 116, and it is CRL.576.001.1128. Pardon me for one moment. Now, this is an authority to disperse funds from Crown Perth. Do you agree?

40 MR PRESTON: I'm sorry. I might be looking at the wrong document, Ms Sharp. What tab number was it? Sorry.

MS SHARP: Yes. I have a note that it is tab 116. And would it help you if I gave you the - - -

45 MR PRESTON: Sorry. No, no, that's – that's fine. I was on 115.

MS SHARP: And you see that's – it's a Crown Perth document. And you see it's authority to disperse funds?

MR PRESTON: I do.

5

MS SHARP: And then you'll see that it is directed to the Crown Perth Pearl Room cage.

MR PRESTON: Yes.

10

MS SHARP: And that's the VIP room cage in Perth?

MR PRESTON: Yes.

15

MS SHARP: And you will see that the patron account number is Zhou Qiyun.

MR PRESTON: Yes.

MS SHARP: When they say "patron account" here, they mean the junket operator,  
20 don't they?

MR PRESTON: That's correct.

MS SHARP: And the date you see at the request here is 14 January 2017?

25

MR PRESTON: That's correct.

MS SHARP: Right. But didn't you tell this Inquiry that Crown ceased doing business with the Chinatown junkets in November 2016?

30

MR PRESTON: Yes, I did. And, on reflection, this activity here was related to funds that were still sitting in the account from gaming activity prior to that – that 2016 position the business took. So I accept that my reference in the statement says "all business" at the end of '16 – all gaming business – but this was funds that were 35 still sitting in Mr Qiyun Zhou's account from earlier in 2016, as I understand it.

MS SHARP: So it wasn't actually quite right for you to say in your 6 March statement that Crown had stopped all business with the Chinatown junket in November 2016?

40

MR PRESTON: I accept that on the basis this transaction occurred after that point in time.

MS SHARP: Because, of course, Crown wired half a million dollars on the part of  
45 that junket operator here on around mid-January 2017.

MR PRESTON: That's correct.

MS SHARP: Tell me, Mr Preston, did you take a somewhat careless approach in preparing your March statement to this Inquiry?

MR PRESTON: I certainly did not.

5

MS SHARP: We've seen a number of mistakes.

MR PRESTON: I don't accept a number of mistakes. And what I can say is there was – I put an enormous amount of effort into this.

10

MS SHARP: I just want to – I withdraw that. In any event, what we see on this authority to disperse funds is an amount for AUD, Australian dollars, of \$500,000.

MR PRESTON: That's correct.

15

MS SHARP: And the signature in Chinese symbols, is that of the patron?

MR PRESTON: I – I assume so - - -

20 MS SHARP: Yes? All right.

MR PRESTON: - - - Ms Sharp, I'm - - -

MS SHARP: All right, because they say the patron is Zhou Qiyun. And you have no reason to doubt that that's actually his signature?

25 MR PRESTON: Correct.

30 MS SHARP: And the details of the account to be credited are then listed as a Commonwealth Bank account held in the name of Nan Hu, H-u.

MR PRESTON: That's correct.

35 MS SHARP: Now, you are aware, as a result of your enquires into this transaction, that Nan Hu was not playing on any junket of Zhou Qiyun?

MR PRESTON: That's correct.

40 MS SHARP: And he certainly had not won \$500,000.

MR PRESTON: That's correct.

45 MS SHARP: Could I now, please, take you to a document – again, I understand it's an open document. It's, for your benefit, Mr Preston, Crown confidential list 6, tab 119. And the document reference is CRL.578.001.0014.

MR PRESTON: Yes, I have that. Thank you, Ms Sharp.

MS SHARP: Could I just take you to the bottom of that first page. You will see that this is an email from Johnny Liu to David Brown and others, including Veng Anh.

5 MR PRESTON: Yes, I see that.

MS SHARP: And you will see that the subject is Zhou Qiyun?

MR PRESTON: Yes, I see that.

10 MS SHARP: And you will see that there is an instruction to the cage managers to:

*Raise two TTs –*

15 what's that, telegraphic transfer?

MR PRESTON: That's correct.

MS SHARP:

20 *...of 500 each to the patron's nominated account.*

MR PRESTON: Yes.

25 MS SHARP: And could I take you over the page, please. Now, it says that:

*This is approved by Roland and Jacinta.*

MR PRESTON: Yes, I see that.

30 MS SHARP: Do we understand that – do we understand Roland Theiler and Jacinta Maguire approved the raising of these telegraphic transfers?

MR PRESTON: That's what the document indicates.

35 MS SHARP: But you know the media made a series of allegations about Veng Anh's involvement in this transaction, don't you?

MR PRESTON: Yes, I do.

40 MS SHARP: And you're aware that the media allegation is that Veng Anh approved the transaction, aren't you?

45 MR PRESTON: I am. That's just not correct. Veng – Veng wouldn't have authority to do that.

MS SHARP: That's right. And you, I assume, would say that Roland Theiler and Jacinta Maguire approved the transaction?

5 MR PRESTON: Well, they approved – based on the chain of events, they approved the transaction to disperse the two TTs. I'm just trying to look through the remainder of the emails.

MS SHARP: Well, we will come to that. The remainder of the emails come after the approval. But you do note that Veng Anh is copied into that instruction?

10 MR PRESTON: I do. That's correct, yes.

15 MS SHARP: Now, could I take you to another document. This one – again, it's an Crown confidential list 6 at tab 113 at – and, again, I understand it's an open document. It is CRL.576.001.1120.

MR PRESTON: Yes. Thank you, Ms Sharp.

20 MS SHARP: And I should have indicated in relation to that other document, you'd seen that other email before, hadn't you?

MR PRESTON: I believe I have, yes.

25 MS SHARP: And the same goes with this email I've just taken – this document, this telegraphic transfer request, that I'm showing now?

MR PRESTON: I – I can't recall whether I've seen this one. I've definitely seen the email before. Specifically, when – I know that I was taken to it in the first hearing – or the first round, I should say – but this one, I can't specifically recall.

30 MS SHARP: Now, this is a Crown Perth document. It's a telegraphic transfer request form. And you see it's in the patron name of Zhou Qiyun?

MR PRESTON: I do.

35 MS SHARP: And it's dated 15 January 2017?

MR PRESTON: Yes, I see that.

40 MS SHARP: And do you see, a little bit further down, it's been prepared by Jessica Ng and signed off by Gary Zeng?

MR PRESTON: Yes.

45 MS SHARP: And am I correct in understanding that Jessica Ng was the cage operator and that Gary Zeng was some kind of cage supervisor?

MR PRESTON: No. I think Gary Zeng might work in international operations.

MS SHARP: Now, can you see that there are special instructions there?

