



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

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

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**TUESDAY, 20 OCTOBER 2020  
AT 9.31 AM**

**Continued from 16.10.20**

**DAY 46**

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

**MS N. SHARP QC and MR A. BELL SC appear as counsel assisting the Inquiry**  
**MR N. YOUNG QC appears with MS C. HAMILTON-JEWELL and MR E. BATROUNEY for Crown Resorts Limited & Crown Sydney Gaming**  
5 **Proprietary Limited**  
**MR T. O'BRIEN appears for CPH Crown Holdings Pty Ltd**  
**MS N. CASE appears for Melco Resorts & Entertainment Limited**

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

MS SHARP: Commissioner, can I tender some further documents as part of exhibit AK.

15 COMMISSIONER: Yes.

MS SHARP: I tender documents AK14, AK15 and AK16.

COMMISSIONER: Yes, thank you. I will mark those documents AK14 to AK16.  
20 Thank you very much.

**EXHIBIT #AK14 TO AK16 DOCUMENTS**

25 <HELEN ANNE COONAN, ON FORMER AFFIRMATION [9.31 am]

<EXAMINATION BY MS SHARP  
30

COMMISSIONER: Ms Coonan. We will just wait until that sound comes through. Ready now? Yes. Are you ready to proceed?

35 MS COONAN: Yes. Thank you, Commissioner.

COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Thank you. Ms Coonan, could I take you, please, to paragraph 68 of  
40 your second statement. The document reference is CRL.698.001.0001, and it's at .0015.

MS COONAN: Yes. I have it now. Thank you.

45 MS SHARP: What you say at paragraph 68 is that the internal report confirmed that Crown's processes did not seek to inappropriately influence visa decisions or

circumvent the usual probity processes and checks made by immigration officials. Now, do you now accept that historically there would have been some problems with Crown Resorts assisting applicants to obtain visas?

5 MS COONAN: I'm sorry, you just cut out there, but if I heard your question correctly, Ms Sharp, I will answer it as I heard it. I understand that following the ACLEI investigation there were some issues to do with some processing or practical handling, but no corruption found. That's my understanding. I hope I heard your question correctly.

10 MS SHARP: So have you reviewed for yourself the ACLEI report?

MS COONAN: Yes, I did, Ms Sharp.

15 MS SHARP: Can I just take you to one part of that report, please. It's INQ.210.001.0003. It's exhibit AC21. That can be brought up on the public screen. Do you have that document in front of you, Ms Coonan?

20 MS COONAN: Almost here. Thank you. I will tell you when I've got it. Yes, thank you. I have it now.

MS SHARP: Now, could I take you, please, to page 12 of the report which is pinpoint 0014.

25 MS COONAN: Yes, I have that.

MS SHARP: And if I could direct your attention, please, Ms Coonan, to the final paragraph on that page, you will see there is a reference to Crown's endorsement of the visa applicant.

30 MS COONAN: Yes.

MS SHARP: And then if you go over the page to paragraph 26 it's stated that the purpose of the arrangement was to allow Crown to lodge and/or support tourist visa applications. Now, it's right that you do understand that Crown was endorsing the visa applicant's applications, rather than merely lodging those visa applications?

40 MS COONAN: My understanding is that some information was being provided to assist the applicant with English language and things of that nature. I don't understand it to have been endorsing, but I certainly do agree that it was supporting the visa applications and I also understand - - -

MS SHARP: I will stop you there, Ms Coonan. What's the difference between supporting and endorsing a visa application?

45 MS COONAN: Supporting is providing assistance and information to record information. Endorsing is signing off that all of the information is true and correct, I

would have thought. It's a different process. I think it's more like vouching, as I think I've heard you say earlier in the proceedings.

5 MS SHARP: Well, did you understand that Crown vouched for the visa applicants?

MS COONAN: No, I didn't.

MS SHARP: Do you now understand that that's what Crown was doing?

10 MS COONAN: No, I don't think they were vouching.

MS SHARP: So your position today remains that Crown was not vouching for visa applicants.

15 MS COONAN: Well, I think they were assisting the process, but it's a very fine line. I'm not sure what you're seeking to draw from it, but I think it's pretty well  
- - -

20 MS SHARP: What I'm seeking – Ms Coonan, what I'm seeking to draw from it is whether, as you give your evidence today, you understand that Crown Resorts vouched for the visa applicants.

MS COONAN: I don't call it vouching. I don't think that's what was happening.

25 MS SHARP: That's just wrong, isn't it, Ms Coonan?

MR YOUNG: Commissioner – just a moment. I object to that, Commissioner.

30 COMMISSIONER: Yes. Yes.

MR YOUNG: Ms Sharp is putting a proposition that is contradicted by the evidence that is already in, and she ought not to do that.

35 COMMISSIONER: Mr Young, just pause, please. Ms Sharp's question was "That is just wrong, isn't it?".

MR YOUNG: Yes.

40 COMMISSIONER: And Ms Coonan is well qualified to reject the proposition or accept it rather than we delve into the evidence at the moment. Ms Sharp will take her course as she does, but at the moment I don't see there's any objection to Ms Sharp proposing to suggest to Ms Coonan that it's wrong and I anticipate that Ms Coonan will disagree, but she may not. I will just wait and see. Thank you, Mr Young. Yes, Ms Sharp.

45 MS SHARP: That's just wrong, isn't it, Ms Coonan?

MS COONAN: I don't accept that.

MS SHARP: I will show you some documents and we might explore this issue.  
Could I first of all take you to CRL.571.001.0043 which is exhibit S2. Now, what I  
5 will do is - - -

MS COONAN: Sorry, Ms Sharp, I'm just – nearly there. Thank you. Now I've got it. Thank you.

10 MS SHARP: Could I draw your attention, please, to the bottom half of the page, Ms Coonan, to an email from David Tudehope at DFAT dated 20 October 2010 to Stefan at Crown.

MS COONAN: Yes.

15 MS SHARP: And you see that Mr Tudehope - - -

MS COONAN: Yes, I've got it.

20 MS SHARP: You see that Mr Tudehope identifies himself as a senior migration officer?

MS COONAN: Yes, over the page, yes.

25 MS SHARP: And you see that he says in the third paragraph that he was involved in formulating the original agreement between DIAC Guangzhou and Crown in 2003?

30 MS COONAN: If you just – yes, I see that in the first sentence.

MS SHARP: And now can – if you go further down that paragraph, can you see it is stated:

35 *DIAC accepted that clients who could afford to enter this scheme would represent a reduced risk in terms of visa non-compliance and Crown also undertook to carry out background checks on all clients submitted.*

Now, do you understand that to be a form of endorsing or vouching for those clients?

40 MS COONAN: I understand that it's providing information, Ms Sharp. I don't know how else you could draw a conclusion about it, but it was certainly providing information in support of an application.

45 MS SHARP: All right. But you still don't accept that Crown was vouching for these visa applicants.

MS COONAN: No.

MS SHARP: Now, can you also see in the last paragraph that:

5       *A significant number of Crown applicants that we speak to have no connection to Crown Casino or anybody who intends to gamble there and it appears that Crown has become a visa agent, lodging on behalf of travel agents and junket operators from all over China. More alarmingly, we continue to see significant levels of fraud in the case load and we refuse approximately 10 per cent of applications lodged by Crown.*

10      Now, that suggests a problem, does it not?

MS COONAN: Well, this gentleman is identifying it as a concern on the part of DFAT.

15      MS SHARP: Well, what this gentleman is drawing to the attention of Crown is that:

*We continue to see significant levels of fraud.*

20      That's a problem, isn't it?

MS COONAN: Most certainly, but the investigation found that there wasn't fraud involved.

25      MS SHARP: Now, if I can take you to a further document, Ms Coonan. Can I please call up CRL.571.001.0009, which is exhibit S8.

MS COONAN: Yes. Thank you. I have it.

30      MS SHARP: And could I go to the first page of that document, please.

MS COONAN: Yes.

35      MS SHARP: If I could take the operator to the first page of that document, please. Now, you understand there that DIAC is writing to Mr O'Connor in relation to Crown focusing on key issues when assessing applicants.

MS COONAN: Yes.

40      MS SHARP: So do you understand that Crown had a role in assessing applicants for visas?

MS COONAN: They certainly had a role in providing information to support applications, but I don't think they were involved in the assessment process.

45      MS SHARP: But I'm just trying to understand why you are resisting the proposition that Crown vouched for visa applicants.

MS COONAN: I – could you tell me what – just so that we’re not at cross-purposes, Ms Sharp, what do you mean by “vouched”? I just want to understand – I may be able to agree with you, I’m just not sure.

5 MS SHARP: Supported, endorsed – backed, supported, endorsed?

MS COONAN: Support, yes, they provided information in support. I will agree with that.

10 MS SHARP: Yes. So they endorsed the visa applicant.

MS COONAN: They didn’t endorse it. They provided information for the applicant to be able to lodge a visa application. That’s my understanding, Ms Sharp.

15 MS SHARP: And in providing that information the department detected that there was a level of fraud involved. Do you accept that?

MS COONAN: Well, this was – this was something that was said by the previous gentleman, the previous email we looked at, that there were concerns that fraud could be involved, yes.  
20

MS SHARP: And could I please take you to another document which is CRL.571.001.0037.

25 MS COONAN: Just a moment. It’s probably in this bundle.

MS SHARP: It’s exhibit S1 – sorry, exhibit S11 if that assists.

MS COONAN: 37, 32, 33 – sorry.  
30

MS SHARP: I’m told it’s S5.

COMMISSIONER: S5.

35 MS COONAN: Improvements made to Crown’s visa lodgement system. Are we on the right – sorry.

COMMISSIONER: Yes, that’s the one.

40 MS COONAN: Yes. Thank you. I have it. Yes.

MS SHARP: All right. Now, can I take your attention, please, to the heading Improvements Already Made (1):

45 *Crown’s internal checklist procedures have been strengthened. Crown utilises a checklist to validate data to ensure that only genuine visa applications are submitted under Crown’s name.*

And then a little bit further down:

5                   *Based on the data obtained and checked, the Crown staff member assesses whether, in their view, the visa application is genuine and whether Crown should support the application.*

MS COONAN: I'm sorry, Ms Sharp, you've lost me. Where are you on 0037?

10 MS SHARP: If you have a look at – there are – under the heading 1.

MS COONAN: Yes.

MS SHARP: The second paragraph says "Data is obtained".

15 MS COONAN: Yes.

MS SHARP: And then the paragraph under that says:

20                   *Based on the data obtained and checked, the Crown staff member assesses whether, in their view, the visa application is genuine and whether Crown should support the application.*

MS COONAN: Yes.

25 MS SHARP: All right. So you do accept that Crown supports the application?

MS COONAN: Yes, I do.

30 MS SHARP: But you don't say that that is vouching for the applicant?

MS COONAN: I think that is assembling information. I don't know that it's vouching. I mean, we – you know, it seems to me to be a very fine line. I don't know what turns on it, Ms Sharp, but I'm calling it supporting.

35 MS SHARP: Well, why – if it's such a fine line, why are you so reluctant to accept that Crown was vouching for visa applicants?

MS COONAN: Because I'm reading the words here "Crown should support".

40 MS SHARP: Can I take you back, please, Ms Coonan, to exhibit CRL.571.001.0008. And you will agree that this is a letter from the Department of Immigration and Citizenship to Crown dated 18 April 2012?

45 MS COONAN: Yes.

MS SHARP: And can you see the third paragraph says:



*I would like to re-emphasise the need for clients to be honest and open about their financial and employment circumstances.*

MS COONAN: Yes.

5

MS SHARP: Now, the reason that the department was re-emphasising that was because there had been a problem in the past, wasn't it?

MS COONAN: That seems to have been suggested in a document that we looked at this morning.

10

MS SHARP: Can I then take you, please, to the attachment to that document which is at pinpoint 0010.

MS COONAN: Yes, I have it.

15

MS SHARP: Now, this is the checklist that the – that was enclosed with this letter.

MS COONAN: Yes.

20

MS SHARP: Now, these are details that Crown needs to fill in in support of the visa application. Do you see that?

MS COONAN: Yes.

25

MS SHARP: And do you see about midway down there's a heading Relationship to Crown.

MS COONAN: Yes.

30

MS SHARP:

*Client has been known to Crown for –*

how many years –

35

*...therefore Crown fully supports this application.*

MS COONAN: That Crown supports this application, yes.

40

MS SHARP: Yes. Well, that's Crown vouching for the visa applicant, isn't it?

MS COONAN: Well, I've already tried to answer that question. I don't consider that vouching.

45

MS SHARP: And can you see that there's another heading Supporting Material.

MS COONAN: Yes.

MS SHARP: And then, under the – just above the signature block there's an assertion:

5

*The above checks have been completed and Crown supports this application.*

MS COONAN: Yes.

10 MS SHARP: Now, do you agree that Crown was playing a role in conducting background checks for the department?

MS COONAN: Plainly.

15 MS SHARP: And Crown was supporting the application?

MS COONAN: Yes.

MS SHARP: Crown was backing the application?

20

MS COONAN: Well, supporting the application is what the documents say.

MS SHARP: And Crown was vouching for the character of the applicant, wasn't it?

25 MS COONAN: I'm not sure that I can agree with that.

MS SHARP: Well, I suggest to you that's plain, Ms Coonan.

30 MS COONAN: Well, it doesn't say anything about dealing with those particular aspects of an applicant's background. It sets out the information that is provided on the checklist.

COMMISSIONER: But Ms Coonan, if you have a look at the section to which Ms Sharp took you, the relationship to Crown.

35

MS COONAN: Yes.

COMMISSIONER: There are two choices: one is to support; and the other one is, even if you don't know them, you can give reasons for supporting it.

40

MS COONAN: Yes, yes.

COMMISSIONER: And this is – these aren't your words, but - - -

45 MS COONAN: No.

COMMISSIONER: It looks as though the department was wanting Crown to tell them why it would be that the department might consider this applicant favourably. Would you agree with that?

5 MS COONAN: Yes. Absolutely agree with that.

COMMISSIONER: And so what we've got are the two boxes. There isn't a box that says we don't know them and we say nothing about them and so it's a matter for you. Rather, it says (1) one we know them. We've known them for years and we  
10 fully support them; or (2) we don't know them, but in any event, we support them. So what the department wants is, effectively, you to tell them that it's a good idea to let them through. Would you agree with that?

MS COONAN: Yes. Yes. I don't know, though, with – with respect,  
15 Commissioner, whether it goes to character. I mean, I just don't know, unless I saw one, what it really – what this really amounts to. I've never seen a document like this before, I don't think.

COMMISSIONER: I'm very pleased to hear that. But, on the other hand, what was  
20 happening here was, it seems, on one reading of this, that there was an endorsement of these people, because you had to – that's Crown had to – support the application by giving reasons why that was a good idea. Would you not agree with that?

MS COONAN: Yes. Whether there was ever anyone unknown that got – got this  
25 treatment, I don't – I mean, I just don't know, Commissioner. I'm sorry. I just can't be - - -

COMMISSIONER: No, but that's a different question. That's a different question. You see, what Ms Sharp has been asking you about is the process that was in place,  
30 at a time, with the department, pursuant to which Crown effectively gave a tick to these people by ticking those boxes.

MS COONAN: Well, they certainly - - -

35 COMMISSIONER: That seems to be what the department wanted.

MS COONAN: Excuse me. Sorry. They certainly were supporting the applicant, there's no doubt about that, and I've – I don't resile from that for one minute.

40 COMMISSIONER: And supporting the applicant means, look, so far as we're concerned this applicant is okay.

MS COONAN: Yes, well – sorry. Somebody's phone is going off. Sorry,  
Commissioner.

45 COMMISSIONER: What they're saying is that this applicant is okay, so far as we're concerned.

MS COONAN: Yes. Well, I think what they're saying is unknown, but supports the application for some reason. Now, whatever that is. Yes. They're providing support for this person to be considered favourably.

5 COMMISSIONER: And that is an endorsement, so far as Crown is concerned, but it is a matter for the department. Would you agree with that?

MS COONAN: Absolutely, I agree with that; that, certainly, it's a matter for the department.

10 COMMISSIONER: And so far as the process is concerned – and I know that you're sensitive to the word “endorsement” – but, it looks for all the document – what the document says that the endorsement at the bottom, where somebody signs it and gives their name and supports it, it has to be an endorsement, doesn't it?

15 MS COONAN: Well, I mean you wouldn't support it if you didn't agree with the contents, that's for sure. So, I suppose, in that sense, you know, your imprimatur goes with it.

20 COMMISSIONER: And an imprimatur is sometimes referred to as an endorsement, I think.

MS COONAN: I think it could be. Yes, Commissioner.

25 COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Now, it's right, isn't it, that the ACLEI report found that Crown had, in fact, supported 4220 visa applications between July 2011 and October 2016.

30 MS COONAN: I will take that from you, Ms Sharp. I – I don't have that recall.

MS SHARP: Now, at all times up until 2016, an important part of Crown's vetting procedure for junkets was seeing whether the junket operator had been granted a visa. Do you agree?

35 MS COONAN: Yes.

MS SHARP: Do you also agree that there is some circularity in relying on the grant of a visa by the government, when Crown had endorsed the grant of that visa in the first place?

