



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**

**THURSDAY, 20 AUGUST 2020
AT 10.00 AM**

Continued from 19.8.20

DAY 16

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

MR A. BELL SC appears with MR S. ASPINALL and MR N. CONDYLLIS as counsel assisting the Inquiry

MR N. YOUNG QC appears with MR R. CRAIG SC and MR H.C. WHITWELL for Crown Resorts Limited & Crown Sydney Gaming

5 **Proprietary Limited and Mr Kunaratnam**

MR D. BARNETT appears for Mr G. Jalland, Mr M. Johnston, Mr J. Packer and CPH Crown Holdings Pty Ltd

MS N. CASE appears for Melco Resorts & Entertainment Limited

10 **MR N. HOPKINS QC appears for Mr Craigie**

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

MR BELL: I call Ishan Kunaratnam.

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COMMISSIONER: Yes. Mr Kunaratnam. Yes. Do you take an affirmation to tell the truth or an oath? Yes. Perhaps there's a problem with the sound, I think. Good morning, Mr Kunaratnam.

20 MR KUNARATNAM: Good morning, your Honour.

COMMISSIONER: Thank you. It's just the Commissioner now in this jurisdiction.

25 **<ISHAN TERRENCE KUNARATNAM, AFFIRMED [10.00 am]**

<EXAMINATION BY MR BELL

30

COMMISSIONER: Yes, Mr Bell.

MR BELL: Please state your full name.

35 MR KUNARATNAM: Ishan Terrence Kunaratnam and, for the purpose of work for the last 30 years, I've been going as Ishan Ratnam for the ease of spelling my name.

MR BELL: Can you spell your full surname for us, please.

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MR KUNARATNAM: K-u-n-a-r-a-t-n-a-m.

MR BELL: And what is your best address?

45 MR KUNARATNAM: 8 Whiteman Street, Southbank 3008.

MR BELL: What is your occupation?

MR KUNARATNAM: I work for Crown Resorts.

5 MR BELL: What is your current job title in Crown Resorts?

MR KUNARATNAM: President of VIP development.

10 MR BELL: And what are your current responsibilities in that role?

MR KUNARATNAM: I look after the Capital Golf Club and overseas – oversee the current sales team members based out of Australia.

15 MR BELL: And how long have you been an employee of Crown Resorts?

MR KUNARATNAM: Coming up to 26 years.

MR BELL: And what roles have you held in Crown Resorts over that period?

20 MR KUNARATNAM: I started off as the bars manager in '94, moving through food and beverage, then heading up VIP services, which was a non-gaming back-end role, to running the golf course till about 2011/2012, then I took on a role, as well as the golf course, looking after developing and building and running a lifestyle club till about 2016. And then I started spending more time within the VIP team and still
25 running the golf course till now.

MR BELL: As a longstanding employee of Crown Resorts I assume that you are aware of the Crown Resorts code of conduct for employees?

30 MR KUNARATNAM: I do. And that has been brought to my attention on a few occasions.

MR BELL: And I take it that you've been aware at all times, whilst you've been an employee of Crown Resorts, that it is a fundamental principle of Crown Resorts that
35 all of its business affairs be conducted legally, ethically and with strict observance of the highest standards of integrity and professionalism; is that correct?

MR KUNARATNAM: I do, Mr Bell.

40 MR BELL: Now, did you watch, or were you shown the transcript of the evidence of Mr Barry Felstead to this Inquiry?

MR KUNARATNAM: I wasn't shown the transcript. I watched the – I was
45 expecting to go on yesterday, Mr Bell, so I watched Mr Felstead from about 3.30 till he concluded.

MR BELL: Were you informed about the topics on which Mr Felstead was examined during the whole of the course of his evidence?

MR KUNARATNAM: No, I wasn't, Mr Bell.

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MR BELL: When did you last speak to Mr Felstead?

MR KUNARATNAM: I – he sent me a text message this morning just to – to answer the questions truthfully.

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MR BELL: Well, I'm sure that was good advice. Have you had an opportunity to review the documents which were provided to the solicitors for Crown Resorts by those assisting this Inquiry as the documents relevant for these hearings?

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MR KUNARATNAM: I have gone through some of those documents with – with my legal counsel.

MR BELL: Now, what role specifically did you hold in Crown Resorts in respect of the VIP international business in the period from 2014 to 2016?

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MR KUNARATNAM: The Capital Golf Club sat within the VIP roles. I ran the Capital Golf Club in that role. The – my role as running Club 23 did not sit within VIPs. And then I was – started to do roadshows on behalf of Crown promoting non-gaming events.

25

MR BELL: And what was your official job title in the period 2014 to 2016?

MR KUNARATNAM: Was from – sorry, Mr Bell. I – official titles I had were VP of entertainment, VP of Capital Golf Course and then, in late twenty – 2015, it got changed to president of VIP development.

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MR BELL: Now, the document I want to take you to is a document in respect of which Crown Resorts has reserved its position on confidentiality. So, operator, please call it up only in the hearing room. It's CRL.527.001.1826, and it's exhibit M for Mike, tab 109.

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MR KUNARATNAM: Mr Bell, will that come up on the screen?

COMMISSIONER: It will be in a folder, I believe. Just pardon me for a moment. Yes, Mr Bell? Whereabouts will Mr Ratnam find it?

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MR BELL: I'm not sure if it's on a screen that you have, but it should be in a folder which will be provided to you.

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MR KUNARATNAM: I do, Mr Bell. What's – what will be the first letter of the – what letter folder is it, please?

MR BELL: Well, your folders aren't the same as mine, but it's tab 109 in exhibit M for Mike.

MR KUNARATNAM: Thank you.

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MR YOUNG: Commissioner, while that's happening, could I just mention something to you and to Mr Bell?

COMMISSIONER: Yes, of course, Mr Young.

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MR YOUNG: Last night, Commissioner, I informed Mr Bell that we hoped to have a solicitor with Mr Kunaratnam to assist him to locate documents. Unfortunately, with the restrictions we have in Melbourne, that's not been possible to get an exemption from the lockdown to permit that to happen. So, unfortunately, Mr

15

COMMISSIONER: Yes. Thank you, Mr Young.

MR BELL: I'm told, Mr Kunaratnam, it's in volume 5 of your exhibit M, and it's tab 109.

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MR KUNARATNAM: I do have that, Mr Bell. Thank you.

MR BELL: Now, you see it's headed VIP Marketing Kick-off Workshop F15, last updated 5 October 2014?

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MR KUNARATNAM: I do have that front cover, yes.

MR BELL: Do you recall if you attended that workshop at that time?

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MR KUNARATNAM: I don't recall attending that workshop, Mr Bell, at this – I can't recollect attending it.

MR BELL: Do you recall seeing this document in about 2014?

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MR KUNARATNAM: I might have – I might have been given a copy as part of an FYI, but I would not have played any significance with – with my role.

MR BELL: Could I ask you to look at page numbered 7, which is the page ending in the numbers .1832. Do you have that?

40

MR KUNARATNAM: I have, Mr Bell.

MR BELL: And do you see it refers to:

45

...key stakeholders with an active involvement or interest in VIP.

MR KUNARATNAM: I do, Mr Bell.

MR BELL: And one of those people is you; do you see?

5 MR KUNARATNAM: I do, Mr Bell.

MR BELL: And what was your active involvement or interest in VIP at this time?

10 MR KUNARATNAM: Other than just starting to do roadshows, Mr Bell, I had no active involvement as I was busy with Club 23 and the Capital Golf Club.

MR BELL: And - - -

15 MR KUNARATNAM: - - - and other than my legal counsel showing it to me, – I’d never – I’d never seen this page or knew – knew that I reported to Mr Mike Johnston.

MR BELL: Do you see that you’re described in this document as “special assistant to Mr Packer”?

20 MR KUNARATNAM: No, Mr Bell, I see “special assistant to the chairman”.

MR BELL: Yes, and the chairman is described as Mr Packer; correct?

25 MR KUNARATNAM: I – Mr Packer was the chairman at times over that period, yes.

MR BELL: Well, in October 2014 Mr Packer was the chairman of Crown Resorts; correct?

30 MR KUNARATNAM: I would say yes.

MR BELL: And if you look at this chart, Mr Packer is shown at the top of the chart as the chairman; correct?

35 MR KUNARATNAM: I do – I do, Mr Bell.

MR BELL: And you are described as special assistant to the chairman; correct?

40 MR KUNARATNAM: That is correct.

MR BELL: And were you a special assistant to Mr Packer at this time?

45 MR KUNARATNAM: Mr Bell, at that time I would have acted as a – a butler, a host and a personal assistant to Mr Packer whenever he came to visit Melbourne over that period.

MR BELL: Was it part of your responsibilities at this time in 2014 to report to Mr Packer on the VIP international business?

MR KUNARATNAM: No, Mr Bell.

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MR BELL: Could we look at INQ.100.010.1119 which is exhibit P, tab 23, Mr Kunaratnam.

COMMISSIONER: That can go to the live stream.

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MR BELL: Do you have that document in front of you?

MR KUNARATNAM: I do, Mr Bell.

15 MR BELL: Do you see that it's an article published – or a record of an article published by The Australian on 13 April 2019?

MR KUNARATNAM: Yes, I see it on the screen, yes.

20 MR BELL: And could I ask you to turn to the second page of that, the page ending in the numbers .1120?

MR KUNARATNAM: Yes.

25 MR BELL: And if you look about two-thirds of the way down the page, do you see that it says – it refers to the almost daily emails which Mr Packer has for many years received from you, vice president of VIP gaming services at Crown?

MR KUNARATNAM: I do – yes, I do, Mr Bell.

30

MR BELL: Was that true?

35 MR KUNARATNAM: The title is not true, Mr Bell, and I have handed all my email – I was – to the Inquiry. And I at times – on this occasion I would have had a conversation with Mr Packer or would send him an update that we had a horrendous night – I think this was – if I can recall, was over the Christmas period where we had two, three players and we had a very volatile night.

40 MR BELL: Let's just go back a few steps. Do you see that this article says that you have been sending almost daily emails to Mr Packer for many years; do you see that?

MR KUNARATNAM: I do, Mr Bell.

45 MR BELL: And do you see it says that they detail Crown's nightly returns from its high roller rooms in Melbourne and Perth; do you see that?

MR KUNARATNAM: I do.

MR BELL: What I'm asking you is, is this report true?

5 MR KUNARATNAM: Not true that I sent it, only on an occasion when – when we had a conversation, Mr Bell.

MR BELL: So it's true that you sent emails to Mr Packer for many years, but are you telling the Commissioner that it's not true that they were almost on a daily basis?
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MR KUNARATNAM: Not on a daily basis.

MR BELL: But just so we're clear and so that the commission is clear on your evidence, you are telling her that you sent emails to Mr Packer for many years in relation to the VIP gaming services of Crown; is that right?
15

MR KUNARATNAM: I did at times, Mr Bell.

MR BELL: And how frequently did you send Mr Packer these emails?
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MR KUNARATNAM: Mr Bell, I would say when we had a conversation or when it was a volatile night or a positive night.

MR BELL: Would it be fair to say that you communicated by email to Mr Packer when you considered there was something important about the VIP international business which you thought he needed to know?
25

MR KUNARATNAM: I wouldn't say was important, Mr Bell. I would – I would give him the heads-up that we were – we were having a positive day or that we were – we were going to have a – take a hit that night.
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MR BELL: But I – can we take it that if something in relation to VIP international business occurred which you thought was important, you were likely to include that in your email communications to Mr Packer?
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MR KUNARATNAM: You're right; if I thought I was important, Mr Bell.

MR BELL: Now, if I could take you back to the previous document which was – and again, confidentiality is reserved. CRL.527.001.1826, exhibit M, tab 109, volume 5 in your volumes, Mr Ratnam.
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MR KUNARATNAM: Mr Bell, was that the page which had all the key stakeholders?

45 MR BELL: Yes.

MR KUNARATNAM: Yes. Thank you.

MR BELL: Now, you will see that this document shows you reporting in to Mr Mike Johnston, finance director, CPH.

MR KUNARATNAM: It does, Mr Bell.

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MR BELL: And do I understand your evidence to be that that is incorrect or was incorrect at that time?

MR KUNARATNAM: It – it was incorrect at that time and it is still incorrect, Mr Bell, and I never saw this document.

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MR BELL: So to whom did you report in the period 2014 to 2016?

MR KUNARATNAM: After Mr Hawkins left, I reported to Mr Felstead.

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MR BELL: And how regularly did you report to Mr Felstead?

MR KUNARATNAM: When necessary in any of my roles and when I was doing reviews.

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MR BELL: By what means did you report to Mr Felstead? Was it simply a discussion? Did you communicate in writing? What was your practice?

MR KUNARATNAM: If he had any concerns he would call me, Mr Bell.

25

MR BELL: And - - -

COMMISSIONER: But how did you report to him?

MR KUNARATNAM: Through telephone conversation or if it was an email he requested an answer, Commissioner, I would respond by email.

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COMMISSIONER: Thank you.

MR BELL: Now, you see - - -

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MR KUNARATNAM: Mr Bell, since you brought this page up there, the – with the title, the title was, from what I can recall, was given – was an honorary title that Mr Rowen Craigie passed on; it wasn't an official title. It didn't appear on my Crown records. It was a title that Mr Craigie passed on to me. He said it would be useful for me like an honorary title since I was travelling overseas, meeting clients, and having a title that – a title like special assistant to the chairman would give me, as I had a non-game – as – I didn't have a gaming background, it gave me a lot more kudos when I met patrons who saw me at Crown, had seen that I had developed and would give me – that they would give me a lot more face and it was important for them to talk to someone with a title, so when they did speak to me they thought that their concerns or their voice would be heard up the ladder.

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MR BELL: Do I understand what you're telling the Commissioner is that it was Mr Rowen Craigie who decided that it was a suitable title for you to be described as "special assistant to the chairman"?

5 MR KUNARATNAM: It was, Mr Bell.

MR BELL: And, no doubt, it was intended to be an accurate title; do you agree?

10 MR KUNARATNAM: I took it as an honorary title as I never – as I never – it wasn't an official title on my Crown record. And I used it only when I was travelling overseas when I was meeting – meeting patrons.

COMMISSIONER: But the question was you accept that it was accurate?

15 MR KUNARATNAM: Apologies, Commissioner. I didn't - - -

COMMISSIONER: Mr Bell's question was:

20 *No doubt, it was intended to be an accurate title.*

Do you agree with that?

MR KUNARATNAM: I took it as an honorary title when I was travelling overseas.

25 COMMISSIONER: Yes. But it was an accurate title to use overseas. Do you agree with that?

30 MR KUNARATNAM: It was perfect. It was a magnificent title to use overseas as I hadn't seen anyone else having such a title within all the other people I met overseas.

COMMISSIONER: And it was accurate?

MR KUNARATNAM: In which manner, Commissioner?

35 COMMISSIONER: It was a true title. It described what you did.

MR KUNARATNAM: If – yes, I will agree that. Yes, I will agree.

40 COMMISSIONER: All right then. Yes, Mr Bell.

MR BELL: Now, Mr Mike Johnston is described on this page as:

...a key stakeholder with an active involvement or interest in VIP.

45 What did you understand was Mr Johnston's active involvement or interest in VIP at this time, namely, October 2014?

MR KUNARATNAM: I – I had no recollection of what his role or title as I never dealt with him in my – in my duties.

5 MR BELL: But what did you understand was his interest or involvement in VIP?

MR KUNARATNAM: I wasn't aware of any interest he had, Mr Bell.

10 MR BELL: Now, you see that this document also describes Mr John Alexander as a person with an active involvement or interest in VIP. What did you understand was Mr Alexander's active involvement or interest in VIP at this time?

MR KUNARATNAM: I had no knowledge or understanding of what Mr Alexander's role with VIP ever was.

15 MR BELL: And does that also apply to Mr Barton, who is also identified on this page?

MR KUNARATNAM: Till this year, exactly.

20 MR BELL: Now, do you see on the right-hand side of the page, there's a box headed Key Meetings.

MR KUNARATNAM: Yes.

25 MR BELL: And one of those meetings is described as CEO meetings. Do you see that?

MR KUNARATNAM: I do, Mr Bell.

30 MR BELL: Did you attend CEO meetings in the period up to October 2016?

MR KUNARATNAM: Never, Mr Bell.

35 MR BELL: And the other key meeting is described as the CPH VIP working group. Do you see that?

MR KUNARATNAM: I do, Mr Bell.

40 MR BELL: And you did attend meetings of the CPH VIP working group in the period from 2014 to October 2016, didn't you?

MR KUNARATNAM: I do not recall attending any of those meetings, Mr Bell.

45 MR BELL: Do you tell the Commission you have no recollection whatsoever of attending any meeting of the CPH VIP working group?

MR KUNARATNAM: Commissioner, I don't recall or recollect going to any of these meetings.

5 MR BELL: Had you heard of the CPH VIP working group in the period 2014 to 2016?

MR KUNARATNAM: I can't recall, Mr Bell.

10 MR BELL: Isn't it the case that, from time to time, you travelled to China to participate in what Crown Resorts described as "roadshows" in the period from 2014 to October 2016?

MR KUNARATNAM: I did, Mr Bell.

15 MR BELL: And what did you understand was the purpose of the roadshows?

MR KUNARATNAM: My involvement or the purpose of the roadshow?

20 MR BELL: What did you understand was the purpose of the roadshow?

MR KUNARATNAM: To meet – to meet players and to promote lifestyle and events and Crown Resorts Perth/Melbourne to players.

25 MR BELL: Approximately, how many times did you travel to China for roadshows in the period from 2014 to October 2016?

MR KUNARATNAM: Could – could be about 10 times, Mr Bell.

30 MR BELL: That's your best recollection, is it?

MR KUNARATNAM: That's the best I can recall. I went quite often to Hong Kong, Singapore, other regions as well, Mr Bell.

35 MR BELL: And on the occasions that you did travel to China for roadshows, I take it that you had the opportunity to observe how the staff in China were carrying out their work?

MR KUNARATNAM: Could you rephrase that, please, Mr Bell?

40 MR BELL: I will ask it again. On those occasions that you travelled to China for roadshows, I take it that you had the opportunity to observe how the staff in China were carrying out their work; is that correct?

45 MR KUNARATNAM: Well, Mr Bell, I observed them as they were interpreters for me. When they dealt with the players, I never – I – I – as I didn't speak any of the languages, I wasn't privy to any of the conversations. The only time they – I could

observe them was how they were interpreting what I was trying to pass on to the patron and the response I was getting back.

5 MR BELL: But I take it you had the opportunity to observe what they were doing and where they were doing it; is that correct?

MR KUNARATNAM: Yes, Mr Bell.

10 MR BELL: And do you agree that in the period from 2014 to October 2016 you regularly received emails from Mr Felstead, Mr O'Connor and Mr Chen in which you were informed about ongoing issues concerning VIP international business?

15 MR KUNARATNAM: I received many emails from those through on – I was copied in on many emails from those three gentlemen from the VIP business section.

MR BELL: And do you agree that you were – I withdraw that. Do you agree that you regularly discussed ongoing issues concerning VIP international business with Mr Felstead, Mr O'Connor and Mr Chen in that period?

20 MR KUNARATNAM: Personally, I wouldn't say that I was involved in many discussions, Mr Bell. I was copied in. If there was a specific point while in Melbourne they wanted an answer, they would call me and ask me for a response.

25 MR BELL: But from time to time, would you agree, you were involved in discussions with Mr Felstead, Mr O'Connor and Mr Chen concerning the VIP international business in China?

MR KUNARATNAM: I would be instructed - - -

30 MR BELL: Is that a fair way of putting it?

MR KUNARATNAM: Mr Bell, yes, I would have – on a few occasions, I would have been in a phone hook-up or in a room.

35 MR BELL: Well, let's have a look at CRL.527.001.2324, which is exhibit M, tab 95, which is volume 4 in your volumes.

MR KUNARATNAM: M95? Just – sorry. Yes, Mr Bell.

40 MR BELL: So if we could start at the third page, which is the page with the numbers .2326 in the corner. Do you have that?

MR KUNARATNAM: I do.

45 MR BELL: Do you see that Mr Chen has forwarded a link to an article to Mr Felstead, apparently?

MR KUNARATNAM: I do.

MR BELL: And do you see at the top of that page Mr Felstead has replied to Mr Chen, copying in you and Mr O'Connor?

5

MR KUNARATNAM: I see I was copied in.

MR BELL: And do you see that Mr Felstead says:

10 *Interesting article. So what's the plan? Always interested in innovative solutions to complex problems.*

Do you see that?

15 MR KUNARATNAM: I do, Mr Bell.

MR BELL: And if you turn to the preceding page do you see that there's a response from Mr Chen to Mr Felstead talking about two possible alternative strategies, one described as the double-down approach, the other described as the austerity profit-milking approach.

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MR KUNARATNAM: I see that, Mr Bell.

MR BELL: And if you turn to the first page, the page ending with the numbers .2324, do you see that Mr Felstead has replied to Mr Chen, copying in you, Mr O'Connor and Mr Johnston, and among other things he says:

25

30 *Jason, when is our next broader group meeting with Mike Johnston? Nothing is scheduled. Can you please get one happening. The above should be a discussion topic.*

30

Do you see that?

MR KUNARATNAM: I do, Mr Bell.

35

MR BELL: Does that assist you to bring to mind that this question about a strategy in 2014 and whether to adopt the double-down approach or an austerity profit-milking approach was raised for discussion with a broader group, including Mr Mike Johnston?

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MR KUNARATNAM: I can see that in the email, Mr Bell, but the key word you use there was "strategy" and for my role Mr Chen was in charge of strategy for the business.

45 MR BELL: That's not really an answer to my question, Mr - - -

MR KUNARATNAM: I did say – I did reply, yes, Mr Bell, that I did see that.

MR BELL: Right. And do you recall now attending a meeting involving Mr Johnston, Mr Felstead, Mr O'Connor and yourself to discuss the strategies to which Mr Chen referred in his email?

5 MR KUNARATNAM: Mr Bell, as I previously mentioned, I don't recall attending any meetings in 2014/2015 to 2016 with Mr – with Mr Johnston, Mr Chen and Mr O'Connor in the room.

10 COMMISSIONER: Does that mean that I would conclude that you didn't attend them or it's just that you can't remember them?

MR KUNARATNAM: Commissioner, I can't recall attending them and to the best of my knowledge I don't think I ever attended those – those meetings. That - - -

15 MR BELL: Now – sorry, you go on.

MR KUNARATNAM: No, I was clearing my throat, Mr Bell. Apologies.

20 MR BELL: Could we look at CRL.527.001.2316 which is exhibit M, tab 101, which in your volumes is volume 4.

MR KUNARATNAM: Yes.

25 MR BELL: Do you have that document?

MR KUNARATNAM: I do, Mr Bell.

30 MR BELL: Do you see it's an email from Mr Chen to you, Mr Felstead and Mr O'Connor dated 20 September 2014?

MR KUNARATNAM: I do.

MR BELL: And do you see that Mr Chen says:

35 *Please find attached a memo for our discussion in advance of the CPH meeting 29 September. The purpose of this is for us to get aligned in preparation for a broader group discussion.*

Do you see that?

40

MR KUNARATNAM: I do, Mr Bell.

MR BELL: Do you recall reading this at the time?

45 MR KUNARATNAM: No, I don't, Mr Bell.

MR BELL: Do you see that it refers to a CPH meeting on 29 September?

MR KUNARATNAM: I do, Mr Bell.

MR BELL: It would appear that you were proposed to be an attendee at that meeting. Would you agree?

5

MR KUNARATNAM: It – it – it would be – I would – I would read it as that, Mr Bell.

MR BELL: And is your evidence to the Commissioner that this has vanished from your recollection?

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MR KUNARATNAM: Not vanished. I don't recall, and if I did attend, Mr Bell, there – I'm sure there would have been a minutes of those who actually attended that meeting.