5 MR PRESTON: Yes, I do.

MS SHARP: And do you see it said:

*Good friend of Zhou Qiyun.*

10

MR PRESTON: Yes.

MS SHARP: And you will see the beneficiary is Nan Hu?

15 MR PRESTON: Correct.

MS SHARP: And it's an amount of 500,000?

MR PRESTON: Yes.

20

MS SHARP: Can you assist us in understanding where that special instruction:

*Good friend of Zhou Qiyun came from?*

25 MR PRESTON: It came from Mr Anh.

MS SHARP: And that was the special instruction that attached to this telegraphic transfer request form.

30 MR PRESTON: I – I don't know whether that specific document was attached, but that is Mr Anh's commentary as to the relationship.

MS SHARP: So Mr Anh was vouching for this transaction, wasn't he?

35 MR PRESTON: I – I don't know whether I'd say vouching, but he was the one who was providing the information to confirm the relationship.

MS SHARP: Well, he was vouching for it.

40 MR PRESTON: He was vouching for the nature of the relationship.

MS SHARP: He was vouching for the propriety of this transaction.

45 MR PRESTON: His – the question he was asked, if I'm not mistaken, is the relationship.

MS SHARP: He was vouching for the propriety of this transaction, wasn't he?

MR PRESTON: I'm sorry, Ms Sharp, I can only answer it the same way. It's – he was asked about the relationship between Mr Zhou and Mr Hu and I think, based on – and again, I wasn't involved in this transaction – that's just what the records seem to say.

5

MS SHARP: Well, Mr Preston, you understand what the word "vouching" means, do you?

MR PRESTON: Yes, I do.

10

MS SHARP: Do you understand that Mr Veng Anh was vouching for the propriety of this transaction?

MS ORR: The witness has said on multiple occasions now that he does not understand that to be the situation. I object to the question, Commissioner.

15 COMMISSIONER: Yes, no, I'm going to allow it.

20

MS SHARP: I will put the question again. Mr Preston, you understood, didn't you, that Mr Veng Anh was vouching for the propriety of this transaction.

MR PRESTON: He was vouching for the nature of the relationship between Mr Zhou and Mr Hu.

25

MS SHARP: So you disagree with the proposition I've just put to you.

MR PRESTON: Well, I don't think I can – I just don't know, sorry, Ms Sharp, as to the concept of vouching for the propriety of the transaction against what he was actually asked and what the commentary is just in the email.

30

MS SHARP: Well, Mr Preston, given that you conducted inquiries into this following the unusual – your words – request from the Western Australian regulator, didn't you form a view about Mr Veng Anh's role in this transaction?

35

MR PRESTON: No. I formed the view that he was part of the process. I asked questions – well, maybe the team asked details as to what the transaction was related to and we provided the response, and his role in it was he was asked by someone in the cage as to the details – the relationship to the third party, Nan Hu.

40

COMMISSIONER: I suppose the purpose of asking the question is to work out whether there's any impropriety. Do you agree with that?

MR PRESTON: I do, Commissioner, and from – if it's a concept of impropriety, my expectation would have been if Mr Anh had any concerns about impropriety that would have been a different concept. But here he's saying this is the relationship.

COMMISSIONER: And so in saying that, without identifying any concerns about impropriety, it may be that no-one was alerted to any problem in this relationship because Mr Veng Anh vouched for the relationship as you put it. Is that right?

5 MR PRESTON: I would agree with that entirely.

COMMISSIONER: Yes. And so the reason that people are asked about connections in this way presumably is to test the very thing that we're talking about, the propriety of the transaction. Isn't that right?

10 MR PRESTON: That's correct.

COMMISSIONER: And if someone senior says, "No, he's a friend of so and so's. I can vouch for that at least" that's a piece of information that's taken into account 15 for the time that the person finally approves the transaction to go across. Isn't that right?

MR PRESTON: That's definitely correct. It's a piece of information that is part of it, yes.

20 COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Could I now please take you, Mr Preston, to a document that you will find – and we've been there already – in Crown confidential list 6 at tab 119. It's not 25 confidential. CRL.578.001.0014. Now can I take you to the email in the middle, Mr Preston. Do you see an email of 14 January from Maryanne Baker, the cage supervisor.

MR PRESTON: Yes.

30 MS SHARP: And it says:

*Hi Johnny, for AML requirements we require an address, DOB and  
relationship for third party, Nan Hu, prior to processing the TT –*

35 that is telegraphic transfer.

MR PRESTON: Yes, I see that.

40 MS SHARP: And you understood that that was because – that request was being made in order that AML requirements could be satisfied.

MR PRESTON: It was considering AML requirements, but there was a standard, as I understand it, instruction where there were third party transfers to obtain details as 45 to the person and the relationship.

MS SHARP: And then could I please take you to the reply which you will see comes from Veng Anh on 16 January.

MR PRESTON: Yes, I see that.

5

MS SHARP: Can you see that at the top of the page?

MR PRESTON: Yes, I do, Ms Sharp.

10 MS SHARP: So Mr Nan Hu and then, "He is a good friend with Zhou Qiyun".

MR PRESTON: Yes.

15 MS SHARP: Now, do you agree with me that Mr Veng Anh was vouching for the propriety of this transaction?

MR PRESTON: As I've said, Ms Sharp, he was agreeing – he was advising of the relationship and vouching for the relationship. By implication the actual transaction took place and that piece of information would have been relied upon. But he didn't 20 approve the transaction, sorry.

MS SHARP: Are you really – we understand that he didn't approve the transaction, Mr Preston. What I'm asking is did you understand, given that you conducted the enquiries, did you understand that he was vouching for the propriety of the 25 transaction from an anti-money laundering perspective?

MR PRESTON: I'm not sure I considered it from that perspective at the time when we were looking at it, Ms Sharp. I was looking at the process that was followed so we could explain it in responding to the regulatory – the regulatory request.

30

MS SHARP: Can I just pause there. Are you telling us that you didn't consider, when you were conducting these inquiries, that there may have been an incident of money laundering going on here?

35

MR PRESTON: I did consider it from an AML perspective, Ms Sharp.

MS SHARP: Did you consider that there was a prospect that this was money laundering?

40

MR PRESTON: I don't think I'm in a position to answer that, Ms Sharp. But I did consider it from an AML perspective generally.

MS SHARP: Are you doing your best to tell the truth here, Mr Preston?

45

MR PRESTON: I absolutely am doing my best, Ms Sharp, to tell the truth.

MS SHARP: Did you consider - - -

MR PRESTON: And your question is leading me to - - -

MS ORR: Could I interject by observing that I anticipate that there is a section 123 tipping off offence issue in play because of the nature of the question that was asked.