40 MS COONAN: My understanding of that, Ms Sharp, is that that wouldn't be the case. I don't think it would circumvent the usual processes that Border Force or the department would undertake.

45

MS SHARP: I will move on. Can I take you to a confidential document, please, Ms Coonan. It is exhibit AC1. I will bring it up on the confidential link. It is CPH.001.658.0001 at pinpoint 0067.

5 MS COONAN: Could you just find that for me, please.

COMMISSIONER: Just pause for a minute.

10 MS COONAN: Just coming, Ms Sharp. Yes, have I it now. Thank you. Yes, I have it. Thank you.

MS SHARP: Yes. Now, what I'm showing you is a paper that was tabled at the 12 December 2019 Crown Resorts board meeting.

15 MS COONAN: Yes.

MS SHARP: On a strategic review of the VIP business.

20 MS COONAN: Yes.

MS SHARP: Now, you attended that meeting, didn't you?

MS COONAN: Yes. I believe so.

25 MS SHARP: And may we take it that you studied this paper prior to attending that meeting?

MS COONAN: Yes. I try to – I try to read all my board papers, Ms Sharp.

30 MS SHARP: Can I take you to page 6 of this document, which is pinpoint 0072.

MS COONAN: Yes.

35 MS SHARP: And if you have regard to the second dot point, you will agree that management was conveying to the board that the opening of Crown Sydney was an opportunity to capture a greater share of the global VIP market?

40 MS COONAN: I think that was the substance of it. I just can't see, exactly, the words.

MS SHARP: Yes. If you want to have a look at the second dot point.

MS COONAN: Right. Thank you. Yes.

45 MS SHARP: So, as at December of last year, it was full steam ahead with Crown Resorts attempting to obtain a greater share of the global VIP market.

MS COONAN: I think that's fair.

MS SHARP: Can I take you, please, to pinpoint 0089, which is section 5 of this document.

5

MS COONAN: Review of Crown's VIP program. Yes.

MS SHARP: Yes. And could I just take you over – well, I'll ask you this question and then I'll ask you to look at the next few pages for yourself.

10

MS COONAN: Yes.

MS SHARP: You'll agree that, while there is reference to Crown dealing with junket operators as part of the VIP business segment, there is no mention anywhere in this document about any issues regarding the probity of junket operators with which Crown was dealing or proposed to deal.

15

MS COONAN: I don't know the answer to that, but I'll take it from you if you say there's no mention of it.

20

MS SHARP: Well, before you agree with that, do you want to take some time to look through the next few pages of the document?

MS COONAN: No, I can't see any reference in the next few pages, Ms Sharp.

25

MS SHARP: Okay. And you will see, if I take you to pinpoint 0094, reference is made to Crown Resorts top five junkets.

MS COONAN: Yes.

30

MS SHARP: But nothing at all about the probity of any of those junkets.

MS COONAN: No, they're existing junkets, I think, Ms Sharp, who would have been subject to Crown's junket vetting processes. That would be my understanding.

35

MS SHARP: Yes, but there's nothing at all in this document reflecting any concern about the probity of those five junket operators.

MS COONAN: No.

40

MS SHARP: And is that because the question of probity of junket operators was simply not on Crown Resorts radar by December of last year?

MS COONAN: I wouldn't accept that, Ms Sharp. I gather that if these were the top five existing junkets they would have already have been subjected to Crown's vetting procedures, notification to the regulator and all of the matters we discussed on Friday, the checks that are made before junkets were onboarded.

45

MS SHARP: Ms Coonan, you told us last week that you had a good understanding of the anti-money laundering framework. With that in mind, could I take you, please, to pinpoint 0090.

5 MS COONAN: Yes.

MS SHARP: You will see that a SWOT analysis is performed of the VIP program play business.

10 MS COONAN: Yes.

MS SHARP: And one of the weaknesses identified in the last dot point is the difficulty in transferring funds to Australia. What was that a reference to?

15 MS COONAN: Difficulty in capital flows from certain Asian countries.

MS SHARP: And why did that make it difficult to transfer the funds to Australia?

20 MS COONAN: Well, obviously, if there are capital restrictions on the flow of funds it's difficult to transfer funds out of those countries.

MS SHARP: And could I take you to the heading Threats.

25 MS COONAN: Yes.

MS SHARP: You'll see that a dot point identifies a threat as:

*Tightening AML regulations and the closure of bank accounts.*

30 MS COONAN: Yes, I see that.

MS SHARP: What was that a reference to?

35 MS COONAN: To the best of my recollection, the tightening of AML regulations related to the cost of doing business. I mean, any regulation imposes a cost on business so that's, to the best of my recollection, what that meant.

40 MS SHARP: When you are interpreting that, do the words "closure of bank accounts" assist you in any way?

MS COONAN: No, it doesn't.

MS SHARP: Well - - -

45 MS COONAN: At that stage, I understood that Riverbank and Southbank accounts had been closed or in the course of being closed, as I think I mentioned in my statement.

MS SHARP: Well, is that what this is a reference to, “closure of bank accounts”?

MS COONAN: I don’t – I don’t know. I’m sorry, I can’t help you, Ms Sharp.

5 MS SHARP: Because what it looks like, Ms Coonan, is that in this paper the anti-money laundering framework is being identified as a competitive impediment. Do you agree with that?

10 MS COONAN: Well, it’s certainly a regulatory – it’s certainly a cost. It’s a cost of doing business. So in a SWOT analysis which is, as you would appreciate, you know, a fairly standard kind of approach – of groupings, a regulatory cost is something that obviously is an impact to a business.

15 MS SHARP: Well, is it appropriate that a business is identifying an anti-money laundering framework as a threat to its business?

20 MS COONAN: Well, I mean, that’s just a heading, but the intent of it is that it’s a cost of doing business. All regulation is, Ms Sharp. That’s not to say it shouldn’t be there or it’s wrong; all it means is that there are costs of compliance and that’s something that you would need to take into account in doing your overall assessments.

25 MS SHARP: Well, let me ask you this as a director and now chair of Crown Resorts: what does it say to you that the executives who put this paper together identify anti-money laundering as a threat to business?

30 MS COONAN: Well, I do think that it’s a short – put it this way, it’s not perhaps the best way to describe it, but I’m clear that what was meant there was the fact that AML regulations are a cost to business, compliance is a cost. Maybe it should have been broken out in a separate section but, as I say, I think this is a shorthand way of referring to that.

COMMISSIONER: Perhaps it could have been put in your strengths.

35 MS COONAN: Well, it could well have been, yes, I agree with that, Commissioner. But I mean a SWOT analysis is not really – put it this way, I don’t think a SWOT analysis is the most detailed way to describe exactly all of the processes and groupings of things that are here.

40 MS SHARP: Ms Coonan, would you agree that there has been a distinct change in tone from the time of the 31 July 2019 ASX media release to the time of the strategy papers presented to the board in August and September of this year?

45 MS COONAN: Yes, Ms Sharp, I would.

MS SHARP: Now, can I take you to - - -



COMMISSIONER: Just before you leave that if you're going to leave that, if I may. Ms Coonan, if you have a look at the opportunities side of the SWOT analysis - - -

MS COONAN: Yes.

5

COMMISSIONER: - - - and I understand this was nearly 12 months ago, of course.

MS COONAN: Yes.

10 COMMISSIONER: Do you see there one of the opportunities is the operating partnership with Melco.

MS COONAN: Yes.

15 COMMISSIONER: Now, that was at a time when, as I apprehend what you told me on Friday, there were some real concerns, at least in the independent directors, about the transaction with Melco. Is that right?

20 MS COONAN: Yes, I think so. I don't think anyone of - certainly of the independent directors really had a good grasp of where that was all going with the regulator.

COMMISSIONER: Yes. Yes. And also within the company, I presume, in terms of what was actually happening with Melco and CPH.

25

MS COONAN: Yes, it was - yes, it was there, it was hovering, but unresolved, if I could put it that way.

30 COMMISSIONER: Just before we leave the document then, this was somewhere around December 2019.

MS COONAN: Yes.

35 COMMISSIONER: Four weeks later, or perhaps six weeks later you're told that Melco is abandoning the second tranche of shares. Did you have any advance notice of that?

MS COONAN: No.

40 COMMISSIONER: And so I'm not sure who prepared this SWOT analysis, but that was going to become an irrelevancy in due course, wasn't it, that partnership with Melco.

MS COONAN: Yes.

45

COMMISSIONER: So in terms of this analysis, and coming back to your AML regulations, as I apprehend what you've told me, you see it as both a cost of business,

but also a strength in an organisation if it complies with its AML regulations. Is that right?

5 MS COONAN: Absolutely. And if I have an opportunity a little later on, I would like to share with you how I see a compliance culture being a very different way for this business to go forward.

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

10 MS SHARP: Yes, and we will come to that, Ms Coonan, but for now could I show you a publication in The Guardian newspaper which is exhibit AG15. If I can call up INQ.550.001.0029. And you will see that this is a newspaper article dated 24 October 2019.

15 MS COONAN: Yes. Thank you. Could it be fonted up a little bit, please?

MS SHARP: Yes, if I can just highlight the title of that article.

20 COMMISSIONER: The bottom half, thanks. Yes. Thank you.

MS SHARP: You will see it's called Crown Resorts Annual General Meeting Dominated by Questions about Wave of Scandals.

25 MS COONAN: Yes, I can see.

MS SHARP: What I would like to do is take you to pinpoint 0031. What I want to do is take you to a quote attributed – I apologise, it may be over the page.

30 COMMISSIONER: The next page.

MS SHARP: Yes, if we go to the next page.

MS COONAN: Yes.

35 MS SHARP: And you will see right at the top there is a quote attributed to you:

*The unsubstantiated and unproven allegations that have been made against Crown have been deeply distressing to all of us.*

40 MS COONAN: Yes - - -

MS SHARP: First of all, did you say that at that time?

45 MS COONAN: Yes. Yes, I did.

MS SHARP: So as at 24 October 2019 you remained of the view that the allegations were unsubstantiated and unproven.

MS COONAN: Yes.

MS SHARP: So the change in tone, at least, so far as you were concerned, came some time after October of 2019?

5

MS COONAN: Yes.

MS SHARP: When did it come?

10 MS COONAN: It came, I think, after this meeting and towards the – towards the end of the year, in relation to concerns that momentum had stopped or stalled, to make the changes at board level that the independent directors had indicated they supported. And so, after that process, it was, of course, then a matter of looking at a lot of – a lot of actions by the regulators. At that stage, I think there were something  
15 like five inquiries that were on foot. And I started to come to the view that we needed to be vigilant in getting to the bottom of some of these and – some of these allegations – and making the changes that were made in January. So it was towards the end of that – of last year.

20 MS SHARP: Now, these changes made in January, you're referring to Mr Alexander ceasing to be the chair and CEO of Crown Resorts?

MS COONAN: Yes. Yes.

25 MS SHARP: Now, you led the coup here, didn't you?

MS COONAN: There wasn't a coup, Ms Sharp. It was a process that had some difficult aspects to it, because Mr Alexander had left the country and wasn't available in – in January. Far from leading the coup. No. I agreed to take on the  
30 role of chair, because there comes a moment, in a process such as this, where you either take some steps to move off a board or you step up and you try to be part of the solution. It was a difficult decision for me, but that's the decision I made.

COMMISSIONER: But can you tell me why you saw it as difficult at that time?  
35

MS COONAN: Well, difficult, because I understood that there was a lot to be done to get through the inquiries, to get to the bottom of the allegations, to look at all the sorts of changes that I thought would be necessary to get this company back into a – a company more aligned with modern governance processes and practices and  
40 structures, and to take these allegations seriously and look at what we needed to do to have best practices in relation to those matters. So that was broadly it. I knew it wouldn't be an easy – an easy journey. I'd been on the board for some time. And it would have been very easy to move off, but I think I – I needed to stay the course. And I will stay the course, because I'm very invested in taking this company to  
45 where it should be.

COMMISSIONER: Thank you.

MS SHARP: Now, the first board meeting after the change in arrangements we've just discussed was on the 18th of February 2020; correct?

MS COONAN: Yes.

5

MS SHARP: Can I take you to the minutes of that board meeting, please. If we go to CRL.689.001.0021. If it assists you, Ms Coonan, it's probably tab 19 to your statement.

10 MS COONAN: Thank you.

MS SHARP: I'll just get you the exhibit number.

MS COONAN: Thanks very much.

15

MS SHARP: Exhibit CB28, Commissioner.

COMMISSIONER: Thank you.

20 MS COONAN: Yes. Thank you. I have it, Ms Sharp.

MS SHARP: And you'll agree that you're noted as attending as the chair of that meeting.

25 MS COONAN: I've got Mr Alexander as chair.

COMMISSIONER: I think you've got the wrong tab.

MS SHARP: Yes.

30

COMMISSIONER: It's tab 19 to your statement, and it's the date 18 February.

MS COONAN: Apparently, there's been a mistake on the tabs here. Just be one second.

35

COMMISSIONER: No, that's all right. That's all right.

MS COONAN: Yes. Yes. Thank you, Ms Sharp. I've got that now.

40 MS SHARP: Yes. Now, with this document, on the 18th of February, you'll agree that you're recorded as attending and being the chair of the meeting.

MS COONAN: Yes.

45 MS SHARP: Now, could I take you, please, to pinpoint 0028, which is page 8 of the minutes.

MS COONAN: Yes.

MS SHARP: And could I – there's a redacted portion of the minutes.

5 MS COONAN: Yes.

MS SHARP: Could I just draw your attention to what appears under there, where it's stated that:

10 *Mr Barton informed the board that he intended to undertake a review of key business procedures and to conduct a process mapping exercise for the purpose of identifying areas for improvement, with one such process being junket approvals.*

15 MS COONAN: Yes.

MS SHARP: Now, it's right, isn't it, that, prior to this meeting, there had been no structured or detailed consideration of whether there was any merit in the media allegations that had been made?

20

MS COONAN: Just say that again, please? Up until?

MS SHARP: Up until this meeting, it's correct, isn't it, that there had been no structured or detailed consideration by the board as to whether there was any substance to these media allegations?

25

MS COONAN: No, I don't agree with that.

MS SHARP: It was only at this time that the board was prepared to open its mind to the prospect that there may have been something wrong in its procedures. Do you agree?

30

MS COONAN: No. There was earlier consideration of that.

35 MS SHARP: And are you, there, referring to the internal report?

MS COONAN: Well, partly that, but also further discussions between, in particular, the independent directors.

40 MS SHARP: Well, when did the process of reflection commence?

MS COONAN: Difficult to be - - -

COMMISSIONER: For the independent directors.

45

MS COONAN: I'm sorry?

COMMISSIONER: For the independent directors?

MS SHARP: For the independent directors.

5 MS COONAN: The independent directors - - -

MS SHARP: When did this reflection commence?

10 MS COONAN: Difficult to be absolutely certain, but, I think, after the AGM, which was in October. So after that, I think.

MS SHARP: Can I take you to a paper that was presented to the board in September of this year. That's a confidential document. It is CRL.685.001.0001. It's exhibit CG6. I believe it's tab 5 of your documents, Ms Coonan, if that assists.

15 COMMISSIONER: Yes.

MS SHARP: It's exhibit CDCD5.

20 COMMISSIONER: CD5, is it?

MS SHARP: Yes.

25 COMMISSIONER: Thank you.

MS COONAN: Thank you. Thank you. So I've got – yes, 0001. Yes.

MS SHARP: Yes. And this – what I'm showing you is a 10 September 2020 - - -

30 MS COONAN: Yes.

MS SHARP: - - - update on enhancements to compliance and governance processes.

35 MS COONAN: Thank you. I've got that.

MS SHARP: Now, is it correct that Mr Barton prepared this document, but you had input into the preparation of this document?

40 MS COONAN: Yes.

MS SHARP: And did you have substantial input into the preparation of this document?

45 MS COONAN: Yes. I think – I think you could say that. I certainly – I certainly discussed it in detail with Mr Barton, discussed the contents. I suppose you'd say that's – that's a significant collaboration between Mr Barton and myself.

MS SHARP: Could I show you some observations that Mr Barton made in this document, and I would like to understand if you agree with them. If you could go to pinpoint 0016, please.

5 MS COONAN: Sorry. Just a moment.

MS SHARP: Sorry, 0016.

MS COONAN: Yes.

10 MS SHARP: And you've come to Appendix A.

MS COONAN: Yes, thank you; ILGA observations AML.

15 MS SHARP: Yes. Now, could I take you, please, to – so you're now at page 0017; is that right?

MS COONAN: Yes. Yes.

20 MS SHARP: Could I take you just to read that page to yourself about the key issues that have been identified through the course of the Inquiry to date, and could you please tell me whether there is anything that you disagree with on that page.

MS COONAN: No, I don't disagree with anything.

25 MS SHARP: And could I take you to the next page, that is pinpoint 0018, and could you please read that to yourself, and tell me whether there is anything you disagree with on that page.

30 MS COONAN: No.

MS SHARP: And finally, pinpoint 0019; is there anything you disagree with on that page?

35 MS COONAN: No.

MS SHARP: You would accept that this Inquiry has uncovered some serious problems?

40 MS COONAN: Yes.

MS SHARP: When did you first become aware of that?