15

MR BELL: And if you look at the next – sorry, the attachment to this email is a document in respect of which confidentiality operator, so please call it up only in the hearing room. It's CRL.527.001.2317 and it's the next tab. It's at tab 102.

MR KUNARATNAM: I do, Mr Bell.

20

MR BELL: And do you see that you're a listed recipient of this memorandum from Mr Chen talking about quarter 1 F15 year to date performance review implications and action plan?

25

MR KUNARATNAM: I do, Mr Bell.

MR BELL: And Mr Chen said that:

30 *The purpose of the memorandum is to provide an assessment of VIP international sales performance year to date –*

and the document runs to seven pages; do you agree?

MR KUNARATNAM: It does.

35

MR BELL: And do you see that at the bottom of page 3, the page ending in .2319, Mr Chen says:

40 *The following are some ideas for a six-point plan.*

MR KUNARATNAM: Sorry, let me go back; page 3?

MR BELL: Yes. Down the bottom; do you see it says:

45

The following are some ideas for a six-point plan.

MR KUNARATNAM: Overall action ideas, yes.

MR BELL: And if you turn to the next page, one of those ideas was to:

5 *Target key high value customers with executive sponsorship.*

MR KUNARATNAM: Yes.

MR BELL: The second was to:

10

Target major key players of junkets that have lapsed.

MR KUNARATNAM: Yes.

15 MR BELL: The third was:

Collaborating with junkets establishing overseas businesses.

MR KUNARATNAM: Yes.

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MR BELL: The fourth was:

Detailed market plans.

25 Do you see that?

MR KUNARATNAM: I do, Mr Bell.

MR BELL: And the fifth was:

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People: need to upgrade the sales team.

Do you see that?

35 MR KUNARATNAM: I do.

MR BELL: And the sixth was “Cost review”.

MR KUNARATNAM: Yes.

40

MR BELL: Do you see that?

MR KUNARATNAM: Yes.

45 MR BELL: And does that now assist you to recall that you met with Mr Chen, Mr O’Connor and Mr Felstead to discuss these issues in advance of a meeting described as a CPH meeting on 29 September 2014?

MR KUNARATNAM: No, it doesn't, Mr Bell. My role was completely on a hosting role. I would not have had the inclination to read Michael Chen's strategy on all of that.

5 MR BELL: So are you telling the Commissioner that it must have been a complete waste of time for Mr Chen to include you in the – among the recipients of this document?

10 MR KUNARATNAM: Definitely not a waste of time because if there was any parts of that document where there needed my assistance there would – Mr Felstead, Mr O'Connor or Mr Chen would have – knowing me, knowing what I was also doing at Crown at that time they would have rung me, Mr Bell.

MR BELL: And - - -

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MR KUNARATNAM: I'm not shirking my responsibility. I'm not – I wouldn't have spent the time to read that as I wasn't into the strategy of building what Mr Chen was doing.

20 MR BELL: Whether you now recall it, do you agree that these documents that I've shown you suggest that you attended a meeting described as a CPH meeting to discuss strategy issues in September 2014?

25 MR KUNARATNAM: No, it doesn't, Mr Bell. It shows that I was cc'd on all these emails.

COMMISSIONER: I don't think that's quite right, is it? If you go to the - - -

30 MR KUNARATNAM: Sorry, Commissioner?

COMMISSIONER: I don't think that's quite right. If you go to the first page of the document, you see you're not a cc; you're a principal recipient. Do you see that?

35 MR KUNARATNAM: I do, Commissioner.

COMMISSIONER: All right. Yes, Mr Bell.

40 MR BELL: And whether or not you recall it now, Mr Chen is quite clearly saying here that the purpose of providing you with the memo was:

...for us to get aligned in preparation for a broader group discussion –

namely the CPH meeting 29 September. Do you see that's what it says?

45 MR KUNARATNAM: It does say that.

MR BELL: I'm not asking you about your recollection; I'm asking whether you accept that you clearly were an attendee at the CPH meeting on 29 September.

5 MR KUNARATNAM: I – I would disagree with you, Mr Bell. Yes, I was – the email was sent to me as well, but I do not recall or recollect or have an – memory of going to that meeting, and if – I could be wrong, but if there was a meeting there would have been minutes to that meeting if I was an attendee, Mr Bell.

10 MR BELL: I will just try this one more time, sir. I'm not asking you about your recollection. You understand?

MR KUNARATNAM: Yes.

15 MR BELL: I'm asking you whether you accept documents that I'm now showing you indicate that you must have attended such a meeting.

MR YOUNG: I do object.

20 COMMISSIONER: Yes, Mr Young.

MR YOUNG: This is a memorandum sent to Mr Kunaratnam, amongst others, in advance of an intended meeting.

25 COMMISSIONER: Yes.

MR YOUNG: The memorandum does not show that he attended the meeting, as just put. It shows that it was envisaged that he would attend.

30 COMMISSIONER: Yes.

MR BELL: Well, let me try a different question, Mr Kunaratnam.

35 MR KUNARATNAM: You can call me, Mr Ratnam, Mr Bell. It's a lot easier to pronounce.

MR BELL: All right. Thank you. My question is not about your recollection. Do you accept that these documents indicate that it was intended that you would attend a meeting described as the CPH meeting in September 2014?

40 MR KUNARATNAM: Yes, it would indicate that, Mr Bell.

45 MR BELL: Thank you. Now, you understood, in the period up to October 2016, the work being done by the China-based team included encouraging existing and potential new customers to visit Crown Melbourne and Crown Perth; correct?

MR KUNARATNAM: Yes.

MR BELL: And you understood in that period that the work being done by the China-based team included assisting customers to apply to Crown Resorts for a line of credit to use while gambling while at Crown Melbourne or Crown Perth?

5 MR KUNARATNAM: No, Mr Bell.

MR BELL: You had no idea that that's what they were doing?

10 MR KUNARATNAM: That wasn't my – that wasn't – no, I didn't, Mr Bell.

MR BELL: What did you think they were doing in China, Mr Kunaratnam?

15 MR KUNARATNAM: They were – they were – they were finding patrons who wanted to come and who had a different choice of venue to visit in Australia.

MR BELL: You knew that the principal purpose, was it not, the China-based team was to encourage Chinese VIPs to gamble at the Australian casinos of Crown Resorts; that's correct, isn't it?

20 MR KUNARATNAM: Yes, it was.

MR BELL: And you understood, in that period, that the work being done by the China-based team included assisting VIP customers with their travel arrangements to Australia; correct?

25 MR KUNARATNAM: I'm not a hundred per cent sure who assisted them, but I – I'm not a hundred per cent sure, Mr Bell.

30 MR BELL: You knew that the China team were assisting Chinese VIPs with visas required for their entry to Australia, didn't you.

MR KUNARATNAM: I had a recollection. Yes.

35 MR BELL: And you knew, in that period, that the work being done by the China team included meeting with customers to encourage them to repay their gambling debts to Crown Resorts; correct?

MR KUNARATNAM: That was not – I was not aware of that, Mr Bell.

40 MR BELL: You did understand, didn't you, that the Chinese high rollers who came to gamble at Crown Resorts casinos in Australia were offered credit facilities.

MR KUNARATNAM: I would say yes.

45 MR BELL: And if the high rollers lost when they were gambling at Crown Resorts casinos, they would incur a debt to Crown Resorts; correct?

MR KUNARATNAM: You are correct.

MR BELL: And, in those circumstances, I suggest you understood that part of the
5 role of the China-based team was to encourage those gamblers who had incurred a
debt at Crown Resorts to repay it; that's right, isn't it?

MR KUNARATNAM: I didn't take that for me to have an understanding of that,
Mr Bell.

10 MR BELL: So you tell the Commissioner that you had no idea that the team in
China were, among other things, encouraging Chinese high rollers to repay their
gambling debt?

MR KUNARATNAM: I would – I would agree with you, Mr Bell, that the credit
15 department would get in touch with the sales team to follow up on any outstanding
lines of debt.

MR BELL: Right. Now, were you aware that the VIP international business unit of
20 Crown Resorts took steps, in the period up to October 2016, to disguise or conceal
from Chinese authorities the true nature of the business activities being conducted by
Crown Resorts in China?

MR KUNARATNAM: I would not agree with you. Not as far as I knew, we were
25 disguising anything, Mr Bell.

MR BELL: You knew, didn't you, that the policy of VIP international in China, in
the period up to October 2016, was to act under the radar; correct?

MR KUNARATNAM: Mr Bell, I did hear that statement, yes. I did hear that
30 statement from Michael Chen, yes.

MR BELL: Let's look at CRL.505.010.4316, which is exhibit M for Mike, tab 180,
which in your volumes is volume 7.

35 MR KUNARATNAM: Volume 7. Yes.

MR BELL: Now, do you have that document?

MR KUNARATNAM: I do, Mr Bell.
40

MR BELL: And it's a document from Mr Chen to Mr Felstead, Mr O'Connor and
yourself dated 8 May 2015?

MR KUNARATNAM: Yes.
45

MR BELL: And it refers to a roadshow schedule in which you, among others, were
going to participate at that time; correct?

MR KUNARATNAM: Yes.

MR BELL: And do you see that, in the second half of the page Mr Chen says:

5 *The group is split up to minimise the number of folks in each meeting to be more under the radar.*

MR KUNARATNAM: Yes, Mr Bell, and I do recall – yes.

10 MR BELL: And you, no doubt, read this email at the time – correct – because it was concerning – it was concerning - - -

MR KUNARATNAM: I would have read that email – sorry, Mr Bell, I would have read that email.

15

MR BELL: So you were aware, were you, of a policy of VIP international at this time to act under the radar of the Chinese authorities; correct?

20 MR KUNARATNAM: I wasn't under the understanding that it was to act to avoid, as you put it, Chinese authorities. I took it that Mr Chen had got constant updates on – prior to any roadshow – what we were able to do, Mr Bell.

MR BELL: Are you doing your best to be honest and frank with this Inquiry, Mr Kunaratnam?

25

MR KUNARATNAM: I did take an oath, Mr Bell.

MR BELL: So who did you think Mr Chen was suggesting you be under the radar of?

30

MR KUNARATNAM: It's how we behaved in – in the market, Mr Bell.

MR BELL: Who did you think Mr Chen was suggesting you be under the radar of?

35 MR KUNARATNAM: I would assume all – all authorities in China.

MR BELL: Thank you.

COMMISSIONER: What did you understand “under the radar” meant?

40

MR KUNARATNAM: Is that to me, Commissioner?

COMMISSIONER: What did you understand the words “under the radar” meant?

45 MR KUNARATNAM: Not to be overt. Definitely no promotion of gaming and, as you can see in that email, Commissioner, my role was to promote those events.

COMMISSIONER: So no promotion of?

MR KUNARATNAM: My role was to promote events.

5 COMMISSIONER: No, but I asked you – you said “under the radar”, said :

Not to be overt.

And:

10

Definitely no promotion of gaming –

was it?

15 MR KUNARATNAM: That’s not my role to promote gaming, Commissioner.
That’s what I took it as: I wasn’t to promote gaming.

COMMISSIONER: You weren’t to promote gaming?

20 MR KUNARATNAM: That wasn’t my area of expertise.

COMMISSIONER: So what did you understand that “under the radar” meant for you?

25 MR KUNARATNAM: That we had to – I think if – not think. I did see follow-up emails from Mr Chen where he’d got advice from two other firms, where they told us to – for Crown personnel to be under groups of three at any meeting and not have more than eight people all-up at any lunches or dinners we attended.

30 COMMISSIONER: That’s what you understood “under the radar” meant for you, was it?

MR KUNARATNAM: I did, Commissioner.

35 COMMISSIONER: Thank you.

MR BELL: Were you aware, in the period up to October 2016, that neither Crown Resorts nor any subsidiary held any licences or approvals from the Chinese Government to conduct any business activities in China?

40

MR KUNARATNAM: I wasn’t aware of that, Mr Bell.

MR BELL: Did you consider whether or not Crown Resorts was licensed to lawfully conduct any business in China?

45

MR KUNARATNAM: Mr Bell, I – I – I didn’t, because I had Michael Chen and Jason O’Connor who were in charge of the department.

MR BELL: In the period up to October 2016, were you aware that the staff in China were not working from Crown Resorts branded offices?

5 MR KUNARATNAM: Yes, I did.

MR BELL: Were you aware that the staff in China, in the period up to October 2016, were mainly working from their homes?

10 MR KUNARATNAM: Yes, I did.

MR BELL: And what did you understand was the reason why the staff in China were not working in offices, as would ordinarily be the case?

15 MR KUNARATNAM: I wouldn't know. I didn't know the answer to that, Mr – I never asked that question.

MR BELL: And it never occurred to you to wonder why; is that right?

20 MR KUNARATNAM: No, it didn't.

MR BELL: Was – I withdraw that. Did you ever have any communication with Mr Johnston, in the period up to October 2016, about the fact that the staff in China were working from their homes?

25 MR KUNARATNAM: I don't think so, Mr Bell.

MR BELL: Are you quite sure?

30 MR KUNARATNAM: As far as I can recall, yes.

MR BELL: Did you ever communicate with Mr Packer, in the period up to October 2016, about the fact that the staff in China were working from their homes?

35 MR KUNARATNAM: No, I didn't, Mr Bell.

MR BELL: In the period up to October 2016, were you aware that there was an unofficial Crown Resorts office containing no Crown Resorts signage in Guangzhou?

40 MR KUNARATNAM: No, I didn't.

MR BELL: Were you aware that all the visa applications for all of China were processed by the team in Guangzhou in the period up to October 2016?

45 MR KUNARATNAM: No, I didn't.

MR BELL: Were you aware that, from 2015, Crown Resorts office premises in Guangzhou were leased by two employees of Crown Resorts who were reimbursed by Crown Resorts for the rental?

5 MR KUNARATNAM: No, I wasn't.

MR BELL: And were you aware that there was, in fact, a functioning office in Guangzhou in the period up to October 2016?

10 MR KUNARATNAM: No, Mr Bell. I'd been to Guangzhou, and I never went to an office – or I never went to an office in Guangzhou. So I never knew.

MR BELL: So when did you go to Guangzhou on Crown Resorts business in the period up to October 2016?

15

MR KUNARATNAM: Either 2014, 2015 or 2016.

MR BELL: And did you visit employees of Crown Resorts in Guangzhou on those occasions?

20

MR KUNARATNAM: They would have met me at the hotel.

MR BELL: Did you say – did you ever observe where they were working from?

25 MR KUNARATNAM: No, I didn't, Mr Bell. We met at a hotel. And we had lunch or we had dinner.

MR BELL: Were you aware that Crown Resorts made a decision, in 2014, to change the descriptions on payments being transferred to China so that they all had generic references and did not refer to "VIP" and "gaming"?

30

MR KUNARATNAM: No, I wasn't aware, Mr Bell.

MR BELL: Were you aware, in particular, that a decision was made to instruct all accounts payable staff to ensure that all China funding templates did not display the words "VIP funding" but were replaced by "services consulting fees"?

35

MR KUNARATNAM: No, I wasn't, Mr Bell.

40 MR BELL: And now, you did, however, become aware, did you not, in February 2015, of reports that the Chinese authorities had announced a crackdown on foreign casinos recruiting gamblers within China?

MR KUNARATNAM: I might have. It might have – I might have – recall having a conversation with Jason or – or Michael Chen.

45

MR BELL: Do you recall becoming aware, in February '15, of reports that Chinese authorities had announced a crackdown on foreign casinos recruiting gamblers within China?

5 MR KUNARATNAM: I would say I would have – I would have – it would have come across my – someone would have mentioned that to me.

MR BELL: Could we look at CRL.545.001.0021, exhibit M for Mike, tab 141, which in your volumes is volume 6.

10

MR KUNARATNAM: 141, Mr Bell?

MR BELL: Yes.

15 MR KUNARATNAM: Thank you.

MR BELL: Now, if we start at the email which is at the bottom of page .0023, do you see it's an email from Michael Chen to someone called Kenneth Zhou. Do you see that?

20

MR KUNARATNAM: Yes.

MR BELL: Were you aware that he was a lawyer from the firm called WilmerHale in 2015?

25

MR KUNARATNAM: I didn't till I saw this article, Mr Bell.

MR BELL: I'm sorry. You didn't until what?

30 MR KUNARATNAM: No, I – I didn't know who Kenneth – Kenneth Zhou was.

MR BELL: Well, let's just, perhaps, start at the other end. Do you see that at the – on the first page, the page ending in 0021, there's an email from Mr Felstead to Mr Chen, copying in you and Mr O'Connor, dated 10 February?

35

MR KUNARATNAM: Yes, I do.

MR BELL: So this email chain came to your attention at this time; correct?

40 MR KUNARATNAM: I was copied in on this email. Yes.

MR BELL: And this – these emails came to your attention at that time; correct?

45 MR KUNARATNAM: Mr Bell, I was copied in. Do I recall whether it came to my attention? I can't recall.

MR BELL: It's likely that you'd read these emails at the time; correct?

MR KUNARATNAM: Mr Bell, I would have read – if I read the email, I would have read the first part. I definitely would not have read all the other correspondence from Michael Chen.

5 MR BELL: So you have a recollection of reading the first part of this email chain, but you can say definitely, now, sitting here in 2020, that you didn't read the rest of it. Is that your evidence?

MR KUNARATNAM: Mr Bell, I said I don't recall reading the rest of it.

10

MR BELL: I thought you said you definitely didn't read it a minute ago.

MR KUNARATNAM: If I did, I apologise for that error.

15

MR BELL: Well - - -

COMMISSIONER: Mr Kunaratnam, would you just be a little more careful, please.

MR KUNARATNAM: I will, Commissioner.

20

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

MR BELL: Did you understand – I withdraw that. Did you understand when you looked at the top email from Mr Felstead to Mr Chen copied to you - - -

25

MR KUNARATNAM: Yes.

MR BELL: - - - that Mr Felstead was referring to a decision about whether or not Crown Resorts should proceed to establish offices in China?

30

MR KUNARATNAM: I can read that. Yes.

MR BELL: And this was an important issue; would you agree?

35

MR KUNARATNAM: I'm sure it was to – to – to the company.

MR BELL: And going back to the last email from Mr Chen to Mr Zhou, you referred to an article. Were you referring to the article at the top of the final page, .0024?

40

MR KUNARATNAM: Sorry, Mr Bell. Which article is that?

MR BELL: About five minutes ago you said you weren't aware of the crackdown on foreign casinos until you read this article. Were you referring to the article to which there is a link at the top of the final page of this email chain?

45

MR KUNARATNAM: No, Mr Bell. When I was – when I referred back to the crackdown, I was most likely referring to what happened to the South Koreans, Mr Bell.

5 MR BELL: The arrest of the South Koreans occurred in June 2015, didn't it?

MR KUNARATNAM: I don't know exactly when it happened, Mr Bell.

10 MR BELL: What I asked you before – about 10 minutes ago, I think – was whether you were aware in February 2015 to be precise of a crackdown on foreign casinos recruiting Chinese gamblers, and you said that you did become aware of that or words to that effect. Do you recall?

MR KUNARATNAM: I do.

15

MR BELL: And how did you become aware of that in February 2015?

20 MR KUNARATNAM: Mr Bell, that would have been an error on my part and I apologise. I'm not exact – that was over five years ago. I – when – I meant I did – I was assuming it was the South Koreans were the only ones I'd heard of – the casinos – that had been targeted. Sorry, I wasn't particularly clear on the date it happened.

25 MR BELL: I'm not asking you about South Koreans. I'm asking you, and I will ask it again now, whether you were aware in February 2015 that the Chinese authorities had announced a crackdown on foreign casinos recruiting Chinese gamblers; yes or no?

30 MR KUNARATNAM: No. If – I apologise if I did in 2015; no, I don't recall the exact date being 2015 – February 2015.

MR BELL: I'm not asking you about an exact date. I'm asking you whether you recall, in February 2015, that the Chinese authorities announced a crackdown on foreign casinos recruiting Chinese gamblers. Yes or no?

35 MR KUNARATNAM: No, Mr Bell.

MR BELL: That's a considered answer, is it, Mr Kunaratnam?

40 MR KUNARATNAM: Yes, it is, Mr Bell.

MR BELL: Now, could we look at INQ.010.001.0825, which is exhibit M, tab 105 which in your volumes is volume 5.

45 MR KUNARATNAM: And chapter, Mr Bell?

MR BELL: 105.

MR KUNARATNAM: Yes.

MR BELL: You should have in front of you the Crown Resorts Limited annual report 2014. Is that what you have in front of you?

5

COMMISSIONER: Yes, that can go to the live stream.

MR KUNARATNAM: I do.

10 MR BELL: And if I could ask you to turn to page 10 to Mr Felstead's report, which is the page numbered .0836.

MR KUNARATNAM: I do, Mr – I do.

15 MR BELL: And if you could turn to the second page of Mr Felstead's report, page numbered 11 which has the numbers .0837 in the top. Do you have that?

MR KUNARATNAM: Yes.

20 MR BELL: And do you see in the bottom half of the right-hand corner of that page
- - -

MR KUNARATNAM: Yes.

25 MR BELL: - - - under the heading VIP program play, Mr Felstead stated:

During the period Crown acquired three Bombardier jets to expand the range of our private jet service to Asian VIP customers and provide a superior level of comfort and amenity.

30

Do you see that?

MR KUNARATNAM: I do, Mr Bell, yes.

35 MR BELL: And if we turn forward to page 14 which is the page numbered .0840, towards the end of the first column, Mr Felstead made another reference there, do you see, to the fact that:

During this period Crown acquired three Bombardier jets to expand its private jet service to Asian VIP customers.

40

Do you see that?

MR KUNARATNAM: I do. I do, Mr Bell.

45

MR BELL: And you were aware that these three jets had been commissioned by Crown Resorts, weren't you?

MR KUNARATNAM: I was aware.

MR BELL: Yes. And as you understood it, it was intended that these private jets transport VIP high rollers to various destinations, including from China to the
5 Australian casinos; correct?

MR KUNARATNAM: I would – I would agree with you.

MR BELL: And is it correct that the full name of the Bombardier jets was
10 Bombardier Global Express?

MR KUNARATNAM: I'm not an expert on that, Mr Bell.

MR BELL: Had you ever heard of the expression Bombardier Global Express?
15

MR KUNARATNAM: I think that's a type of Bombardier jet.

MR BELL: Bombardier. And do you recall that they were known as Globals for short; is that correct?
20

MR KUNARATNAM: Mr Bell, I think Globals were the jets we had – the best person to – is Roland Thieler, who managed the jets. But I think our previous jets were Globals and then we swapped to Bombardiers.

MR BELL: But the expression "jets" as you understood it at the time – I withdraw that. The expression "Globals" as you understood it at the time referred to private jets which were being used by Crown Resorts to ferry high rollers to the Australian casinos; is that right?
25

MR KUNARATNAM: Yes.
30

MR BELL: And could I ask you to look at CRL.522.001.2864, exhibit M for Mike, tab 144 which in your volumes is volume 6.

MR KUNARATNAM: Yes, Mr Bell.
35

MR BELL: Do you have that document?

MR KUNARATNAM: I do.
40

MR BELL: And do you see that you sent an email on 12 February 2015 to a person called Matthew Csidei, C-s-i-d-e-i; have I pronounced that correctly?

MR KUNARATNAM: Matthew Csidei.
45

MR BELL: Csidei, thank you. You said in your email to him:

With the announcement late last week from the Chinese government on targeting Chinese citizens visiting foreign casinos what are your thoughts on us losing the logos on the tails of the Globals?

5 Do you see that?

MR KUNARATNAM: I do, Mr Bell.

10 MR BELL: So firstly, do you now accept, contrary to your earlier evidence that you were in fact aware in 2015 of an announcement made by the Chinese government on targeting Chinese citizens visiting foreign casinos?

15 MR KUNARATNAM: Mr Bell, you would be correct. I would have – I would have been advised by someone.

MR BELL: And do you wish to correct the evidence you earlier gave to the Commissioner on this topic?