5 Mr Preston will indicate if that's the case.

MR PRESTON: That's exactly the point, Ms Orr. Thank you.

MS SHARP: Could I now go to – well, in fact I may show you another document if 10 I can. If I could turn up exhibit F73, INQ.035.004.0001. And I will have this shown to you. Now, Mr Preston, this is a 31 January 2020 letter from those assisting this Inquiry to the solicitors for Crown Resorts requesting a statement of evidence, and you will see it's referring to you. Can you see that, Mr Preston?

15 MR PRESTON: No, I can't, sorry.

MS SHARP: I'll just have it brought up. Could I have that brought up on the public screen; sorry, I should have been clearer about that. Do you have that document in front of you now?

20 MR PRESTON: Yes, if I could just get it enlarged, please, that would be helpful.

MS SHARP: Yes, enlarge the top half of the first page, please. Now, may we take 25 it that this letter was shown to you at the time since it was a request for a statement and it was suggested you might be able to provide the statement?

MR PRESTON: It would have been provided to me, yes, at the time.

MS SHARP: Could I show you annexure A to that statement, please. Two further 30 pages along. One further page along. You will see annexure A sets out a series of questions.

MR PRESTON: Yes, I can – I can see that, but not read the questions.

35 MS SHARP: Well, we had some discussion earlier in your evidence about the ambit of question 9, so as a matter of fairness I just wish to show you question 9. Could I have that enlarged, please. Now, I just want to make sure that this is the question 9 that you were referring to in your evidence earlier about why you did not disclose a connection between Tom Zhou and the Chinatown junket.

40 MR PRESTON: Yes, that's the question.

MS SHARP: Could I just draw your attention to the fact that the question says that – it's looking for details or any notifications received from law enforcement agencies 45 or other informants or – or – investigations or reviews conducted in relation to junkets operated by or associated with Tom Zhou.

MR PRESTON: Yes, I see that.

MS SHARP: Did you not understand that you were being asked a question about what junkets Tom Zhou was associated with?

5

MS ORR: I object to that. I object to that question. The question clearly asked the details of any notifications received from the law enforcement agencies or other informants or investigations or reviews conducted in relation to the matters that Ms Sharp has pointed to. It did not ask for details of all persons believed to be connected with any of these individuals or entities named.

10 COMMISSIONER: Well, that's an analysis that's available. I think perhaps it's the wording, but any investigation or review that was carried out by Crown in respect of any of those people would be caught by any review that they conducted. The words "reviews conducted by Crown" so I think Ms Sharp is just being fair to Mr Preston as he has referred to paragraph 9 as a justification for not telling us about the detail.

15 MS ORR: And Commissioner, for completeness, when I first objected to questions along these lines in the last round of hearing, I referred to question 9 and question 31 of Mr Preston's statement which explains the approach that Mr Preston took in answering that question. So I have previously drawn that to the Inquiry's attention and 31(a) through to (g) needs to be read in light of the chapeau to paragraph 31.

20 COMMISSIONER: Yes, just show me 31, please.

25 MS SHARP: Yes.

COMMISSIONER: Just a couple of pages along, thank you, operator.

30

MS SHARP: Yes, that's – I think Ms Orr is referring to paragraph 31 of the statement.

COMMISSIONER: I see.

35

MS SHARP: But I will have that shown to you. I call up – this is the 20 February 2020 statement which is at CRL.577.002.0017 and the pinpoint reference to the opening of paragraph 31 is found at .0023.

40 COMMISSIONER: 0023.

MS SHARP: Sorry, this is the 6 March statement. I said 20 February. It's 6 March.

COMMISSIONER: That's all right. Yes. Yes, thank you. Yes, Ms Sharp. You may proceed.

45

MS SHARP: Would you just pardon me one moment, Commissioner?

COMMISSIONER: Of course.

MS SHARP: Well, you say that you tried – you say at 31:

5       *I therefore went through each of the entities and individuals named in question  
9 to identify which junket operators might be associated with each of those  
entities.*

Now, I will stop there. One of those entities was Tom Zhou, wasn't it?

10      MR PRESTON: Yes, he was.

MS SHARP: So one of the things you say you're doing here is going through the information to identify which junket operators are associated with Tom Zhou.

15      MR PRESTON: And the only certainty I had was with respect to the junket operators that he had played under.

MS SHARP: Well, I - - -

20      MR PRESTON: He didn't have a - - -

COMMISSIONER: Mr Preston, what I understand you've told me is that you made a conscious decision not to put the material about him being a funder of the junket because nobody had proved to you that that was true. That's right, isn't it?

25      MR PRESTON: That's exactly right, Commissioner.

COMMISSIONER: Yes, all right. So you had the information from the review that was conducted by your colleague, and to whom reference has been made, but you decided to not include it because you took the view that you hadn't been satisfied that anyone had established for you that it was true that he was the funder. I think that's what it is, is it?

35      MR PRESTON: That's correct, Commissioner.

COMMISSIONER: Yes. Yes, Ms Sharp.

40      MS SHARP: Thank you. I will now return to the transaction in which Mr Veng Anh was involved. Could I show you, please, document which you will find on Crown confidential list 6 at tab 117. I understand there's no claim for confidentiality over this.

COMMISSIONER: Thank you.

45      MS SHARP: The document is CRL.576.001.1129, and you will see this is a payment detail report from ANZ.

MR PRESTON: Yes, I see that, Ms Sharp.

MS SHARP: And you will see that it's dated 16 January 2017 and it's awaiting approval.

5

MR PRESTON: Yes.

MS SHARP: And you see that this is for a telegraphic transfer of \$500,000 to the credit of Nan Hu?

10

MR PRESTON: Yes, I see that.

MS SHARP: And do you notice there are all of these handwritten ticks over it?

15

MR PRESTON: Yes, I do.

MS SHARP: And there are two signatures and dates next to it.

MR PRESTON: Yes, I see that.

20

MS SHARP: And so are these all of the ticks and the signatures which indicate that that transaction was approved to process?

MR PRESTON: That would appear to be a checking process that's taken place on this document.

25  
30  
MS SHARP: And then if I could take you to Crown confidential list 6, tab 115; again, there's no confidentiality claim over this. It's CRL.576.001.1127. And could I take your attention to the second entry dated 16 January?

MR PRESTON: Yes, I see that.

MS SHARP: You will see that \$500,000 has been debited from the Crown Perth casino account.

35

MR PRESTON: Yes, I see that.

MS SHARP: And that's the money going off to Mr Nan Hu, isn't it?

40

MR PRESTON: I just can't see his name on this piece of paper, sorry, Ms Sharp.

MS SHARP: In any event, then, could I take you to a document. Again, it's in – Mr Preston, it's the Crown confidential list number 6 at tab 114. Again, I understand no claim for confidentiality is made. It's to be found at CRL.576.001.1121.