45 MS COONAN: That the Inquiry had uncovered the problems or that there were serious problems?

MS SHARP: That there were serious problems?

MS COONAN: I think I became aware of that a bit earlier than the Inquiry, that there were certainly issues that we needed to understand and that we needed to address them. I think the Inquiry has provided – perhaps has pinpointed with a bit more clarity the sorts of things that – that we’ve talked about in this document that I didn’t have before then.

MS SHARP: I’m trying to understand when in time you became aware there were some serious problems. I’ve taken you to the quote attributed to you after the AGM.

10 MS COONAN: Yes.

MS SHARP: It doesn’t sound like you were aware there were any serious problems at that stage. Is that fair?

15 MS COONAN: That’s fair. It was more a process, as I explained, I think, in a couple of earlier answers, after the AGM and in connection with the fact that the process for making the necessary changes to the governance of the board had stalled, the independent directors went to some of the allegations in the – I think by that stage about five inquiries and thought that it was really important that we get to the bottom of it and start to look at whether there was substance. So that was the beginning of the process. I also requested and got some access to some information in relation to the class action and so there was a process whereby some of the things that were referred to in the inquiries and in respect of the class action that I wanted to know more about.

25 MS SHARP: I would like to ask you some questions now about the Suncity junket and the Suncity Room.

MS COONAN: Yes.

30 MS SHARP: Do you know who the operator of the Suncity junket is?

MS COONAN: Mr Chau, as I understand it.

35 MS SHARP: And when did you first become aware that Mr Alvin Chau operated the Suncity junket?

MS COONAN: I can’t remember whether it was before – no, no, I knew – I knew in – because Mr Chau was mentioned in the – the internal reports from Mr Preston and Mr Felstead and Mr Murphy.

MS SHARP: So it’s right that until the initial investigation into the media allegations in July of 2019 you were not aware of who Mr Alvin Chau was.

45 MS COONAN: I don’t recall having been aware of Mr Chau. I certainly was aware of the Suncity junket.



MS SHARP: Were you aware that the Suncity junket had a dedicated room in Crown Melbourne?

MS COONAN: Yes.

5

MS SHARP: And when did you first become aware of that?

MS COONAN: I can't – I can't be precise, but it was there for all to see as you walked past it. So I – you know, in connection with walking around the property at Crown Melbourne I had seen the reference to Suncity.

10

MS SHARP: And were you aware that the Suncity Room was dedicated to the Suncity junket in that only players playing with the Suncity junket could gamble in there?

15

MS COONAN: I would assume so. I don't know that I was specifically aware of that.

MS SHARP: Were you aware that Suncity operated its own cash desk in that room?

20

MS COONAN: No.

MS SHARP: When did you first become aware of that?

MS COONAN: I think there was some media publicity around it. And – I'm sorry, I don't – I will let you ask your question. I apologise.

25

MS SHARP: Were you aware that so far as operations at the cash desk were concerned, Crown Resorts was not a reporting entity for the purposes of the AML Act?

30

MS COONAN: I would assume it wouldn't be, so I accept that.

MS SHARP: But were you aware of that at the time?

35

MS COONAN: I don't think I was aware of that until some later point in the proceedings.

MS SHARP: Were you aware that Suncity was under no obligation to report matters under the AML Act so far as operations at the cash desk were concerned?

40

MS COONAN: No, I wasn't aware of that, but I think that's a reasonable thing to assert.

MS SHARP: So you weren't aware that the cash desk operated as an island of immunity from the anti-money laundering reporting requirements.

45

MS COONAN: Certainly not.

MS SHARP: Isn't that a matter of which you ought to have been aware as a director of Crown Resorts?

5

MS COONAN: I think as a director of Crown Resorts any failure to comply with money laundering is something that we should know about. It shouldn't happen in the first place, but if it happens, we should certainly know about it.

10 MS SHARP: Were you – I withdraw that. Let me show you a document which is an open document, exhibit BE82 which is CRL.606.001.0211. If I can take you to the top part of this document, Ms Coonan, and have it enlarged.

MS COONAN: Thanks. I've just got it coming. Thanks. Yes, thank you.

15

MS SHARP: Do you see that on 8 July 2017 - - -

COMMISSIONER: 8 June?

20 MS SHARP: Sorry, 8 June 2017 an officer from AUSTRAC contacted Scott Howell at Crown Resorts and stated:

*It is clear that Crown is aware that Mr Chau is both a foreign PEP and has a substantial criminal history.*

25

And then it refers to various provisions of the AML Act, and says:

*It would be appreciated if you could provide us with documentation evidencing Crown's consideration of the appropriateness of continuing to provide designated services to Mr Chau, and an explanation as to how Crown considers its business relationship with Mr Chau to be consistent with its commitment to striving to achieve the objectives of the AML Act.*

30

35 Now, should I take it that this email and AUSTRAC's query in relation to Mr Chau was not drawn to your attention as a director at that time?

MS COONAN: That's correct.

MS SHARP: Ought this have been drawn to your attention at the time?

40

MS COONAN: Most definitely.

MS SHARP: Now, you can take it from me that Crown Resorts AML/CTF compliance officer, Mr Preston, was aware of this email at the time. Should Mr  
45 Preston have drawn this to your attention?

MS COONAN: Yes, I think so. I believe so. He should have.

MS SHARP: Does this cause you to have any concern about his discharge of duties in his capacity as the AML compliance officer for Crown Resorts in both Crown Melbourne and Crown Perth?

5 MS COONAN: Yes. He's no longer in that role.

MS SHARP: When did he cease being in that role?

10 MS COONAN: He's about to cease, as I understand it. And Mr Travers will become the AML compliance officer – the statutory officer – for the three properties; as of tomorrow's board meeting, that will be endorsed.

MS SHARP: Sorry. What's Mr Travers' full name?

15 MS COONAN: Sorry, Nick Travis.

MS SHARP: Do you mean Nick Stokes?

20 MS COONAN: Sorry. Nick Stokes. Sorry.

MS SHARP: Thank you. Now, I'd like to show you a short video, if I could. If I could call up INQ.800.001.0004, that's exhibit A227.

25 COMMISSIONER: We won't be long, Ms Coonan.

MS COONAN: Thank you.

30 **VIDEO SHOWN**

MS SHARP: Ms Coonan, I take it you've seen this video before?

35 MS COONAN: Yes, a few times. Thank you.

MS SHARP: Yes. And this has become known as the "blue cooler bag footage" in this Inquiry. Now, you were first made aware of this footage in October of last year, were you?

40 MS SHARP: Yes. I think that was about right. There was an AUSTRAC inquiry about it – money – in the Suncity Room. I may not – it may not be this instance, but I'm certainly aware of an inquiry by AUSTRAC and some – Mr Preston having informed the board that there had been some further controls inserted in relation to the operation of the Suncity room.

45 MS SHARP: I might just clarify the chronology a little bit here.

MS COONAN: Yes. Thank you, Ms Sharp.

MS SHARP: The video I've just shown you was first featured on Mr Andrew Wilkie MP's website in mid-October of last year, and then was picked up and  
5 broadcast by the ABC on the 15th of October 2019.

MS COONAN: Yes.

MS SHARP: Now, it was on about that date that you first became aware of this  
10 footage, isn't it?

MS COONAN: Well, I couldn't have been aware before, so thank you for clarifying that for me.

MS SHARP: Yes. And you're aware now, aren't you, that that footage depicted a scene at the cash desk in the Suncity Room?

MS COONAN: Yes. I'm just not sure what date the video was, Ms Sharp; that's the only thing. I'm not clear about that.  
20

MS SHARP: You can take it from me that this video depicted an incident which occurred in May of 2017.

MS COONAN: Yes.  
25

MS SHARP: Now, this was an incident that was not reported to AUSTRAC at the time. Do you understand that?

MS COONAN: Yes. I think that's correct, but there was a – there was a query by  
30 AUSTRAC.

MS SHARP: And it was not reported by Crown at the time, because Crown was not even aware the incident had taken place. Do you understand that?

MS COONAN: I think that's correct from Mr Preston's evidence. Yes.  
35

MS SHARP: And, in any event, Crown was under no obligation, at all, to report that incident to AUSTRAC. Do you understand that?

MS COONAN: Yes, that's correct. Yes.  
40

MS SHARP: Yes. And, in that regard, can I take you to a note prepared by Mr Preston, the AML compliance officer. If I can take you, please, to CRL.559.001.1091. I'll bring that up on the confidential link, please. And I'll just –  
45 you'll see that it's – this is exhibit BC30. Do you see the title of the email is Wilkie Clip Notes.

MS COONAN: Sorry, Ms Sharp. I'm just getting it.

MS SHARP: And what you will see is an email from Mr Preston to himself, dated the 15th of October 2019.

5

MS COONAN: Yes. Thank you.

MS SHARP: And what he's doing is analysing that video footage - - -

10 MS COONAN: Yes. That appears - - -

MS SHARP: - - - I've just taken you to. And can you note - - -

MS COONAN: That appears to be what he's doing.

15

MS SHARP: Can you note, at the third dot point, he says:

20 *The cash handling does not involve Crown staff at all. It is a Suncity associate who brings in money to the desk in the room, which is allocated to Suncity and exchanges it for chips. It is common practice for patrons to bring cash into casinos to exchange for chips. There is no obligation on Crown to lodge any threshold transaction in this instance as it is not involved in the transaction, ie, not a designated service.*

25 MS COONAN: I'm sorry. What was the question?

MS SHARP: The question is you understand that there was no legal obligation on Crown to report this transaction to AUSTRAC?

30 MS COONAN: Well, no legal obligation, other than a suspicious transaction, if it had become aware of it.

MS SHARP: Well, in fact, Ms Coonan, there was never any legal obligation on Crown to report this as a suspicious - - -

35

MS COONAN: Yes.

MS SHARP: - - - matter transaction, because Crown was not providing a designated service. Do you understand that?

40

MS COONAN: I understand that. I don't think it relieves Crown of, otherwise, if concerned about large amounts of cash, taking some steps to understand what it was and what it amounted to. I mean, I agree there's no legal obligation, but I don't think it stops there, is what I'm really saying.

45

MS SHARP: Are you aware that it was not until about August of 2017 that AUSTRAC suggested to Crown Resorts that it should lodge suspicious matter

reports when it observed large cash transactions taking place in the – at the Suncity desk?

5 MS COONAN: I have a recollection of that, but I can't – I'm not clear about it, Ms Sharp. But I do know that, as a result of this transaction, Suncity was moved to, I think, the Mahogany Room. There were restrictions put in place as to the amount of cash daily and a couple of other controls.

10 MS SHARP: Well, if you take it from me - - -

MS COONAN: That it take place – I'm sorry – that the transactions take place through the cage.

15 MS SHARP: If you take it from me this transaction occurred in May 2017 and, certainly, no additional restrictions were placed on Suncity in 2017, were there?

MS COONAN: I don't think so, in 2017. I think that was later.

20 MS SHARP: Yes, because Crown wasn't even aware this had occurred - - -

MS COONAN: Yes, Yes.

MS SHARP: - - - in 2017, was it?

25 MS COONAN: Yes. You're correct.

COMMISSIONER: Well, I think the Crown directors were not aware.

30 MS SHARP: Yes. Well, the Crown directors were not aware. Although, to the best of your knowledge, no one at Crown was aware of this transaction in 2017.

MS COONAN: Yes, to the best of my knowledge.

35 MS SHARP: Now, what – you'd agree that what we saw in the video was several hundred thousands of dollars in cash being exchanged for chips at the Suncity desk?

MS COONAN: Yes.

40 MS SHARP: Does that volume of cash raise a red flag for money laundering to you?

MS COONAN: To my mind, it does.

45 MS SHARP: Can I show you a photo, please. If we pull up – and it's exhibit BE93, CRL.611.001.0056. Now, what I'll do is have the very top of this document enlarged for you, Ms Coonan. You can see – this is exhibit BE93. Can you see

there's some data at the top, and it refers to the Suncity desk, and there's a date of 5 January 2018?

MS COONAN: Yes, I see that.

5

MS SHARP: And you can take it from me that this is the date these images were captured on a Crown Resorts camera pointed at the Suncity desk. Can you see there are a number of small photos, sometimes described as "thumbnails"?

10 COMMISSIONER: I think they're big on the screen.

MS COONAN: I can see six.

COMMISSIONER: Yes.

15

MS SHARP: Yes. And if I – well, if you can accept from me that each of these little photos depicts a large photo that appears on the following pages. Could I take you, please, to pinpoint 0062.

20 MS COONAN: Yes, I've got that.

MS SHARP: So this is a stand-alone photo from the 5th of January 2018. Would you agree there appears to be several hundred thousand dollars on the Suncity cash desk?

25

MS COONAN: I think of that magnitude, by the look of it.

MS SHARP: So this is another day in the Suncity Room, where this amount of cash is moving through the Suncity desk.

30

MS COONAN: I don't know. Is there a date?

MS SHARP: The date I took you to was on the front of the document.

35 MS COONAN: I see. I see.

MS SHARP: It was the 5th of January 2018.

MS COONAN: One of the six. Yes.

40

MS SHARP: And, again, that volume of cash going over the desk would be a red flag from money laundering.

MS COONAN: Well, I think it certainly is a suspicious transaction.

45

MS SHARP: Let me show you some more - - -

MS COONAN: I don't know that it's money laundering, but it certainly is a suspicious transaction that would warrant some attention.

5 MS SHARP: Let me show you some more photos, Ms Coonan. If I can take you to CRL.611.001.0108. And this is exhibit BE98. What I'll do is have enlarged for you the data right at the top. It's a little more difficult to read, but can you, once again, see there's a reference to the Suncity desk?

10 MS COONAN: Yes, I can see Suncity desk. Yes.

MS SHARP: And can you see the date? It's the 9th of February 2018.

MS COONAN: Yes. I can see that.

15 MS SHARP: So I'll ask you to accept that this is a series of still photographs taken on a Crown Resorts security camera of the Suncity Room on the date of the 9th of February 2018. And I'll show you some of those photographs, if I can. Can I take you to pinpoint 0112. And you would agree that, once again, we see several hundred thousand dollars worth of cash on the Suncity desk?

20

MS COONAN: It looks to be of about that magnitude. It's very difficult to tell, but about that, I would think. I'd accept that.

25 MS SHARP: And at no point at all, has Suncity been under any legal obligation to report these cash transactions to AUSTRAC.

MS COONAN: Not as a designated service. No, they're not.

30 MS SHARP: Can I take you, please, Ms Coonan, to a letter that Mr Preston wrote to AUSTRAC on the 25th of May 2018. This is an open document. It's exhibit BE89. If I can bring it up, it's CRL.609.007.8721.

MS COONAN: Just coming, Ms Sharp. Thank you. I've got it now.

35 MS SHARP: Now, you will see, in the first paragraph of this letter, reference is made to a meeting held on 18 May 2018 relating, among other things, to the operation of the Chau Cheok Wa Alvin junket.

40 MS COONAN: Yes.

MS SHARP: Now, this is a letter that's written to AUSTRAC by Mr Preston. And Mr Preston says, if I can take you to the following page, third paragraph down:

45 *Prior to the receipt of your letter and in accordance with the AML program, Crown Melbourne identified potential ML/CF risks in respect of the junket's activity in pit 86 and, as a result, has already commenced implementing a range of additional controls and initiatives to mitigate those potential risks.*



Now, let me take you through the risks that had been identified, Ms Coonan. If I could take you to pinpoint 8725, you will see, at item 10, Mr Preston reports that Crown advised Suncity staff, on the 17th of April 2018, to remove the note counting machine and for cash transactions to occur at Crown's cage.

5

MS COONAN: Yes.

MS SHARP: And then, at item 13, further reference is made to that meeting with Suncity representatives. And it's reported that no more than 100,000 – that Crown told Suncity that no more than \$100,000 may be held at the administration desk in pit 86.

10

MS COONAN: Yes.

MS SHARP: And then could I take you over the page to the top of that page, you will see a reference is made to two audits being conducted of pit 86, that is, the Suncity Room, in April and May of 2018, and that the April audit found that \$5.6 million was found in pit 86. Now, at that time, that is in April 2018, or indeed in May, it wasn't made known to you as a director that \$5.6 million in cash had been found in the Suncity Room, was it?

20

MS COONAN: No.

MS SHARP: That was a matter that ought to have been drawn to your attention as a director, was it not?

25

MS COONAN: Yes, it should.

MS SHARP: Yes, particularly in the context where AUSTRAC was already making inquiries about the operation of the Suncity Room and the Alvin Chau junket?

30

MS COONAN: In any event.

MS SHARP: Now, you would agree that what seems to have happened is Crown directed Suncity not to have more than \$100,000 in cash in the Suncity Room and Suncity magnificently breached this by having \$5.6 million in the Suncity Room.

35

MS COONAN: I don't know, but I mean I know that there was 5.6 million in pit 86 on 20 April 2018, and - - -

40

MS SHARP: Why – can you assist us with this: why wasn't the Suncity Room closed on the spot following this audit?

MS COONAN: Well, I can't speculate as to why it wasn't, but it's a very serious matter that required urgent attention; there's no doubt about that.

45

MS SHARP: And it never received that urgent attention by the board, did it?

MS COONAN: We weren't aware of it, as best I understand. I mean, there may have been some who were, but I certainly wasn't; I can say that.