20 MR KUNARATNAM: With this fact, yes, Mr Bell.

MR BELL: And secondly, what you were suggesting to Mr Csidei was whether the Crown Resorts logos on the tail of these private jets should be removed so that there was no indication by simply looking at them that they were owned by Crown Resorts. Correct?

25 MR KUNARATNAM: That would – that would be the context of this text – this email to Mr Csidei.

30 MR BELL: And that was something which you were proposing in response to the crackdown on foreign casinos in China; correct?

35 MR KUNARATNAM: This is what I was proposing after getting feedback from the sales team on what I had previously – we had previously sent, not me personally, sent correspondence to the sales team on the fit-out of the jets, what they looked like, what their colours were. And this was the feedback someone would have rung and told me and that's what I passed on the feedback to Mr Csidei.

40 MR BELL: That was what you were proposing to Mr Csidei in response to the crack down on foreign casinos in China; correct?

MR KUNARATNAM: Yes.

45 MR BELL: And I take it that you were considering that course of action because you believed it would help to make the business of Crown Resorts in China of targeting Chinese citizens to visit its casinos more under the radar; is that right?

MR KUNARATNAM: If I can explain, Mr Bell - - -

MR BELL: Is that right?

MR KUNARATNAM: You're right.

5 MR BELL: Thank you. Now, do you see that Mr Csidei's response was:

Great idea. Get rid of them.

To which you replied:

10

Will do.

Copying in Mr Felstead. Do you see that?

15 MR KUNARATNAM: Yes.

MR BELL: It appears from Mr Csidei's email address that he, in fact, worked for CPH, not Crown Resorts; is that correct?

20 MR KUNARATNAM: Yes.

MR BELL: Why were you asking an officer of CPH what action you should take on behalf of Crown Resorts Limited with respect to its private jet services?

25 MR KUNARATNAM: Mr Csidei was in charge of putting together the fit-out of the jets, Mr Bell.

MR BELL: So your understanding was that Mr Csidei, as an officer of CPH, was providing services to Crown Resorts in relation to the private jet service; is that your
30 evidence?

MR KUNARATNAM: My evidence was that he was in charge of the interior fit-outs of the jets.

35 MR BELL: Be precise. Are you saying that he was in charge of that matter and, in so doing, was providing services to Crown Resorts?

MR KUNARATNAM: What do you mean by "services", Mr Bell??

40 MR BELL: Was he doing the work for Crown Resorts?

MR KUNARATNAM: Yes, he was.

MR BELL: And were you accustomed at this time to taking instructions from Mr
45 Csidei?

MR KUNARATNAM: Definitely not.

MR BELL: That is – I withdraw that. Did you, in fact, arrange for the Crown Resorts logos to be removed from the Globals?

MR KUNARATNAM: I did.

5

MR BELL: And were those Globals subsequently used to transport high rollers from China to Crown Resorts casinos in Australia?

MR KUNARATNAM: Yes, they were.

10

MR BELL: Did you discuss this decision to remove the Crown Resorts logos from the private jets with Mr Johnston?

MR KUNARATNAM: No, I didn't.

15

MR BELL: Did you ever communicate to Mr Packer that you had removed the Crown Resorts logos from the Crown Resorts private jets?

MR KUNARATNAM: I don't think so, Mr Bell.

20

MR BELL: Mr Packer was the chairman of Crown Resorts in February 2015, wasn't he?

MR KUNARATNAM: I would say yes.

25

MR BELL: And did it occur to you that he might be interested to know whether the Crown Resorts logos were to be removed from the private jets?

MR KUNARATNAM: It wasn't my responsibility to tell him, Mr Bell.

30

MR BELL: Did it occur to you that Mr Packer might be interested to know that the Crown Resorts logos were to be removed from the Crown Resorts private jets?

MR KUNARATNAM: I don't think so.

35

MR BELL: You considered that might be a matter on which he would have no interest; is that your evidence?

MR KUNARATNAM: I would say yes.

40

COMMISSIONER: Did you tell him?

MR KUNARATNAM: No, I don't think so, Commissioner.

45

COMMISSIONER: When you say you don't think so, it's more probable, isn't it, that you would speak to Mr Packer about what you were going to do to the tails of his private jets, that is, Crown Resorts private jets; isn't that the reality?

MR KUNARATNAM: I would – I would say I did not tell Mr Packer about the – the only discussions I had with Mr Packer about the jets was the interior conditions of them over their – over their life span.

5 COMMISSIONER: So you talked to him about the internal setup of the jets, but not the external setup. Is that what you're saying?

MR KUNARATNAM: Commissioner, after they came into use - - -

10 COMMISSIONER: Just listen again. Just listen again. So you talked to Mr Packer about the internal setup of the jets, but not the external set-up of the jets? Is that what you're saying to me?

MR KUNARATNAM: Yes, Commissioner.

15

COMMISSIONER: And so, as to the internal setup of the jets, when did you speak to Mr Packer about that?

MR KUNARATNAM: Over the course of the – 2016 – 2016/2017 after they came into operation.

20

COMMISSIONER: And so far as the fact that the logo had been removed from the tails of these jets, do you say that there was never one discussion with Mr Packer about their removal?

25

MR KUNARATNAM: Yes, Commissioner.

COMMISSIONER: I see.

30 MR KUNARATNAM: As we never had logos on the original jets.

COMMISSIONER: I see. So because you never had them, are you saying that the new ones had them, but you removed them without telling him?

35 MR KUNARATNAM: I got feedback to remove them and, yes, I – and I passed it on to Mr Csidei.

COMMISSIONER: I'll ask it again. Is it because the previous ones never had them, are you saying that the new ones had them, but you removed them without telling Mr Packer?

40

MR KUNARATNAM: Yes, Commissioner.

COMMISSIONER: I see. Yes, Mr Bell. What was that SMS that Mr Felstead sent you this morning?

45

MR KUNARATNAM: Can I – can I read it out to you?

COMMISSIONER: Yes.

MR KUNARATNAM:

5 *I'm thinking of you today. I know you will do well, Ishy.*

COMMISSIONER: Is that it?

MR KUNARATNAM: Yes. Yes, Commissioner.

10

COMMISSIONER: Did you not tell me earlier that he told you just to tell the truth?

MR KUNARATNAM: That's what he meant. That's how I took it to be.

15 COMMISSIONER: I see. So when he said:

I know you will do well.

You understood that he meant for you to tell the truth.

20

MR KUNARATNAM: I have been told to do that by everyone, Commissioner.

COMMISSIONER: That wasn't the question. The question was - - -

25 MR KUNARATNAM: That's - that's what I took it to be, Commissioner.

COMMISSIONER: Yes, all right. Yes, Mr Bell.

MR BELL: In June 2015, you became aware that a number of employees of two
30 South Korean casinos had been arrested in China; correct?

MR KUNARATNAM: Yes.

MR BELL: How did you become aware of that?

35

MR KUNARATNAM: I think Mr Chen or someone had passed us the article.

MR BELL: Now, in July 2015, you became aware that an employee of Crown
reports based in China had been questioned by the Chinese police; correct?

40

MR KUNARATNAM: I read that in the documents that I received.

MR BELL: Sorry. Are you referring to the documents that you've received in the
last few days when you became aware that you were summonsed to give evidence at
45 this Inquiry?

MR KUNARATNAM: That – that I – that I – that made me recollect that incident, Mr Bell.

5 MR BELL: So my question is this – and I will ask it again: in July 2015, you became aware, didn't you, that an employee of Crown Resorts based in China had been questioned by the Chinese police?

MR KUNARATNAM: Yes, Mr Bell.

10 MR BELL: And you became aware, didn't you, at that time, that the Chinese police had requested that employee to provide a letter from Crown Resorts confirming that he was an employee; correct?

MR KUNARATNAM: Yes, I did, Mr Bell.

15

MR BELL: And you became aware, in July 2015, did you not, that Crown Resorts had provided such a letter to the Chinese police?

MR KUNARATNAM: Yes, I did, Mr Bell.

20

MR BELL: Now, I would like to take you to a document in respect of which Crown Resorts has reserved its position on confidentiality. So, operator, please call it up only in the hearing room. It's CRL.636.001.1747. It's exhibit R, tab 16, Mr Ratnam. Do you have that document in front of you?

25

MR KUNARATNAM: I thought it's coming up on the screen. Sorry, Mr Bell. Which book was it?

MR BELL: It's exhibit R, tab 16.

30

MR KUNARATNAM: Apologies.

MR BELL: Now, do have you that document in front of you?

35 MR KUNARATNAM: I do.

MR BELL: And it should be a document ending in the numbers .1747; is that right?

40 MR KUNARATNAM: Exactly.

MR BELL: So if you could turn to the bottom of the page, there's an email from Michael Chen to Jan Williamson, copied Jason O'Connor – now, don't mention the name of this person, please, Mr Kunaratnam – but do you see that Mr Chen says:

45

Our staff member in Wuhan was invited by local police late this afternoon to come in for an interview.

Do you see that?

MR KUNARATNAM: Yes.

5 MR BELL:

He was told by police that a tipster reported that he was organising gaming tours. He denied it and said he worked for Crown Resorts and assisted in organising leisure trips for customers.

10

Do you see that?

MR KUNARATNAM: Yes.

15 MR BELL: And Mr Chen says:

After two hours he was released. Police requested that Crown furnish a letter prior to 12 pm tomorrow corroborating his statement.

20 Do you see that?

MR KUNARATNAM: Yes, I do.

25 MR BELL: And looking back to the first page of the email do you see that Mr O'Connor Co-on forwarded this email to Mr Felstead?

MR KUNARATNAM: Yes.

30 MR BELL: And Mr Felstead forwarded the email to Mr Johnston saying:

This is what we will be up against in China at the moment.

Do you see that?

35 MR KUNARATNAM: Yes. Yes.

MR BELL: And then Mr Felstead forwarded the email to you saying:

Let's discuss over lunch, loban.

40

Do you see that?

MR KUNARATNAM: I do, Mr Bell.

45 MR BELL: Now, is it correct that "loban" means boss or old boss in Mandarin?

MR KUNARATNAM: It does, Mr Bell. It does.

MR BELL: Why do you think Mr Felstead would be referring to you as “the boss”?

MR KUNARATNAM: Because he was the CEO, Mr Bell, and it was a term of – I would say it was a term of endearment or – it was just taking the mickey out of me.

5

MR BELL: I see. But nevertheless, it was obviously a matter of serious concern to you, I assume, that an employee in China had been requested by the police and asked to provide a letter confirming his employment as an employee of Crown Resorts.

10 MR KUNARATNAM: I would – I would have been very concerned – so could you rephrase that question, please, Mr Bell?

MR BELL: It was obviously a matter of serious concern to you that a Crown Resorts employee in China had been questioned – detained by the police for two
15 hours and questioned about his work and then requested by the Chinese police to provide a letter confirming that he was an employee of Crown Resorts.

MR KUNARATNAM: It would have been a concern for me from the employee’s perspective, yes.

20

MR BELL: Right. And especially, I suppose, coming so soon after the arrests of the South Korean casino operators only a few weeks earlier.

MR KUNARATNAM: You’re right.

25

MR BELL: And what was the substance of your discussion with Mr Felstead about this issue?

MR KUNARATNAM: If I can recall, Mr Felstead wanted to know if I had spoken
30 to Benny to see how he was. A welfare check.

MR BELL: And did Mr Felstead tell you that this was the second employee of Crown Resorts to be questioned by the police in a short space of time?

35 MR KUNARATNAM: No, Mr Bell. I didn’t know that.

MR BELL: And did you tell Mr Felstead that this was a concern to you?

MR KUNARATNAM: No, I didn’t, Mr Bell.

40

MR BELL: Did you tell Mr Felstead that this was a matter he should report to Mr Craigie?

MR KUNARATNAM: No, I didn’t, Mr Bell.

45

MR BELL: And have you exhausted your recollection now about what you and Mr Felstead discussed about this issue?

MR KUNARATNAM: Exhausted? I – I thought I answered the question, Mr Bell.

MR BELL: So you don't remember anything else that you discussed on this occasion.

5

MR KUNARATNAM: I can't recall anything else we – no, I don't, Mr Bell.

MR BELL: And did you ever discuss the issue of the questioning of the Chinese staff member and the requirement to produce a letter with Mr Johnston?

10

MR KUNARATNAM: No, I didn't, Mr Bell.

MR BELL: Did you ever discuss that matter at any time up to October 2016 with Mr Packer?

15

MR KUNARATNAM: No, I never did, Mr Bell.

MR BELL: No further questions.

20 COMMISSIONER: When did you first meet Mr Packer?

MR KUNARATNAM: Commissioner, I would have met Mr Packer from '97 onwards when Mr – Mr Packer Senior was at Crown and I would be asked to look after Mr Packer Senior.

25

COMMISSIONER: And what about Mr Packer Junior, Mr James Packer.

MR KUNARATNAM: Yes.

30 COMMISSIONER: You told me a little earlier that you were the butler and host and his personal assistant. Remember telling me that?

MR KUNARATNAM: I did from about 2015/16 when he started coming to Melbourne.

35

COMMISSIONER: I see. And you indicated to me that you started out your career with Crown in the F & B, and bars and the VIP services non-gaming. Do you remember telling me that?

40 MR KUNARATNAM: I did, Commissioner.

COMMISSIONER: And what year did you start? About 1994, was it?

MR KUNARATNAM: November – Monday, November 28, 1994.

45

COMMISSIONER: Yes. And so you stayed in that area, F & B, till when?

MR KUNARATNAM: Till about '97.

COMMISSIONER: Yes. And then in '97 you moved, did you, into VIP services non-gaming?

5

MR KUNARATNAM: Exactly, but Commissioner I was still doing the Capital Golf Club from about ninety – late '95 onwards; we were finished building it.

COMMISSIONER: So you were involved at the time of the establishment of the golf club with Mr Williams, were you?

10

MR KUNARATNAM: Mr Williams was the chairman of the company then.

COMMISSIONER: And so your role at the golf club was then what?

15

MR KUNARATNAM: Guest relations, guest operations.

COMMISSIONER: And what is your role now at the golf club?

MR KUNARATNAM: I do all of that plus help with the maintenance. I still do the same thing, Commissioner.

20

COMMISSIONER: So your role at the golf club is – your title at the golf club is?

MR KUNARATNAM: I don't have a title, Commissioner. I – I have a manager there, I have a greenkeeper, I – I oversee it. I'm there every morning when I'm in – when I'm in Australia.

25

COMMISSIONER: Just say that again for me?

30

MR KUNARATNAM: I go there every morning to oversee its operations, its conditions and who's playing on the course.

COMMISSIONER: I see. And so far as that role, you started that in 1995 and you continue with it today; is that right?

35

MR KUNARATNAM: I do, Commissioner.

COMMISSIONER: And then you indicated to me that you became butler, host and personal assistant to Mr Packer – Mr James Packer, that is, in 2015 when he started, as you say, coming to Melbourne. Is that right?

40

MR KUNARATNAM: Only – I did those roles when he came to Melbourne over that period.

45

COMMISSIONER: And so – and that, I presume, continues to today.

MR KUNARATNAM: If he came to Australia, yes – hopefully, yes, Commissioner.

5 COMMISSIONER: Yes. And so far as his recent visits to Australia, you played that role as well.

MR KUNARATNAM: Yes, Commissioner.

10 COMMISSIONER: Now, can I just ask you then, of those emails that Mr Bell took you to, I just want to understand, you've indicated to me that you probably wouldn't have read a lot of them. Is that right?

MR KUNARATNAM: Commissioner, yes, Commissioner. I - - -

15 COMMISSIONER: What did you do with them?

MR KUNARATNAM: I've – I've kept them all. They are all in my database.

20 COMMISSIONER: And did you pass them on?

MR KUNARATNAM: To who, commissioner?

COMMISSIONER: To anyone.

25 MR KUNARATNAM: No. Not that I can recall.

COMMISSIONER: So – well, just be careful. They're kept within your database and you did not forward them to anyone. Is that what you're saying to the Inquiry?

30 MR KUNARATNAM: Yes.

COMMISSIONER: And so when you received them you didn't read them, but you read some of them and you just kept them in your database.

35 MR KUNARATNAM: Yes, Commissioner.

COMMISSIONER: And you shared them with no-one.

40 MR KUNARATNAM: Other than those if I had to respond to it, I would have discussed it with whoever I had to.

COMMISSIONER: What does that mean?

45 MR KUNARATNAM: There – I think there was – if I got an email regarding a certain player, I would pass it on to – if I got an email from a staff member requesting I would pass it on to HR. If I got an email regarding an event, I would pass it on to Ms Jacinta Maguire or to someone in the event team. If I got an email

from one of the sales teams regarding an issue, I would pass it on to the credit team. So yes, I did pass on – if I saw an email that needed my attention, I would have passed it on to whoever needed to action it.

5 COMMISSIONER: But you would only know if you had to pass it on if you read them, surely.

MR KUNARATNAM: Yes, and that's what I'm doing in my current role since 2017.

10 COMMISSIONER: So you're reading them now.

MR KUNARATNAM: Yes.

15 COMMISSIONER: I see. And just one other topic upon which I would like some clarification. You referred to those jets about which Mr Bell asked you. I presume – you travelled on those jets, did you?

MR KUNARATNAM: I went to Sydney twice on those jets, Commissioner.

20 COMMISSIONER: But not in relation to the VIP business that you were operating or assisting to operate at the time. Is that right?

MR KUNARATNAM: I took a group to play golf in Sydney – I took two groups to play golf in Sydney, Commissioner.

COMMISSIONER: But so far as the jets that were used that you spoke to Mr Bell about bringing the high rollers in - - -

30 MR KUNARATNAM: Yes.

COMMISSIONER: - - - from China, did you have any involvement in that process?

MR KUNARATNAM: Never – in travelling in those jets?

35 COMMISSIONER: Yes.

MR KUNARATNAM: Never, Commissioner.

40 COMMISSIONER: All right. Yes. Mr Young, anything?

MR YOUNG: Thank you, Commissioner. I have a few relatively brief questions, yes.

45 COMMISSIONER: Yes, all right.

5 MR YOUNG: Mr Kunaratnam, on the question of jets, do you know whether they flew into mainland China on any occasion or whether it was Hong Kong?

MR KUNARATNAM: From – in my involvement post 2017 they only flew in from Hong Kong.

10 COMMISSIONER: What about before?

MR KUNARATNAM: I can't – I don't recall, commissioner.

15 COMMISSIONER: I see. Yes, Mr Young.

MR YOUNG: My other question relates to travel to China and the road shows that you were asked about by Mr Bell. You told him that you had been on about 10 road show trips to China. What years did those trips span?

20 MR KUNARATNAM: I would say from '14, '15, '16.

MR YOUNG: Now, can I take you then to a document you were asked about which is in your volume 7. It's exhibit M180.

25 MR KUNARATNAM: Yes, Mr Young.

MR YOUNG: Now, you were asked some questions in relation to this email by Mr Bell, and you will see it attached a road show schedule and that's the next tab, exhibit M181.

30 MR KUNARATNAM: Yes. Sorry, Mr Young.

MR YOUNG: Yes. Now, you might want to just glance at that before I ask this question.

35 COMMISSIONER: What's the reference, Mr Young? CRL?

MR YOUNG: I'm sorry, Commissioner. It's CRL.505.010.4318.

40 COMMISSIONER: Thank you.

MR YOUNG: And Mr Kunaratnam, you'll see that the schedule under exhibit M181, lists a number of patrons and a number of proposed meeting dates.

45 MR KUNARATNAM: Yes, Mr Young.

MR YOUNG: Also on some occasions a location is identified, on other occasions it's to be determined. Do you see that?

MR KUNARATNAM: Yes.

5

MR YOUNG: Now, can you go back to the email at exhibit M180. Mr Bell directed you to the fourth last paragraph at the bottom of the email commencing:

The group is split up to minimise the number of folks in each meeting.

10

Now, can you tell the Commissioner on this road show trip, where did you meet with patrons over the course of the scheduled trip?

MR KUNARATNAM: At restaurants. In the restaurant for lunch, restaurant lobby for afternoon tea and a restaurant for dinner.

15

MR YOUNG: Now, in relation to those meetings, can you explain what function you performed during the course of the meeting, what it was that you said?

MR KUNARATNAM: If you looked at this particular – 180 – my role was to promote the events, the sporting side of the events, the – the soccer in Australia in June and July, the champions league for London, Wimbledon. Going forward, if I knew a certain player liked tennis I would try to organise – especially this one, Wimbledon, here, we had – Li Na was playing in it and I was trying to – we were hosting a lunch or a dinner if a player wanted to meet her. So that my role was to identify if a certain player liked tennis or liked golf and to get them to meet the player.

20

25

MR YOUNG: Now, in relation to other road shows, just explain briefly what your function was at meetings carried out in the course of other road show trips to China.

30

MR KUNARATNAM: To talk about Crown, to talk about Australia – mainly talk about Australia, talk about what sporting events were coming out, talking about medical facilities compared to what they were having there, compared – to universities for their children, lifestyle experiences, if they wanted to go to the snow fields. Everything – my – I took it upon myself to learn everything that was non-gaming because there – there was more to Australia – we couldn't compete with the other casinos on deals, I assume, so I took it upon myself that we had a great city in Melbourne and Perth, the boat, the golf course. We could – we could offer those as – as something to do other than gaming.

35

40

MR YOUNG: Now, did you make any contribution at meetings on any of your road show trips to any discussion about gaming matters?

MR KUNARATNAM: No, I didn't, Mr Young.

45

MR YOUNG: Commissioner, that's all I have by way of questions for Mr Kunaratnam.

5 COMMISSIONER: Yes, thank you very much, Mr Young. Mr Barnett, do you wish to seek any leave?

MR BARNETT: No, Commissioner.

10 COMMISSIONER: And Ms Case?

MS CASE: No, thank you, Commissioner.

15 COMMISSIONER: Anything arising, Mr Bell? And Mr Kunaratnam, thank you. As is the usual position in respect of witnesses who give evidence to the Inquiry, I can't formally release you at the moment, but as soon as that is possible you will be notified. It is – may I say, it seems a little unlikely that you would be asked to be returning to the witness box but I can't give you that certainty at the moment. As soon as that is possible you will be notified by those assisting me. Who is the next witness, Mr Bell?

20 MR BELL: Mr Craigie.

COMMISSIONER: I will adjourn shortly to let you make some arrangements for Mr Craigie to give evidence.

25 MR KUNARATNAM: Thank you, Commissioner.

30 <THE WITNESS WITHDREW [11.38 am]

ADJOURNED [11.38 am]

35 RESUMED [12.00 am]

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

40 MR BELL: I call Mr Rowan Craigie.

COMMISSIONER: Mr Craigie.

45 MR YOUNG: Commissioner - - -

COMMISSIONER: Mr Young. I'm sorry.

MR YOUNG: May I say something before Mr Craigie commences?

COMMISSIONER: Of course. Yes, of course.

5 MR YOUNG: As you know, Commissioner, Mr Craigie has been summonsed to appear.

COMMISSIONER: Yes.

10 MR YOUNG: His evidence is given under compulsion and none of it is given voluntarily for the purposes of sections 17(1) or 17(2) of the Royal Commissions Act.

15 COMMISSIONER: Yes. I thought about that yesterday, when you raised it, and it is – it is a convenient way of dealing with it. In the usual course – obviously, he will voluntarily tell me his name and his occupation. And they’re the sorts of things that would not need protection of these very powerful provisions. But – so I will take it that, really, what I understand is that any aspect of Mr Craigie’s evidence to which he’s entitled to object under section 17(1) is to be taken to have been objected to. I
20 think that is probably the more accurate way of doing it, so that due respect is paid to the breadth of the powers rather than just saying, “Because you’re compelled everything is covered.” But I am grateful for you trying to shorten things, Mr Young.

25 MR YOUNG: Yes. What - - -

COMMISSIONER: Are you content with that approach?

MR YOUNG: Yes, Commissioner.

30 COMMISSIONER: All right then. Yes. Anything further, Mr Young, before I ask Mr Craigie about the process of his evidence?