45

MR PRESTON: Yes, I have that. Thank you, Ms Sharp.

MS SHARP: And could you – if I could direct your attention to the middle of the page, you'll see an email from Indran Subramaniam, dated 17 January 2017.

MR PRESTON: Yes, I see that.

5

MS SHARP: And it says:

*Can we confirm that both TTs have left Perth, please?*

10 MR PRESTON: Yes.

MS SHARP: Who is Indran Subramaniam?

MR PRESTON: I think he's one of the VIP international business operations staff  
15 out of Melbourne.

MS SHARP: And, then, could I direct you a little bit further up the page, you'll see  
there's an email from Veng Anh.

20 MR PRESTON: Yes.

MS SHARP: Dated 17 January 2017:

25 *Dear Indy, I just checked with both of them. They had received their fund  
already. Thank you to everyone involved.*

MR PRESTON: Yes, I see that.

30 MS SHARP: So, from this, did you assume, when you were making inquiries into  
this matter, that Veng Anh had been in contact with Nan Hu to confirm that he had  
received the funds?

MR PRESTON: I don't know that I saw this document at the time, Ms Sharp.

35 MS SHARP: Is this the first time you've seen this document?

MR PRESTON: I think I've seen it. But in the context of these papers, I don't think  
I've seen this email before. I might be mistaken. But I – I can't recall seeing it  
before looking at these documents.

40

MS SHARP: Would you just have a look at the next email on that page. It's from  
David Brown. Now, he's a cage supervisor, isn't he?

MR PRESTON: He's the manager.

45

MS SHARP: A cage manager?

MR PRESTON: Yes.

MS SHARP: And he sends an email to Veng Anh that same day and said:

5           *No more money. That should be it for us.*

MR PRESTON: Yes, I see that.

MS SHARP: Have you seen that email before?

10          MR PRESTON: No. I don't think I've seen this chain. Not that I can recall that I've seen this chain before seeing these documents in the tender bundles.

15          MS SHARP: So you're not – even though you conducted the – or I beg your pardon – even though you had inquiries conducted for the purpose of providing an answer to the Western Australian regulator?

MR PRESTON: That's correct.

20          MS SHARP: So you can't assist us, in any way, in understanding why David Brown told Veng Anh:

*No more money. That should be it for us.*

25          MR PRESTON: I can – no. I can't with any clarity. I don't know the detail of it.

30          MS SHARP: Now, bearing in mind your letter to the New South Wales regulator – I beg your pardon, the Western Australian casino regulator, dated 8 November 2017, can I put the following propositions to you and see if you agree with them. First of all, it is correct that Nan Hu had previously been a patron at Crown Melbourne?

MR PRESTON: That's correct.

MS SHARP: He had not previously been a patron at Crown Perth?

35          MR PRESTON: That's – that's correct.

MS SHARP: Nan Hu had no recorded play at Crown Perth?

40          MR PRESTON: That's correct.

MS SHARP: At Crown Melbourne, Nan Hu had never conducted any threshold transactions?

45          MR PRESTON: If that's what's said in my letter her – and, again, I haven't read it very recently – but if that's what's - - -

MS SHARP: Prior – prior to the telegraphic transfer we have been discussing, Nan Hu's most recent presentation of funds was a \$100 buy-in in December 2016?

MR PRESTON: If that's what it says, then, yes.

5

MS SHARP: Nan Hu was not on an approved player junket program at the time of the transfer?

MR PRESTON: That's correct.

10

MS SHARP: And he certainly was not on any approved player program for the Zhou Qiyun junket at the time of the transfer?

MR PRESTON: That's correct.

15

MS SHARP: Nan Hu did not present any funds to Crown Perth at the time of the transfer?

MR PRESTON: That's correct.

20

MS SHARP: Throughout the month of January 2017, the junket operator Zhou Qiyun did not present any funds to his Crown account?

MR PRESTON: That's correct.

25

MS SHARP: The \$500,000 transferred to Nan Hu was certainly not the winnings from casino gambling of Nan Hu?

MR PRESTON: That's correct.

30

MS SHARP: And - - -

MR PRESTON: Not to my – not to my - - -

35

MS SHARP: And you were not able to attribute the \$500,000 to any winnings on behalf of any particular participant in Zhou Qiyun's junket?

MR PRESTON: That's correct.

40

MS SHARP: In fact, Zhou Qiyun's junket had no recorded play at Crown Perth or Crown Melbourne throughout the month of January 2017?

MR PRESTON: That's correct.

45

MS SHARP: Assuming each of those matters were correct in relation to any other transaction, you would be alert to the prospect of money laundering; would you not?

MR PRESTON: As I indicated that, when I looked at this, I did consider AML-related issues.

5 MS SHARP: Did you have any concern that Crown's AML compliance policy had not been complied with?

MR PRESTON: Well, I certainly questioned the process that was undertaken.

10 MS SHARP: Was a threshold transaction report made at the time of this telegraphic transfer to AUSTRAC?

MR PRESTON: No, there would be no need to.

MS SHARP: Was an IFTI made at the time of this transaction to AUSTRAC?

15 MR PRESTON: No, there would be no need to.

MS SHARP: Sorry. Wasn't this an outgoing telegraphic transfer from a Crown Perth account?

20 MR PRESTON: IFTIs are for overseas transfers only.

MS SHARP: I understand. Can I now go to your letter to the Western Australian regulator on 8 November 2017. That is at CRL. – I'm sorry. Mr Preston, I should tell you where it is first. It's Crown confidential list 5, tab 70. But I understand no claim is made in relation to it. It's CRL.606.001.0002. And if we could bring up this document on the public screen. Could you look to the bottom paragraph there, please, Mr Preston. Could we have the bottom paragraph highlighted, please, enlarged so it can be read? Do you see that you state in your letter:

30 *Mr Qiyun Zhou is a longstanding junket operator at Crown Perth with an extensive history of recorded play.*

MR PRESTON: Yes.

35 MS SHARP: Now, you don't say anything about Crown making a decision to cease to deal with Mr Qiyun Zhou in November 2016, do you?

MR PRESTON: No.

40 MS SHARP: Well, is what you're trying – and it's your letter – is what you were trying to do here was to give the Western Australian casino regulator an assurance that Mr Qiyun Zhou was a junket operator of good repute?

45 MR PRESTON: No, I wasn't, Ms Sharp, and maybe for context I didn't appreciate any of these junket operators were related to Chinatown. I didn't have any knowledge of that at all so I'm not quite sure why I didn't appreciate that at this point

in time when we were making our inquiries. I think the point I was trying to make was we had a relationship with Mr Zhou as a junket operator over some years.