5 MS SHARP: And it's right that at no time did Crown seek to shut down the Suncity Room altogether, did it?

10 MS COONAN: Not that I'm aware of, no, I don't think that's – I don't think they did. I don't think Suncity was shut down. Because it was – it was certainly still on foot at the time of Mr Preston's and Mr Felstead's internal memo. It was specifically referred to as still on foot.

15 MS SHARP: What we've seen are a number of examples of very large cash deposits being made at the Suncity desk. We've seen AUSTRAC expressing its concern to Crown about the propriety of dealing with Mr Chau. We've seen Suncity breaching controls that were imposed by Crown. We've seen that Suncity had no reporting obligation in relation to these cash transactions. Isn't this a quintessential example of Crown Resorts turning a blind eye to the prospect of money laundering occurring at its casino?

20 MS COONAN: Well, Ms Sharp, we've already had this conversation about turning blind eyes. I don't think – it may have been ineptitude or lack of attention. I don't know that it was deliberately turning a blind eye. I do think that that's a different kind of adjectival conclusion.

25 MS SHARP: Do you know that a junket commonly referred to as Meg-Star and operated by Ngok Hei Pang also has a dedicated room at Crown Melbourne?

MS COONAN: I think I became aware of that in recent days.

30 MS SHARP: And that's a room located in level 39 of Crown Towers?

MS COONAN: I've never seen it. I just don't know.

35 MS SHARP: Is that a matter that you ought to have been made aware of before now?

MS COONAN: Well, it's certainly something that I tend to ask about.

40 MS SHARP: Are you able to assist us in any way in understanding whether it operates its own cash desk?

MS COONAN: No, I don't know.

45 MS SHARP: Isn't that a matter that it would be important for you to know, given the problems that we've seen in the Suncity Room?

MS COONAN: I think there are a number of fundamental questions that need to be asked and I will ask them.

5 MS SHARP: Commissioner, I see the time. Would it be convenient to have a short break?

10 COMMISSIONER: Yes, it would be. Yes, it would be. Ms Coonan, you said that the turning a blind eye to which Ms Sharp took you was a different kind of adjectival conclusion. Do you remember saying that?

MS COONAN: Yes: yes.

15 COMMISSIONER: You would accept, though, from what Ms Sharp has shown you that what had occurred was facilitating money laundering, wouldn't you?

20 MS COONAN: It's very difficult to agree with facilitating. I think certainly there were all sorts of signs there, I'd say, Commissioner, that ought to have alerted management to these issues and problems. As I say, I just don't know whether it was ineptitude or lack of attention to detail or not having sufficient training or not understanding what they were seeing. I just don't know that it was something that was deliberately done to turn a blind eye. I'm just making that distinction.

25 COMMISSIONER: Well, let's assume that it was ineptitude. Let's assume that it was lack of attention. Those two aspects of conduct allowed the money laundering to take place, did it not?

MS COONAN: It would have allowed it, yes.

30 COMMISSIONER: And in allowing something, that is, not intervening and stopping it, on one view of it it's not unreasonable to say that this ineptitude and lack of attention facilitated it.

MS COONAN: I think allowed it to happen.

35 COMMISSIONER: And I suppose if you allow something to happen time and again, and people know that they can do it, everybody loses, don't they?

MS COONAN: I agree with that.

40 COMMISSIONER: The community loses because you've got money laundering in your casino; correct?

MS COONAN: Yes, you don't want to have that.

45 COMMISSIONER: And Crown loses because its seen as an inept company lacking in attention; correct?

MS COONAN: On this kind of scenario, yes.

COMMISSIONER: And the reasonable bystander, or the bystander could reasonably conclude that this conglomerate of ineptitude, lack of attention and failing  
5 to intervene facilitated money laundering. Would you not agree with that?

MS COONAN: Yes, I think it was the turning a blind eye that I didn't agree with which I think is a different degree - - -

10 COMMISSIONER: Yes.

MS COONAN: - - - of understanding and doing it, nonetheless.

COMMISSIONER: I'm just going to take a short adjournment for about 10 minutes  
15 or so, Ms Coonan.

MS COONAN: Thank you.

COMMISSIONER: Yes.  
20

**ADJOURNED** **[10.57 am]**

25 **RESUMED** **[11.07 am]**

COMMISSIONER: Thank you. Yes. Yes, Ms Sharp

30 MS SHARP: Ms Coonan, when did you first become aware of bank accounts operated by Riverbank Investments Proprietary Limited and Southbank Investments Proprietary Limited?

MS COONAN: It was on or about the 5th of August 2019.  
35

MS SHARP: That's when some media allegations were made about the operation of those accounts?

MS COONAN: That's correct.  
40

MS SHARP: And the allegations were that the Australian Federal Police alleged that drug traffickers had laundered money through those accounts?

MS COONAN: I think that's what the article said; something to that effect. Yes.  
45

MS SHARP: Did you, as a board member, ask anybody at that time to review what had happened in the accounts of those two companies?

MS COONAN: What I asked about at the time was what they were about and either – I think it was Mr Barton or maybe Mr Felstead, said to me words to the effect they were patron accounts and they were reported in the same way as other Crown accounts.

5

MS SHARP: So the answer to my last question is no?

MS COONAN: Not at that time.

10 MS SHARP: At that time, did they make you aware that CBA was presently in negotiations to close those accounts down because of concerns CBA held about the risk of money laundering through those accounts?

MS COONAN: No.

15

MS SHARP: Isn't that a matter that ought to have been drawn to your attention?

MS COONAN: Yes.

20 MS SHARP: Now, Mr Barton was aware of that, because, as chief financial officer, he was negotiating with CBA about that. That was a pretty significant oversight on his part, not to make you aware of that, wasn't it?

MS COONAN: I believe so.

25

MS SHARP: And may I take it he did not make you aware that, back in 2014, the ANZ had closed those accounts because of his – I beg your pardon – because of its concerns about the risk of money laundering through the accounts?

30 MS COONAN: No, I wasn't aware of that.

MS SHARP: You should have been made aware of that by him though, should you not?

35 MS COONAN: Well, I think the matter should have been escalated to the board. Whether I should have personally been made aware of it's another matter, I think.

MS SHARP: Are you aware that, when ANZ shut down these accounts in 2014, Mr Barton took no steps to direct anybody to review the activities taking place in those  
40 accounts to see if there were any money laundering issues?

MS COONAN: I don't know that. I'll take it if you tell me that's the evidence.

MS SHARP: Well, if you assume that, isn't that, quintessentially, turning a blind  
45 eye to the prospect of money laundering?

MS COONAN: Could you just say that again, please?

MS SHARP: If you assume that, upon being notified by ANZ that the accounts would be closed due to money laundering concerns, and having a specific example of structuring drawn to his attention, Mr Barton did not direct any review to take place of the actual activity in those bank accounts, that is a quintessential example of  
5 turning a blind eye to the prospect of money laundering.

MS COONAN: Well, I think my former answer remains that it must have been, on his part, either not appreciating what he'd been told or some lapse on his part. I can't imagine why you wouldn't have made some inquiries. I cannot.  
10

MS SHARP: And indeed when these allegations were aired in the media on the 5th of August 2019, and notwithstanding that the CBA was wishing to close these accounts because of its concerns about money laundering, again, Mr Barton took no steps to have the actual activity in these accounts reviewed to ascertain whether there  
15 had been money laundering.

MS COONAN: I think that's correct, not until later on.

MS SHARP: Or not until very recently, would you agree?  
20

MS COONAN: Quite recently. I agree with that.

MS SHARP: Yes. Within the last month or so?

25 MS COONAN: I can't – I can't be precise, but recently.

MS SHARP: Yes. After Mr Barton gave money – I beg your pardon – gave evidence to this Inquiry.

30 MS COONAN: I think that would be correct.

MS SHARP: Isn't the failure to direct a review of activity in the accounts in both 2014 and again in 2019 a very significant lapse of judgment on the part of Mr Barton?  
35

MS COONAN: I'd have to agree with that.

MS SHARP: And is it concerning to you that neither Mr Barton nor Mr Preston, Crown Resorts AML/CTF officer, drew to the board's attention that ANZ had closed the accounts in 2014 and that CBA was in negotiations at that time to close the  
40 accounts?

MS COONAN: I'm sorry. What was the beginning of the question? Isn't it - - -

45 MS SHARP: Is it a concern to you - - -

MS COONAN: Yes.

MS SHARP: - - - that Mr Barton, as the CFO, or Mr Preston, as the AML/CTF officer, drew to the board's attention that ANZ had shut the accounts in 2014 because of its concerns about money laundering and that CBA was in the process of shutting the accounts in 2019 because it shared the same concerns.

5

MS COONAN: Yes, it should have been brought to the board's attention.

COMMISSIONER: Ms Sharp, when was it – it was the case, wasn't it, that Mr Preston wrote to Mr Alexander at some stage.

10

MS SHARP: That was in relation to Suncity.

COMMISSIONER: Suncity only. Yes, I see. So that was a communication in respect of the 5.6 million - - -

15

MS SHARP: Yes.

COMMISSIONER: - - - in the cupboard.

20

MS SHARP: Yes.

COMMISSIONER: Yes, I see. Yes, thank you.

MS SHARP: Can I take you to an email, please, Ms Coonan. This is an open email. It's exhibit BK25, CRL.605.016.6849.

25

MS COONAN: Yes.

MS SHARP: And could I take you over to the second page of this email, please, Ms Coonan.

30

MS COONAN: Yes, I've got it, Ms Sharp. Thank you.

MS SHARP: Yes. Now, you can take it from me that the CBA did close the Riverbank and Southbank accounts in December of 2019. I want to direct your attention to an email from Mr Roland Theiler to Mr Alan McGregor dated 8 April 2020. Now, Mr McGregor is the current CFO of Crown Resorts, isn't he?

35

MS COONAN: Yes, that's correct.

40

MS SHARP: And Mr Theiler is the senior vice president of international business at Crown Resorts.

MS COONAN: Yes, I understand that.

45

MS SHARP: Now, you will see that what Mr Theiler is asking Mr McGregor is:

*How do you feel ANZ would react if customers deposited funds or debt repayments into our ANZ account in HK? Junkets have difficulties in remitting funds to us in Australia and this may provide them with an option.*

5 Do you have any comments about the suggestion in that email?

MS COONAN: Let me just have a look at it for a moment, please, Ms Sharp. Just looking at it, first of all, it's this year, so I think it must relate to some debts already incurred and owing to Crown because there weren't any – there wasn't any activity  
10 around about that time. Secondly, the subject seems to suggest that the VCGLR approved bank accounts, so presumably that's the ANZ account, both here and in Hong Kong. I'm just – I'm just reading this literally. So I agree at a high level what you would be putting to me is that this may be an issue, but I just would have liked to have known a little bit more about it, what's being proposed.

15 MS SHARP: Well, you would agree that what's being suggested is that there's a difficulty in remitting the funds to Australia so how about the funds be deposited in Hong Kong.

20 MS COONAN: Yes.

MS SHARP: Now, isn't the obvious implication of this that they're suggesting a work-around to the anti-money laundering framework in Australia by facilitating junket operators repaying their debts in Hong Kong?

25 MS COONAN: I don't know that I – I think that's a – putting it a bit – a bit too highly from this document. First of all, I don't think on the face of it, it is an indication of money laundering. It's certainly an indication of difficulty for some people to – you know, to repatriate funds out of – out of, no doubt China. Whether  
30 those - - -

MS SHARP: Well, if I can hold you up there; there's no reference here to a difficulty of moving funds out of China, is there?

35 MS COONAN: No, I said assuming – assuming, well, from anywhere – from anywhere.

MS SHARP: Well, Ms Coonan, what is written here is that it's difficult to remit funds to Australia and a possibility is raised of depositing them in Hong Kong  
40 instead. Isn't this an obvious workaround for evading the requirements - - -

MS COONAN: I'm sorry.

MS SHARP: Sorry.

45 MS COONAN: I'm sorry, I interrupted you, Ms Sharp.



MS SHARP: Yes, I will withdraw the question and put it again. Isn't the only fair reading of this email that two of the very senior executive officers of Crown Resorts are exploring a workaround of Australian anti-money laundering requirements?

5 MS COONAN: Well, it's certainly possible, but that assumes that the junkets, that somehow or other those moneys are not moneys that – or moneys that are suspected money laundering and I just don't get it from here. I can see your interpretation. I think what this email should have signified is certainly a red flag to find out a lot more about what was being proposed, and I understand it never went anywhere,  
10 which it probably shouldn't have. I'm just trying to distinguish between, on its face, what it means and what implications are reasonably drawn from it.

MS SHARP: Can I show you another document - - -

15 MS COONAN: Yes.

MS SHARP: - - - Ms Coonan. If I could please have pulled up CRL.613.001.0018. I will bring this up on the confidential link, please. I'm going to show you some minutes of VIP operations meetings. This is exhibit BJ164. I don't suggest you  
20 attended these meetings, but I want to understand whether you knew about something. If I can take you to the final page - - -

MS COONAN: Could you just wait one second. It's just on its way. Thank you.

25 COMMISSIONER: Coming up now.

MS COONAN: Yes, I have it now, Ms Sharp.

MS SHARP: Can I take you, please, to the final page of the document which is  
30 pinpoint 0078. You can take it from me that this is a record of a meeting that took place on 9 November 2016. Can you see there's a heading Funds Transfer?

MS COONAN: Yes, I can see that.

35 MS SHARP: And can I take your attention, please, to:

*City of Dreams cash and other casino chip collections.*

If I can highlight that part of the document for you.  
40

MS COONAN: Yes.

MS SHARP: And it says:

45 *Over the last few years CoD –*

that is, City of Dreams –

*...have provided a service to us to allow our customers to use City of Dreams Macau and Manila to deposit cash and other casino chips to facilitate debt repayment and front money deposits Crown Melbourne, Perth and London.*

5 Then it says:

*Once the front money deposit is made at City of Dreams we would release the funds to customers at Crown.*

10 Now, at any time, were you, as a director of Crown Resorts, made aware of this arrangement for the deposit of cash and casino chips at City of Dreams in Macau and Manila?

MS COONAN: No.

15

MS SHARP: You've said you have a good understanding of the Australian anti-money laundering framework. Can you see any difficulties from an anti-money laundering perspective in this arrangement?

20 MS COONAN: Just let me read it again, Ms Sharp. I wasn't aware of it. I – I can see that there's an interpretation of it that could be – could be suspicious, but I think just from this I can't tell.

25 MS SHARP: Well, you would agree that one of the important objects of the anti-money laundering framework in Australia is to understand the source of funds?

MS COONAN: Yes.

30 MS SHARP: You'd agree that where cash deposits or chip deposits are being made at overseas casinos, it would be difficult for Crown Resorts to understand the source of funds?

MS COONAN: It could be.

35 MS SHARP: Well, doesn't this raise concerns that work-arounds are being developed to avoid reporting requirements in Australia?

40 MS COONAN: If that were the case, Ms Sharp, I'd agree with you. I just don't know that this actually gets us quite there. But I certainly agree that anything that is a device to circumvent money laundering laws in Australia is not appropriate and not acceptable. I just don't know that these pieces of documentation allow me to conclude that this is evidence of it.

45 MS SHARP: As a – I withdraw that. Do you think that, as a director of Crown Resorts, you ought to have been made aware of this method by which front money could be deposited and debts repaid?

MS COONAN: I think directors do need a very good understanding about those aspects of how the business operates.

5 MS SHARP: So would you agree that there is a problem in this arrangement not being drawn to your attention as a director of Crown Resorts?

10 MS COONAN: Well, I think it's certainly – it's certainly of great benefit if it is, because I think that's exactly what a board, really, is required to do, and that is to provide a level of supervision over the way in which the business operates.

MS SHARP: And you would agree that the board had absolutely no level of supervision over these deposit arrangements at City of Dreams in Macau and Manila?

15 MS COONAN: Well, I don't know anything about them. So it follows from that that you can't supervise something that's – that's not elevated to the board. I do think it appropriate, if I can just make one comment, that a board is a supervisor. It's not down in the weeds in the management of the business. So the problem and the difficulty is, as I said, I think right at the beginning of my evidence, there's execution and operational issues that I think we need to get to the bottom of here.

20 COMMISSIONER: But when you've got a problem – I understand very much what you say about a board being careful not to micro manage, but when you find the layer upon layer of problems that have been exposed, what do you suggest in terms of micro-management? Do you need to get new management? Or does the board need, for a short while, to actually focus on the management and have a look at that down in the weeds, as you call it?

30 MS COONAN: Yes. I definitely think that, when you find problems or problems are brought to you or uncovered, that is absolutely what you have to do. You have to understand, in much greater detail, what the problem was. And you certainly do need to understand how it is that management have allowed these sorts of issues to go, perhaps, unmitigated and certainly not raised to a level where people with – who are invested in the supervision and good management and good operation of the business, have an opportunity to deal with it, provide that guidance. It's a guidance function.

COMMISSIONER: Yes.

40 MS SHARP: Can I take you to a Crown ASX announcement that was released yesterday. If I can call up INQ.010.006.0801. Now, it's correct, isn't it, that AUSTRAC commenced a compliance assessment of Crown Resorts in September 2019?