MR YOUNG: Not at this point, no. No, thank you.

35 COMMISSIONER: Yes, thank you. All right. Well, we will just wait until Mr Craigie can see me. Mr Young, this is a heritage building from which you’re seeing me – not just the building, apparently. Now, Mr Craigie, can you hear me?

40 MR R. CRAIGIE: I can, Commissioner.

COMMISSIONER: Thank you. Would you prefer to take an oath on the Bible or make an affirmation for the purpose of giving your evidence?

45 MR CRAIGIE: An affirmation, please.

COMMISSIONER: All right then.

<EXAMINATION BY MR BELL

5

COMMISSIONER: Yes, Mr Bell.

MR BELL: What is your full name?

10

MR CRAIGIE: Rowen Bruce Craigie.

MR BELL: Your business address is known to those assisting this inquiry. What is your occupation?

15

MR CRAIGIE: I'm a consultant and a director of Racing Victoria.

MR BELL: And in the period from 2007 to 2017, you were the chief executive officer and managing director of the company now called Crown Resorts Limited?

20

MR CRAIGIE: That's correct.

MR BELL: And you were also a director of Crown Melbourne from 2002 to 2017; is that right?

25

MR CRAIGIE: Yes, that's correct.

MR BELL: And chief executive officer of Crown Melbourne from 2000 to 2007.

30

MR CRAIGIE: Yes, that's correct.

MR BELL: In the period 2014 to 2016, did you have five people directly reporting to you, one of whom was Mr Barry Felstead, the chief executive officer Australian Resorts?

35

MR CRAIGIE: That's correct.

MR BELL: And is it correct that the other four people directly reporting to you in that period were, first, Mr Ken Barton, then, the chief financial officer?

40

MR CRAIGIE: Yes.

MR BELL: Secondly, Mr Michael Neilson, the general counsel and joint company secretary?

45

MR CRAIGIE: Yes.

MR BELL: Thirdly, Mr Todd Nisbet, the executive vice president strategy and development?

MR CRAIGIE: Yes.

5

MR BELL: And, fourthly, Mr Karl Bitar, head of government relations.

MR CRAIGIE: Yes, that's correct.

10 MR BELL: Now, in the period 2014 to 2016, did you understand that Mr Felstead was the executive responsible for the VIP international business?

MR CRAIGIE: I did.

15 MR BELL: And did you watch or have you read the transcript of any of the evidence given by other witnesses to the Inquiry during the course of this week?

MR CRAIGIE: I have during this week, probably not so much previous weeks.

20 MR BELL: Have you had an opportunity to review the documents which were provided to the lawyers for Crown Resorts Limited by those assisting this Inquiry as the documents relevant to these hearings?

MR CRAIGIE: I would say partially. There was a large number of them. But I've gone – I've gone through – I've gone through most of the documents.

25 MR BELL: Now, can I take you to the 2015 annual report of Crown Resorts. It's INQ.010.002.0001, which is exhibit M for Mike, tab 224.

30 COMMISSIONER: Yes, that can go to the live stream.

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

MR BELL: Could I ask you to look at the corporate governance statement at page 35 33 which is the page ending in the numbers .0859.

MR CRAIGIE: Yes.

COMMISSIONER: Did you say 0859?

40

MR BELL: I think I might have made an error there.

COMMISSIONER: Yes. 0035?

45 MR BELL: Yes. I'm sorry. 0035. I'm sorry, Mr Craigie.

MR CRAIGIE: Yes, I've got that.

COMMISSIONER: You can leave that open.

MR BELL: Do you see that this statement says it:

5 *...sets out the extent to which Crown Resorts says that it followed the best
practice recommendation set by the ASX Corporate Governance Council and
responds to the council's third edition of its Principles and Recommendations.*

10 MR CRAIGIE: Yes. It sets out the extent to which its followed, yes.

MR BELL: Yes. If I can ask you to turn to page 41 of the document, which is the
page ending in .003.

15 MR CRAIGIE: Yes.

MR BELL: Principle number 3 is that:

A listed entity should act ethically and responsibly.

20 Do you see that?

MR CRAIGIE: Yes.

25 MR BELL: And Crown states that it had:

*...established separate codes of conduct for directors and employees that
outlined the standards of ethical behaviour expected of them.*

30 MR CRAIGIE: Yes.

MR BELL: And, in the second column, do you see it refers to the fact that:

*The code of conduct for directors requires them at all times to comply in the
spirit as well as the letter of the law.*

35 MR CRAIGIE: Yes.

40 MR BELL: And I take it, as the managing director and CEO of Crown Resorts in
the period up to 2016, you expected the directors of the subsidiary companies of
Crown Resorts to comply with the spirit as well as the letter of the law?

MR CRAIGIE: Yes.

45 MR BELL: And I take it you expected that standard to apply to the conduct of
directors in all of the jurisdictions in which the companies did business?

MR CRAIGIE: Yes.

MR BELL: And do you see that this page also refers to the “code of conduct for employees”?

MR CRAIGIE: Yes.

5

MR BELL: And I assume that you were well aware, in the period whilst you were the CEO and managing director of Crown Resorts, that the code of conduct for employees provided that it’s a fundamental principle of Crown Resorts Limited that all your business affairs shall be conducted legally, ethically, with strict observance of the highest standards of integrity and professionalism?

10

MR CRAIGIE: Yes.

MR BELL: And I take it as the managing director and CEO in the period 2014 to 2016 you expected all of the employees of Crown Resorts to follow that fundamental principle.

15

MR CRAIGIE: Yes.

MR BELL: In all of the jurisdictions in which they were involved.

20

MR CRAIGIE: Yes.

MR BELL: Now, could I ask you to turn this document to page 43 which is the page ending in the numbers 0045.

25

MR CRAIGIE: Yes.

MR BELL: You see that principle 7 is “recognise and manage risk”?

30

MR CRAIGIE: Yes.

MR BELL: And at this page you’re identified as one of the members of the risk management committee of the board alongside Mr Dixon as chairman and Ms Rowena Danziger.

35

MR CRAIGIE: Yes.

MR BELL: Now, may I take you to the ASX corporate governance principles which were in force at the time. They’re at INQ.100.001.0308 which is exhibit O, tab 5.

40

MR CRAIGIE: Yes. What page reference, please?

MR BELL: It should have the – the last four digits at the top of the page should be .0308.

45

MR CRAIGIE: Yes, I've got that.

MR BELL: Could I ask you to turn in that document to page 28 which is the page ending in .0337.

5

MR CRAIGIE: Yes.

MR BELL: Do you see in the second half of the left-hand column on that page it states that:

10

The board of listed entity is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.

MR CRAIGIE: Yes.

15

MR BELL: And I take it that you agree with that statement of principle.

MR CRAIGIE: Yes.

20 MR BELL: And I take it that you accept that this principle applied to Crown Resorts in relation to the risks involved in pursuing its business strategy in China in the period up to October 2016?

MR CRAIGIE: Yes.

25

MR BELL: And do you see in the last sentence in this left-hand side column states:

It is the role of the board to set the risk appetite for the entity, to oversee its risk management framework and to satisfy itself that the framework is sound.

30

MR CRAIGIE: Yes.

MR BELL: And I take it that you also agree with that statement of principle.

35 MR CRAIGIE: Yes.

MR BELL: And I take it that you accept that this principle applied to Crown Resorts in relation to the risks involved in pursuing its business strategy in China in the period up to October 2016.

40

MR CRAIGIE: Yes.

MR BELL: And do you see a little bit above that it states:

45 *It is the role of management to design and implement that framework and to ensure that the entity operates in the risk appetite set by the board.*

MR CRAIGIE: Yes.

MR BELL: And I take it that you also agree with that statement of principle?

5 MR CRAIGIE: Yes.

MR BELL: And I take it that you accept that this principle applied to the management of Crown Resorts in relation to the business strategy in China in the period up to October 2016.

10

MR CRAIGIE: Yes.

MR BELL: And as managing director and CEO of the entity in that period, I take it that you acknowledge that you had both an important management role and an important board role discharging the responsibilities of the risk management process?

15

MR CRAIGIE: Yes.

20 MR BELL: And in terms of your management role – and leaving to one side for the moment the formal risk management processes, would you agree that part of your responsibility was to ensure that your direct reports brought to your attention matters of significance relating to the business operations?

25 MR CRAIGIE: Yes.

MR BELL: And would you agree that it was part of that responsibility to challenge your direct reports and request further information when necessary to ensure that you were sufficiently briefed to fulfil your obligations as CEO and managing director?

30

MR CRAIGIE: Yes, when – when necessary.

MR BELL: Yes. Now, could I ask you to look at a document CRL.545.001.2038 which is exhibit M for Mike, tab 87.

35

MR CRAIGIE: Which – 87?

MR BELL: 87.

40 MR CRAIGIE: Yes.

MR BELL: Do you see that it's an email to you and others from Mr Michael Neilson attaching papers for a CEO management meeting – I withdraw that – a CEO meeting on 30 July 2014?

45

MR CRAIGIE: Yes.

MR BELL: And is it the case that in the period up to at least the end of 2015 there were regular CEO meetings?

MR CRAIGIE: Yes.

5

MR BELL: How often did they occur?

MR CRAIGIE: They were initially monthly. Their – their purpose was to brief the chairman prior to a board meeting, so because the board meetings were close to monthly. The CEO meetings were also monthly; in – in a month where we didn't have a board meeting we had a CEO meeting. But each chairman had different needs for these CEO meetings, but their purpose was to brief the chairman.

10

MR BELL: So the main purpose wasn't to brief you, but to brief the chairman. Is that right?

15

MR CRAIGIE: That – that's correct. So the – while they're called the CEO meeting, their purpose was to go – main purpose was to go through the CEO report for the upcoming board meeting.

20

MR BELL: And so at this time, July 2014, the chairman was Mr Packer; is that correct?

MR CRAIGIE: That's correct.

25

MR BELL: And so should I understand that even though he wasn't a recipient of this email it was his practice to attend the CEO meetings?

MR CRAIGIE: No, if – if he – it was his practice to – Mr Packer set up the concept of the CEO meeting and then at a period of time requested the deputy chairman to substitute for him. This would be one of those meetings.

30

COMMISSIONER: Who was that; Mr Alexander, was it?

MR CRAIGIE: Mr Alexander was the deputy chairman; that's correct.

35

MR BELL: So depending upon whether Mr Packer was or was not present either he or Mr Alexander would chair CEO meetings.

MR CRAIGIE: That's correct, and then when Mr Rankin became chairman, he discontinued the meetings because he thought he didn't need that briefing before a chairman's meeting.

40

MR BELL: I see. And to your knowledge were minutes kept of the CEO meeting?

45

MR CRAIGIE: No, because they were just to brief for the upcoming board meeting.

COMMISSIONER: Just pardon me, Mr Bell, I'm terribly sorry to interrupt. When you said he didn't need that for the chairman's meetings, are you referring to the board meeting or something - - -

5 MR CRAIGIE: Yes, the board – these were, if you like, a pre-board meeting for the chairman.

COMMISSIONER: Yes.

10 MR CRAIGIE: And so minutes weren't kept of these pre-board meetings.

COMMISSIONER: Yes, I see. Thank you.

15 MR BELL: Mr Craigie, do you see that for the meeting on 30 July 2014 there are a number of papers attached, including a CEO report and a VIP update?

MR CRAIGIE: Yes.

20 MR BELL: Are papers of that nature usually prepared for the CEO meetings?

MR CRAIGIE: Yes, the – if you like, the first part of the meeting were the papers that were going to the board meeting, the CEO report, the management accounts, development update, any other papers, and then the – it was requested that a specific update be given on VIP and that's that – that paper that you're referring to at that tab
25 88.

MR BELL: So does that mean that these papers, after being presented at the CEO meeting were tabled at the board meeting?

30 MR CRAIGIE: Not – not the – not the last group of papers. Not the MIP update or the VIP update.

MR BELL: And who prepared the CEO update in the period up to the time when the CEO meetings were discontinued?
35

MR CRAIGIE: The CEO report was pulled together by Michael Neilson, the general counsel and company secretary, but it reflected or was assembled from the reports of the different areas of the business. So Crown Melbourne would prepare the Melbourne section, Crown Perth would prepare the Perth section, and then others
40 would prepare the sections of the CEO report that dealt with the international business.

MR BELL: And who would typically speak to the CEO report at the CEO meeting?

45 MR CRAIGIE: Barry – Barry Felstead would report on the Melbourne and Perth businesses, including VIP. Ken Barton, the CFO, would report on the financial performance and the accounts, and Todd Nisbit would report on the development

update. But, obviously, both myself and that executive group would contribute on various items contained in that report.

5 MR BELL: And who typically prepared and spoke to the VIP update, to your understanding?

MR CRAIGIE: That would be Barry Felstead.

10 MR BELL: And, in general terms, how long did the CEO meetings last?

MR CRAIGIE: Probably two to three hours.

MR BELL: And are you able to - - -

15 MR CRAIGIE: It did depend on – it did depend on the – on the volume of the papers and the – you know, the complexity of particular issues. But as a general guide, you would set aside, you know, a morning for it.

20 MR BELL: And are you able to be reasonably precise about when Mr Rankin discontinued the CEO meetings?

25 MR CRAIGIE: I think it was probably – it was shortly after his appointment, from memory. It was around the time of his appointment that he considered he didn't need a pre-board meeting. He would have the papers. But he didn't – he didn't want to go through all the – didn't want to go through those papers prior to the board meeting.

30 MR BELL: Now, do you see that this email, apart from yourself, went to Mr Alexander, Mr Johnston, Mr Arbib, Mr Felstead and Mr Bitar. You've explained Mr Alexander's role. Were those other individuals regular attendees at the CEO meetings in the period up until the time they were discontinued by Mr Rankin?

MR CRAIGIE: Yes.

35 MR BELL: And were there any other regular attendees at the CEO meetings in that period?

40 MR CRAIGIE: Todd Nisbit is not on that distribution list, but he was a regular attendee. It may well be, at that particular meeting, Michael – Michael Neilson knew he was going to be an apology. But the attendees were my direct reports plus either the chairman or the deputy chairman and then, typically, Mike Johnston and Mark Arbib.

45 MR BELL: Sorry. Did you say that Mr Michael Johnston regularly attended the CEO meetings?

MR CRAIGIE: Yes.

MR BELL: Sorry. Who was the other person you mentioned?

MR CRAIGIE: Mark Arbib.

5 MR BELL: Right. Mr Arbib was an employee of CPH, wasn't he?

MR CRAIGIE: Yes, that's correct.

10 MR BELL: So why, as you understood it, did he attend the CEO meetings of Crown Resorts?

MR CRAIGIE: When James Packer established the CEO meetings, he invited Mark Arbib to attend, and that continued throughout that period.

15 COMMISSIONER: Did you understand the purpose of it, though?

20 MR CRAIGIE: Yes. Within CPH, my assessment would be that Mr Packer relied on three key advisers within CPH: Michael Johnston on financial matters; Guy Jalland on legal matters; and Mark Arbib on government relations and media. And I think Mr Packer welcomed their input and wanted them exposed to the Crown management team and the CEO reports, so they would be in a better position to advise him.

25 MR BELL: Mr Craigie, I want to take you to the VIP update, which was the attachment to this email. Crown Resorts has reserved confidentiality over that document, operator. So, please, call it up only in the hearing room. It's CRL.522.001.0238, and it's exhibit M for Mike, tab 88.

30 MR CRAIGIE: Yes, I have that.

MR BELL: Were the VIP updates typically in the form of this document?

MR CRAIGIE: Yes. This was a fairly standard format for the VIP update.

35 MR BELL: And what was your understanding of why this document went to the CEO meetings, but didn't then get tabled at the board meetings?

40 MR CRAIGIE: Mr Packer wanted to drill down into this part of the business. I think he had a particular interest in it and, obviously, in the CEO report, there is reference to a – reference to the VIP business, but not to the level of listing all the VIP events or, you know, particular debtors, or whatever. So this is probably too much detail for the board. But as the chairman, having a particular interest in VIP international, particularly given Crown's international investments, James took the opportunity to discuss VIP at the CEO meetings. But this was always at the end of
45 the meeting and, if you like, was – was an add-on and this part of the meeting, if you like, was distinct from – the back half of the meeting was distinct from the pre-board

meeting. This was more an opportunity for management to brief the chairman on areas of interest.

5 MR BELL: And, Mr Craigie, you mentioned in your answer the international investments, but did Mr Packer ever tell you why it was that he had a particular interest in the VIP international business?

10 MR CRAIGIE: I think it's probably – it's got – it's, clearly, got links to what – what is happening in the rest of – of the world. And Mr Packer was – is obviously interested in that. He had particular interests in Asia, a particular interest in China and the joint venture with Melco, of which he was the architect. So – and I think he was drawn to the mathematics of the VIP business as well, which is something which is probably more complicated and interesting than, say, the mathematics of the poker machine business.

15 MR BELL: Could I ask you to turn in this update to the page ending in the numbers .0243.

20 MR CRAIGIE: Yes.

MR BELL: So it was typical in these updates for there to be information about turnover by region; is that right?

25 MR CRAIGIE: Yes.

MR BELL: And this document, do you see, divides those regions into east Asia, China, South-East Asia and emerging markets?

30 MR CRAIGIE: Yes.

MR BELL: And am I right in understanding that this chart shows that China was the region with the highest compound annual growth rate in turnover according to this document?

35 MR CRAIGIE: Yes, that's correct.

MR BELL: And that the turnover from China had increased year on year from financial year '12 to financial year '14?

40 MR CRAIGIE: Yes, that's correct.

MR BELL: And if we could move forward to the page ending in the numbers .0258
- - -

45 COMMISSIONER: Just before you do. Mr Craigie, can you tell me, in respect of the second bullet point at the bottom of the page, that refers, I presume, to departures in China, does it?

MR CRAIGIE: I would presume so. I – I’m not – I think if – if staff had departed, back in Melbourne that wouldn’t be a reason to impact on China growth, so I’m assuming it would be staff departures in China.

5 COMMISSIONER: And the instability - - -

MR CRAIGIE: Or – sorry. Commissioner, or in that part – that part of the VIP department that was focused on China. So whether that – that refers to the – whether that refers to people located in China or in Singapore or Hong Kong, I’m – I can’t
10 recall, but it – it wouldn’t be – China growth wouldn’t be affected by departures in Melbourne or in South-East Asia.

COMMISSIONER: And so far as the political instability is concerned, that referred specifically to China, I presume, by reason of the context.

15

MR CRAIGIE: Yes. Across – across this period, this would have been the corruption crackdown which saw - - -

20

COMMISSIONER: Yes.

MR CRAIGIE: - - - turnover in Macau - - -

COMMISSIONER: Yes.

25 MR CRAIGIE: - - - contract severely. And so I take this comment to mean, given that the market in Macau, which is the largest VIP market in the world, was going backwards, it was pleasing that these numbers were going – going up.

30

COMMISSIONER: As they were. Yes, thank you.

MR CRAIGIE: And, Commissioner, could I just add that, obviously, the long-term trend across this period was that China was outgrowing the rest of east Asia. When we first started the VIP business, the majority of the business was in South-East Asia.

35

COMMISSIONER: Yes.

MR CRAIGIE: By the time you get – by the time you get to this part – this time period – the majority of the business is coming out of China/Hong Kong.

40

COMMISSIONER: Yes. And the crackdown to which you had referred, was the crackdown that commenced in about 2012; was it not?

45 MR CRAIGIE: It was. And that sent Macau backwards for a period, until it took off again and got more back on what is a long-term, you know, growth path.

COMMISSIONER: Yes. Thank you, Mr Craigie. I’m sorry to interrupt, Mr Bell.

MR BELL: Mr Craigie, could you please turn to page – the page ending .0258.

MR CRAIGIE: Yes.

5 MR BELL: There was typically in the CEO updates a section dealing with debts outstanding to the two Crown Resorts in respect of the VIP business?

MR CRAIGIE: Yes.

10 MR BELL: And it would be fair to say, would it, that debts were a recurring headache in relation to this aspect of the business.

MR CRAIGIE: Yes. Debt – debts and the VIP business go hand-in-hand.

15 MR BELL: Now, did you have any formal process in place for Mr Felstead to report to you?

MR CRAIGIE: Do you mean by formal a – a regular meeting?

20 MR BELL: Yes.

MR CRAIGIE: Not - - -

MR BELL: Yes, regular weekly or fortnightly meeting or something of that nature?
25

MR CRAIGIE: No, not, not – not a formal, regular meeting, no.

MR BELL: So how was it that in this period up to October 2016 that Mr Felstead usually reported to you?
30

MR CRAIGIE: Mr Felstead and I would talk on a – on an as needs basis. He – Mr Felstead prepared a weekly report which went to the senior management team and the chairman and we would – if we needed to talk about any issue in that either before that went out or afterwards we would – we would discuss that. But basically,
35 it was on an as needs basis. So we had worked together for many years, there was no – there was no problem about him contacting me or vice versa on any matter at any time of day. The culture amongst the executive team and the direct reports was that our phones were on 24/7.

40 So the regular, formal meetings came out of the board process or the briefing of the chairman. There wasn't – there wasn't a need from my point of view, nor I think theirs, to, you know, tie up – tie up a fixed – a fixed appointment time for, you know, regular, formal meetings as you – as you describe them.

45 MR BELL: Do I understand from what you just said that Mr Felstead's practice was to prepare a weekly report which went to both you and the chairman?

MR CRAIGIE: And the other senior executives that we've spoken about.

MR BELL: Add I take it - - -

5 MR CRAIGIE: It was a trading update, I think it was called.

MR BELL: Sorry, could you say that again?

10 MR CRAIGIE: I think it was called a trading update or a title like that.

MR BELL: So it covered all of the areas of Mr Felstead's responsibility, not merely VIP international.

15 MR CRAIGIE: That's right. So it was – it was how was the business – how was the Australian business trading in that past week.

MR BELL: And are you able to tell us, apart from yourself and the chairman, to whom these weekly trading updates were sent?

20 MR CRAIGIE: Would have been sent to much the same group as that – the CEO meeting. So certainly, within Crown, Ken Barton, Michael Neilson, I think, and at the board level went to the deputy chairman, Mike Johnston. It probably didn't go to any of the other CPH executives.

25 MR BELL: Now, can I take you to another document in respect of which Crown Resorts has reserved its position on confidentiality, operator, to please call it up only in the hearing room. That's CRL.522.001.0136, which is exhibit M for Mike, tab 215.

30 MR CRAIGIE: Yes.

MR BELL: And you should have in front of you a VIP international business update dated 23 July 2015.

35 MR CRAIGIE: Yes.

MR BELL: And are you able to confirm from the form of this document that this was the VIP international business update that was presented to the CEO meeting at or about the date it bears?
40

MR CRAIGIE: Probably. There would – if it's been - - -

MR BELL:

45 MR CRAIGIE: No, no, it's the – it's the VIP international business update so it probably went, as we saw in the previous example, it was probably in the pack for the CEO meeting, but I don't have a – we don't have the cover sheet on the front of

this to identify was it part of that – that – was there a meeting and was – who was there and what – whether this was attended, but yes, they would have prepared this, as they always did, in expectation it was going to a CEO meeting.

5 MR BELL: Could I take you to another document on which confidentiality is reserved, operator, CRL.522.001.0136. It's exhibit M for Mike, tab 169.

MR CRAIGIE: Yes.

10 MR BELL: Do you see that's the document described as an F16-F20 Strategic Business Plan, Executive Review, VIP International?

MR CRAIGIE: Yes.

15 MR BELL: Now, are you able to say if you've seen this document before?

MR CRAIGIE: I've seen documents like this, so could I perhaps explain what I think the document is and then you might understand my answer?