MS SHARP: But your evidence now is that in fact Crown made a decision in  
5 November 2016 to cease dealing with him as a junket operator.

MR PRESTON: That's correct. And again, obviously that didn't capture – I was remiss in that it didn't capture the funds still in his account which were dispersed up to and including early January in '17. From a gaming activity perspective,  
10 conducting junket operations in gaming it was in November '16, and I accept that that's a miss.

MS SHARP: For the purpose of preparing the letter to the Western Australian casino regulator and conducting your inquiries, did you speak to Veng Anh about  
15 this transaction?

MR PRESTON: No, I did not. I don't think I've ever spoken to Veng Anh.

MS SHARP: Why didn't you speak to him about this transaction?

20 MR PRESTON: It didn't occur to me at the time.

MS SHARP: You find it unusual that the Western Australia casino regulator makes an inquiry to you about a particular transaction, yes?

25 MR PRESTON: Yes, it was a – it was an unusual request.

MS SHARP: And you would agree that all of those propositions I took you to in relation to this transaction made it an unusual transaction.

30 MR PRESTON: We do do third party transfers, Ms Sharp, so it's not entirely unique that we – that third party transactions – we don't – sorry, it's not entirely unique for us to do a third party transaction. We follow a process; this process was followed in accordance with the process we had in place at the time.

35 MS SHARP: Why didn't you speak to Veng Anh about this transaction?

MR PRESTON: I didn't – it didn't occur to me at the time to speak to him about this transaction.

40 MS SHARP: Have you ever spoken to Veng Anh about this transaction?

MR PRESTON: I think I just indicated I don't think I've ever spoken to Veng Anh at all.

45 MS SHARP: Did you – did it occur to you that it might have been a good idea to ask Veng Anh who this fellow Nan Hu was that he vouched for – I withdraw that.

Did it occur to you that it might be a good idea to speak to Veng Anh about who Nan Hu was given that he said he was a friend of Zhou Qiyun?

MR PRESTON: No, I did not. I took it on face value, I suspect.

5

MS SHARP: Were you turning a blind eye, Mr Preston?

MR PRESTON: Absolutely not.

10 MS SHARP: Were you aware that by the time of this transaction Nan Hu was a convicted drug dealer?

MR PRESTON: I certainly was not.

15 MS SHARP: You're aware of that now?

MR PRESTON: I'm aware of he has two guilty findings with no convictions recorded. I am aware of that now only after the media allegations.

20 MS SHARP: What is it you're aware of now?

MR PRESTON: I understand post the media allegations I wasn't aware of it, but inquiries that were made from our office is that he had two guilty findings, but I think it was out – without conviction recorded. I'm not quite sure of the  
25 terminology. It was in Victoria.

MS SHARP: Back at the time you were preparing the letter to the Western Australian casino regulator did you make any inquiries at all to understand Veng Anh's relationship with Zhou Qiyun?

30

MR PRESTON: No, I did not.

MS SHARP: Did you make any inquiries at all to understand whether Veng Anh had a relationship with Tom Zhou?

35

MR PRESTON: No, I did not.

MS SHARP: Did you make any inquiries at all to ascertain whether Veng Anh had a relationship with any of the other Chinatown junket operators?

40

MR PRESTON: No, I did not.

MS SHARP: But it is correct, isn't it, that there was no investigation into Veng Anh by Crown Resorts in the period following your letter to the regulator throughout the  
45 balance of 2018 and 2019?

MR PRESTON: Well, no investigation that I was involved in.

MS SHARP: And no disciplinary consequence of any kind to Mr Veng Anh in that period from an employment law perspective?

MR PRESTON: What was the period, sorry?

5

MS SHARP: 2018 and 2019.

MR PRESTON: Not to my knowledge.

10 MS SHARP: You expect you would know if there was?

MR PRESTON: No.

MS SHARP: You're the chief legal operator – sorry, the chief legal officer of

15 Crown Resorts, aren't you?

MR PRESTON: Yes, that's my role.

MS SHARP: This transaction in which Mr Veng Anh was involved received very

20 considerable media attention earlier this year, didn't it?

MR PRESTON: It did.

MS SHARP: And you're giving instructions in this matter on behalf of Crown

25 Resorts, aren't you?

MR PRESTON: I'm one of the people giving instructions.

MS SHARP: Surely you would know if there had been any kind of disciplinary

30 investigation into Veng Anh in the period 2018/2019.

MR PRESTON: I – I don't – well, not necessarily.

MS SHARP: Can I take you to one of those media articles, please, Mr Preston.

35 This is exhibit J9. It's an article that was published in the Sydney Morning Herald on 23 February. It's INQ.100.011.0901. And this can be brought up on the live feed. Now, this – as at around 23 February 2020, did you read this article, Mr Preston?

40 MR PRESTON: Yes, I did.

MS SHARP: And you will agree that this article is about Mr Veng Anh and that transaction?

45 MR PRESTON: Yes.

MS SHARP: And you will see that one of the allegations made, if I could highlight the third paragraph from the bottom, beginning "however". If I could just have the operator highlight that, please. I will just read it:

5       *However, the ultimate beneficiary of the 500,000 was the Ma heroin syndicate, an Australian-Chinese organised crime group operating out of Melbourne.*

May we take it you were aware of that allegation at the time you read this article?

10      MR PRESTON: Yes.

MS SHARP: It's a pretty serious allegation that Crown is said to be involved in.

MR PRESTON: It's a serious allegation. Yes.

15      MS SHARP: Yes. If I could then take you over to pinpoint 0902. And that's the second page, if we could show that. And if I could just highlight the two paragraphs under the heading Softening its Approach. You will see it says:

20       *Leaked emails from inside Crown show Mr Anh was also part of a trusted team of senior managers who were sent to China to recruit high rollers.*

Now, you knew from the time of that newspaper article that that was part of Mr Veng Anh's role, did you?

25      MR PRESTON: I – I can't recall specifically acknowledging that he was sent to China to recruit high rollers. I might have just forgotten that element of it.

30      MS SHARP: And could I please take you to pinpoint 0903. And if I can have the second paragraph from the top highlighted. See it says:

35       *In response to allegations relating to the Nan Hu money transfer, Crown said in a statement, "Crown takes these allegations very seriously and has notified these issues to the relevant federal and state regulators and the ILGA (Bergin inquiry set up to examine such matters and will assist any investigations."*

MR PRESTON: Yes.

MS SHARP: And do you have any role in preparing that statement?

40      MR PRESTON: I can't recall. Sorry.

MS SHARP: Well, did you personally take this allegation very seriously?

45      MR PRESTON: I've taken all the allegations very seriously, Ms Sharp.

MS SHARP: Well, at the time that this allegation was made in the media, that is, at the 23rd of February this year, did you cause any investigation to be conducted into Mr Veng Anh?