45 MS COONAN: Yes.

MS SHARP: Can you tell us what the focus of that compliance assessment was, please?

5 MS COONAN: Yes. I don't have an enormous amount of detail about it, but it certainly concerned issues to do with due diligence, as I understand it, know your customer, and politically exposed persons in VIP. So that was a, as I understood it, a compliance assessment that was being – it was undertaken by AUSTRAC. It went into abeyance, to some extent, because of COVID, because the board or the brand committee were informed that AUSTRAC wanted to come and have some physical  
10 inspection of the premises and do – have a look at compliance, on the ground, so to speak. So it went into abeyance, because the property has been closed and, within the last week or so, it has been revisited.

MS SHARP: Who are the officers of Crown Resorts who have been dealing with  
15 AUSTRAC in relation to this compliance assessment?

MS COONAN: That was Mr Preston principally.

MS SHARP: It's still Mr Preston?  
20

MS COONAN: No. It won't be Mr Preston, but there's – Mr Preston had a team. I can't give you people's names, but Mr Preston won't be dealing with this matter and, of course, we – and we have external advice.

25 COMMISSIONER: And what about Mr Felstead? Was he assisting?

MS COONAN: I'm not entirely sure about that, Commissioner. I mean, he - - -

COMMISSIONER: That's all right.  
30

MS COONAN: - - - he had overall responsibility, of course.

COMMISSIONER: Yes.

35 MS COONAN: But I think this was Mr Preston's purview being the – in his – wearing his legal officer hat.

COMMISSIONER: Yes, I see.

40 MS SHARP: And, Ms Coonan, when did you first become aware that this AUSTRAC compliance assessment was underway?

MS COONAN: Pretty much about the time it was commenced, I think, if – if I recall correctly. I did say in earlier evidence that, in the latter part of last year, there  
45 were a number of inquiries that were on foot, and I think this was one of them.

COMMISSIONER: And what about the thing that you announced – or that Crown announced yesterday? When did you become aware of that?

MS COONAN: That – that was this one. That was this one.

COMMISSIONER: When did you become aware of it?

MS COONAN: It – the compliance review started some time last year. I think in about September.

COMMISSIONER: But what I'm really asking is the second paragraph of your ASX announcement says:

*The matter has been referred to AUSTRACs enforcement team which has initiated a formal enforcement investigation.*

I'm just asking you when did you become aware of that.

MS COONAN: I think, yesterday or the day before.

COMMISSIONER: So Sunday?

MS COONAN: Something like that, because, obviously, we would put on – at the ASX as soon as practicable after the information.

COMMISSIONER: I see.

MS SHARP: And what is announced in this release is that AUSTRAC had identified potential non-compliances with the AML Act and the AML rules.

MS COONAN: That's correct.

MS SHARP: What are those potential non-compliances, Ms Coonan?

MS COONAN: I don't know, with any particularity, that I can give you apart from its alleged non-compliance in relation to certain controls, customer due diligence, some know-your-client and politically exposed persons or PEPs.

MS SHARP: Have any particular clients or patrons being identified by AUSTRAC?

MS COONAN: They may have been, but I'm not aware of them, Ms Sharp.

MS SHARP: And these non-compliances, these potential non-compliances with controls, what controls are they?

MS COONAN: I can't tell you.

COMMISSIONER: I presume they might be the internal controls that govern the operations of Crown Melbourne; is that right?

5 MS COONAN: Yes, that's – that's exactly what they are. I thought Ms Sharp wanted me to identify the content of the controls, which I can't, just at this moment.

10 COMMISSIONER: I can understand that. And so the controls, they're the documents that have been put in place since the move to the risk-based structure, aren't they?

MS COONAN: That's my understanding. And they have to be approved by the VCGLR.

15 COMMISSIONER: Yes.

MS COONAN: So they're Crown's controls, but they're approved.

20 COMMISSIONER: Yes. And these documents have been changed from time to time, as I understand it, to change the language to include various principles, and the like.

MS COONAN: And enhancements. And it's – it's an ongoing process.

25 COMMISSIONER: Yes, I see that. Yes, Ms Sharp.

30 MS SHARP: Now, can I return you, please, Ms Coonan, to the 10 September 2020 board paper that we went to a little while ago. I believe it's tab 5 to your latest statement. It's CRL.685.001.0001. And, again, I'll take you to the observations on the ILGA Inquiry. And could I return you, please, to .00 - - -

MS COONAN: Sorry, that – sorry, yes. I apologise, so 07, I think.

MS SHARP: Yes, 0017. And this is exhibit CD5, Commissioner.

35 COMMISSIONER: Thank you.

MS SHARP: Now, you said previously that you agreed - - -

40 MS COONAN: Sorry, I just – yes. On junkets?

MS SHARP: You said previously you agreed with each of these propositions, but I just wanted to take you again to the final dot point on the page where it's stated that:

45 *Reporting alone is not sufficient.*

Now, you do agree with that proposition, don't you?

MS COONAN: Yes, I do.

MS SHARP: Now, do you agree that in the past, Crown's focus had been on reporting rather than on preventing money laundering?

5

MS COONAN: Yes, I think that's a – a fair assessment. It doesn't appear that it's been proactively looking, if I can make that distinction.

MS SHARP: And Mr Barton told this Inquiry, at page 2761, that this focus on reporting rather than preventing was a critical matter that needed to be considered immediately. Do you agree with that?

10

MS COONAN: Yes.

MS SHARP: This board paper I've taken you to also records a reflection that the AML team has been under-resourced and lacking in qualified AML executives. Do you agree with that?

15

MS COONAN: Yes, and I think it really was the basis of my earlier answer to you, Ms Sharp, of possible ineptitude or failing to understand completely what's seen rather than deliberately turning a blind eye. That was exactly what I meant.

20

MS SHARP: Now, I just wanted to raise with you some evidence this Inquiry received earlier in the year from Ms Jessica Lin who is an expert in anti-money laundering in the casino context, and she told us at page 236 that:

25

*Casino operators face a great tension with respect to money laundering because on the one hand the law requires them not to deal with the proceeds of crime and to conduct thorough due diligence, but on the other hand the operators stand to make a lot of money from VIP patrons.*

30

Do you agree that that tension exists?

MS COONAN: Yes, I do think there's a tension.

35

MS SHARP: And Ms Lin also told us that:

*The way casino operators resolve the tension depends upon the culture of compliance within the organisation and strong leadership at both the compliance and board levels.*

40

Would you agree with that sentiment?

MS COONAN: Yes. Yes, I agree with that. I think it is very important to have a culture of compliance, really, as a bedrock or a cornerstone and then I think you can worry about other matters to do with the business, but I think it has to be a central focus.

45

MS SHARP: When did you, as a director, first come to the view that there was this need for a culture of compliance as a bedrock?

5 MS COONAN: I think it's been a gradual process on – in my thinking, sharpened, of course, by the – some events in this Inquiry but, as you know, the board has now moved to set up a separate department of compliance and financial fraud, significantly resourced and to have a head of – a head of culture and financial fraud with a direct reporting line to the board. So we've certainly heard loud and clear the value of separating out for the rest of the business operations a compliance and  
10 financial frauds department to have independent auditing. So the value of that, of course, is that you have independent decision-making about the matters that we've been talking about, you've got independent review and you have direct reporting to the board.

15 MS SHARP: Ms Coonan, is it fair to say that you only became aware of the need to have a culture of compliance during the course of this Inquiry?

MS COONAN: It certainly sharpened my earlier view. I didn't just – it didn't just tumble on me, Ms Sharp. I've been thinking very carefully about many of these  
20 matters, a great pity for, really, the whole world is that, unfortunately, COVID swept over some of the matters that the board had otherwise wanted to move to earlier on. It's been a period of great difficulty looking after 12 and a-half thousand people and standing them down and just getting back to perhaps what one might call normal business. So these things haven't happened as quickly as we would have liked, and  
25 of course the Inquiry got underway and has pinpointed many matters for our thought processes.

MS SHARP: Ms Coonan, do you agree that in the past Crown failed to inculcate a culture of compliance with respect to anti-money laundering?  
30

MS COONAN: I think we thought we had but we clearly hadn't.

MS SHARP: Do you agree that that reflected a failure of senior leadership in the organisation, including the board?  
35

MS COONAN: Well, I think if you – if you look at the sorts of things that we were invested in prior to the most recent matters, I must say from my personal perspective I thought we were not only – not only complying with our obligations under the anti-money laundering provisions, but we had taken steps to have them reviewed by  
40 Initialism. We certainly had the joint – the joint program that had been before the board. It certainly wasn't a conscious or deliberate thing not to consider how important compliance was. I will agree with you that there were some shortcomings in what we need to do by way of compliance, which I sincerely hope we've got ourselves well and truly now directed to.

45 MS SHARP: Is it fair to say, Ms Coonan, that you monitored the allegations being made against Crown in July and August last year with considerable interest?



MS COONAN: Yes, of course, interest. Yes.

MS SHARP: And indeed, on any occasion where adverse allegations are made against Crown, may we take it that you monitored them with interest?

5

MS COONAN: Look, I would have to say that there was a blitzkrieg of allegations, so I'm just very careful not to agree with you that I've regarded every and any, but certainly the compliance issues, yes, and the regulator issues, yes.

10 MS SHARP: Do you agree that Crown Resorts has long had clear notice of allegations that the junkets with which it dealt had, on some occasions, links with organised crime?

15 MS COONAN: I don't know that I can agree with that. I mean, there have been allegations, but I cannot say that from my perspective, and I don't think from the board's perspective, there was knowledge.

MS SHARP: Now, you're aware, aren't you, that in September 2014 the Four Corners program broadcast High Rollers – High Risk?

20

MS COONAN: Yes, I remember that.

MS SHARP: And that you watched that program at around the time, did you?

25 MS COONAN: Look, I'm not sure that I did or whether it was drawn to my attention, but I remembered it was very much about Macau and – from my memory about Macau and about, I think, Mr Ho – Mr Lawrence Ho, I should say. I vaguely remember that.

30 MS SHARP: And do you recall that, during that broadcast, allegations were made that Melco Crown had business relationships with five junket operators who were linked to organised crime?

35 MS COONAN: I really don't have that level of recall, but I do remember that Crown made a response to the program and, to the best of my recollection, it was put up on the – on the ABC website and it appeared to be an appropriate response at the time.

40 MS SHARP: I'll take you to that response, if I can. Could I call, please, INQ.010.006.0142. Is this the response you're referring to? It's exhibit F37, Commissioner.

MS COONAN: Sorry. I – sorry. I'll just have to – I will just get it. I don't think I've seen it since, so I may not recognise it.

45

COMMISSIONER: It's exhibit F37 if you can't - - -

MS SHARP: Yes. Exhibit F37.

MS COONAN: Apparently, we don't have it in my room.

5 COMMISSIONER: We will enlarge it when you want to.

MS SHARP: Is this the response you were referring to?

10 COMMISSIONER: Could you enlarge it, please, operator? Thank you.

MS COONAN: Well, the first paragraph is correct. Going down.

15 MS SHARP: Ms Coonan, is this the response you were referring to in your evidence a moment ago?

MS COONAN: It looks to – looks to be.

20 MS SHARP: Just while we're here, could I take you to the second half of that page and have it enlarged under the heading Junket Operators. Now, this was a response approved by the board of directors to the allegations in September 2014, was it?

25 MS COONAN: I wouldn't think so. I don't remember having approved it. It might have been just a response that was generated from within the business. I – I just don't recall.

MS SHARP: You're aware now, aren't you, that it was in early 2014 that the Suncity Room commenced operation at Crown Melbourne?

30 MS COONAN: I think that's correct, but I'm not sure if I knew then. Could – could have been about then. I wouldn't say no, but I'm just not able to confirm that.

MS SHARP: And, at that time, Suncity operated its own cage – I beg your pardon, its own cash desk; correct?

35 MS COONAN: I'm not sure. I didn't have any knowledge at all of what Suncity did in the room.

40 MS SHARP: I just wanted to take your attention to that third sentence under the heading Junket Operators which says:

*All casino operations, conduct of games, security, surveillance and cage operations are undertaken by the casino operator.*

45 Now, can that proposition be - - -

MS COONAN: I apologise. I apologise, I've just lost that. Which - - -

COMMISSIONER: That's all right. It's the first paragraph under Junket Operators, second sentence.

MS COONAN: Yes. Thank you.

5

COMMISSIONER: Third sentence.

MS COONAN: Yes, I see that.

10 MS SHARP: Now, can that assertion that all casino operations, including cage operations, being undertaken by the casino operator be correct in view of the fact that Suncity operated its own cash desk?

15 MS COONAN: I don't know what the situation was at the time this document was created.

MS SHARP: Now, if you assume for the moment that the situation was that Suncity operated its own cash desk at the time, this assertion cannot be correct, can it?

20 MS COONAN: I'd have to assume that, but I don't know this at all.

MS SHARP: In any event – I withdraw that. Did you watch the Four Corners broadcast in March 2017 called Crown Confidential?

25 MS COONAN: I don't believe I did.

MS SHARP: This was the broadcast which followed from the arrest of 19 - - -

30 MS COONAN: Yes.

MS SHARP: - - - Crown Resorts staff.

MS COONAN: Yes.

35 MS SHARP: Is there any reason why you didn't watch this broadcast, given you were a director of Crown Resorts?

40 MS COONAN: I may not have been in Sydney at the time, or even in the country. I just don't know, but I don't have a recollection of watching it. I'm aware that it happened. And I'm aware that Mr Neilson, the former company secretary, wrote a letter to the broadcaster saying that it was – that legal proceedings – no. I just can't remember what – what it was – that – that – I think that there had been some legal proceedings in relation to – in relation to the arrests, and that no further comment would be made; something to that effect.

45

COMMISSIONER: This was in March 2017.

MS COONAN: Yes. I think – I think the class action, it either may have started or may have been in prospect, and we're back in that line of country, Commissioner, where I think the legal advice was that no further comment would be made to media.

5 COMMISSIONER: Could I just clarify – I'm not sure that I heard you correctly – is it that you do have a recollection of seeing it subsequently or you don't have a recollection of seeing Crown Confidential?

10 MS COONAN: I'm not sure if I actually saw the – saw the broadcast.

COMMISSIONER: I see.

15 MS COONAN: But I'm certainly aware of it and aware of that response, in broad terms. I can't remember the precise terms of the response, but it was aligned, I think, with the fact that there were legal proceedings either started or in prospect and the matter that we dealt with previously about legal advice.

20 COMMISSIONER: But the content of the program – you're aware of the content, I presume?

MS COONAN: Yes. In broad terms, yes.

COMMISSIONER: Yes. Thank you.

25 MS SHARP: Would you agree, Ms Coonan, that the allegations that aired in July of 2019 were not the first time that the media had alleged that Crown Resorts had dealings with junket operators associated with organised crime?

30 MS COONAN: I think there'd been previous media allegations. Yes.

MS SHARP: Now, it's right that the board took the decision to suspend junket operations in around July or August of this year?

35 MS COONAN: Yes.

MS SHARP: Was that decision to suspend one made in recognition that there had been failures in the due diligence process in the past?

40 MS COONAN: I just missed the end of your question. I'm sorry. You cut out, Ms Sharp.

MS SHARP: I will put it again. Was that suspension decision made in recognition of there being failures in the due diligence process in the past?

45 MS COONAN: I don't know that it was in recognition of failures in the past. I think it was more in the recognition that, until we could do a complete review, we wouldn't be dealing with junkets again for the foreseeable future. And we set a date

– a long date – in the future to give the board an opportunity to get to the bottom of the allegations and the processes around junkets.

5 MS SHARP: Now, Mr Barton told this Inquiry, when he gave evidence on either the 23rd or the 24th of September that, at that time, none of the junket operators had been informed that Crown Resorts had suspended arrangements with them.

10 MS COONAN: Yes, that's true. I – I understand that it was because they couldn't come anyway and, obviously, now he's done it: informed them.

MS SHARP: Well, he only commences informing the junket operators of their suspension after he gave evidence at this Inquiry, didn't he?

15 MS COONAN: Yes. I think that's correct.

MS SHARP: Doesn't the failure to inform any of the junket operators that they had been suspended until Crown – or until this Inquiry picked up that issue point to a certain hollowness in the act of suspending them?

20 MS COONAN: I respectfully disagree with that. I mean, it's – I think notifying them when they can't come here is potentially a redundant exercise. Crown has control over who would come to them in any event, but I take your point that there was a time between the board taking a decision to suspend the junkets and informing them; there were some weeks, I suppose, or days between formally doing that, and it's now completed.

30 MS SHARP: So junket operations were suspended in either July or August and then in August the Crown Resorts board determined to accept the recommendations in the Deloitte junket report; is that correct?

MS COONAN: I'm sorry, somebody has just come in the room. Could you just say that again?

35 MS SHARP: It's correct that - - -

MS COONAN: Please go outside. Thank you. Sorry about that.

40 MS SHARP: It's correct that in August of this year Crown – the board determined to accept the recommendations of the Deloitte junket report?

MS COONAN: Yes.

MS SHARP: So that's two months ago now?

45 MS COONAN: Something like that, yes.

MS SHARP: And it was two or three months ago that Crown suspended its junket operators pending a review?

MS COONAN: Yes.