20 MR BELL: Yes, please.

MR CRAIGIE: So in the preparation of the five year plan, the individual departments of Crown Melbourne and Crown Perth prepared their own detailed five year plan, and that proposed five year plan was prepared with input – sorry, was
25 prepared on the basis there were some macro parameters given by the Crown Melbourne or Crown Perth management team guidance as to what the five year plan – when it was put together for the – the organisation might look like, so any assumptions about wage increases or any generic assumptions that each department had to put into their five year plan. Then those plans were presented to the executive
30 of Crown Melbourne or Crown Perth respectively for their input.

Once they were finalised they were rolled up into producing the Crown Melbourne five year plan or the Crown Perth five year plan which would go to – come together to make the Crown Resorts five year plan and then the respective five year plans
35 would be presented to the boards of Crown Melbourne, Crown Perth and ultimately Crown Resorts. Obviously, as you can see, this is, you know, 30 pages of detailed five year plan for the department. There's 10 departments, typically, so in all there would be 300 pages of PowerPoint presentation and that is input into producing a plan for the executive team and the board which is at a higher level of detail, say,
40 typically 60 pages or thereabouts. But I think - - -

MR BELL:

MR CRAIGIE: I think this is the detailed plan of the VIP department which would
45 have been an input into the Crown Melbourne five year plan. I'm sorry that's such a long-winded answer.

MR BELL: No, that's very helpful. But before I ask you any more questions about the document, could I take you to another version of the document – it has an email which has this as an attachment. It's exhibit R, tab 5, which is CRL.638.001.0028.

5 MR CRAIGIE: Does it have a tab number in R?

MR BELL: Yes, sorry, tab 5 in exhibit R.

MR CRAIGIE: Okay. Thank you.

10

MR BELL: Now, you can take it that the following document at tab 6 is the same document we were just looking at, and do you see that this particular email comes from a Michael Whytcross to Jason O'Connor, Jacinta Maguire and some other people, 17 March 2015. So - - -

15

MR CRAIGIE: Yes.

MR BELL: Should I understand from your earlier answer that this form would be a document sent to various executives within Crown Melbourne and which would ultimately culminate in the Crown Melbourne five year plan?

20

MR CRAIGIE: No, this particular email is directed to people who work in VIP. So all of these people that this has been sent to work in the VIP department and this is the latest version of the plan. So my interpretation is they are still working on this plan for presentation to the Crown Melbourne executive group.

25

MR BELL: So should the Commissioner take it that the document behind tab 6, which is – and I should say confidentiality is reserved, operator, CRL.638.001.0029 – should be considered as a draft document.

30

MR CRAIGIE: It's – it's – I think so because it says it's the latest version and presumably it's been sent for comment or maybe it is – it is the final version and it's about to be presented to the Crown Melbourne executive team. It's unclear from the covering email whether it's the draft or they're ready to present.

35

MR BELL: Okay. Well, could I take you to a later version of the document. Firstly, could I take you to exhibit R, tab 7. This email is also an email on which confidentiality is reserved, operator, CRL.638.001.0611.

40

MR CRAIGIE: Yes.

MR BELL: And do you see it refers to strategic business plan as one of the attachments?

45

MR CRAIGIE: Yes.

MR BELL: And the attachment to this email is the document behind exhibit R, tab 8, the next document, which is also a document on which confidentiality is reserved, CRL.638.001.0626. So Mr Craigie, this version of the document seems to have been provided in June 2015 by Mr Whytcross to a Mr de Lima, copying in Mr O'Connor.

5

MR CRAIGIE: Yes.

MR BELL: Can you assist the Commissioner in understanding whether the document behind tab 8 is the draft still or whether it's the final version of the five year plan for Crown Melbourne?

10

MR CRAIGIE: No, not – not from looking at it. It may well be it was the final presentation they made to the Melbourne – the Crown Melbourne executive, and they're now taking it to a sales summit, because it says – well, maybe they're not taking it to a sales – they're preparing for two information sessions, so I don't know if they're internal to VIP. It sounds like it is. This is either a draft and they want input on it or it's the final and they're taking it to, you know, more junior staff that weren't involved in its preparation. I can't tell by looking at the covering email or the document, but it could be the final version they presented to the Crown Melbourne executive; it could still be a draft and they're seeking comment. I – I can't tell.

15

20

MR BELL: So Mr Craigie, you were a director of Crown Melbourne at the time but not an attendee at the Crown Melbourne executive meetings.

25

MR CRAIGIE: No.

MR BELL: And we could not safely assume that the document behind tab 8, exhibit CRL.638.001.0626 came to your attention; is that the case?

30

MR CRAIGIE: No. So at the departmental presentation – so when each department finalised these documents, they were presented to the Crown Melbourne executive team and, typically, we would receive notification at Crown Resorts, that is, Ken Barton as CFO and I, would receive notification at that – those meetings – that final meeting was about to happen. And if we wanted to attend, obviously, we were welcome. But depending on workload, we either would attend or would not, because what we ended up seeing, of course, was the Crown Melbourne five-year plan, which was the plan that the – the consolidated plan, if you like, that went to the board. So there would have been a meeting where this plan was presented to the executive team. Whether either Mr Barton or I attended that meeting, I can't recall. And – but we could well have been invited to attend it.

35

40

MR BELL: Thank you. Can I take you to another document and move on to another topic now. It's CRL.527.001.1826, confidentiality is reserved. It's document exhibit M for Mike, tab 109.

45

MR CRAIGIE: Yes.

MR BELL: You have you had this in front of you VIP Marketing Kick-off F15. Do see that?

MR CRAIGIE: I do.

5

MR BELL: And could I ask you to turn to page 7. Do you see page 7, which is the page ending in .1832, this is what are described as:

Other key stakeholders with active involvement or interest in VIP.

10

MR CRAIGIE: Yes.

MR BELL: And one of those people is yourself?

15

MR CRAIGIE: Yes.

MR BELL: And I should ask you, do you recall seeing this document – when I say “this document”, I mean the whole document that starts at the first page, at any time up to October 2016?

20

MR CRAIGIE: No, no. This is a – I think it’s a – the VIP marketing team having a – either a briefing session or a sales conference, or something. So I – I haven’t seen this document or documents like this.

25

MR BELL: And do you see that one of the people listed is Mr Ishan Ratnam, who is described as “special assistant to the chairman”?

MR CRAIGIE: Yes.

30

MR BELL: What did you understand Mr Ratnam’s special interest or active involvement in VIP was?

MR CRAIGIE: Mr Ratnam was part of the VIP department. He was – had responsibilities to host customers when they arrived at the property in Melbourne. He – prior to this, he was running the Capital Golf Club, which is the private golf club that Crown Melbourne has. And that’s obviously where he honed his skills on hosting some of the larger VIP players. So he worked in the VIP department as a host of VIP players. I – this is not in any way the official org chart of Crown. So whoever drew up this, I think was just keen to put as many names as they could on one page and not worry too much about the niceties of the boxes and the lines.

35

40

MR BELL: Did you watch Mr Ratnam give his evidence to the inquiry this morning?

45

MR CRAIGIE: No. No, I didn’t. No, I didn’t. I will – I will – that highlight will come later tonight, no doubt.

MR BELL: Is it the case that you conferred on Mr Ratnam, for the purpose of him representing Crown Resorts overseas, the title “special assistant to the chairman”?

MR CRAIGIE: Yes, that was a title that, I think, Mr Packer and Mr Ratnam agreed on, because, obviously, it’s invoking the name of the chairman. And my understanding of that is that patrons – some patrons – were obviously very keen to meet Mr Packer, as the chairman. Given the extent of his workload, he was not always able to do that. So when those players came to Melbourne, they – if they were unable to meet Mr Packer, as they wanted to, they could meet with someone who, you know, had a title like “special assistant to the chairman”. So it was a sign of respect, if you like, to the VIP players.

MR BELL: And do I understand from that answer that Mr Packer personally approved that title being used by Mr Ratnam?

MR CRAIGIE: Yes. There was – there was no way Mr Ratnam could just invent that title and have business cards printed, etcetera. So that – that title was approved by the chairman.

MR BELL: And was it your understanding, in the period from 2014 to 2016, that Mr Ratnam was in regular communication with Mr Packer concerning the VIP international business?

MR CRAIGIE: He would have been in respect of discharging his, you know, hosting duties. Whether he was briefing him on broader matters, I – I wouldn’t know. But, certainly, he would be reporting to Mr Packer that one of the bigger players that arrived in Melbourne, you know, was sending his greetings to Mr Packer, etcetera. And, no doubt, Mr Packer would ask Mr Ratnam, you know, was he being looked after? Did we have him in the right villa? Did he go down to the golf course? That – those sorts of discussions.

MR BELL: And do you see that, on the right-hand side of the page, there’s a reference to key meetings, and one of them is the CEO meetings which we’ve discussed?

MR CRAIGIE: Yes. Yes. So the author of this document – the author of this document – I assume it’s Michael Chen – would be aware that there was a VIP report going to the CEO meetings. So Jason O’Connor would have been able to tell him that. So, again, I think this slide is to impress upon the sales people that their job is important and that they – everyone on this page, you know, appreciates their efforts, etcetera. So I – as I said, this isn’t the official org chart of Crown, but I think it’s probably Michael Chen trying to impress on his team what an important role they have. So he’s saying, “Look, you know, your efforts come up at monthly CEO meetings.”

MR BELL: And do you see there’s also a reference to the CPH VIP working group?

MR CRAIGIE: Yes.

MR BELL: Were you aware of the existence of the CPH VIP working group?

5 MR CRAIGIE: I was not aware of that name until I read it on this document. I don't think anyone refers to it as the "CPH VIP working group" other than the author of this document. There was – that's the first time I'd ever heard that name. I think it refers to the fact that Mike Johnston was working with Barry Felstead, Jason O'Connor and other members of the VIP team on various issues, strategies, etcetera.
10 And that was, again, consistent with Mr Packer's interest in the area. I'm – I haven't heard it referred to by that name. I don't know if that's what the staff referred to it as. I'm not sure that either Barry or Mike or Jason would call it the "CPH VIP working group" since it was Crown people plus Mike Johnston.

15 MR BELL: And what was the name by which you referred to that group, if it had one?

MR CRAIGIE: I – I didn't refer to it any other name other than I knew Mike was having regular meetings with Barry and Jason. So whether they – they probably
20 called it, you know, a VIP meeting or a VIP catch-up, or whatever. I – I don't know what Barry and Mike referred to it as. But I doubt very much they referred to it as the "CPH VIP working group".

MR BELL: Well, those meetings involving Mr Johnston, did you attend those
25 meetings?

MR CRAIGIE: I went to probably the first – there were two meetings – about two or three meetings where there was a lot of people involved and I went to two of those – two or three of those, as did Ken Barton. There was literally lots of people and
30 then it just got trimmed down to that key group of Mike, Barry and Jason.

MR BELL: And are you able to put an approximate date on when it got trimmed down to that smaller group?

35 MR CRAIGIE: No, but you know, if you had access to the – you know, any papers that went out or, you know, memos about the next meeting is such and such, that would be the – but I obviously don't have access to that any more.

MR BELL: Did Mr Alexander attend those meetings, as you understand?
40

MR CRAIGIE: Yes, Mr Alexander went to – I think he was – he went to some of the early ones as well. I'm not sure he continued either when it got trimmed down to a group that was able to meet more regularly. The problem with – if you invite 10 or
45 15 people to a meeting, you're not going to get – the diary management becomes too difficult. So I'm not surprised that original concept didn't last more than two or three meetings.

MR BELL: Are you able to identify approximately when Mr Johnston's meetings – I will refer to them as that – began?

5 MR CRAIGIE: No, but it would – it was coming out of James creating the monthly CEO meeting, and then I think because in a monthly CEO meeting that last section of the papers was fairly detailed specific to one department, it probably got to the stage where people were saying let's give this attention at its own meeting rather than getting jammed at the end of what was a pre-board meeting.

10 MR BELL: And - - -

MR CRAIGIE: I think I saw an email from John to Mike suggesting that Mike get together with Barry. I think I saw that in the documents that were delivered to me, but I – I can't recall where that - - -
15

MR BELL:

MR CRAIGIE: I can't recall where in the pack that email is.

20 MR BELL: Was it your understanding that Mr Johnston's group had a management oversight role in relation to the VIP international business?

MR CRAIGIE: No, Mike was – Mike was there to offer advice to Barry and Jason and also in working with Barry and Jason was in a position to advise James on an
25 area of the business he was interested in.

MR BELL: And should we take it that - - -

MR CRAIGIE: Sorry.
30

MR BELL: Sorry. Go on.

MR CRAIGIE: No, no. Sorry.

35 MR BELL: Should we take it that you weren't necessarily informed of the matters discussed at Mr Johnston's VIP meetings?

MR CRAIGIE: Yes, I wouldn't – I wouldn't know the specifics of what they talked about at that meeting, but it would have been – my understanding was sort of broad,
40 strategic issues. They might have got into issues about debt or the volatility of the business, but I wouldn't have been across the detail of what they were discussing.

MR BELL: Is that a convenient time, Commissioner?

45 COMMISSIONER: Yes, if I just may clarify something, Mr Craigie. You said that Mr Johnston had the expertise in finance. Do you remember telling me that?

MR CRAIGIE: That's right; he was the finance director of CPH.

COMMISSIONER: Yes. And Mr Jalland was the legal man and Mr Arbib - - -

5 MR CRAIGIE: That's right.

COMMISSIONER: - - - was the government relations man.

MR CRAIGIE: Yes.

10

COMMISSIONER: And you referred to Mr Packer's interest in the mathematics of the VIP business, contrasting it with the mathematics of poker machine business making the former more interesting than the latter, I think, is that right?

15 MR CRAIGIE: That's correct.

COMMISSIONER: And so from the finance point of view, do I understand that Mr Johnston's role in the VIP meetings was effectively to keep an eye on that aspect of it?

20

MR CRAIGIE: Yes. Both Mike and James are very numerate and probably to understand the complexity of the VIP business you need to understand the volatility of win rates; you need to understand how the various rebate programs work. It was - it's a sort of a natural fit for Mike's skill set. He's mathematically inclined and financially numerate, and that was obviously of assistance to Barry and Jason.

25

COMMISSIONER: And who allocated him to that role?

MR CRAIGIE: I imagine that James requested that Mike spend some time with Barry and Jason, and then I think John Alexander as deputy chairman reinforced that as well.

30

COMMISSIONER: I see. Yes, thank you, Mr Craigie. We're going to have a luncheon adjournment now and I will resume at 2 pm. Thank you.

35

MR CRAIGIE: Thank you, Commissioner.

COMMISSIONER: I will adjourn until then.

40

ADJOURNED

[1.06 pm]

RESUMED

[2.00 pm]

45

COMMISSIONER: Thank you. Yes, Mr Bell.

MR BELL: Mr Craigie, to your knowledge, when did Crown Resorts first employ people who lived and worked in China, as opposed to staff who travelled to China from neighbouring places like Hong Kong?

5 MR CRAIGIE: Probably 2011/2012, maybe.

MR BELL: So - - -

MR CRAIGIE: But you – I’m not – I can’t recall the exact date.

10

MR BELL: Well, the earliest of the employment contracts of the staff living and working in China which have been tendered in evidence in this inquiry is 2010, so - - -

15 MR CRAIGIE: Yes, that sounds about right.

MR BELL: So were you involved in the decision which involved employing people who lived and worked in China as opposed to people who travelled to China?

20 MR CRAIGIE: No, not that I recall.

MR BELL: Do you know who was responsible for making that decision?

25 MR CRAIGIE: It would have been probably whoever was responsible for VIP in conjunction with the CEO of Crown Melbourne, so it could have been around Greg Hawkins’ time maybe, or prior to that David Courtney, not – not – I’m not sure.

MR BELL: Were you aware in the period up to October 2016 that there were approximately 20 employees who lived and worked in China?

30

MR CRAIGIE: I knew there was a number and, you know, I knew there was probably more than 10 given the number of provinces being covered, but I didn’t know the exact number.

35 MR BELL: And you were aware, were you, that the team was divided into seven regions of China to cover the various different areas.

MR CRAIGIE: Yes, I had an understanding it was regionally based. I didn’t know – I can’t recall how many.

40

MR BELL: Now, were you aware in the period up to October 2016 that the work being done by the China-based staff included encouraging existing and potential new members to visit Crown Resorts in Melbourne and Perth?

45 MR CRAIGIE: Yes, they were there to bring players out under a premium player program.

MR BELL: Yes. And were you aware in the period up to October 2016 that the work done by the China-based staff, included assisting customers to apply for a line of credit used for gambling at the casinos in Melbourne and Perth?

5 MR CRAIGIE: Certainly, premium players have – can get access to credit once they've got some sort of track history, either with an existing casino or they establish their credit worthiness, you know, with – with Crown.

10 MR BELL: And were you aware that the China-based staff were assisting the premium players in China to apply for those lines of credit?

15 MR CRAIGIE: Yes, if they were – if they were already existing customers of Crown they would have been making them aware of the credit facility. Whether they had the authority to talk about particular amounts or not, that would depend on their level of seniority, I suspect.

MR BELL: And were you aware that the work of the China-based staff included assisting the VIP gamblers with their travel arrangements to Australia?

20 MR CRAIGIE: Yes.

MR BELL: And were you aware that the China-based staff assisted with the obtaining of visas which were required for entry into Australia by those VIPs?

25 MR CRAIGIE: Yes. Yes.

30 MR BELL: And were you aware in the period up to October 2016 that the work of the China-based staff included encouraging VIP gamblers who had incurred a debt to Crown Resorts to repay it?

MR CRAIGIE: Yes. And principally by seeing if they could come out and make another visit and while they were coming out for that visit could they settle their account.

35 MR BELL: And did you understand in the period up to October 2016 that the China-based sales staff had sales targets?

MR CRAIGIE: Yes.

40 MR BELL: And were you aware in the period up to October 2016 that many of the staff living and working in China were paid bonuses based on the amount of VIP gambling revenue they were able to generate?

45 MR CRAIGIE: Their bonuses were related to the level of turnover, but it wasn't a fixed percentage of that turnover, but there was a relationship.

MR BELL: And were you aware in the period up to October 2016 that to earn the bonuses it was necessary for the China staff to ensure that any gambling debts owed by the customer were repaid before they earned the bonus?

5 MR CRAIGIE: I think the complete answer to that, Mr Bell, is in order to calculate the amount of turnover that had been generated towards achieving the target, if the turnover involved an outstanding debt, that turnover was not factored into the calculation, and the reason for that is that generating turnover if you can't generate revenue is – is a pointless exercise.

10 MR BELL: Yes. Now, were you aware in the period up to October 2016 that the staff living and working in China were employed by a company called Crown Resort Pte Limited, incorporated in Singapore?

15 MR CRAIGIE: Yes.

MR BELL: And can we call up INQ.110.001.0230 which is exhibit P, tab 24. Do you have that document, Mr Craigie?

20 MR CRAIGIE: I do.

MR BELL: This is a chart that's been prepared by those assisting the Inquiry showing the corporate structure leading up from Crown Resort Pte Limited to Crown Resorts Limited in the period January 2015 to October 2016, but you - - -

25 MR CRAIGIE: Yes.

MR BELL: - - - just have a look at it and state whether you can confirm the accuracy of that chart according to your understanding.

30 MR CRAIGIE: Yes. Yes, that's – that is accurate.

MR BELL: So in the period January 2015 to October 2016 you were director of each of these companies, namely, Crown Resort Pte Limited, Crown Australia Pty Limited, Crown Melbourne Limited and Crown Resorts Limited.

35 MR CRAIGIE: Yes.

40 MR BELL: And what business activities did you understand Crown Resort Pte Limited conducted in the period up to October 2016?

MR CRAIGIE: So Crown Resorts Pte Limited was the company that had an office in Singapore. It was one of the first overseas offices that Crown established, and as well as employing staff in Singapore who were responsible for premium play business in the Singapore region, it also employed subsequently the staff responsible for the China region.

MR BELL: So its principal function, as you understood it, was just to be a vehicle for the employment of overseas staff, including those in China.

5 MR CRAIGIE: Yes. You could – you could have employed those people back in Melbourne, but if you wanted an office for those people to meet or to use, it was decided to establish an office in Singapore. And it made sense to establish a Singapore company to run that – run that office. But all the function – all the necessary functions of that office HR, finance, accounting, compliance were serviced by Crown Melbourne Limited and, in part, Crown Resorts Limited. That –
10 that company had no standalone functions. It relied on its parent companies to provide those tasks.

MR BELL: So if you're going to conduct business in another country, one of the first things you would think about, you agree, would be what licences or permissions
15 you need from the government in that country to conduct the business?

MR CRAIGIE: That's right.

MR BELL: And you would expect, wouldn't you, that a company conducting
20 business activities in China in the period up to October 2016, would require some form of licence or permission from the Chinese Government to do so in.

MR CRAIGIE: No. So, it - - -

25 MR BELL: Why do you say that?

MR CRAIGIE: Because an overseas company can engage local Chinese to work for them, provide services, etcetera. So you don't need – if you were establishing an office in China, you would need a licence, but there's no requirement to – merely by
30 the fact of engage be Chinese nationals to work for you that you need a licence in China. You'll have to be conducting those activities legally, but you don't need a licence.

MR BELL: That was your understanding of the position, at all material times, up to
35 October 2016?

MR CRAIGIE: I – yes. I probably know more about that now than I did at the time. But, certainly, I was assured that all the activities of Crown Resort Pte Limited were legal and compliant.
40

MR BELL: Right. And I take it from your answer that your understanding, at all material times, is that Crown Resort Pte Limited, or, indeed, any other subsidiary of Crown Resorts, had no licence or permission to conduct its activities in China?

45 MR CRAIGIE: It didn't – my understanding was it didn't need a licence to conduct the activities it was conducting in China.

MR BELL: And, to be precise, it was also your understanding, was it, that it did not, in fact, have any business licences or permissions from the Chinese Government?

5 MR CRAIGIE: Yes, that – yes, that was my understanding, because you – the Chinese Government would not issue a licence for a business called, you know, recruiting premium players to Australia.

10 MR BELL: Were you aware, in the period up to October 2016, that the Chinese government would issue a licence to conduct a representative office which had the business of marketing hotels or resorts?

MR CRAIGIE: Yes. I understood that you can open an office for that purpose, and that a licence would be issued.
15

MR BELL: Now - - -

COMMISSIONER: Just pardon me. When you said that the Chinese government would not issue a licence for recruiting premium players to Australia, is that because
20 you understood that that was something that the Chinese Government would not authorise?

MR CRAIGIE: Yes, I think it was that my understanding is there is a difference between what's legal and whether the government will issue a licence – a business
25 licence – to that effect.

COMMISSIONER: I see. So what was the basis upon which you understood a licence would not be issued to Crown to recruit premium players to come to
30 Australia?

MR CRAIGIE: Because the business – the business was – the business was based in Singapore. It employed Chinese staff who were engaged in that activity. The Chinese staff did not need a business licence, neither did the Singapore company.

35 COMMISSIONER: I see. So it was the makeup of the office and the people, as opposed to any approach that the government might take to the actual activity?

MR CRAIGIE: Yes. This – this has nothing to do with the legality - - -

40 COMMISSIONER: Is that the position?

MR CRAIGIE: Yes.

COMMISSIONER: Is that the position?
45

MR CRAIGIE: Yes. That's my understanding of the position.

MR BELL: Could I ask you to look at this document. The reference is CRL.545.001.0615. It's exhibit M for Mike, tab 27.

MR CRAIGIE: Yes.

5

MR BELL: Now, I'm not suggesting you were a recipient of this email; you're not. But could I ask you to look at the second page of the document, in the second last paragraph on the page ending in the numbers .0616. Do you see there it says:

10 *With respect to potential liability on institutions, we would note that conducting business in China requires a business licence or other government approval and casino business is not allowed in mainland China and, thus, no licence will be issued."*

15 Do you say that it was inconsistent with your understanding that to conduct business in China required a business licence or other government approval?

MR CRAIGIE: Yes. I think there's advice elsewhere which says an overseas company can engage Chinese nationals to provide services to that company. The mere fact of doing that doesn't require a business licence, is my understanding.