5 MR PRESTON: I believe – and I wasn’t directly involved in it as I recall at this point when this was released. If I recall correctly, there was a broad – broader investigation against the transaction and the allegations within – within this article, if I recall correctly.

10 MS SHARP: But my question was slightly different. It’s whether you caused any investigation to be conducted into Mr Veng Anh.

15 MR PRESTON: Well, certainly, there would have been inquiries made regarding Mr Anh and with respect to Qiyun Zhou the relationship generally and these allegations. I – I suspect they’re all wrapped up into one. But, definitely, there would have been a number of inquiries made regarding - - -

MS SHARP: I’m just – Mr Preston, I’m asking about what you did.

20 MR PRESTON: I can’t recall specifically. Sorry, Ms Sharp. I know – I know that there was a review - - -

COMMISSIONER: Don’t worry about what you know. Please.

25 MR PRESTON: All right. Sorry.

COMMISSIONER: You’re specifically being asked a question by senior counsel assisting for a good purpose. Do you have a recollection whether you - - -

30 MR PRESTON: I don’t.

COMMISSIONER: - - - in fact – wait – caused inquiries to be made at that time?

35 MR PRESTON: Specifically, if it was me, I can’t recall. Sorry, Commissioner. There was a lot of things going on and a lot of people were assisting in terms - - -

40 COMMISSIONER: I understand there were a lot of things going on, Mr Preston; there still are. Now, you’re just being asked a simple question: whether you did or you didn’t. I understand you didn’t; is that right, as far as you can recall?

MR PRESTON: I can’t – as far as I can recall I didn’t specifically commence an investigation into him.

COMMISSIONER: Did you cause any to be commenced?

45 MR PRESTON: I might have been part of some of the discussions as to cause, as part of other investigation into it. Yes, I suspect I would have been involved in that,

in a collective sense. I'm just having troubles about the specific element to commencing investigations into Veng as opposed to other things as well.

5 COMMISSIONER: Well, just focusing on the one aspect of Ms Sharp's question, I presume that you do say, in a collective sense, that you may have been involved in starting some investigation; is that right?

MR PRESTON: That's – that's correct. I'm – I'm - - -

10 COMMISSIONER: All right.

MR PRESTON: - - - comfortable with that.

COMMISSIONER: Yes, Ms Sharp. Yes. All right, Ms Sharp.

15 MS SHARP: Now, I want to go back to your evidence that you gave this Inquiry on the 3rd of August 2020. If I can pull up that transcript, please, and take you to page 807 of that transcript.

20 COMMISSIONER: Yes.

MS SHARP: And I will just have page 807, to assist it's INQ.009.003.0840, and if we could take it to pinpoint 0947.

25 COMMISSIONER: That's 707?

MS SHARP: 707.

COMMISSIONER: That the one you want or you want 807?

30 MS SHARP: No, I wanted eight-zero – if I could get that to page 807, please.

COMMISSIONER: 807. Do you have 807 in front of you, Mr Preston?

35 MR PRESTON: Sorry, Commissioner. Yes, I do.

COMMISSIONER: Yes. All right.

40 MS SHARP: I will just put the question. At line 30, do you see the transcript records me asking you:

*Have there been any discipline reccommences –*

we can take that as meaning “disciplinary investigations” –

45 *for Mr Veng Anh arising from this transaction?*

Now, pause there. You understood that “discipline recommences”, that’s a transcription error, and what I said to you was “disciplinary investigation”?

MR PRESTON: Yes, and I think my response was a “current investigation”.

5

MS SHARP: Yes. That’s right. You said:

*There's a current investigation ongoing at the moment.*

10 And then I asked you:

*Where is that investigation up to?*

And you said:

15

*I'm not quite sure of its exact status, but it's well progressed.*

And then I asked you:

20 *Do you have a role in that investigation?*

And you said:

*I do have a role.*

25

Now, that answer is not correct, is it?

MR PRESTON: Well, I think my answer needs some explanation. I do apologise. This is at the end of a very long section at that point in time.

30

MS SHARP: Yes. And you can give that explanation, but, first, please answer my question. That evidence was not correct, was it?

MR PRESTON: I don’t have a role in that investigation at this point in time.

35

MS SHARP: There is, in fact, no disciplinary investigation – well, I withdraw that. At the time you gave your evidence, there was no disciplinary investigation into Mr Veng Anh, was there?

40 MR PRESTON: That’s correct.

MS SHARP: Now, we will stop there. You wrote a letter to the Western Australian casino regulator about this transaction back in November 2017; correct?

45 MR PRESTON: Correct.

MS SHARP: And this – your inquiries raised alarm bells for you about the propriety of that transaction; correct?

5 MR PRESTON: It raised – it raised concerns for me and I – I made some inquiries, Yes.

MS SHARP: And there was an article – indeed, a number of articles in the media in February of 2020 about an allegation that this transaction was money laundering; correct?

10 MR PRESTON: That's correct.

MS SHARP: And yet as at 3 August 2020 there had been no disciplinary investigation by Crown into Mr Veng Anh; correct?

15 MR PRESTON: As I understand it that's correct.

MS SHARP: So what there was was a broader investigation conducted by your lawyers into all of the media allegations but there was no disciplinary investigation 20 into Mr Veng Anh, was there?

MR PRESTON: No, but if I can explain; my expectation is that the information that will be collated through a broader investigation will be taken into account in terms of Mr Anh or anyone else's involvement in it or our position generally.

25 COMMISSIONER: Perhaps to be fair to you, because this will have to be dealt with, you said the evidence that you gave at page 807 was not correct. You remember telling me that?

30 MR PRESTON: I don't have a role in that any more.

COMMISSIONER: It's not correct; is that right?

35 MR PRESTON: The concept of I don't have a role, I've been removed from dealing with that part of the investigation just in terms of capacity, Commissioner, in terms of disciplinary - - -

COMMISSIONER: I'm going to try again, Mr Preston.

40 MR PRESTON: Sorry.

COMMISSIONER: The evidence that you gave there at line 41 is not correct. Is that right?

45 MR PRESTON: It's not entirely correct, yes.

COMMISSIONER: Well, it's not correct at all, is it?

MR PRESTON: I mention an investigation and I might have - - -

COMMISSIONER: Please, Mr Preston. Please be careful. I'm giving you the opportunity here. At line 41 you told me you gave some evidence. Now, that  
5 evidence there, I believe you have told me it is not correct; is that right?

MR PRESTON: That's correct.

COMMISSIONER: All right. Now, I want to give you the opportunity to tell me  
10 why it was that you gave me evidence which was not correct. You did mention it  
was at the end of a long day and I understand that. Is there any other reason that you  
gave me evidence of that nature?