5

MS SHARP: So where is the review up to?

MS COONAN: The review is up to implementing and accepting in the sense of working through all of the 20 recommendations from the Deloitte report and the  
10 broader review has to be first undertaken by the board deciding as a matter of a threshold decision whether we have an appetite to continue with junkets at all. Should we do that it would have to be subject to an exhaustive review, but at the moment, of course, we haven't even decided whether it's worth the candle.

15 MS SHARP: Can I take you back to that September 2010 board report, please.

COMMISSIONER: 2020.

MS SHARP: Sorry, 2020 board report. It's CRL.685.001.0001. And I will take  
20 you to 0004. You will see there are a number of dot points under the heading of Junkets.

MS COONAN: Yes.

25 MS SHARP: Ms Coonan, isn't this simply a matter of too little, too late?

MS COONAN: Well, no, I think it's better to be too late than not at all, Ms Sharp, to continue, but all of these matters didn't happen yesterday. Mr Kaldas was engaged late last year, or certainly conversations with Mr Kaldas began late last year  
30 and I think he was formally engaged this year, very early, in January. Deloitte was engaged, I think, as part of the very first board meeting after the board changes, and that was necessary. The Berkeley Research Group did require detailed due diligence in respect of Crown's historical junkets, so I think that certainly had to happen. Discussions with ACIC, of course, inform-sharing protocols, that's – Mr Kaldas has  
35 been trying to get a better sharing of information. But suspension of all junkets, I think, is obviously critical.

So all of those things are important, but if you were to – if the board has an appetite to deal with junkets at all going forward, there's very much more that has to be done  
40 and I must say that I think just a one-sided probity exercise on the part of Crown is insufficient and there does need to be a much more detailed arrangement of a junket applicant, for example, being able to – not so much prove, certainly be able to speak to their reputation and speak to any matters in their record as you would with any application that required some probity process. And also, I think the standards are  
45 something that I've heard discussed and that are very important.

Obviously, with my background I'm very familiar with the balance of probabilities, but that in itself wouldn't necessarily be sufficient. I think the whole issue of somebody's reputation and the reputational risk of junkets is an area that we would have to be treading very carefully.

5

MS SHARP: But it's not a matter where the board has reached any resolution at this stage.

10 MS COONAN: No, and we haven't been able to meet while this – while our evidence is being given. We have a board meeting tomorrow, but there's a lot on the agenda and I wouldn't think that – unless it's a very quick decision, I don't know yet, I haven't had a chance to canvass this with my colleagues in any detail – unless it's a very overwhelming and quick decision, I think it warrants a very careful and considered board consideration at a future board date.

15

MS SHARP: And there's also a proposal, isn't there, to appoint a head of compliance and financial crimes?

20 MS COONAN: Yes, and I would think that you would ideally be able to have the input of that kind of expertise in helping our thinking around our approach to whether and, if so, how you would engage with junkets in the future.

MS SHARP: But no appointment of that position has been made as yet; is that correct?

25

MS COONAN: It's coming in prospect, as I understand it. I will be on the final interview panel. A short – a short list has been identified and some interviews have taken place, but I will be sitting in on the final decision.

30 MS SHARP: Now, you do agree, don't you, that it's ultimately the board's responsibility to set guidance on the type of junket operators with which Crown ought deal?

MS COONAN: Yes.

35

MS SHARP: And you do agree, don't you, that that is part of the board setting its risk appetite?

MS COONAN: Yes.

40

MS SHARP: But are you telling us that the Crown board has not yet set its risk appetite for junkets?

45 MS COONAN: Well, I heard the evidence of Ms Halton about the risk framework and the risk appetite. My view about this is that we would have absolutely nil appetite for junkets in the current circumstances. Should we decide to go down the

path of even considering whether and if so how to engage, the risk framework should set the proper guidance and we will revisit it, should it be necessary.

5 COMMISSIONER: Many of the directors, or a number of the directors have emphasised during the course of the Inquiry that they are “only allegations” and this has thrown up for them what has been described as a complex issue for decision-making, but the reality is, isn’t it, that if you have a person who has numerous allegations in the public domain about them, there is a real question that you should be dealing with these people, isn’t there?

10 MS COONAN: Yes, I agree with that. I mean, as a basic proposition, Commissioner, normally you have to be very careful about - - -

15 COMMISSIONER: Of course.

MS COONAN: - - - peoples reputations and what’s said about them, but with some of the matters, for example in the VRG report, I think it’s crystal clear that you wouldn’t have dealt with them in retrospect and you wouldn’t be dealing with them prospectively.

20 COMMISSIONER: Yes, and so with all the niceties of being fair to people and not damaging their reputations, the fact of the matter is that with a licence to run a casino, to deal with people of the ilk that we’ve seen, you’re entitled to say no, aren’t you?

25 MS COONAN: Yes, you are entitled to - - -

COMMISSIONER: .....

30 MS COONAN: I’m sorry, Commissioner, did I cut across you?

COMMISSIONER: And you don’t have to give reasons, do you?

35 MS COONAN: No, you don’t have to give reasons. You can be entirely arbitrary about how you deal with people, and you are entitled to take people’s – and you must take people’s repute into account.

40 COMMISSIONER: And so, to be safe, Crown has the capacity to say “I will not deal with X or Y” and it’s a matter for this company not to deal with them, and you don’t have to justify yourself to anyone, I presume; is that right?

45 MS COONAN: No, you don’t. It can be entirely unilateral. Or, in an appropriate case, it might be appropriate to let somebody persuade you, if there’s some proper answer, some appropriate answer about their reputation or – or some matter that’s an impediment.



COMMISSIONER: So rather than having to deal with tormenting yourself about allegations – not yourself, but oneself – it is appropriate for a public company that has a licence to operate a casino to take what might be described by others as the high ground and say “I will not deal with these sorts of people”.

5

MS COONAN: Yes. I think you most certainly can take the high ground and take that course.

COMMISSIONER: Yes. Yes, Ms Sharp.

10

MS SHARP: Can I take you to the minutes of the Crown Resorts board meeting on the 20th of August 2019; that’s exhibit BJ72.

COMMISSIONER: Thank you.

15

MS SHARP: If I could bring it up on the confidential link, please. It is CRL.515.001.0001.

MS COONAN: Thank you. Thank you. Yes.

20

MS SHARP: And you see, on the first page, that you’re recorded as being present at that meeting?

MS COONAN: Yes.

25

MS SHARP: And this was at a time after the media allegations had aired in late July last year, obviously.

MS COONAN: Yes.

30

MS SHARP: Could I take you to the second page of the minutes, please, pinpoint 0002. And could I take your attention to the second half of that page under the heading Trading Update.

35

MS COONAN: Yes.

MS SHARP: And do you see it’s recorded that:

*The board discussed the junket business in detail - - -*

40

MS COONAN: Yes.

MS SHARP:

45

*- - - and asked questions of management regarding the financial impacts of any tightening of controls around junket operators.*

MS COONAN: Yes.

MS SHARP: Now, do you recall that, at that meeting, the board did discuss the junket business in detail?

5

MS COONAN: That's what the minutes say. I don't have a detailed recollection, though.

MS SHARP: And the minutes say that:

10

*...questions were asked of management regarding the financial impacts of any tightening of control around junket operators.*

Do you remember that part of the discussion?

15

MS COONAN: Not with any great clarity, I – I have to say.

MS SHARP: Do you agree that there will be financial impacts with any tightening of controls around junket operators?

20

MS COONAN: Well, with the – the lessening of importance of VIPs, of which the junket operations are part, I just simply don't know, but, obviously, there'd be – yes, there'd be some impacts. Or if you stop dealing with them altogether, there'd be a smaller business, I suppose, but higher margins in other parts of the business.

25

MS SHARP: But you do agree that there would be an adverse financial impact if the controls around junkets were tightened; right?

MS COONAN: Do you mean to the – to the overall business or to the finances of the business?

30

MS SHARP: Yes. It is most likely that if junket controls were tightened, that would have an adverse effect on the turnover that junkets brought to Crown Resorts; correct?

35

MS COONAN: Yes.

MS SHARP: And this is a tension, is it not?

40

MS COONAN: Yes.

MS SHARP: Because if you tighten the controls, you lessen the revenue; do you agree?

45

MS COONAN: It would depend. I mean, it's – I think that's a big statement. But it would have some financial impact; given what we've heard in evidence, not very much.

MS SHARP: Well, you're aware, aren't you, that in the years since 2013 up to immediately preceding the COVID outbreak, Crown Resorts had become increasingly dependent on junkets in bringing turnover to the casino in the VIP international segment; correct?

5

MS COONAN: In VIP, yes.

MS SHARP: Well, there is a tension between the level of turnover one would expect to obtain from junkets and tightening controls around junkets.

10

COMMISSIONER: Would you agree?

MS SHARP: Would you agree?

15 MS COONAN: I'm sorry. The Commissioner said something?

COMMISSIONER: I said would you agree?

MS COONAN: Yes. Yes.

20

MS SHARP: And what that really raises is a question of where you draw the line, doesn't it?

MS COONAN: Yes.

25

MS SHARP: And that, in turn, depends on the board's risk appetite.

MS COONAN: Well, it depends on not only where you draw the line, but, going forward, it depends on whether you're going to deal with junkets at all. That's where the line – that's where the line is being drawn now.

30

MS SHARP: And if it is decided that you will continue to deal with junkets, one of the matters that you will need to consider as a board is what standard of proof you will require in assessing the veracity of adverse allegations made against the junket operators.

35

MS COONAN: Yes, that would be a very critical component of it.

MS SHARP: But that's not something where the board of directors has reached any resolution.

40

MS COONAN: Well, we haven't had an opportunity in – in recent weeks, to be able to take the time and care to work through these issues. We've suspended junket. And we've suspended junkets until the middle of next year to give us an opportunity to calmly and carefully work through this. The current disposition may well be not to deal with junkets at all, and all the rest of this doesn't arise. If the threshold decision is that we would continue to consider junkets, it would be only with the

45

greatest of care that we would be in a position to be satisfied that it was appropriate to do so.

5 MS SHARP: To be fair, Ms Coonan, this Inquiry has been on foot for over a year now, it being announced in August of last year.

MS COONAN: Yes. Yes.

10 MS SHARP: But the board has still not reached a landing on this important issue.

MS COONAN: Well, I think we needed to have an opportunity after COVID, for example – I mean, we’ve had many, many board meetings where we were dealing with issues of enormous import to people, who were our suppliers, people who needed our help, and having got through that, the Inquiry resumed, and we’ve  
15 suspended all junkets. So the Inquiry can have confidence that there are no junkets in prospect at Crown until we can have an opportunity to conduct that process at the board level.

20 MS SHARP: Ms Coonan, could I show you a due diligence dossier on Cheok Wa Chau. If I could bring up CRL.579.019.4759, which is exhibit BJ129.

COMMISSIONER: Thank you.

25 MS SHARP: Ms Coonan, do you see this is a Wealth-X dossier dated the 26 March 2016?

MS COONAN: Yes, I can see that. I’m just getting – I’ve just got the cover page. If I can just get the report.

30 COMMISSIONER: Yes. Wait for the hard copy.

MS COONAN: Yes. Thank you.

35 MS SHARP: Now, to your knowledge, Wealth-X is one of Crown’s due diligence providers?

MS COONAN: Yes.

40 MS SHARP: Can I take you to the second page, please, pinpoint 4760. And you’ll see there’s a heading Biography.

MS COONAN: Yes.

45 MS SHARP: And it states:

*He appears to have been a former member of the 14K triads Macau branch in the 1990s and was reportedly in charge of loan-sharking and gambling under*

*the leadership of Kwok Coi Wan. After Wan was sentenced to more than 14 years imprisonment in 1999, Chau started his own gang.*

Now, is that information provided to Crown by one of its due diligence providers  
5 enough for Crown to form a view that it ought discontinue its relationship with Mr Chau?

MS COONAN: I believe so.

10 MS SHARP: Have you read the Berkeley research group report dated 12 September 2020?

MS COONAN: Yes. I can't say I've read it cover to cover, carefully, but I'm  
15 certainly aware of it and aware of the reports about Mr Chau.

MS SHARP: Yes. And on the basis of what you have read, do you have any  
confidence, at all, that Mr Chau is a person of good repute?

MS COONAN: Well, as I said before, I – I don't think that, with what has emerged  
20 about Mr Chau, you'd want to be having him, either in retrospect or prospect.

COMMISSIONER: One of the co-directors pointed to the fact that he or Suncity  
operates at other casinos. Did you know that?

25 MS COONAN: Yes. I was aware of that. I was aware that – at least, I've been told. I'm not personally aware. But I've been told that he operates at Star and, I think, in Queensland, possibly elsewhere, Mr Alvin Chau. Yes.

COMMISSIONER: And I just wondered about processes. If you say, well, it's all  
30 right for me if it's all right for them, you get yourself into a circular problem, don't you?

MS COONAN: I agree. I don't think there should be the lowest common  
35 denominator. I think you need to – you need to own these processes yourself and make sure they're of the highest standard.

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

MS SHARP: Can I take you to some information about another one of Crown's  
40 junket operators. If I can please call up – and the position is reserved on this document, so I'll call it up as an confidential document, CRL.579.026.04 – I beg your pardon .0422. It's exhibit BJ140.

MS COONAN: Thank you. Yes, I've got that now.  
45

MS SHARP: You can take it from me that that is a document prepared at the request of Mr Preston. You will see that it's dated 2 August 2019. And it refers to Cheuk, C-h-e-u-k, Chiu, C-h-i-u, Lin, L-i-n, and in round brackets "Neptune junket".

5 MS COONAN: Yes, I can see that.

MS SHARP: Now, this is formerly one of Crown's junket operators. Do you see it's identified that he is the co-owner of the Neptune Group?

10 MS COONAN: "MV Neptune gambling cruise ship", I've got. Yes. Sorry. Sorry, sorry.

MS SHARP: Yes.

15 MS COONAN: I was reading the ..... Yes. I see that.

MS SHARP: And can I take your attention down the page to item 6, to due diligence undertaken.

20 MS COONAN: Yes.

MS SHARP: And do you see there's a reference to Wealth-X due diligence on the 10th of June 2018?

25 MS COONAN: Yes.

MS SHARP: And other due diligence in November 2015.

MS COONAN: Yes.

30

MS SHARP: And you will see, under item 7, that there's a heading Adverse Entries.

MS COONAN: Yes.

35

MS SHARP: And do you see it's firstly stated "Former gang member"?

MS COONAN: Yes. I don't know what that means.

40 MS SHARP: Yes. Well, can I just ask you to read that page and then over the next. And please read that entire section for yourself.

MS COONAN: Yes. Thank you, Ms Sharp. I've read that. This gentleman didn't visit since – hadn't been at Crown since 2016. Was that that part of the information?

45

MS SHARP: That wasn't the part of the document that I was taking your attention to, but thank you for noticing that. You will also note that, for whatever reason,

Crown obtained more due diligence on this gentleman in June of 2018. But having read what you've read about those adverse entries, is this the kind of person that Crown ought to be dealing with as a junket operator?

5 MS COONAN: Just before I answer that, Ms Sharp, there's also in this document a non sequitur that he's not been convicted of any offence. His involvement has been recorded in several verdicts, but he was never prosecuted. I just don't understand that sentence. But, in any event, I think that the matters raised here would mean that you would say no to this – to this gentleman, Mr Cheuk Chiu Lin.

10 MS SHARP: Yes, but, clearly enough, Crown have said yes to him in the past.

MS COONAN: Yes, in 2016, I think.

15 MS SHARP: Yes. Can I take you to a patron credit profile for another junket operator. This is exhibit BK12. If I can call up CRL.579.018.1525.

MS COONAN: I've got that.

20 MS SHARP: You will see the date of this document is November of 2013, if you look at the top?

MS COONAN: Yes. I can see that too.

25 MS SHARP: And you were a director of Crown Resorts at this time?

MS COONAN: Yes.

30 MS SHARP: And you will see that it relates to Billy Chi Man Pun, C-h-i M-a-n P-u-n, and in brackets "the Lucky Star junket".

MS COONAN: Yes, I see that.

35 MS SHARP: And just part way down the page, can you have a look at what it says under Crown Melbourne History.

MS COONAN: Yes.

40 MS SHARP: Can you see there's a row "turnover". And then if you go to "total history", you'll see the total turnover as at - - -

MS COONAN: Yes.

45 MS SHARP: - - - December of – I beg your pardon, as at 2012?

MS COONAN: Yes.

MS SHARP: You will see that's around half a billion dollars?

MS COONAN: Yes, that's what it says.

5 MS SHARP: Can you look over to the third page of that document, please, to the heading Due Diligence Report.

MS COONAN: Yes.

10 MS SHARP: Can you see that the fourth dot point says that:

*Pun Chi Man is one of the central figures of the Macau Grand Palace VIP Club?*

15 MS COONAN: Yes, I - - -

MS SHARP: And then a little further down that:

*That club is owned by Vong Tat Hou - - -*

20

MS COONAN: Yes.

MS SHARP:

25 - - - who was jailed for 10.5 years for being a senior triad gang member, loan-sharking, money laundering and telephone tapping.