20

MR BELL: And the second limb what I read out to you is that:

25 *...casino business is not allowed in mainland China and, thus, no licence will be issued.*

Was your understanding of the position?

MR CRAIGIE: Yes, you couldn't – you couldn't open a casino business in mainland China.

30

MR BELL: Now, if I could just read you the next sentence, this particular lawyer says:

35 *As such, marketing a casino business may run the risk being of being deemed by government as exceeding the permitted scope of business, ie, marketing hotel resorts and organising overseas tourism.*

MR CRAIGIE: Yes. So - - -

40

MR BELL: Would you agree?

MR CRAIGIE: So - - -

45 MR BELL: I was I was just going to ask you whether you agree that this particular lawyer appears to be assuming that Crown Resorts had a licence to conduct marketing for hotels and resorts, from what you've read.

MR CRAIGIE: I think this lawyer may have been saying if you opened an office in China to market your hotel resorts, and you are a casino hotel, not just a mere hotel, you'll be running the risk that you've stepped outside the scope of your business, which is running a hotel.

5

MR BELL: All right. And just to be clear, this email doesn't list you as a recipient. But to the best of your recollection, you didn't receive this email at any time up to October 2016?

10 MR CRAIGIE: I don't – I don't think so. No.

MR BELL: Could I ask you to look at another document. It's CRL.545.001.0611. It's exhibit M for Mike, tab 30. Do you have that document?

15 MR CRAIGIE: I do.

MR BELL: Now, again you're not listed as a recipient of this document. And I'm not suggesting that it was sent to you. But could I ask you to look at the last main paragraph where Mr Chen says this to Mr Felstead:

20

This is one thing that is important to understand when it comes to the China team. They are living in constant fear of getting tapped on the shoulder in a country where due process is inconsistently applied. It's a risky place to do business.

25

First, were you aware in the period up to October 2016 that the staff of Crown Resorts working in China were stating that they were in fear of being approached by the authorities?

30 MR CRAIGIE: No.

MR BELL: Secondly, did you share the view expressed by Mr Chen in the period up to October 2016, that China was a country where due process was inconsistently applied?

35

MR CRAIGIE: That's probably not the words I would use.

MR BELL: What words would you use?

40 MR CRAIGIE: I would say that the legal system in China and the legislative and regulatory system in China is not the same as that for Australia.

MR BELL: Yes. And do you – did you share the view expressed by Mr Chen in this email that it was inherently – an inherently risky place for the sales team to be doing business?

45

MR CRAIGIE: It had – I would think that the risk profile in China would be higher than the risk profile in Singapore. Whether it's inherently risky, again, that's probably not the word I would use.

5 MR BELL: So you were aware, were you, that the risk profile for staff in China was higher than the risk profile for staff in the other jurisdictions where Crown Resorts employees operated?

10 MR CRAIGIE: Yes, by – by the fact of in other jurisdictions you – you can go to a ministry of gaming or a gaming regulator and clarify the interpretation of legislation or in regulations. In China there is no such equivalent.

15 MR BELL: And given your belief that the risks were higher for the staff in China than in other jurisdictions, could you explain why you took no steps to ensure that the risks to the staff in China were included in the risk profile considered by the Crown Resorts risk management committee?

20 MR CRAIGIE: No, there is – there's risks – the risk of conforming with gaming legislation and regulation is one of the highest risks.

MR BELL: Yes, but we've been discussing the risk of arrest and detention to the staff in China being higher than in other jurisdictions in which Crown Resorts operated. That wasn't on the risk profile, was it?

25 MR CRAIGIE: It wasn't as a separate – it wasn't a separate category of risk. There was no geographical dimension to that risk of compliance with legislative and regulatory frameworks.

30 MR BELL: Yes, but more than just compliance, this was – what we've been discussing for the last few minutes is there being a higher risk of arrest and detention in China than in other jurisdictions in which Crown Resorts operated.

35 MR CRAIGIE: I said that the risk of – the risk of legislative and regulatory uncertainty in China is higher than in other jurisdictions. I think that's reflected in the risk profile of the risk which relates to compliance with gaming legislation and gaming regulatory risks which was given the highest rating.

40 MR BELL: Yes, I see. Well, we will perhaps look at the precise terms of the risk profile a little later, but did you understand in the period up to October 2016 that Crown Resorts was conducting its business activities in a low-key way?

MR CRAIGIE: Yes.

45 MR BELL: And acting legally in a low-key way is one thing, but would you agree that if the VIP international unit was deliberately trying to disguise or conceal its activities in China from the Chinese authority, that would be a different matter?

MR CRAIGIE: Yes, I – I think there's – there's – there's a difference between disguising activity and conducting activity in a low-key versus an ostentatious manner, if you like?

5 MR BELL: Because if Crown Resorts was trying to deliberately disguise or conceal its activities from the Chinese authorities, that would contravene the fundamental principle, would it not, that Crown Resorts in all of its business affairs, should ensure that they were conducted legally, ethically and with the highest standards of integrity.

10

MR CRAIGIE: Yes. It needs to be – it needs to be legal and I think it – and deception would – would not be ethical.

15 MR BELL: Now, did you understand in the period up to October 2016 that Crown Resorts was trying to disguise or conceal its true activities from the Chinese authorities?

20 MR CRAIGIE: No, I thought the team in China was conducting a premium play business, but in a low-key manner, and had been given guidance on what to do and what not to do.

25 MR BELL: Were you aware in the period up to October 2016 that the staff living and working in China had no official Crown Resorts branded offices from which they were working?

MR CRAIGIE: Yes, there was no office in China.

MR BELL: And what was the reason for that, as you understood it?

30 MR CRAIGIE: Because to establish an office in China you would need a business licence which you would not – you wouldn't be given a business licence for gambling. You would – you could get a business licence to promote a hotel, but these employees were not promoting a hotel; they were engaged by a Singaporean company to recruit premium players out of China. So if you like, deception would
35 have been establishing a hotel promotion office but then telling the staff to go out and recruit premium players.

40 MR BELL: And similarly, would you agree that it would be deception if Crown Resorts was in fact conducting an office in China but trying to conceal it by leasing it in the name of an employee and then reimbursing the employee?

MR CRAIGIE: Yes, that, I agree, would not be consistent with the concept of not being deceitful.

45 MR BELL: And were you aware in the period up to October 2016 that's precisely what Crown Resorts was doing in Guangzhou?

MR CRAIGIE: No, I was not aware of that.

COMMISSIONER: Crown Resorts or Crown Resorts through its subsidiary?

5 MR CRAIGIE: Both.

COMMISSIONER: Both. Yes, thank you.

MR CRAIGIE: Yes.

10

MR BELL: Now - - -

COMMISSIONER: I suppose it's either, I suppose.

15 MR CRAIGIE: Yes, either. Yes, sorry.

COMMISSIONER: That's all right.

MR BELL: And were you aware that those unofficial premises in Guangzhou were
20 used to process all of the visa applications for all of the VIP gamblers from all over
China?

MR CRAIGIE: No.

25 MR BELL: And that the premises contained computers and documents containing
customer information used by Crown Resorts in its business?

MR CRAIGIE: No.

30 MR BELL: And that those premises were described in emails as the Guangzhou
office?

MR CRAIGIE: No.

35 MR BELL: Now, could I ask you firstly to look at exhibit – tab – sorry, exhibit R,
tab 4, INQ.950.002.0160.

MR CRAIGIE: What tab, Mr Bell? Sorry.

40 MR BELL: Tab 4 in exhibit R.

MR CRAIGIE: Tab 4.

MR BELL: Do you have that document in front of you?

45

MR CRAIGIE: I do.

MR BELL: Do you see it's from Guangzhou office, an email address called Guangzhou office? Were you aware that Crown Resorts was conducting business through that email address - - -

5 MR CRAIGIE: No.

MR BELL: - - - in the period up to October 2016?

MR CRAIGIE: No.

10

MR BELL: Do you see that this person says:

No official office in Guangzhou hence no signage.

15 MR CRAIGIE: Yes.

MR BELL: Now, I want to take you to a document on which privilege is claimed. And I have no intention of causing you to waive that privilege. But I want you to just read it to yourself. The reference is exhibit P, tab 19, and it's
20 CRL.634.001.0039.

COMMISSIONER: When you say "privilege", is that a privilege claim in the class action?

25 MR BELL: It's a privilege claim that's been made by Crown Resorts to this inquiry.

COMMISSIONER: But is it in the class action?

MR BELL: My understanding is it's not been produced in the class action.

30

COMMISSIONER: I see.

MR BELL: So can you just read that email to yourself? Tell me when you've done so, please.

35

MR CRAIGIE: Yes.

MR BELL: And I take it that you were not aware of those matters at any time up to October 2016.

40

MR CRAIGIE: No.

MR BELL: And do you agree there appears to have been an attempt to disguise from the Chinese authorities the fact that Crown Resorts was conducting an office in Guangzhou by renting the premises in the names of employees and reimbursing them for the rental?
45

MR CRAIGIE: Yes. And, further, that that was unauthorised, certainly, by me, and I understand was unauthorised by Mr Felstead.

MR BELL: You've discussed that with him recently, have you?

5

MR CRAIGIE: No, it was in the – it was in the transcript, or his – his earlier evidence this week.

MR BELL: And I take it you would agree with Mr Felstead, as the chief executive officer and managing director of Crown Resorts at the time, that this behaviour was inconsistent with the fundamental principle of Crown Resorts to act legally, ethically and with the highest standards of integrity?

10

MR CRAIGIE: Absolutely.

15

MR BELL: Now, were you aware that Crown Resorts made a decision in 2014 to change the descriptions on payments which it was transferring into China so that they all had generic references and did not refer to "VIP" or "gaming"?

20

MR CRAIGIE: No.

MR BELL: In particular, were you aware that all Crown Resorts accounts payable staff were instructed to ensure that all China funding templates didn't display the words "VIP funding", but were replaced by "services consulting fees"?

25

MR CRAIGIE: No.

MR BELL: Could I ask you to look at CRL.625.001.0007. It's exhibit P, tab 7. If I could ask you to look at the third page ending in .0009. Do you see that Mr Chen informed Mr O'Connor that there'd been an inquiry from a bank in China asking for all wires to overseas staff to have generic references and nothing to do with "VIP" or "gaming"?

30

MR CRAIGIE: Yes.

35

MR BELL: And if you turn back to the previous page, ending in .0008, do you see that there was an email from Mr O'Connor at the bottom of that page asking for remittances to be kept with very – to be sent with very careful descriptors?

40

MR CRAIGIE: Yes.

MR BELL: And if you go back to the front page, .0007, do you see that the accounts payable staff of Crown Resorts were instructed to ensure that all China funding templates did not display "VIP funding", but were described as "services consulting fees"?

45

MR CRAIGIE: Yes.

MR BELL: And do you agree that this appears to have been an attempt to disguise the true nature of payments being made by Crown Resorts to Chinese accounts?

5 MR CRAIGIE: Only if the subject matter relates to a VIP player. I think Cynthia is a staff member who's been paid and her bank statement has come up with "VIP funds", which is why it's been raised to the lawyer, who is saying if Cynthia is one of your staff, code it "services consulting fees", don't code it "VIP funding". I'm not sure why a Crown lawyer would be dealing with a patron. I think the staff member has been referred to the lawyer, hasn't it - - -

10 MR BELL: Well, that may have been - - -

MR CRAIGIE: - - - from the reading of this?

15 MR BELL: Sorry. I didn't mean to interrupt you, but that may well have been the particular circumstance which led to this occurring, but do you see that there was a general instruction given to the accounts payable staff that all payments into China – irrespective of – for VIP funding be described as "services consulting fees".

20 MR CRAIGIE: No.

MR BELL: That's what I'm drawing your attention to.

25 MR CRAIGIE: I don't think that – I'm not sure that's the conclusion I draw, Mr Bell. I think this is a message that, when you're paying staff, call it a "services consulting fee". It's come up as an error in one of the staff member's accounts. And they're saying make sure the beneficiaries – so a patron is not a beneficiary. The beneficiary are the staff – and they're getting a line in their bank statement saying "VIP funds". Isn't that – I haven't seen this, but isn't that what's happening?

30 MR BELL: Well, you tell me. This is referring to "all China funding templates"; that seems to be a broad description.

35 MR CRAIGIE: Well, I think it's in the context of "all China funding templates" for paying the staff, isn't it? This is - - -

COMMISSIONER: But it refers to a customer reference. See "customer"? "Customer reference" in the second line.

40 MR CRAIGIE: Yes, which I'm assuming – I'm assuming, Commissioner, that's the bank customer reference. I think this person is saying, "My bank has sent me – has sent me funds and it's got a code called 'VIP funding' and the bank is saying 'what's this?'"

45 COMMISSIONER: And so whatever it was, Crown wanted to get rid of the term "VIP funding" from any documents that were under discussion; is that correct?

MR CRAIGIE: No. What I'm saying is I think this is in the context of staff being paid and what is appearing on their bank statements - - -

COMMISSIONER: Quite. Let's accept that.

5

MR CRAIGIE: - - - and the lawyer - - -

COMMISSIONER: Let's accept that for the moment, whether it's staff or something else, what was the - the aim was to achieve the removal of the reference "VIP funding"; correct?

10

MR CRAIGIE: Correct. And that would be to - that's - - -

COMMISSIONER: And to be - wait, wait, wait, wait. To be inserted in its place - to be inserted in its place, the reference "services consulting fees".

15

MR CRAIGIE: As advised by Kenneth. Kenneth is saying - - -

COMMISSIONER: Yes, Mr Bell.

20

MR CRAIGIE: Kenneth says, "When you pay employees consultants, don't call it "VIP funding", call it what it is." In other words, be truthful. "It's payments to employees. It's misleading to say it's VIP funding."

COMMISSIONER: Yes, Mr Bell.

25

MR BELL: I see. And that's something you've learned from just looking at it now for the first time?

MR CRAIGIE: Well, I don't know who Cynthia is, Mr Bell. So if Cynthia is a patron, you are right. If Cynthia is a staff member, I suspect I might be right. But I - I don't know.

30

MR BELL: So you don't know one way or the other?

35

MR CRAIGIE: I don't know who Cynthia is. But, on the - on face value, this could be interpreted one of two ways. I understand your interpretation and your concern. But I think if Cynthia turns out to be a staff member and all these people think they're talking about how you pay staff, then it's probably not of concern.

40

MR BELL: Now, what, in the period up to October 2016, did you understand that the staff in China were legally permitted to do?

MR CRAIGIE: At the time, I thought they were able to conduct premium player recruitment. They were certainly not allowed to become a junket or act as a de facto junket. Subsequently, I learnt about the concept of "group gambling" and that the definition of a "group" was no more than 10. But, at the time, I wasn't across the

45

specifics of that. I was certainly of the belief that Crown and other foreign casinos could attract premium players in China without falling foul of the law.

5 MR BELL: And I take it that you were concerned to ensure that the staff in China weren't just complying with the letter of the law, but also with the spirit of the law; is that right?

10 MR CRAIGIE: Yes, the spirit of the law – yes, the spirit of the law being don't conduct group gambling.

MR BELL: And apart from anything else, bearing in mind your assessment that this was a riskier place for the staff to be than in other jurisdictions, it would be particularly unsafe to rely upon some technical construction of Chinese law in those circumstances.

15 MR CRAIGIE: Yes, it would – it would not be wise to push the limit of what a group was and therefore conduct your affairs in a low-key manner. Don't – don't throw massive cocktail parties for 20 or more people, even if they're premium players; that could be misinterpreted. So do small – have meetings with small groups of players and make it low key.

MR BELL: So just to be clear, your understanding was that staff could recruit people to gamble overseas but there was some limit on the number of people - - -

25 MR CRAIGIE: Yes, you couldn't – you couldn't recruit a group. You couldn't – you couldn't get a commission on their turnover, you could not act like a junket.

MR BELL: And in the period up to the arrests in October 2016, did you ever see any of the legal advices that supported your understanding?

30 MR CRAIGIE: Not that I can recall. I certainly have looked at them since, but I'm not sure I was copied on them up to that point. I was – the advice I was given was consistent with those advices, but I don't recall actually seeing the advice.

35 MR BELL: Did you ever ask to see them at any time up to October 2016?

MR CRAIGIE: Not that I can recall. I was relying on our compliance people and our VIP people who said that they had those advices.

40 MR BELL: Sorry, who were the compliance people who told you they had the advices?

MR CRAIGIE: VIP people told me that they'd had external advice and I – I assumed our compliance people had seen that advice, but now that I recall, maybe I don't. Yes, maybe I didn't have confirmation from our compliance people that they had also looked at that advice.

MR BELL: So without having seen the advices you were relying upon your VIP people, were you, to inform you what the legal advice was?

MR CRAIGIE: And their external advisers.

5

MR BELL: But you were relying on the VIP people to tell you what the external advisers had said.

MR CRAIGIE: Yes.

10

MR BELL: Because you didn't see the external advice yourself.

MR CRAIGIE: No, not that I can recall.

15 MR BELL: And who were the VIP people that you were relying upon to inform you about the legal advice?

MR CRAIGIE: The head of VIP and – I was relying on, I guess, the VIP – the reporting structure, Barry, Jason, Michael to inform me as to whether they had received advice and whether there was a problem with that advice. I didn't - - -

20

MR BELL: You knew that – sorry.

MR CRAIGIE: I don't – I don't remember actually seeing that advice or calling for that.

25

MR BELL: So you were relying upon Mr Felstead, Mr O'Connor and Mr Chen to tell you what the legal advice was.

MR CRAIGIE: That they were – that they were acting consistent with advice that their activities were legal. I was given some comfort in that by the fact that other casinos were doing the same thing that Crown was.

30

MR BELL: And did you know that those other casinos – did you know whether those other casinos had business licences or not?

35

MR CRAIGIE: No.

MR BELL: And you knew that Mr Felstead, Mr O'Connor and Mr Chen weren't lawyers?

40

MR CRAIGIE: Yes. They got external – sorry, they got external legal advice.

MR BELL: Yes, but you were relying upon those three individuals to tell you what the external legal advice was; correct?

45

MR CRAIGIE: Yes.

MR BELL: And you no doubt have read many legal advices in your time; correct?

MR CRAIGIE: Yes.

5 MR BELL: And you're aware, aren't you, that it's necessary to understand the factual assumptions on which legal advice is based.

MR CRAIGIE: Yes.

10 MR BELL: Because if the factual assumptions are wrong the conclusions might be wrong; correct?

MR CRAIGIE: Yes. Yes.

15 MR BELL: And did you ever seek any assurances from Mr Felstead, Mr O'Connor or Mr Chen that the factual assumptions which the external lawyers were making were accurate?

20 MR CRAIGIE: No, but I relied on those three individuals to describe the nature of our operation and – and accurately as opposed – but I didn't – I didn't quiz them on that, no.

MR BELL: And do I understand from your earlier answers that in the period up to October 2016 you did not seek confirmation from Crown's internal lawyers about the soundness of the opinions being conveyed to you by Mr Felstead, Mr O'Connor and Mr Chen from the external lawyers that they were consulting?

MR CRAIGIE: No.

30 MR BELL: Or confirmation from the Crown internal lawyers about the soundness of the factual assumptions which the external lawyers were making.

MR CRAIGIE: No.

35 MR BELL: So you've told the Inquiry that you expected, in view of the risks – the increased risk in China, and the requirement to comply with the spirit and the letter of the law, you expected Mr Felstead, Mr O'Connor and Mr Chen not to be relying upon any technical, narrow view of the law in China, but to be – to ensure that they were complying with the spirit and the letter of Chinese law. Is that right?

40

MR CRAIGIE: Yes. Yes.

MR BELL: Now, do you accept looking back on it now that it wasn't enough for you as the chief executive officer and managing director to be relying on the views expressed to you by Mr Felstead, Mr O'Connor and Mr Chen about the soundness of the legal opinions being provided by the external lawyers?

45

MR CRAIGIE: Yes, in – in hindsight I could have drilled down into that detail – that external legal advice. I accept that.

5 MR BELL: Now, in February 2015 did you become aware of an announcement by the Chinese government that it was cracking down on foreign casinos recruiting Chinese citizens to gamble in other countries?

MR CRAIGIE: Yes, I don't – don't recall that – that – those media reports.

10 MR BELL: So is it your evidence to the Inquiry that you don't recall whether you became aware in February 2015 of an announcement by the Chinese authorities that they were cracking down on foreign casinos recruiting Chinese citizens to gamble in other countries?

15 MR CRAIGIE: Yes, I don't recall I was aware in February '15 of that announcement.

MR BELL: You did receive media monitoring services at the time, though; correct?

20

MR CRAIGIE: Yes, I did.

MR BELL: And you've subsequently checked and confirmed that they did refer to the Chinese government's announcement of the crackdown.

25

MR CRAIGIE: Yes, they did.

MR BELL: Can I show you some of the articles that appeared in the media at the time. Can we look at INQ.100.001.0274 which is exhibit M for Mike, tab 133. You should have an article from Inside Asian Gaming dated 7 February 2015.

30

MR CRAIGIE: Yes.

MR BELL: And if you turn to the next page, .0275, you see that it says:

35

China will fight attempts by foreign casinos to lure its citizens abroad, a senior police official said on the 6th of February. This could adversely affect casinos in Macau and other regional countries including South Korea, the Philippines and Australia that rely on attracting these gamblers.

40

Do you see that?

MR CRAIGIE: Yes.

45 MR BELL: And that:

A deputy bureau chief at the Ministry of Public Security said illegal gambling remained a problem even though the government was “forcefully keeping it in check”.

5 He went on to be quoted as follows:

10 *“Some foreign countries see our nation as an enormous market, and we have investigated a series of cases. A fair number of neighbouring countries have casinos and they have set up offices in China to attract and drum up interest from Chinese citizens to go abroad and gamble. This will also be an area that we will crack down on.”*

Do you see that?

15 MR CRAIGIE: Yes.

MR BELL: Can I just take you to a couple of other articles at the time. If we could look at INQ.100.001.0001 which is exhibit M for Mike, tab 132. This is a transcript of an article that appeared in Business Insider magazine on 6 February 2015. Do you have that?

MR CRAIGIE: Yes.

MR BELL: Do you see it says – well, the heading of the article is China’s President Just Declared War on Global Gambling. Do you see that?

MR CRAIGIE: Yes.

MR BELL: It says:

30 *Chinese president Xi Jinping has officially declared war on the global gambling industry, warning foreign casinos that Chinese citizens will be gambling much less in China, neighbour countries, and the US.*

35 Do you see that?

MR CRAIGIE: Yes.

MR BELL: And then the deputy bureau chief at the Ministry of Public Security was again quoted. And if I could take you down to the sixth paragraph you see it says:

40 *The latest announcement goes above and beyond the pain Xi’s administration has already put Macau’s casinos, and the world’s casino companies, through over the last year. The president’s anti-corruption crackdown has slowed the movement of mainlanders –*

45

etcetera. Do you see that?

MR CRAIGIE: Yes.

MR BELL: Quite plainly, just pausing there, this was quite a different announcement from the previous announced corruption crackdown, wasn't it?

5

MR CRAIGIE: Yes, it was.

MR BELL: And if I could take you to one further article which is an article from Reuters, published on 6 February 2015, INQ.100.001.0003, it's behind tab 131, exhibit M for Mike, tab 131. Without going through it line by line can you see that it's broadly similar to the previous two articles that I've taken you to?

10

MR CRAIGIE: Yes.

MR BELL: Would you agree that this is obviously a very serious warning from the Chinese authorities in relation to foreign casinos, including Crown Resorts?

15

MR CRAIGIE: Yes, it's a warning.

MR BELL: And one which Crown Resorts needed to take very seriously at the time having regard to its activities in China, would you agree?

20

MR CRAIGIE: They still needed to heed that warning.

MR BELL: And if you had been told these things, it would have rung alarm bells, wouldn't it?

25

MR CRAIGIE: Yes, it would have caused a discussion to make sure that we were not going to be on the wrong end of this crackdown.