MR PRESTON: Not – not at all, Commissioner. I - - -

15 COMMISSIONER: All right.

MR PRESTON: I most probably didn't explain myself properly, and I apologise for  
that.

20 COMMISSIONER: Yes, all right. Yes, Ms Sharp.

MS SHARP: Can I deal with one more topic this afternoon.

25 COMMISSIONER: Yes.

MS SHARP: Mr Preston, I would like to return to what we have been calling the  
blue cooler bag footage. Now, you're familiar with that turn of phrase, are you?

30 MR PRESTON: I am, Ms Sharp.

MS SHARP: And you're familiar with the footage I'm referring to?

MR PRESTON: I am, Ms Sharp.

35 MS SHARP: Now, the correct position, isn't it, that the VCGLR told you that the  
person carrying the blue cooler bag and getting out the cash was Cheng Ken Pan?

MR PRESTON: That's correct.

40 MS SHARP: And you don't dispute that that was him, do you?

MR PRESTON: I have – I have no confirmation that that was him and I've asked  
for details from the regulator on that.

45 MS SHARP: I'm asking you something slightly different, Mr Preston. You don't  
dispute that that was him, do you?

MR PRESTON: Well, I do dispute it because I don't know.

MS SHARP: It's right, isn't it, that Cheng Ken Pan was arrested at Crown Melbourne in May of 2018?

5

MR PRESTON: That's correct.

MS SHARP: And you were aware of that arrest at the time?

10 MR PRESTON: Shortly thereafter I believe I was aware of it.

MS SHARP: And you don't dispute that it was Mr Cheng Ken Pan who was arrested?

15 MR PRESTON: No, I do not.

MS SHARP: And you've said that the regulator has told you that it was Cheng Ken Pan who was in the blue cooler bag footage?

20 MR PRESTON: I don't dispute that's. That's what they said.

MS SHARP: And that's not enough assurance from you to form the view – I withdraw that. The fact that the Victorian regulator told you that is not enough to assure you that it was Cheng Ken Pan?

25

MR PRESTON: Well, it wasn't because we couldn't get a specific date on that footage and I've asked the regulator for clarity on that and if – I've got - - -

30 MS SHARP: Let's come to that. Now, the regulator told you that the incident in the blue cooler bag footage happened on the 5<sup>th</sup> of May 2017; correct?

MR PRESTON: That's correct.

35 MS SHARP: And you believe that that incident was captured on a video camera owned or operated by the VCGLR, don't you?

MR PRESTON: It would appear so, yes. That's my belief.

40 MS SHARP: And Crown Resorts does not independently have access to that video camera, does it?

MR PRESTON: I'm not – I'm not sure, sorry, Ms Sharp. I'm not sure whether surveillance has access to that or it's just VCGLR. I believe – I believe it might just be the VCGLR.

45

MS SHARP: And the reason you don't accept what the VCGLR has told you about the date is that you have had some surveillance or security analysis done of the footage that Mr Andrew Wilkie MP placed on his website on 15 October 2019.

5 MR PRESTON: That's correct.

MS SHARP: And is it correct that you understand from that surveillance or security analysis that the video footage must date from December 2017?

10 MR PRESTON: I took the time over the weekend when the link was recirculated to send it to surveillance - - -

MS SHARP: Mr Preston, just answer my question, please.

15 MS ORR: I'm sorry, Mr Preston is attempting to answer that question.

COMMISSIONER: Well, I think the question was is it correct that you understand that from the surveillance the video footage must date from December 2017? I think he can answer that fairly promptly, Ms Orr. Either he does understand that or  
20 doesn't. What's the position, Mr Preston?

MR PRESTON: I did understand that – I did understand that to be the case, Commissioner.

25 MS SHARP: Thank you.

COMMISSIONER: You did, yes.

30 MS SHARP: Thank you, Mr Preston. Your understanding has changed now, hasn't it?

MR PRESTON: Yes, it – yes, it has.

35 MS SHARP: Now, what has happened is this, that those assisting this Inquiry asked you to have a careful look at what I will call the Mr Wilkie footage over the weekend, didn't it?

MR PRESTON: That was the trigger, yes.

40 MS SHARP: Yes. And just so I can be clear that we're speaking of the same footage, what those assisting the Inquiry asked you to review was exhibit F93 which is INQ.800.001.0010.

45 MR PRESTON: I – sorry, I haven't got the number in front of me, but it's the – I'm assuming – I looked at the link that was provided.

MS SHARP: Now, would you agree that the link you were provided contained just over 11 minutes of video footage?

MR PRESTON: That's correct.

5

MS SHARP: And do you now understand, after having a careful opportunity to review that footage, that in fact three separate incidents are depicted in that footage?

MR PRESTON: There are three incidents, yes.

10

MS SHARP: But that is not something you understood before this Inquiry asked you to have a careful look at that footage.

MR PRESTON: No, that's not correct. I – I always was aware that there were three incidents within that footage.

MS SHARP: And you would agree now that you have carefully looked at the footage that it is only in the first of those three instances that we can see any date mark that would indicate the footage comes from December 2017.

20

MR PRESTON: In terms of date mark; that's correct.

MS SHARP: In relation to the third bit of footage – and, to be clear, that is the blue cooler bag footage – we can't see any date mark at all, can we?

25

MR PRESTON: Well, as a result of sending that footage – asking the surveillance team to do another review of it over the weekend, they have – they believe they have got a haze of a date some way into the footage, which possibly appears to be May of '17.

30

MS SHARP: I see. So now you've been asked to carefully review the footage, you do agree that the date of the blue cooler bag footage would appear to correlate with exactly what the VCGLR told you?

35

MR PRESTON: Not exactly. It appears to be – and, again, it was a – the description to me from the surveillance who were looking at it said they've got a glimpse of a date of May of '17. And I'm only conscious that I can't say exactly, Ms Sharp. That's all I'm trying to suggest.

40

MS SHARP: But the Victorian regulator told you it was from the 5th of May 2017, yes?

MR PRESTON: That's – yes, they did.

45

MS SHARP: And you believe that the footage came from a VCGLR camera?

MR PRESTON: I do.

MS SHARP: And after having the opportunity to review the footage again over the weekend, may we take it you are much more likely to accept the VCGLRs proposition that this incident occurred on the 5th of May 2017?

5 MR PRESTON: It certainly narrows it. And it certainly seems possible. But, again I'm not trying to be problematic, Ms Sharp. I asked the regulator for clarity on that very point. We've narrowed it to May - - -

10 MS SHARP: Why are you so reluctant to accept what the VCGLR tells you about what you believe is the VCGLRs own footage?