And do you see it also says that:

30 *Vong is also the real owner of the Macau Lucky Star Group?*

MS COONAN: Yes, but I – I just don't know whether this paragraph really says very much about Pun Chi Man. Do you mind if I just read it again to myself.

35 COMMISSIONER: Yes, of course. Take your time.

MS SHARP: Yes. And you might like to notice in the name of this patron credit profile Mr Billy Chi Man Pun is described as the Lucky Star junket.

40 MS COONAN: Yes. Yes. I mean, I think that may be the issue, Ms Sharp, because on this it seems that Mr Pun Chi Man's defect, for want of a better description, is that he's a central figure in the Macau Grand Palace VIP Club.

45 MS SHARP: And you would agree that a very clear link is being drawn in Crown's own due diligence to Pun Chi Man and Mr Vong who is said to be the real owner of the Lucky Star junket and is reported as having been jailed as being a senior triad gang member?



MS COONAN: Yes.

MS SHARP: Is this the sort of junket operator Crown ought to be dealing with?

5 MS COONAN: Well, Ms Sharp, at the risk of being repetitious we're not dealing with any junket operators and we won't be dealing with any junket operators under previous procedures.

10 MS SHARP: Ms Coonan, this was a junket operator with which Crown dealt at times you've been a director of Crown Resorts. This has happened under your watch, hasn't it?

15 MS COONAN: Well, if I'm on the board, if I'm a director, all of Crown's operations from the time I've been on there are under my watch in the sense of what you do as a board, yes.

MS SHARP: Can I take you to an email, please, which is exhibit BA45. I will call it up. This is an open email. CRL.579.018.554 – yes, 5541.

20 MS COONAN: Yes, I have it.

MS SHARP: Could I take your attention to the bottom half of the page, please. I'm sorry, I need to direct your attention to the top to the subject heading. You will see it's Ng Chi Un and Pun Chi Man.

25 MS COONAN: Yes.

30 MS SHARP: Now, Pun Chi Man is the gentleman we've just been discussing. If you look at the bottom of the page you will see an email from Ari Lee, the vice president sales acceleration, to Mr Chen and Roland Theiler about Ng Chi Un and Pun Chi Man.

MS COONAN: Yes.

35 MS SHARP: And it states in the third paragraph:

*For background, these two, particularly Ng, are very influential characters in Macau, particularly the underground network.*

40 MS COONAN: This seems to relate to recovery of a debt.

MS SHARP: Yes. Well, you can take it from me that Ng Chi Un and Pun Chi Man are both junket operators with whom Crown has dealt in the past. What I'm asking you to focus on is Mr Lee telling Mr Chen and Mr Theiler that:

45 *...these two, particularly Ng, are very influential characters in Macau, particularly the underground network.*

MS COONAN: Yes, I see that.

MS SHARP: Does this cause you any concern?

5 MS COONAN: Yes, I mean I don't know what "underground network" means in this email, but on the face of it you would certainly want to know what they were talking about.

10 MS SHARP: Well, we've now found out a little bit more about what this means because Mr Preston made some further inquiries with Mr Lee. Let me show you what Mr Lee said that "underground network" in fact meant. Could I call up exhibit BL37 which is an open document and is CRL.660.001.0001. Ms Coonan, do you have before you a letter from MinterEllison dated 27 August 2020?

15 MS COONAN: I do. Thank you.

MS SHARP: Could I take you, please, to pinpoint 0005?

20 MS COONAN: Yes.

MS SHARP: And could I direct your attention, please, to paragraph 10.6.

MS COONAN: Yes, I've got that.

25 MS SHARP: And can I then take you to subparagraph (c), and in that second paragraph can you see – in fact. it's 10.7 and 10.8 I need to refer you to. Do you see at 10.7:

30 *In relation to the reference "underground network" in the email Mr Lee has advised that he used this term to refer to unsavoury associates of Mr Ng and not to any underground banking network.*

MS COONAN: Yes, I can - - -

35 MS SHARP: And can you see at 10.8 – can I ask you to read that to yourself.

40 MS COONAN: Yes, I will. I really am struggling to find – I know the reference to underground networks, yes, I see that; what I'm struggling with is concern that if cheques – if bad cheques bounce they're cheques from Mr Ng and Mr Man, why they would then be taking action against Crown employees. It just seems to me a bit of a non sequitur in the paragraph, but I take your point about underground networks, Ms Sharp.

45 MS SHARP: Well, isn't – I mean, to cut to the chase, Mr Lee is expressing fear of these two characters, isn't he?

MS COONAN: That's what it seems to suggest.

MS SHARP: Well, now you understand that the reference to underground network is a reference to unsavoury associates, when we look at Mr Lee telling Mr Chen and Mr Theiler about Ng Chi Un and Pun Chi Man being influential members of this underground network, does that give you cause for concern that Crown had been  
5 dealing with junket operators who were not of good repute?

MS COONAN: Yes. It does give me cause for concern.

MS SHARP: And this happened under your watch as a director, did it not, Ms  
10 Coonan?

MS COONAN: Well, we've established that, Ms Sharp, yes.

MS SHARP: Can I take you, please, to exhibit A - - -  
15

COMMISSIONER: Just before you go from that; just on that approach that you've taken to it being a non sequitur, can I just deal with that, Ms Coonan.

MS COONAN: Yes. Maybe I haven't read it correctly.  
20

COMMISSIONER: No, that's all right. 10.8 refers to the fact that it's an offence in Macau to bank a cheque - - -

MS COONAN: Yes.  
25

COMMISSIONER: To bank a cheque that bounces.

MS COONAN: Yes.

COMMISSIONER: So what you have here is Mr Lee indicating that what would happen if Mr Ng Chi Un or Pun Chi Man's cheques bounced, they, as the cheque writers, would be pursued by the authorities, and that's why Mr Lee says that the employees would be in fear because they said that they expected that they would send around the unsavoury characters who would neutrally "take action against  
35 employees" which obviously means violence. You would agree with that?

MS COONAN: Yes, it certainly sounds most unpleasant.

COMMISSIONER: And it is, in fact, a most serious allegation to the safety of the staff of Crown - - -  
40

MS COONAN: Yes. Yes.

COMMISSIONER: - - - that they are at the risk of having standover merchants come around because of bounced cheques.  
45

MS COONAN: Yes.

COMMISSIONER: Do you see what's happening there? So it's really not a non sequitur. It's a very serious concern - - -

MS COONAN: I see the reading now. I had read it slightly differently.

5

COMMISSIONER: Yes. All right. Yes, Ms Sharp.

MS SHARP: Could I take you to another document, Ms Coonan. This one is exhibit AF44. The position is reserved, so I'll bring it up on the confidential feed, please. It's CRL.579.019.3755.

10

MS COONAN: Yes, I've got that. Thank you.

MS SHARP: You see this relates to – this is a Crown document that relates to junket operator Si Xin Qin.

15

MS COONAN: Yes.

MS SHARP: And it's dated January 2017.

20

MS COONAN: Yes.

MS SHARP: Can I direct your attention to the entries for Wealth Insights, for Wealth-X and the C6 Group.

25

MS COONAN: Yes. Yes. Yes. Thank you, Ms Sharp. I've read that. At least, I've skimmed it.

MS SHARP: Do you have a concern that Si Xin Qin may be involved in money laundering?

30

MS COONAN: Yes. I think there's an event here. I don't know whether it's multiple events recorded here or it's the same entry recorded several times in each of the indexes, but they certainly record - - -

35

MS SHARP: Assume that it's the same incident, but three separate due diligence providers have identified it.

MS COONAN: Okay. Thank you. Thank you.

40

MS SHARP: There's nothing in this information that would give you comfort that Si Xin Qin is of good repute?

MS COONAN: No, you'd certainly – you'd certainly not think that from this report.

45

MS SHARP: Now, can I take you back to the 12 December 2019 strategic review of the VIP business, which was presented to the Crown board in December of last year. It is CPH.001.658.0001 at 0067. It's exhibit AC1.

5 COMMISSIONER: Thank you.

MS COONAN: Yes. Just coming. Thank you. Yes. I have it now.

10 MS SHARP: Thank you, Ms Coonan. Could I take you, please, to pinpoint 0094, which is page 28 of that document.

MS COONAN: Sorry. I've got - - -

15 MS SHARP: If I could take you to page 28, it's headed International Turnover Customer Concentration.

MS COONAN: I'm terribly sorry, I've just got myself a bit lost here.

20 COMMISSIONER: That's all right.

MS SHARP: That's all right. Take your time.

MS COONAN: Could I just have the reference again?

25 MS SHARP: Yes. It's CPH.001.658.0001 at pinpoint 0067. That should take you to the beginning of the document.

COMMISSIONER: There's something different on the screen.

30 MS COONAN: Okay. Thanks. I've got the document.

MS SHARP: And could I take you, please, to page 28 of that document, which is pinpoint 0094.

35 MS COONAN: Yes, I have it. I apologise for that.

COMMISSIONER: That's all right. Thank you.

40 MS SHARP: Do you see on the left-hand side of that page there's a heading international VIP Junket Turnover?

MS COONAN: Yes, I see that.

45 MS SHARP: And do you see that the top five Crown junkets are identified?

MS COONAN: Yes.

MS SHARP: And do you see that Si Xin Qin is one of them?

MS COONAN: Yes, down the bottom. Yes.

5 MS SHARP: Yes. Now, this is in December of last year.

MS COONAN: Yes.

10 MS SHARP: Based on the document that I just took you to about Si Xin Qin, do you have any concerns that Crown may have been dealing, in December 2019, with a junket operator who was not of good repute?

MS COONAN: Well, that's certainly a distinct possibility.

15 MS SHARP: Now, can I take you to a board paper presented to the August 2020 board. This one is exhibit CD4. It's a confidential – or the position is reserved on this document so I will bring it up on the confidential link. It's CRL.684.001.0021. Now, this is – you'll see that the covering memo shows that the document was prepared by Mr Barton. Did you play a role in compiling this board paper, Ms  
20 Coonan?

MS COONAN: Well, I've been working closely with Mr Barton.

MS SHARP: So did you play a role in compiling this board paper?  
25

MS COONAN: Not the words.

MS SHARP: But you discussed the general themes with him, did you?

30 MS COONAN: Yes.

MS SHARP: And could I take you, please, to pinpoint 0540. I think I've given you the wrong pinpoint here. Pardon me.

35 COMMISSIONER: Can you just remind me of the date of the board meeting in August 2020, please?

MS SHARP: Yes.

40 MS COONAN: I think it was the 11th – sorry. Were you asking Ms Sharp?

COMMISSIONER: I don't mind.

MS COONAN: I think it was the 11th.  
45

COMMISSIONER: Thank you.

MS SHARP: Can I take your attention, please, to - - -

MS COONAN: I'm sorry, I do apologise. There was a 5th of August board meeting  
- - -

5 COMMISSIONER: Yes.

MS COONAN: - - - at which we requested the strategic plan. I apologise.

10 COMMISSIONER: And so that was the first board meeting in August this year.

MS COONAN: Yes.

15 COMMISSIONER: And then there was, possibly, another board meeting in August;  
is that right?

MS COONAN: Yes. There was a special board meeting to consider the - - -

COMMISSIONER: Yes. Thank you.

20 MS COONAN: Strategic direction.

COMMISSIONER: Yes. Thank you.

25 MS SHARP: Could I take you to page 8 of that document, which is pinpoint 0029.  
And you'll see there's a heading VIP Operations.

MS COONAN: Yes.

30 MS SHARP: And under the heading Context, it's stated at the first dot point:

*Crown's international VIP team has historically run on an aggressive sales  
culture with a higher risk appetite than the rest of the business.*

35 MS COONAN: Yes, I see that.

MS SHARP: Do you agree with that observation?

MS COONAN: I think up until the China arrests that could be said to be correct.

40 I'm not so sure after that.

COMMISSIONER: Yes.

MS SHARP: And to the best of your understanding, was this because of the

45 pressure to perform placed on this team by the CPH interests in this business?

MS COONAN: I simply don't know that. I don't think so.

COMMISSIONER: Well, you see, I gather that there was a bit of a silo operation going on here. It looks like it was operated by Mr Felstead, et al with the involvement of Mr Johnston from time to time with an interest by Mr Packer. That's what it looks like to me, Ms Coonan. What do you have to say about that  
5 observation; anything?

MS COONAN: Well, I – what I can say is that I have no direct knowledge of that other than I – I thought the VIP team was run as the VIP team. I had no knowledge of Mr Johnston's involvement and no real knowledge of Mr Packer's involvement. I  
10 thought it was part of the business operations, but I do think it's a correct reflection to say that certainly up until China the pursuit of sales - - -

COMMISSIONER: The China arrests.

15 MS COONAN: - - - was – was, you know, very vigorous.

COMMISSIONER: But coming back to the proposition that I put to you, to try and explain what happened, it does seem on the evidence that Mr Johnston was involved from the point of view of having these meetings to which he's referred with the VIP  
20 team. You understand that.

MS COONAN: Yes, I do. Yes.

COMMISSIONER: And so those meetings and the reports that could have been  
25 generated from them were never brought to your attention as a board member; is that right?

MS COONAN: Yes, that's correct.

30 COMMISSIONER: And so it may be an unsatisfactory term, but it looks like it just operated by itself in this silo of reporting to Mr Packer via Mr Felstead. Do you understand that?

MS COONAN: Yes, I certainly understand. What I can say from my knowledge is  
35 that these matters of that involvement or that silo, to use your expression, Commissioner, certainly wasn't visible at board level. I can say that.

COMMISSIONER: And so it may be that Mr Felstead thought that he was reporting to a director, as he was then, Mr Packer, and albeit that he suggested to the Inquiry that he failed to report it to the board, he did in fact report it to the chairman of the board up to the time that the chairman, then director, went off in December  
40 2015. You understand that.

MS COONAN: Yes, and I think I did hear bits of – bits of that evidence, yes.  
45

COMMISSIONER: And so you have this concurrency of the board operating in Melbourne and Sydney and Perth, dealing with figures and turnover figures and



whatever it was that you were informed about, but no-one telling you what actually was happening on the ground up there. Is that right?

5 MS COONAN: Well, I certainly think that's right. People managed issues on the ground, and because there wasn't any reporting of it up the chain, as you say, at least to – at least to board meetings I was at, I – I really can't offer any greater insight into whether that reporting went to Mr Packer or how that operated.

10 COMMISSIONER: But if Mr Felstead did report to Mr Packer as he said he did – we've got a number of emails where he gave him constant reports about things - - -

MS COONAN: Yes.

15 COMMISSIONER: - - - that was a report by an executive manager to a director, wasn't it?

MS COONAN: Yes, it was.

20 COMMISSIONER: So it wasn't a failure of telling the board; it was a failure of someone not informing the balance of the board, rather. Would you agree with that?

MS COONAN: Yes, I think that's right. I mean, there have been instances – discrete instances where pieces of information that should have been the purview of the whole board were held by one director.

25 COMMISSIONER: Yes. Ms Sharp, I'm sorry to interrupt.

MS SHARP: Given the massive turnover that the VIP international business brought into Crown Resorts and the fact that much of that business turnover was brought in through junkets, wasn't this very area where there were the greatest risks of bringing criminal influences and money laundering into the casino?

MS COONAN: Ms Sharp, just the beginning of your question, what times are you expect – are you talking about here, because it varied enormously as to what was brought in.

COMMISSIONER: Turnover.

40 MS SHARP: Given the billions of dollars each year - - -

MS COONAN: When? Not each – well.

MS SHARP: The period 2013 to December 2019, given the billions of dollars brought in every year in turnover to the casino through the VIP international business, and given the dependence of that business on junket operators bringing the turnover into the casino, wasn't the VIP international business the very area within

Crown at the greatest risk of bringing with it infiltration by crime and money laundering, the risk of money laundering?

5 MS COONAN: Well, that's a very, very long question with a lot of propositions in it, Ms Sharp. Can I attempt to deal with it by saying that I don't think it's the quantum that's the issue. It is the fact that junkets, of course, are, I think, subject to the risks of associations with organised crime or with criminal elements would probably be a better way of putting it. So I don't think it's the quantum and the turnover which varied; I think it's more the fact of the nature of the junkets.

10 MS SHARP: All right. Well, I will put it as simply as I can. Isn't it right that the very area where the casino was most at risk of criminal infiltration and being used to launder money, being the VIP international business, was the very area where Crown dropped the ball in terms of risk management?

15 MS COONAN: Sorry, I'm really sorry, just at the end you cut out. Something about a – I don't know what – something about a ball and I didn't – I missed it.

20 MS SHARP: Isn't the very area where Crown Resorts was at greatest risk of criminal infiltration and money laundering, being the VIP international business, the very area where Crown Resorts dropped the ball in terms of risk management?

25 MS COONAN: I think that the VIP obviously is associated with the greatest risks and that was where there were shortcomings in our processes.

MS SHARP: So the answer to my last question is yes.

MS COONAN: No, it's what I said.

30 MS SHARP: Would that be a convenient time, Commissioner?

COMMISSIONER: It would. Yes. Thank you. Ms Coonan, we will just take the luncheon adjournment and I shall return at 2 pm, Ms Sharp?

35 MS SHARP: Yes.

MR YOUNG: Commissioner, before you adjourn - - -

40 COMMISSIONER: Yes.

MR YOUNG: - - - can I raise one matter?