30

MR BELL: And do you have any recollection of having a discussion along those lines with anyone at this time?

35

MR CRAIGIE: No, not until the Korean arrests, I don't recall any discussion on this.

35

MR BELL: If you had become aware of this crackdown on foreign casinos in February 2015, it's something that you ought to have drawn to the attention of the risk management committee of Crown Resorts; would you agree?

40

MR CRAIGIE: Yes, given that it would have increased the risk assessment.

40

MR BELL: Yes. Ultimately, at the end of the day, it would be a decision for the board of Crown Resorts, would it not, as to whether it remained within their risk appetite to conduct business in China having regard to this increased risk?

45

MR CRAIGIE: Yes, if it had got to that extent.

MR BELL: And your evidence is, even now, having no doubt reflected on it carefully for a number of years, that you cannot say one way or the other whether you were aware of this at the time?

5 MR CRAIGIE: I don't think I was aware of this at the time. And I don't recall being alerted to this by the VIP department or anyone else.

MR BELL: Do you agree that having – in order to properly discharge your function as managing director, and as a member of the risk management committee of the
10 board of Crown Resorts, you should have been informed of this quite clearly and specifically?

MR CRAIGIE: Yes. I think I should have been informed.

15 MR BELL: Can I ask you to look – sorry. You mentioned earlier that you became aware of the Korean arrests later in the year; is that right?

MR CRAIGIE: Yes.

20 MR BELL: And when you became aware of the Korean arrests, in that context, did you become aware, then, of the Chinese authorities crackdown on foreign casinos?

MR CRAIGIE: I believe so. Because of the - - -

25 MR BELL: We will come back to that.

MR CRAIGIE: Yes.

MR BELL: We will come back to that later, but can I ask you to look now at
30 CRL.545.001.0025, which is exhibit M for Mike, tab 139.

MR CRAIGIE: Sorry. What tab?

MR BELL: 139.
35

MR CRAIGIE: Yes.

MR BELL: Now, I'm not suggesting that you received this email, Mr Craigie. Do
40 you see it's an email from Mr Chen to VIP international officers?

MR CRAIGIE: Yes.

MR BELL: The evidence to the inquiry this week has been that VIP international
45 officers email address was an email address which went to all of the VIP international staff in all of the overseas jurisdictions. Does that sound likely to be correct to you?

MR CRAIGIE: It sounds reasonable. Yes.

MR BELL: And do you see Mr Chen says, about a third of the way down the email,
5 he refers to a number of articles which came out in the previous weekend regarding
the Chinese government seeking to crackdown on Chinese gambling abroad?

MR CRAIGIE: Yes.

MR BELL: And then further down the page at the point numbered 2, he says:
10

*We will be applying for Hong Kong/Singapore work permits for all our China
staff that does not currently hold a foreign passport. This is purely a
precautionary measure that will allow you to say that you work out of an
overseas location and you're on business travel in China.*

15

Were you aware of this proposal by the VIP international sales team in February
2015?

MR CRAIGIE: No.
20

MR BELL: Did you become aware of it at any time up to October 2016?

MR CRAIGIE: No.

MR BELL: Would you agree that this proposal by Mr Chen could only sensibly be
25 understood as an attempt to disguise or conceal from the Chinese authorities Chinese
citizens working for Crown Resorts in China were, in fact, only there on business
travel?

MR CRAIGIE: Yes, that does appear to be what he's suggesting and - - -
30

MR BELL: And would you agree that that was a wholly inappropriate proposal,
having regard to the fundamental principle of Crown Resorts that all of its business
affairs be conducted legally, ethically and with strict observance of the highest
35 standards of integrity and professionalism?

MR CRAIGIE: Yes, I would. And, further, I'm not sure it's necessary given the
advice that follows in the next paragraph.

MR BELL: What are you intending to convey by that?
40

MR CRAIGIE: That the advice that the activity was legal, therefore, why do you
need to disguise it?

MR BELL: Well, do you think it might have had something to do with Mr Chen's
45 advice that he sent to Mr Felstead that China was:

...an inherently risky place to be where due process was inconsistently applied.

MR CRAIGIE: Maybe that was his motivation. I – I'm not sure.

5 MR BELL: Whatever his motivation may have been, would you agree that the proposal which he was identifying was inconsistent with the fundamental principle of Crown Resorts that all of its business affairs be conducted legally, ethically and with strict observance of the highest standards of integrity?

10 MR CRAIGIE: Yes, it's – it's – I don't think it's – I'm not sure it's – it's necessary.

MR BELL: No, but can I have an answer to my question? Would you agree that this was a wholly inappropriate proposal having regard to the fundamental principle of Crown Resorts?

15

MR CRAIGIE: Yes, yes. It's - - -

MR BELL: Sorry. Could I just finish the question.

20 MR CRAIGIE: All right.

MR BELL: That all of its business affairs be conducted legally, ethically and with strict observance to the highest standards of integrity. Do you agree with me?

25 MR CRAIGIE: Yes. I do agree with that; it's inappropriate.

MR BELL: Now, could I ask you to look at CRL.545.001.0021, which is exhibit M for Mike, tab 141. Could I ask you to turn to the first email in the chain at the bottom of the page numbered 0023. Do you see it's an email from Mr Chen to the external lawyer at WilmerHale. And if you could turn to the next page, .0024, Mr Chen says:

30

We have a very nervous China staff seeking guidance on whether this should change any of their protocols and behaviours.

35

MR CRAIGIE: Yes.

MR BELL: Was it drawn to your attention, in February 2015, that the staff based in China were very nervous about their safety?

40

MR CRAIGIE: No.

MR BELL: You agree that, in order to discharge your functions as CEO and managing director of Crown Resorts, that was something that ought to have been drawn to your attention?

45

MR CRAIGIE: Yes. I agree with that.

MR BELL: And if we look at the advice, which starts about halfway down the page numbered .0022, and goes over to .0023, do you see that, at .0023, the lawyer says:

5 *The following three points are important. First, foreign resort hotel rep office's and employees in China are protected under law so long as the rep office's employee's activities are not in violation of the law. Introducing hotel resort facilities to potential customers itself should not be any problem, because this is what the rep offices are supposed and licensed to do: liaison and marketing.*

10

Do you see that?

MR CRAIGIE: Yes.

15 MR BELL: Then he says:

Secondly, employees should certainly not be involved in any money laundering activities –

20 etcetera. Do you see the second point?

MR CRAIGIE: Yes.

MR BELL: And then, in the third point – now, this is the advice that's been given to
25 Crown Resorts in response to Mr Chen's inquiry, he says:

30 *Given the highlighted government efforts to crack down on rep offices with core business to facilitate Chinese individuals gambling abroad, company's rep office's employees in China should focus its business on introducing the hotel resort and facilities rather than engaged –*

it says –

35 *in any activities which may be viewed as directly facilitating Chinese individuals gambling offshore.*

Now, first, I take it you did not see this advice at any time - - -

40 MR CRAIGIE: No.

MR BELL: - - - up to October 2016.

MR CRAIGIE: No.

45 MR BELL: And do you agree that the first and third bullet points of this advice indicate that the lawyer appears to be labouring under the misapprehension that

Crown Resorts had a licence to conduct liaison and marketing for hotel and resort facilities?

5 MR CRAIGIE: Yes. I think – he’s either offering generic advice or he thinks Crown does have that.

MR BELL: But he’s been asked to provide specific advice to Crown by Mr Chen, hasn’t he?

10 MR CRAIGIE: Yes. The lead in is there are a number of cases in the past where foreign casino’s rep offices in China were closed. So - - -

15 MR BELL: It certainly the case, I take it, if you’d seen advice like this, which one possibility clearly was that the lawyer was labouring under an important factual misapprehension, you would have communicated back to the lawyer to clarify what his factual assumptions were in relation to Crown Resorts?

20 MR CRAIGIE: Yes. Yes. I think that this advice is – this advice could be – could be read a number of ways, so it would need clarifying.

MR BELL: And do you see that Mr Chen, at page .0022, did send a follow-up email to Mr – to Mr Zhou, the lawyer, he says:

25 *Can you confirm that there’s been no change in laws that would alter your prior advice regarding our activities in China? As you may recall, the prior understanding of the law was that organising groups of 10 or more for gambling while receiving a commission was clearly illegal. Since none of our staff receive commission, we were in compliance with that law.*

30 MR CRAIGIE: Yes.

MR BELL: See that? Now, the staff in China were receiving a commission, but not from the gambler. They were receiving a commission or bonus from Crown Resorts; correct?

35 MR CRAIGIE: They were receiving a bonus. I don’t think they were receiving a commission.

40 MR BELL: All right.

MR CRAIGIE: A commission – a commission in the gambling industry is a percentage of turnover; that’s not what the staff were receiving.

45 MR BELL: Do you agree that this factual assumption which Mr Chen was asking the lawyer to make would readily be misinterpreted to mean that staff were not receiving any payments based upon turnover of gambling revenue?

MR CRAIGIE: The payment was related to turnover. It wasn't based on turnover. But whether the lawyer was – whether the lawyer was advised on how the bonus system worked, I'm – I doubt. So – but from Michael's – I can understand why Michael's saying that they don't receive commission, because I would – I would
5 agree with that; they don't receive commission. But that probably could have been clarified to the lawyer as to what they do receive.

MR BELL: If you had been the person receiving this advice, I take it, you would have realised that, in order for Crown Resorts to safely rely upon the advice, it was
10 necessary to ensure that any ambiguity about that assumption be clarified?

MR CRAIGIE: Yes. I accept that.

MR BELL: Now, can I ask you to look at the first email at page .0021. I'm sorry.
15 Not the first email, the second email starting in the middle of the page from Mr Chen. Do you see that he says to Mr Felstead, Mr O'Connor and Mr Ratnam:

Given the advice, I would still be supporting a pushing forward with the establishment of hotel offices in key cities and –
20
do you see that?

MR CRAIGIE: Yes, I do.

MR BELL: And Mr Felstead says:

I'm reluctant to proceed with offices in China at this point in time. I believe it to be too big a risk. Having them operate as non-gaming offices doesn't seem overly practical to me.
30
See that?

MR CRAIGIE: Yes.

MR BELL: Now, were you aware at this time that Mr Felstead, the senior executive responsible for the VIP international, considered it too big a risk, in light of the crackdown on foreign casinos, to open a representative office?

MR CRAIGIE: No. I haven't seen this – this email.
40

MR BELL: Do you agree that the decision about what response to take in light of the increased risk was a matter which needed to be made at the very least by you?

MR CRAIGIE: Yes, it certainly needed to be brought to my attention so that some
45 of the issues we've canvassed could have been explored.

MR BELL: Can I ask you to look at another advice from the external lawyers that VIP international received at this time. It's CRL.545.001.0054, exhibit M for Mike, tab 143.

5 MR CRAIGIE: Yes.

MR BELL: Now, this is actually an extension of the previous email chain. If you turn to the second page, .0055 you see the response from the lawyer which you've already seen – there is no recent change to law, and then Mr Chen asks a further
10 question:

How about if staff assists or refers with remittances of money?

Do you see that?
15

MR CRAIGIE: Yes.

MR BELL: And the lawyer writes back saying:

20 *If staff knows about a third party engaged in money laundering activities and still makes introduction or referral it will be problematic under law. If staff knows that certain arrangements to remit the money is not in compliance with the law and still assists the customer to do so, it will also be problematic. Given the current enforcement environment it will be prudent for staff not to be*
25 *involved in money moving activities because it can easily be interpreted as an effort to facilitate overseas gambling.*

And then Mr Chen forwards it to Mr Felstead, Mr O'Connor, Mr Ratnam "for further discussion tomorrow". Do you see all that?
30

MR CRAIGIE: Yes.

MR BELL: And I take it that you were not aware that this advice had been provided to VIP international at the time?
35

MR CRAIGIE: No.

MR BELL: Now, can I ask you – you see it refers to for further discussion tomorrow and the date of this email is 10 February 2015?
40

MR CRAIGIE: Yes?

MR BELL: Now, can I take you to an email of 11 February 2015. It's CRL.527.001.0406, which is exhibit O, tab 23.
45

MR CRAIGIE: Yes.

MR BELL: Now, do you see that it's an email from Mr O'Connor to Mr Felstead, Ratnam and Chen setting out the agreements on certain action items?

MR CRAIGIE: Yes.

5

MR BELL: And do you see that at point 2 they had decided in response to what is described as industry chatter re marketing crack down that they would avoid travel to mainland China for a while?

10 MR CRAIGIE: Yes. Yes.

MR BELL: Was it drawn to your attention in February 2015 that the most senior executives responsible for VIP international regarded it as too risky at that time to travel to mainland China in view of the crackdown?

15

MR CRAIGIE: No.

MR BELL: Were you aware at the time that there was no further travel to China by Mr Felstead at least until about May 2015 because of this decision in response to the crackdown?

20

MR CRAIGIE: No.

MR BELL: If the senior executives considered it was too risky for them to travel to China, do you agree that they should have perceived that the staff who were based in China were at a material risk of arrest or detention?

25

MR CRAIGIE: I think it certainly raises that issue, that - - -

30 MR BELL: I'm sorry.

MR CRAIGIE: Go on.

MR BELL: And I take it that in those circumstances you say that they ought to have reported the matter to you in your capacity as managing director; correct?

35

MR CRAIGIE: Yes.

MR BELL: If you look at point 3, do you see it says:

40

WilmerHale advice: prepare list of options and recommendations to avoid China-based staff providing sensitive information to customers.

Do you see that?

45

MR CRAIGIE: Yes.

MR BELL: Are you aware at this time that there was a decision made by VIP international to prepare two different sets of marketing material, one which referred to gambling which was issued to staff in other places, one which made no mention at all of gambling which was provided to the VIP international staff in China?

5

MR CRAIGIE: No.

MR BELL: Can I ask you to look at - - -

10 MR CRAIGIE: But – sorry.

MR BELL: Is there anything you want to add?

15 MR CRAIGIE: Yes, I was aware that all casinos, if they were producing advertising for the Asian region and were planning to show that advertising in mainland China, they would need to produce two versions of that material. So whether you were the Las Vegas tourism authority or whether you're a casino making – a Macau casino making an advertisement for Asia, you had to do another version for China to take out gambling imagery. The similarity of that is in Australia where you have to take out imagery of poker machines. You can only show imagery of table games.

20

MR BELL: Thank you. Now, could I ask you to look at CRL.522.001.2864 which is exhibit M for Mike, tab 144. Do you see that Mr Ratnam sent an email to Mr Csidei of CPH saying:

25

With the announcement late last week from the Chinese government on targeting Chinese citizens visiting foreign casinos, what are your thoughts on losing the logo on the tails of the Globals?

30 Do you see that?

MR CRAIGIE: Yes.

35 MR BELL: And you understand the reference to the Globals to be a reference to the private jets that Crown Resorts was using to transport high rollers from various destinations, including China, to its casinos in Australia?

MR CRAIGIE: Yes.

40 MR BELL: And you understand that what Mr Ratnam is suggesting is to take off the Crown Resorts logo off the tails of those jets.

MR CRAIGIE: Yes.

45 MR BELL: And do you see that Mr Csidei says:

Great idea. Get rid of them.

And Mr Ratnam says “will do”?

MR CRAIGIE: Yes.

5 MR BELL: Were you aware in February 2015 that in light of the announced crackdown on foreign casinos, a decision was made by VIP international executives to remove the Crown Resorts logo from the tails of its private jets which were being used to convey Chinese high rollers to the casinos in Australia?

10 MR CRAIGIE: No.

MR BELL: Would you agree that that was an inappropriate step to take, having regard to the fundamental principle on which Crown Resorts was intending to conduct itself, namely, that it act legally, ethically and with strict observance of the
15 highest standards of integrity?

MR CRAIGIE: I don't think – I don't think it was necessary to take them off. I'm not sure the act of taking them off is necessarily deceptive, but it's the brand mark, it's not – it's associated with gambling, but it's associated with resorts as well. But if
20 they – if the worry is that they thought they were breaching – it was a form of advertising casinos then it would make sense to take them off, but I think brand – brands are – where – where there's prohibition on gambling advertising, trademarks and brands are a grey area as to whether people think they're promoting gambling or not.

25

MR BELL: I take it from your evidence that you weren't aware of this decision by VIP international.

MR CRAIGIE: No. No.

30

MR BELL: So you've told the Commissioner today that you weren't aware of the decision to open an unofficial office in Guangzhou by leasing office premises in the name of employees; correct?

35 MR CRAIGIE: That proposal, yes.

MR BELL: You've told the Commissioner that you weren't aware of a proposal to arrange foreign work visas for Chinese citizens so that they could assert that they were working overseas; correct?

40

MR CRAIGIE: Correct.

MR BELL: You've told the Commissioner that you weren't aware of the decision of senior VIP international executives to not travel into China for a while in light of
45 the crackdown on foreign casinos.

MR CRAIGIE: Correct.

MR BELL: You've told the Commissioner this afternoon that you weren't aware of the decision to remove Crown Resorts logos from the tails of its jets; correct?

MR CRAIGIE: Correct.

5

MR BELL: Mr Craigie, all of these things happened on your watch, didn't they?

MR CRAIGIE: Two of them didn't happen, and two of them, I think – well, two of them did, but as you say, Barry resumed his travel in May. And he wasn't in the habit – he wasn't in the habit of going up there every month, but I wasn't aware of that, no.

10

MR BELL: Would you accept looking back on it now that part of the problem which led to the arrest of your staff was that you didn't take steps to ensure that you had the information that you needed in relation to the business in China to discharge your responsibilities as managing director?

15

MR CRAIGIE: No, I don't – I don't accept – I don't accept that. I do – I do – if I had my time over again I could have interrogated the advice I was – the advice that I did get more, and I certainly believe if I had been in receipt of some information which I didn't get there would have been a broader group of people brought in to look at options and alternative courses of action.

20

MR BELL: Can I move to a different topic. Could we look at CRL.505.004.2094 which is exhibit M for Mike, tab 146.

25

COMMISSIONER: I suppose if you had been told that you had very nervous staff in China in fear of arrest and living in constant fear, what would you have considered your options might have been?

30

MR CRAIGIE: Well, it's immediately an HR and occupational health and safety issue. So you would have brought in the HR department to assess that – the extent of that concern. You would have options to relocate the staff to Singapore for a period of time; they obviously went there for sales conferences, etcetera. So all sorts of options would have opened up if you had established what was being said was correct, that they were, you know, daily in fear. That's clearly, you know, unacceptable.

35

COMMISSIONER: And to move them to Singapore would be to do what; to work there?

40

MR CRAIGIE: For a period – work out of Singapore for a period of time until you had clarified the situation in China. So you would - - -

COMMISSIONER: I see.

45

MR CRAIGIE: You would get more than one source of external advice. You would – you could imagine a whole different set of options would – and streams of activity would come up if the issue had been more broadly ventilated.

5 COMMISSIONER: Yes, thank you.

MR BELL: Mr Felstead, could I take you to CRL.505.004.2094 at M, tab 146. You see it's a document headed Junket Platform Strategy 12 February 2015?

10 MR CRAIGIE: Yes.

MR BELL: And you might need to look at it for a little while. But are you able to say whether you've seen this document before? And when I mean "before", I mean before October 2016?

15

MR CRAIGIE: I don't recall this particular document. But I was aware of – and supported the strategy of Crown seeing if it could get some business to Australia from the junket operators in Macau.

20 MR BELL: So you were – the junket platform strategy was brought to your attention by the executive of VIP international for your approval; is that right?

MR CRAIGIE: Not – not under that – I don't recall that name, but a strategy of getting additional VIP business to Crown by utilising Macau junket operators was in the business plans of Crown Melbourne and Crown Perth.

25

MR BELL: And - - -

MR CRAIGIE: I'm not sure where – sorry. Yes.

30

MR BELL: No, you go on.

MR CRAIGIE: I don't recall seeing this particular presentation.

35 MR BELL: If we turn to page 3, which is the page ending in .2098, you were aware, even if you didn't see this document, of the strategy of collaborating with the platform junkets to drive business to Australia?

MR CRAIGIE: Yes.

40

MR BELL: Now, in June 2015, you learnt that a number of employees of two South Korean casinos had been arrested in China; is that right?

MR CRAIGIE: Yes.

45

MR BELL: And if we look at CRL.522.001.3082, which is exhibit M for Mike, tab 197. Do you have that document?

MR CRAIGIE: I do.

MR BELL: So do you see that, on the 24th of June 2015, Mr Barton had sent an email with an extract from a media article which referred to the arrest of the South
5 Korean staff by the Chinese authorities? Do you see that?

MR CRAIGIE: I do.

MR BELL: And you see that Mr Rankin, who must have been one of the recipients
10 of the email, had replied to Mr Barton, copying you in on 24 June 2015?

MR CRAIGIE: I do.

MR BELL: And Mr Rankin joined the board of Crown Resorts in July 2015, and
15 became the chairman in early August 2015. Does that accord with your recollection?

MR CRAIGIE: It does.

MR BELL: But I take it you were aware, by the date of these emails on the 24th of
20 June 2015, that Mr Rankin was joining the board of Crown Resorts subject to receipt of regulatory approvals?

MR CRAIGIE: Yes.

25 MR BELL: And do you see that Mr Rankin was saying:

We –

I presume Crown Resorts Limited –
30

should be on high alert for this type of regulatory action in China.

MR CRAIGIE: Yes.

35 MR BELL: In other words, you understood Mr Rankin was saying Crown Resorts should be on high alert for the possible arrest of its staff in China? That was the regulatory action which had occurred.

MR CRAIGIE: For the prospect of that. Yes.
40

MR BELL: Yes. And you understood that Mr Rankin was saying this was a serious risk for which Crown Resorts needed to be on high alert.

MR CRAIGIE: Yes.

45 MR BELL: And you forwarded Mr Rankin's email to Mr Felstead?

MR CRAIGIE: I did.

MR BELL: And if we look at CRL.545.001.1108, which is exhibit M for Mike, tab
5 same day.

MR CRAIGIE: Yes.

MR BELL: He said that:
10

Staff were trained around what to do and what not to do.

See that?

15 MR CRAIGIE: Yes.

MR BELL: He added that:

20 *There was long-term issues with the Korean properties around currency
movements and compliance which has upset the Chinese authorities.*

MR CRAIGIE: Yes.

MR BELL: See that?
25

MR CRAIGIE: I do.

MR BELL: If I could ask you to look – sorry. Did you want to say something?

30 MR CRAIGIE: No, no. I said yes.

MR BELL: Yes. Thank you. Can you look at CRL.545.001.1110, which is exhibit
R, tab 11. Do you have that?

35 MR CRAIGIE: Yes, I do.

MR BELL: And you see you've forwarded the email back to Mr Rankin who has
thanked you.

40 MR CRAIGIE: Yes.

MR BELL: See that?

MR CRAIGIE: Yes.
45

MR BELL: Now, you understood from Mr Rankin's email that the company, in his opinion, needed to be on high alert for the risk of possible arrest of the staff in China; correct?

5 MR CRAIGIE: Yes.

MR BELL: And did you consider that your role in forwarding emails back and forth between Mr Felstead and Mr Rankin was sufficient to discharge your responsibility as managing director to ensure that Crown Resorts was on high alert?

10

MR CRAIGIE: No. But – but I was also reliant on Barry and the VIP team to – to respond to the arrest of the Korean casino staff.

MR BELL: No doubt you were, Mr Craigie. But, at the very least, wasn't it incumbent on you, not only as managing director, but also as a member of the risk management committee of Crown Resorts, to notify your colleagues on the committee and ensure that this risk – this specific risk of arrest – was put before them for their consideration?

15

MR CRAIGIE: Yes. And – and I think there was subsequent emails which suggested that, as Barry was suggesting, that the Korean arrests was a one-off. And that's probably why I didn't, you know, pursue this further. But, you know, in hindsight I – I should have chased Barry up more on this.