MR PRESTON: Because I think it's an entirely appropriate question to ask them and seek a response from them. Because I – we couldn't correlate it - - -

15 COMMISSIONER: Look, Mr Preston. Mr Preston, this is the regulator in Victoria who is telling you that it's the date. Why won't you accept it?

20 MR PRESTON: Well, I just – Commissioner, I was trying to be cautious, that was all, in terms of getting clarity from the regulator. And I've spoken to the regulator a couple of times further about it and I haven't got any clarity about it.

COMMISSIONER: But now that you've got your own researchers that puts you well within the ballpark of the date, surely it's more probably than not that what the regulator says is correct.

25 MR PRESTON: Yes, Commissioner. As I indicated to Ms Sharp, I agreed with that over the weekend, when there seems to be an image of what seems to be – again, from what I can gather, it's quite hazy, but I accept that it looks as though it's in May, and that definitely changes the position that we originally had thought was closer to the Christmas of '17.

30 COMMISSIONER: And so, I suppose, if a regulator of a casino tells a casino that it has a picture of a transaction from its surveillance camera that occurred on 1 May 2017, you would, as a matter of comity, suggest, wouldn't you, as a senior lawyer, that it's more probable than not that the regulator is telling you the truth?

40 MR PRESTON: I've got no reason to doubt them, Commissioner. And, again, I was relying on the analysis that was undertaken from the surveillance footage and the team took a long - - -

45 COMMISSIONER: I understand. I understand all of the things that you've told me. I do listen to what you say. Now, what I put to you was that you would, as a matter – you would, as a senior lawyer, accept that it's more probable than not that the regulator is telling you the truth?

MR PRESTON: I expect the regulators to tell me the truth all the time and I have no reason to disbelieve them.

COMMISSIONER: All right. Yes, Ms Sharp.

MS SHARP: The thing is that this Inquiry wrote to Crown Resorts asking you, that is, Crown Resorts, what the date was in which this incident occurred and who it was – well, I withdraw that. They asked you the date in which this incident occurred. And they asked you for further details about the transaction; correct?

MR PRESTON: Yes, as I recall. I have to refresh my memory. I've seen the correspondence, but as I recall.

10 MS SHARP: And your solicitors wrote back to those assisting the Inquiry and said Crown Resorts didn't know.

MR PRESTON: Which was correct.

15 MS SHARP: Well, you did know, Mr Preston, you just chose not to believe.

MS ORR: I object. I object to that. And I've made this point in the previous hearings. There were constraints my client in terms of what it could say about its engagement with the VCGLR, pursuant to a section 26 notice process. The correspondence - - -

COMMISSIONER: Yes, I do recall that, Ms Orr.

25 MS ORR: - - - that deals with all of this, we drew this to the Inquiry's attention. And what has changed is we have sought express permission from the VCGLR to disclose that correspondence to the Inquiry. We received, last week, permission from the VCGLR to do that. So if there is going to be a question asked, which seems to have a premise within it, that there has been a misleading of the Inquiry here, I want it to be very clear that we made clear to the Inquiry that we could not tell the Inquiry what the VCGLR had told us, nor what we had said in response to the VCGLR. That position has only changed as of last week.

COMMISSIONER: I understand.

35 MS SHARP: I put the proposition very squarely that Crown Resorts misled this Inquiry by failing to tell it the date on which this incident occurred.

MS ORR: I maintain my objection.

40 MR PRESTON: I do not accept - - -

MS ORR: I maintain my objection in the strongest terms, based on the information that I just gave about the constraints that were on my client when it responded to that letter; constraints which my client brought to the Inquiry's attention.

45 COMMISSIONER: Yes. So the letter, Ms Sharp, is dated what date?

MS SHARP: I'm just having a little bit of difficulty turning up that letter. I may return to it tomorrow morning, if that's convenient, Commissioner.

5 COMMISSIONER: All right. Well, so that letter – that question, Ms Orr, is withdrawn this evening.

MS ORR: Thank you, Commissioner.

10 COMMISSIONER: Your objection in respect of the matters that you raise is noted. I understand the points that you have raised. Mr Preston, I apologise. We were hoping that your evidence would finish today. It has not. And, unfortunately, for your convenience, or inconvenience, you have to return at 8 am tomorrow morning, 10 am our time. Do you have a timeframe, Ms Sharp or you're not in a position to tell me?

15 MS SHARP: I would hope about half an hour, Commissioner.

20 COMMISSIONER: All right then. So, Mr Preston, it is anticipated that it would be half an hour, but if you can think that if it's easier for you just to attend to the question it will make it quicker.

MR PRESTON: I will do my best. Thank you.

25 COMMISSIONER: Are there any other matters – are there any other matters that any person – or any person at the hearing – wishes to raise before I adjourn for tomorrow morning at 10 am? Perth time is 8 am.

30 MS ORR: Commissioner, given that indication – given that indication, Commissioner, that there is about half an hour of evidence left for Mr Preston - - -

COMMISSIONER: Yes.

35 MS ORR: - - - I do ask the Inquiry to consider proceeding with Mr Preston's evidence today. Mr Preston has been in the witness box for many, many days over this round of hearings and the round prior to the last, and I do ask the Inquiry to consider whether it would be prepared to complete Mr Preston's evidence this afternoon.

40 COMMISSIONER: Yes. That – that is a request to which I cannot personally adhere or to grant, I'm afraid, Ms Orr. There are other – you can imagine, possibly, from your background, what's going on in the background. And there are many things that I have to attend to, one of them, in particular, at 4.15. And, in those circumstances, I apologise. I cannot sit on this evening.

45 MS ORR: No. I appreciate - - -

COMMISSIONER: Now, Mr Preston - - -

MS ORR: I appreciate the consideration being given to my request. Thank you, Commissioner.

COMMISSIONER: Yes. Thank you, Ms Orr.

5

MS ORR: I'm sorry, Commissioner. I'm sorry, one other matter.

COMMISSIONER: That's all right. Yes.

10 MS ORR: I would like to reflect on whether anything has arisen over the course of the afternoon on which I require clarification from Mr Preston.

COMMISSIONER: Yes.

15 MS ORR: If I form the view - - -

COMMISSIONER: Yes.

20 MS ORR: - - - that there is such a matter, I would like to confer with Mr Preston for that purpose.

COMMISSIONER: Yes. Thank you for that indication. You may do so, Ms Orr.

MS ORR: Thank you, Commissioner.

25

COMMISSIONER: Anything further?

MS ORR: No, that's it. Thank you, Commissioner.

30 COMMISSIONER: All right then. I will adjourn, then, until 10 am tomorrow, 8 am Perth time. Thank you.

<THE WITNESS WITHDREW

[4.10 pm]

35

**MATTER ADJOURNED at 4.10 pm UNTIL  
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