20

MR BELL: But if you had notified the risk management committee and, ultimately, the board of Crown Resorts as a whole, it would have been in a position to evaluate, through its proper processes and channels, whether the continuation of the business in China remained within its risk appetite, having regard to this development; you agree?

25

30

MR CRAIGIE: Yes, I – I accept that the board and the risk management committee should have been informed.

COMMISSIONER: But it was clear that the chairman-elect knew about the problem; correct?

35

MR CRAIGIE: Yes, he did.

COMMISSIONER: And it was also clear that Mr Felstead knew about it?

40

MR CRAIGIE: Yes.

COMMISSIONER: And from what you've seen of some of the emails where Mr Johnston was involved, he was aware of the problem as well?

45

MR CRAIGIE: Yes.

COMMISSIONER: So at least two of the board members – or Mr Rankin to become a board member and then chairman – was aware of the fear or concern for arrest in respect of which the company should have been on high alert. Was there any discussion at any board meeting that you remember in relation to that high alert?

5

MR CRAIGIE: Not – not that I recall.

COMMISSIONER: And did any – did either of those board members, Mr Johnston or Mr Rankin, ask you to do anything about it?

10

MR CRAIGIE: Not that I recall.

COMMISSIONER: Yes. Thank you.

15 MR BELL: Now, Mr Craigie, were you aware at the time that, in early July 2015, two of the Crown Resorts staff based in China had been questioned by the Chinese police?

MR CRAIGIE: No.

20

MR BELL: Were you aware that one of those employees had been required by the Chinese police to provide a letter from Crown Resorts to establish that he was an employee of Crown Resorts?

25 MR CRAIGIE: No.

MR BELL: Were you aware that Mr Felstead had authorised the provision of such a letter on behalf of Crown Resort Pte Limited?

30 MR CRAIGIE: No.

MR BELL: Do you say that, even though you were Mr Felstead's co-director on the board of Crown Resorts Pte Limited, you were not informed by him that such a letter had been provided to the Chinese police in July 2015?

35

MR CRAIGIE: No.

COMMISSIONER: Have you seen that letter?

40 MR CRAIGIE: I have, in the – in these materials. I didn't – I didn't see it at the time and wasn't aware of it at the time.

MR BELL: So, Mr Craigie, is it your evidence to this Commission, as the managing director and chief executive officer of Crown Resorts at the relevant times, that you were not aware that two of the Crown Resorts staff based in China were questioned by the Chinese police and that one of them had been required to provide a letter

45

proving that he was an employee of Crown Resorts, at any time prior to the arrest and detention of the 19 employees in October 2016?

MR CRAIGIE: That's correct.

5

MR BELL: Is it your evidence that you weren't informed by Mr Felstead of those matters at any time prior to the arrests in October 2016?

MR CRAIGIE: That's correct.

10

MR BELL: Nor, I take it, do you say that you were informed by the general counsel and joint company secretary of Crown Resorts, Mr Michael Neilson, of that matter?

MR CRAIGIE: That's correct. I wasn't aware that Michael was aware of that issue
15 - - -

MR BELL: Well - - -

MR CRAIGIE: - - - and - - -

20

MR BELL: It's been asserted in evidence to the Inquiry this week that that may have been the case, but I just wanted to establish whether you had been informed of that matter by Mr Neilson?

25 MR CRAIGIE: No. No.

MR BELL: Could I ask you to look at CRL.522.001.0830.

30 COMMISSIONER: Before – before you go to that, I just wanted to ask something about this letter. It is apparent, Mr Craigie, that the employee who was interviewed said that he worked for a hotel group, that Crown was operating a hotel, but denied that he was involved, or that the business was involved in gambling. Did you understand that?

35 MR CRAIGIE: I understand, having read the letter, that that's what he was saying.

COMMISSIONER: Yes. And when you say “having read the letter”, do you mean the letter that went to the authorities?

40 MR CRAIGIE: No, the – I think that was his answer to the question, wasn't it? But I - - -

COMMISSIONER: Yes.

45 MR CRAIGIE: I don't have that document in front of me.

COMMISSIONER: That's all right. So you understood that the relevant employee had denied the gambling allegation?

5 MR CRAIGIE: Yes, that – that was what I think I read in the report of what had happened when he was interviewed.

COMMISSIONER: Yes. And you say that you've seen the letter - - -

10 MR CRAIGIE: This week.

COMMISSIONER: - - - that was prepared to go to the authorities to show that he was working in the way that he had claimed he was working. Have you seen that?

15 MR CRAIGIE: Yes, yes.

COMMISSIONER: And you observed, in that letter, that that letter didn't mention gambling.

20 MR CRAIGIE: No.

COMMISSIONER: Did you observe that or not? Just bring it up, please.

MR CRAIGIE: I think – yes. Could I just - - -

25 COMMISSIONER: It's CRL.522.001.0830 - - -

MR BELL: Mr Craigie - - -

30 COMMISSIONER: - - - exhibit M210.

MR BELL: Sorry to interrupt. Yes. Thank you.

35 COMMISSIONER: That's all right. So it's M210. Do you have that letter there, Mr Craigie?

MR CRAIGIE: Yes.

40 COMMISSIONER: So you see the letter that was asked for makes no mention of what might be described as a core business of Crown; correct?

MR CRAIGIE: Correct.

COMMISSIONER: What do you think of that?

45 MR CRAIGIE: Yes, I – I think Crown Resorts is one of the leading hotel resort and entertainment companies is correct. It's also one of the leading casino companies, but it's – its name was changed from Crown Casino to Crown Resorts. I'm – you

know, but I'd – the description of Crown Resorts is not fulsome, I agree with that, but in describing Crown Resorts these words have been used before.

5 COMMISSIONER: You mean fulsome or you mean accurate in the circumstances?

MR CRAIGIE: Yes, I – an entertainment complex is a casino complex; it's called an entertainment complex in some contexts.

10 COMMISSIONER: Mr Craigie, you know what was going on here, don't you?

MR CRAIGIE: Yes, I agree it – that the letter was – has omitted the word "casino" and - - -

15 COMMISSIONER: And gambling or gaming.

MR CRAIGIE: Or gaming, yes, you could say gaming companies. Yes, I accept that.

20 COMMISSIONER: What should I find? Should I find that it was intentionally misleading to support the boy's claim that he wasn't involved in gambling?

MR CRAIGIE: Yes, I'm not - - -

25 COMMISSIONER: That's what it looks like, doesn't it?

MR CRAIGIE: It looks like it's certainly – it's not a letter which says he's employed by a gambling company. I agree with that.

30 COMMISSIONER: Yes, Mr Bell.

MR BELL: So Mr Craigie, is it your evidence to this Commission that the board of Crown Resorts was not informed of the questioning of two of its employees by the Chinese police in 2015 and the provision of this letter at any board meeting which you attended.

35 MR CRAIGIE: Certainly this letter was not – I don't recall this letter ever being presented at a board meeting or discussed, and I don't remember any paper on the police questioning coming up to the board, and I don't remember any discussion at the board of the police investigation. It was – I was not informed of this.

40 MR BELL: Now - - -

45 COMMISSIONER: I presume if you had been you would have made sure it was accurate.

MR CRAIGIE: Yes, well, I think if – together with – with this happening within weeks of the Korean arrests, the contention that Korea was a one-off would not have – would not have just been let – let lie. I think that’s – that’s certainly true.

5 COMMISSIONER: When you say it wouldn’t have been let lie, you would have made sure it was accurate.

MR CRAIGIE: Yes, I – you would have gone back and re-examined the – what was being advised to the VIP department that basically “the law hadn’t changed, don’t
10 worry about Korea, they were doing something the other casinos were not doing, it’s a one-off”. That advice would be seriously questioned, I would think, on the back of this. You would get another – you would recheck whether that advice still stood. You would get another source of advice, you would have a discussion with a whole range of people about what is the size of this risk and what options should – are
15 available and what actions should be taken and it would have been not just the risk management committee, it would have been the full board, I suggest.

MR BELL: And Mr Craigie, if the full board had been informed two of its employees had been questioned by the Chinese police and that a letter was required
20 from Crown Resorts to confirm employment, that’s not something which you would have forgotten, is it?

MR CRAIGIE: No. No.

25 MR BELL: Because, would you agree that the questioning of the staff in China and the requirement for the letter coming so soon after the Korean arrests and Mr Rankin’s warning to be on high alert, meant that there was an obvious and serious escalation of the risk to the safety of the staff in China. Do you agree?

30 MR CRAIGIE: I agree that you could not just say that the Korean arrests were a one-off. There’s nothing of relevance to Crown. This is of high relevance to Crown.

MR BELL: Do you recall ever being at a board meeting when Mr Michael Johnston informed the board about the South Korean arrests?
35

MR CRAIGIE: I don’t recall that. But I saw, you know, in the evidence that Barry does recall that. I – I don’t and I don’t recall it being recorded in the minutes. Not that the minutes are a transcript of the board meeting, but I don’t recall any major discussion of that point at the board meeting.
40

MR BELL: Can we look at CRL – I will just check if it’s – yes, confidentiality is reserved, operator, so could you call this document up only in the hearing room, CRL.636.001.1747, exhibit R, tab 16. Do you have that document, Mr Craigie?

45 MR CRAIGIE: I do.

MR BELL: If I could ask you to look at the bottom of the page, there's an email from Michael Chen to Jan Williamson and Jason O'Connor. I won't mention the person's name, but you see that Mr Chen reported that:

5 *Our staff in Wuhan was invited by local police late this afternoon to come in
for an interview. He was told by police that a tipster reported that he was
organising gaming tours. The gentleman denied it and said he worked for
Crown Resorts and assisted in organising leisure trips for customers. After two
10 hours he was released. The police requested that Crown furnish a letter prior
to 12 o'clock tomorrow corroborating his statement.*

Do you see that?

MR CRAIGIE: I do.

15

MR BELL: And then do you see back on the first page, .1747, that Mr O'Connor forwarded that information to Mr Felstead?

MR CRAIGIE: Yes.

20

MR BELL: And Mr Felstead on 10 July then forwarded the information to Mr Michael Johnston saying:

25 *This is what we will be up against in China at the moment.*

25

Do you see that?

MR CRAIGIE: I do.

30 MR BELL: And then Mr Felstead forwarded the information to Mr Ratnam. Do you see that?

MR CRAIGIE: I do.

35 MR BELL: Now, if, as you say, neither you as managing director nor the board as a whole was ever informed about the questioning of two employees by the police and the provision of a letter confirming his employment by Chinese police, it would appear, would it not, that those within Crown Resorts who knew about those matters decided not to disclose them to you and the board.

40

MR CRAIGIE: I don't know why they didn't disclose it to me or the board.

MR BELL: But it would appear that they did not disclose it to you and the board. Do you agree?

45

MR CRAIGIE: Yes, I don't recall this being disclosed to me, and I don't disclose – recall it being disclosed to the board.

MR BELL: But Mr Johnston knew about it, Mr Felstead knew about it and Mr Ratnam knew about it and possibly others. Do you see that?

MR CRAIGIE: Yes.

5

MR BELL: Now, do you agree that – sorry, go on.

MR CRAIGIE: No, go on.

10 MR BELL: It was a matter for the board of Crown Resorts now, wasn't it, to decide whether the continuation of the business strategy in China remained within its risk appetite having regard to this information which obviously escalated the risk. Do you agree?

15 MR CRAIGIE: Whether the entire strategy needed to be abandoned or whether it needed to be paused or whether it needed to be altered, all of those options should have been, you know, discussed and explored. I agree with that.

MR BELL: And the decision about which of those options to choose was a matter
20 for the board of Crown Resorts and the board of Crown Resorts alone. Do you agree?

MR CRAIGIE: I agree that pulling all the resources out of China, even on a
25 temporary basis, is a board decision; it's not the decision of the VIP department.

MR BELL: And the effect of not disclosing that information to you and the board was to deprive the board of the opportunity to determine the appropriate action to take in response to this escalation of risk; correct?

30 MR CRAIGIE: Yes, I agree with that.

MR BELL: And do you agree from what I've shown you that it appears there was a breakdown in the corporate governance of Crown Resorts in relation to this issue?

35 MR CRAIGIE: I think Barry has conceded it was a mistake not to inform me, which would have resulted in the board being informed. And - - -

MR BELL: I'm not asking about the mistakes of individual employees. I'm asking
40 you, having regard to the fact this was escalated to a board member, Mr Johnston, and others, you agree from what I have shown you that it appears there was a breakdown in the corporate governance of Crown Resorts in relation to this issue?

MR CRAIGIE: Yes, I can accept that.

45 MR BELL: I'm going to move to another topic. Could I ask you to look at CRL.527.001.3046, exhibit M for Mike, tab 253.

COMMISSIONER: Just before Mr Bell goes on, did you have any discussion with Mr Packer at any stage about the arrests, Mr Craigie?

MR CRAIGIE: Sorry, about the?

5

COMMISSIONER: Arrests of the Korean - - -

MR CRAIGIE: No, not with the Koreans.

10 COMMISSIONER: And so far as the staff in China was concerned and any risks to them, did you have any discussions with Mr Packer about that while he was chairman?

MR CRAIGIE: No.

15

COMMISSIONER: And do you have any understanding as to why any of those emails that you've just seen were forwarded to Mr Ratnam?

20 MR CRAIGIE: No, other than he was, you know, one of the senior executives that travelled to China with the other senior executives and was, you know, dealing with major patrons, but - - -

COMMISSIONER: I see.

25 MR CRAIGIE: They seem to – a lot of these emails were copied between Michael, Ishan and Jason by the look of it.

COMMISSIONER: Yes, Mr Bell.

30 MR BELL: Mr Craigie, do you have exhibit M, tab 253?

MR CRAIGIE: I do.

35 MR BELL: Do you see that this appears to – these emails appear to relate to a presentation to the VCGLR in 2016, and do you see that at the bottom of the second page, .3047, Michelle Fielding sent an email to you and Mr Felstead attaching a draft presentation?

MR CRAIGIE: Yes.

40

MR BELL: And Mr Felstead replied to you and Ms Fielding with his comments on the slides and at the top of page 2 the comment on slide 9 was:

45 *Remove this slide as I'm not sure how wise it is to talk to corruption crackdowns in China to this group.*

Do you recall this email at the time?

MR CRAIGIE: No, I don't, but I do recall giving an annual presentation to the VCGLR. Barry would concentrate on Melbourne performance and issues, and I would do the broader Crown Resorts issues.

5 MR BELL: And did you agree with his view that it wasn't wise to talk to the VCGLR about the corruption crackdown in China?

MR CRAIGIE: I don't recall this email, but the concept that there were – the slides are always prepared for these presentations as drafts. The concept that there's too
10 many slides and that the presentation needs to be pared back otherwise we won't get through it, that's fairly common, I would have to say. So the people that prepare this probably, you know, cover more territory than we've got time in – that's been allocated to us by the VCGLR.

15 COMMISSIONER: It wasn't really a matter of timing was it, surely, Mr Craigie?

MR CRAIGIE: No, they set – the VCGLR would set a certain amount of time for these presentations so - - -

20 COMMISSIONER: No, no. No, no. What I'm saying to you is, if you have a look at what he's written to you – written in the email - - -

MR CRAIGIE: Yes.

25 COMMISSIONER: - - - it's nothing to do with timing. It's about the wisdom in talking to the regulator - - -

MR CRAIGIE: Yes.

30 COMMISSIONER: - - - about corruption crackdowns. Do you see that?

MR CRAIGIE: Yes. I don't understand that comment - - -

COMMISSIONER: So there's nothing - - -
35

MR CRAIGIE: - - - because he's not talking - - -

COMMISSIONER: Yes. But do you accept – do you accept that it's nothing to do with timing?
40

MR CRAIGIE: Yes. I do accept that.

COMMISSIONER: All right. Let's get back to what it says. When you say you don't understand it, it would be highly appropriate to talk to the regulator about a
45 corruption crackdown in another country where you were operating, surely?

MR CRAIGIE: Yes. My understanding this was a slide about the corruption crackdown in China and its impact on the Melbourne VIP performance, which was that point we were talking about earlier, that VIP turnover had increased. It – this was a slide in the deck relating to the Melbourne performance. It wasn't the

5 gambling crackdown or the arrests – the Korean arrests – all of which occurred, you know, the year before. This was a slide about VIP performance and the impact that the corruption crackdown had had in depressing Macau and sending players outside of the Macau casinos.

10 COMMISSIONER: But why was it unwise to talk to the regulator about it?

MR CRAIGIE: I don't know. I don't know why Barry used that language. As I said, I don't – I don't recall this email. I've obviously seen it since. I'm not sure why it's unwise to talk about corruption crackdown, which was widely publicised,

15 and we referred to it. Melco Crown has referred to it in its results and we've referred to it in our results, so I – I don't understand why Barry used those words or why he was sensitive, if he was, about the slide.

COMMISSIONER: Mr Bell.

20

MR BELL: Mr Craigie, you said earlier that, looking back on it now, you would have interrogated the legal advice a little more closely. But is there anything else that you say that you would have done differently which might have helped to avoid the fate which befell the staff in China?

25

MR CRAIGIE: No, if – if – I think if – if a wider group of people, including the risk management committee and the board, had been appraised of the questioning of Crown staff and if the – if the staff were in genuine fear, those two pieces of information, I think, would have led to more investigation of the issue and alternative, you know, ways forward. So I think the – the decision by VIP, I think, they described it as managing on the ground; that was not the right decision. They, obviously, genuinely believed that the risk hadn't changed, through their own personal behaviour in going back to China and – but that – that risk assessment was clearly flawed.

35

MR BELL: Would you say that your role as chief executive officer and managing director of Crown Resorts was a demanding role that required all of your skill, energy and attention?

40 MR CRAIGIE: Yes, it's a demanding role.

MR BELL: And what would you say about the wisdom of combining that role with the work required by the role of chairman of the board?

45 MR CRAIGIE: I think my own view is that they are – those roles should be separated. There was no possibility of those roles, I would suggest, being combined when Crown Resorts had operations and was exploring operations across the globe.

But even if the operation is simply Melbourne and Perth, that's demanding enough. And if you throw in the development of Sydney, I think, where Crown has arrived at with separate chairman and separate CEO, which is where we started, is – that's a better model.

5

MR BELL: Is that a convenient time, Commissioner?

COMMISSIONER: It is. Mr Craigie, thank you. We're going to take the overnight adjournment now. And where are you giving evidence from?

10

MR CRAIGIE: I'm in what's called the Tweed Heads bubble.

COMMISSIONER: All right then.

15 MR CRAIGIE: Which is close to the border of Queensland. I'm not allowed to go south and I can't go too far north, otherwise, I go into quarantine.

COMMISSIONER: So you're in the same time zone, thankfully, Mr Craigie.

20 MR CRAIGIE: I am. I am.

COMMISSIONER: Yes.

MR YOUNG: Commissioner - - -

25

COMMISSIONER: So what I will do – yes. I'm sorry. I'm sorry, Mr Young. Yes?

30 MR YOUNG: I just wanted to raise something before you adjourn, Commissioner, if I may.

COMMISSIONER: Yes. Yes.

35 MR YOUNG: I'm sorry to interrupt.

COMMISSIONER: That's all right.

40 MR YOUNG: About 7.30 last night, Mr Bell informed me that Mr Aspinall was going to ask some questions of Mr Craigie.

COMMISSIONER: Yes.

45 MR YOUNG: That was the first notice we had of that fact. I've not had an opportunity of consulting with Mr Craigie concerning the likely topic areas that Mr Aspinall might ask about, given that they extend beyond the topic of China arrests. I wanted to raise this because I was going to let you know, Commissioner, that I would

like the opportunity of tonight or before we resume tomorrow morning, engaging in some consultation with Mr Craigie.

5 COMMISSIONER: Yes. So the position, insofar as the topics are concerned, are you aware of that?

MR YOUNG: Am I?

10 COMMISSIONER: Yes.

MR YOUNG: Is that directed to me, Commissioner?

COMMISSIONER: It is, Mr Young.

15 MR YOUNG: Yes. I – well, I’m anticipating that Mr Aspinall will address the same topics as he did with Mr Felstead, but I have no information provided as to whether that’s so or not.

20 COMMISSIONER: I see. All right then. Well, what I will do is I will allow you the – you may, of course, consult with mister – if there’s no objection. No, there wouldn’t be any objection. You may consult with Mr Craigie. I think that you can reasonably assume – is this right, Mr Aspinall – that you will be asking similar questions? Is – well, I won’t say similar questions, but the topics are those to be offered are the Riverbank and Southbank, as you did with Mr Felstead; is that right?

25 MR ASPINALL: Correct.

COMMISSIONER: Yes.

30 MR ASPINALL: And, in listening, I note that Mr Craigie has been following the transcript and will have seen Mr Preston’s evidence on that point.

COMMISSIONER: You mean Mr Felstead or Mr Preston?

35 MR ASPINALL: Mr Preston - - -

COMMISSIONER: Okay.

40 MR ASPINALL: - - - and Mr Felstead have now given evidence on those topics.

COMMISSIONER: Yes, all right.

45 MR ASPINALL: And I was proposing to ask Mr Craigie questions at a relatively high level of generality based upon the same sort of assumptions that I asked Mr Felstead to make.

COMMISSIONER: I see. All right.

MR ASPINALL: I also propose, based upon what Mr Felstead said yesterday about Mr Craigie's knowledge of the visa processing process in China, to ask him some questions on those topics - - -

5 COMMISSIONER: I see.

MR ASPINALL: - - - in the same way that I did for Mr Felstead.

COMMISSIONER: I see.

10

MR ASPINALL: I should also, for Mr Young's benefit, indicate that, during the course of today, we've identified some further documents that we would like to ask Mr Craigie about tomorrow when Mr Bell completes and - - -

15 COMMISSIONER: Yes.

MR ASPINALL: And we will send those through to his instructors this evening, or as soon as we can, and that if he would like to look at those with Mr Craigie tonight or - - -

20

COMMISSIONER: Are they documents that have been received from Crown?

MR ASPINALL: Yes, they are.

25 COMMISSIONER: I see. So Mr Young's client has provided them to the inquiry and you're going to provide them back to Mr Young?

MR ASPINALL: Correct.

30 COMMISSIONER: All right. Yes. Thank you, Mr Aspinall.

MR YOUNG: And, Commissioner, for completeness, there are a few matters arising out of Mr Bell's questions earlier today of Mr Craigie that I would like also the opportunity of consulting with Mr Craigie about.

35

COMMISSIONER: Yes, of course.

MR YOUNG: Thank you.

40 COMMISSIONER: No difficulty with that. Mr Young, you may not know the answer to this question, but, as you would have seen, perhaps, part of it anyway, those companies about which Mr Aspinall has been asking some of the Crown witnesses, I understood from the evidence that the accounts have been closed. And I think the - those assisting the Inquiry have asked for the detail of those documents.
45 Do you know whether the companies are still alive or have been deregistered?

MR YOUNG: I'll seek instructions, Commissioner. There's no difficulty providing the information, but I can't give a precise answer right now.

5 COMMISSIONER: All right then. It would be of some assistance to know, of course. And if you can provide that information in the way that you might have instructions to do so and perhaps any documents that may come across to ensure that the accurate position of the status of the companies is known, it would be most helpful.

10 MR YOUNG: Yes. Thank you.

COMMISSIONER: Yes. Are there any other matters that you wish to raise, Mr Young?

15 MR YOUNG: No, not at this point, Commissioner.

COMMISSIONER: Yes. All right. Mr Craigie, then I will return to what I was saying. You are in the same time zone, thankfully. And so what I intend to do is to adjourn until 10 am tomorrow morning, and continue your evidence with Mr Bell asking you some questions and then Mr Aspinall asking you some questions. Do you understand that?

MR CRAIGIE: Yes. Thank you, Commissioner.

25

<THE WITNESS WITHDREW

[4.07 pm]

30

COMMISSIONER: Yes. I will adjourn. Thank you.

MATTER ADJOURNED at 4.07 pm UNTIL FRIDAY, 21 AUGUST 2020

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