COMMISSIONER: Yes, of course.

45 MR YOUNG: There are some matters I want to clarify. May I have leave to speak to Ms Coonan over the luncheon adjournment. There is in particular – I may need to refer to some documents which may not be in evidence.

COMMISSIONER: Yes, of course, Mr Young, and of course you may clarify those matters that you wish to with Ms Coonan over the luncheon adjournment.

MR YOUNG: Thank you.

5

COMMISSIONER: Yes, I will adjourn until 2.

10

**ADJOURNED**

**[12.59 am]**

**RESUMED**

**[2.00 pm]**

15 COMMISSIONER: Yes, Ms Sharp.

MS SHARP: Ms Coonan, Mr Barton gave evidence to the effect that, in hindsight, what should have occurred after it became aware that ANZ was concerned about the possibility of structuring in the Riverbank and Southbank accounts in 2014, was that  
20 Crown ought to have conducted a comprehensive examination of the transactions in the accounts. Are you aware of that evidence?

MS COONAN: Yes, to those – to that effect, yes.

25 MS SHARP: Is it correct that, to this day, Crown has still not conducted a comprehensive examination of the actual bank accounts held by Riverbank and Southbank to ascertain the extent to which those accounts may have been used to launder money?

30 MS COONAN: I don't think that's correct. Recently, the board directed such a review and that is ongoing. Part of the review, I think, is in – or part of the document that came back from Mr Marais, I think, is in evidence. I may be wrong about that. But I think it's in evidence. But, in any event, yes, there is a comprehensive review being undertaken as – by the AML team.

35

MS SHARP: And just to understand, it's only in very recent times that this comprehensive review has been directed notwithstanding that there was national media attention in early August of last year with an allegation that drug traffickers had laundered money through these accounts.

40

MS COONAN: It's only been a recent instigation of that investigation.

MS SHARP: Now, are you aware – and I will come to you in more detail about Mr Marais's memorandum in a minute. But are you aware that all Mr Marais' memorandum looked at were incidents where there had been aggregation of deposits  
45 in the SYCO system and, using that incidence of aggregation at a starting point,

where those amounts had been aggregated, there was a look to see whether there had been structuring?

5 MS COONAN: Yes, Mr Marais' report is not complete.

MS SHARP: Yes. Because all he has looked at, at this stage, is a subset of possible structuring within the Riverbank and Southbank accounts.

10 MS COONAN: Yes, that's my understanding.

MS SHARP: Could I take you to a document – I understand there's a confidentiality claim over this. If I could call up CRL.505.009.4656. And I'll bring this up on the confidential feed, Ms Coonan. That's exhibit M123.

15 COMMISSIONER: Thank you.

MS SHARP: Do you have the Sales Play Book VIP international document on the screen in front of you, Ms Coonan?

20 MS COONAN: That's what it says, yes.

MS SHARP: And you'll note the date is 30 January 2015?

25 MS COONAN: Yes.

MS SHARP: And it's identified as a working draft?

MS COONAN: Yes.

30 MS SHARP: Could I just take you to page 56, which is pinpoint 4711.

MS COONAN: Yes.

35 MS SHARP: And do you see, at the top of this page, if we can go to the very top, it states the Crown Melbourne bank account details?

MS COONAN: Yes.

40 MS SHARP: And then you would agree, wouldn't you, that a number of bank accounts are set out in, firstly, Australia, then in Singapore, then in Hong Kong?

COMMISSIONER: Just go back a bit so Ms Coonan can see that.

45 MS COONAN: Yes. I can see Australia, Singapore, Hong Kong on the page. Yes.

MS SHARP: And in relation to the Australian bank accounts, you will see that there is reference to four or five Southbank Investments Proprietary Limited accounts.

MS COONAN: Yes.

MS SHARP: And can I direct your attention to the note at the bottom of this page.  
It says:

5

*Please note: payments must be from a personal bank account, no company, business or trust accounts will be accepted.*

MS COONAN: Yes.

10

MS SHARP: So it's right that the rule for depositing money into these patron accounts is that companies couldn't deposit that money.

MS COONAN: That's what this seems to suggest. Yes.

15

MS SHARP: And the reason for that, you would agree, is because it is more difficult to determine the true source of funds when a company has deposited money as opposed to when an individual has deposited money?

20

MS COONAN: It certainly can be more difficult. Yes.

MS SHARP: And, in fact, it can be very complicated to work out who stands behind the company and who has really deposited the money.

25

MS COONAN: Yes, it can be, which, I guess, is behind the trust account issue and company business accounts.

30

MS SHARP: Yes. Well, can I take you now, Ms Coonan, to some of the actual Riverbank and Southbank accounts. If I could call up, first of all, a bank account statement for Southbank Investments Proprietary Limited at CRL.563.001.0783. I'll have that brought up on the screen. And can I have this marked for identification, please, Commissioner?

35

COMMISSIONER: Yes. This will be - - -

MS SHARP: I'm told it's been tendered, in fact. I'll have the exhibit number brought up now.

40

COMMISSIONER: Thank you.

MS SHARP: It is BA221.

COMMISSIONER: Thank you.

45

MS SHARP: Now, you'll see - - -

COMMISSIONER: Not yet. It's not up. Just pause. We don't have it yet.

MS SHARP: And this will have to come up on the confidential link.

COMMISSIONER: Yes. It will be coming up soon, I hope. Yes, it's up there now.

5 MS COONAN: Apparently we don't have it in hard copy, Ms Sharp. Sorry.

MS SHARP: Do you have it up on the screen in front of you?

10 MS COONAN: I do, but I can't – I can't really make it out very well.

MS SHARP: I will have parts of it enlarged for you.

MS COONAN: Thank you.

15 MS SHARP: If I can enlarge the top half of this first page, please. We will see on the left-hand side that this is an account held in the name of Southbank Investments Proprietary Limited.

20 MS COONAN: Yes.

MS SHARP: And you'll see that it is for the statement period 30 April 2016 to 20 May 2016?

25 MS COONAN: Yes.

MS SHARP: I'd just like to show you some of the activity in this statement. If we can go over the page to pinpoint 0784. Now, what I'd like to do is enlarge the first few entries for the 4th of May. Now, can you see that there are two – the first two entries for the 4th of May are from Pai Pai Supply Chain Limited? Pai Pai is spelt P-  
30 a-i P-a-i.

MS COONAN: Yes, I can see that.

35 MS SHARP: Now, you'll see there's a – there are two references for each deposit. Can you take it from me that the second reference for each deposit is a reference to a patron account.

MS COONAN: Yes. I'll accept that from you.

40 MS SHARP: Right. So reference 2355560 for the first 4th of May deposit by Pai Pai was a reference to a particular patron account.

MS COONAN: Yes. I can see that.

45 MS SHARP: Now, you will agree that what we do see is a company making deposits into this account.

MS COONAN: Yes.

MS SHARP: And you will agree that that was something that was not permitted according to the sales play book that I took you to a moment ago.

5

MS COONAN: Well, accepting that that's a draft and I don't really know what happened to the document, if the evidence is that that was what was being applied, I would agree, but I just don't know.

10 MS SHARP: Just while we're still on this page, you see these two 4 May deposits by the one company are for separate patron accounts.

MS COONAN: Yes, I can.

15 MS SHARP: Can I then take you over to pinpoint 0786, and I will take you to the first entry for 9 May and have that highlighted for you. You can see again that Pai Pai Supply Chain has made a deposit of an amount of \$1999.956 - - -

MS COONAN: Yes, nine hundred and fifty-six dollars.

20

MS SHARP: I beg your pardon; let me try that again - - -

MS COONAN: .....

25 COMMISSIONER: It's \$199,956.

MS SHARP: Thank you, Commissioner.

COMMISSIONER: That's all right.

30

MS SHARP: You will see the patron reference 2414301.

MS COONAN: Yes.

35 MS SHARP: That's a third different patron account, do you accept that?

MS COONAN: Yes, I – I think it's different from what I saw on the previous page.

40 MS SHARP: Yes. Well, we will go back to that previous page, pinpoint 0784. Go back to those two 4 May transactions, Pai Pai Supply Chain.

COMMISSIONER: Yes, please.

MS SHARP: If I could have those first two 4 May - - -

45

COMMISSIONER: Thank you.

MS SHARP: So you see they're all different patron accounts.

MS COONAN: I can.

5 MS SHARP: So what we've got here is a company depositing money into the patron accounts for three separate patrons.

MS COONAN: Yes.

10 MS SHARP: And you see, again, the 4 May deposit is for that same amount of 199,976.

MS COONAN: Well, it's very close.

15 MS SHARP: Very close.

MS COONAN: It's not quite the same.

MS SHARP: Then I might take you to another statement, if I can. We will go to  
20 CRL.563.001.1138. That's exhibit BA222.

COMMISSIONER: Thank you.

MS COONAN: Thank you .....  
25

MS SHARP: You will see this is again a Southbank Investments Proprietary Limited account statement.

MS COONAN: Yes, I can see that.  
30

MS SHARP: And can you observe on the top right-hand corner that it's for the period 21 May 2016 to 31 May 2016?

MS COONAN: Yes.  
35

MS SHARP: And if I can take you, please, to pinpoint 1139. Can I take you to the second entry for 24 May and I will have that highlighted for you; you see Pai Pai Supply Chain is again making some deposits?

40 MS COONAN: Yes.

MS SHARP: And - - -

COMMISSIONER: Make it larger, please.  
45

MS SHARP: If I can just have enlarged those first two entries for 24 May so that you can see them clearly, Ms Coonan.



MS COONAN: I saw them. I was – I did - - -

MS SHARP: What you will notice is that the patron numbers are different yet again. So we're now up to five different patron numbers.

5

MS COONAN: Yes.

MS SHARP: And you will see that that second deposit is for about \$1.2 million.

10 MS COONAN: Yes.

MS SHARP: And then if I take you over to pinpoint 1141 - - -

15 COMMISSIONER: Just pardon me for a moment. If you could just go a bit more slowly for me. Thank you. Just pardon me. Yes, I'm sorry to hold you up.

MS SHARP: Yes. Then if we go to pinpoint 1141.

20 COMMISSIONER: Yes.

MS SHARP: And can I highlight the second entry for 31 May. Do you see that's another deposit by Pai Pai for about \$1 million?

25 MS COONAN: Yes, I can see that.

MS SHARP: Now, you can take it from me that patron number is the same as the one on the previous page so we're now up to five different patron numbers.

30 MS COONAN: Yes.

MS SHARP: Can I take you then to another statement, this time the June 2016 statement. If I could call up, please, CRL.563.001.0719. And if I could take you – or first of all I will have you – you will see it's another Southbank statement.

35 MS COONAN: Yes.

MS SHARP: And Commissioner, I should say this is exhibit BA223.

40 COMMISSIONER: Thank you.

MS SHARP: And you will see in the right-hand top corner of the document, Ms Coonan, these are the statements for the period 1 June to 17 June 2016.

45 MS COONAN: Yes.

MS SHARP: And if I could take you, please, to pinpoint 0721 and take you to the first two entries for 6 June.

MS COONAN: I'm sorry, you just cut out then. Thank you, yes. 6 June you said. Yes.

5 MS SHARP: 6 June; you will see two more deposits by Pai Pai Supply Chain Proprietary Limited.

MS COONAN: Yes.

10 MS SHARP: And again, there are two new patron account numbers.

MS COONAN: I can see that - - -

15 MS SHARP: So Pai Pai has now made different deposits into the patron accounts of seven separate patrons.

MS COONAN: Yes, I think that's correct. I don't recall the numbers in the earlier ones, but I take it from you that's correct.

20 MS SHARP: This is a little odd, isn't it, that the one company has now made large transfers into the patron accounts of seven different patrons?

MS COONAN: I simply don't know, I'm sorry, Ms Sharp. I just have no visibility at all about that.

25 MS SHARP: Well, I'm – you've said that you have a good understanding of the money laundering framework, isn't this - - -

MS COONAN: I do.

30 MS SHARP: - - - ringing alarm bells for you that you can see the one company is depositing money into the accounts of seven different patrons?

35 MS COONAN: I think it – what it would do, if you looked at this, is it would certainly raise a suspicion and you would want to know more about it, definitely.

40 MS SHARP: Well, I can save some time here, I won't take you through the rest of the statements that I have, but you can take it from me that in the period from 4 May 2016 to 31 August 2016 there are 53 deposits made by Pai Pai Supply Chain Limited totalling \$31.8 million and those deposits are made to at least 20 different patron accounts. Now, this does at least raise a red flag for the prospect of money laundering, does it not?

MS COONAN: I agree with you.

45 MS SHARP: But to the best of your knowledge, this is not the kind of analysis that anyone has yet conducted on the Southbank and Riverbank accounts.

MS COONAN: Well, I think it's being conducted – I think it is being conducted.

MS SHARP: Can I - - -

5 MS COONAN: I don't know – sorry, I don't know just what stage it's up to, Ms Sharp, is the correct way to put that for me.

10 COMMISSIONER: But you see Mr Demetriou came along to give evidence and suggested that the figures were minuscule. He suggested that there was a 0.3 per cent or a .03 per cent problem, but if we look at this it's a very serious aspect of the matter, isn't it, Ms Coonan?

15 MS COONAN: Yes, and I – may I say, Commissioner, I don't – I don't think magnitude of deposits are really the key. It's the pattern and whether or not there's suspicions that should be triggering some further inquiries.

20 COMMISSIONER: But if you have your own rules preventing companies from using these accounts, and they use the accounts 53 times in four months to the tune, I gather, from what Ms Sharp said, of 31 million, there are some real problems here, aren't there?

25 MS COONAN: Yes, I agree with that. It doesn't follow that these sort of deposits should be made. I mean, I don't know what know-your-client investigations might have been made at the time. I'm not seeking to defend it. I'm simply saying that I think it's not the magnitude of the deposits but the fact that they're being made in a pattern and in a way that would raise suspicions is sufficient.

COMMISSIONER: Ms Sharp.

30 MS SHARP: Thank you. Ms Coonan, I wanted to show you an email. If I could call up exhibit BC39, which is INQ.950.001.0091. I will have that enlarged for you. Can you see that's an email from Mary Gioros - - -

35 MS COONAN: Yes.

MS SHARP: - - - to a number of people at Crown Resorts, and it's dated September 2015.

40 MS COONAN: Yes.

MS SHARP: And do you see, in the second paragraph, Ms Gioros says:

45 *The current accounts in Melbourne, Perth and London are attached for your information.*

MS COONAN: Yes.

MS SHARP: And could you note that one of the attachments is the Crown Melbourne bank account details?

MS COONAN: I don't have – they're not attached.

5

MS SHARP: Yes. But can you see, in the heading on that first page of the email, on the left-hand side, there's a little heading that says "attachments"?

MS COONAN: Yes.

10

MS SHARP: And can you see that one of those attachments is the Crown Melbourne bank account details.PDF?

MS COONAN: Yes.

15

MS SHARP: Can I take you to that attachment, please, which is INQ.950.001.0094. This is exhibit BC42.

MS COONAN: Yes, I have it. Yes, I have it. Thanks.

20

MS SHARP: Yes. And you will see, again, there's reference to a number of accounts for Crown Melbourne, some held in the name of Crown Melbourne and others held in the name of Southbank Investments.

25 MS COONAN: Yes.

MS SHARP: Could you have a look where it says:

30 *Please note: payments must be from a personal bank account, no company, business or trust accounts will be accepted.*

MS COONAN: Yes.

35 MS SHARP: So you would agree that it did seem to be a rule that these patron accounts were not to accept deposits from companies.

MS COONAN: This seems to be what this suggests, Ms Sharp. I agree.

40 MS SHARP: Yes. But you can take it from me that, in the case of Pai Pai Supply Limited there were, in fact, at least 53 deposits from a company account in that four month period we've just been referring to.

MS COONAN: Yes. I've seen a number of them. If they're 53, I accept that from you, Ms Sharp.

45

MS SHARP: Can I take you to a company search for Pai Pai Supply Chain Limited. If I can call up INQ.550.005.0010. Commissioner, these documents are yet to be tendered. I understand that access has been provided.

5 COMMISSIONER: Not yet.

MS SHARP: I understand – no, early access has not been given to these documents.

COMMISSIONER: I see. I see.

10

MS SHARP: I will need to tender them in due course. Can you see, Ms Coonan, that the company name here is Pai Pai Supply Chain Limited?

MS COONAN: Yes, I can. I can just see that. Yes, now I can. Thank you.

15

MS SHARP: Can I take you to the third page of this document which is pinpoint 0012. And if we can have the bottom half of that page enlarged, can you see there's a heading B Company Secretary Body Corporate?

20 COMMISSIONER: This is the Hong Kong registry, is it?

MS SHARP: Yes.

COMMISSIONER: Yes. Thank you.

25

MS COONAN: I'm sorry, just – just ask me again. I'm sorry, I just can't - - -

MS SHARP: Yes

30 MS COONAN: Yes, now I can. Yes.

MS SHARP: Company Secretary Body Corporate. And you'll that's identified as Hong Kong Huifu Enterprise Consultants Limited.

35 MS COONAN: Yes.

MS SHARP: I tender that document, Commissioner.

COMMISSIONER: Yes. That can become exhibit AK17.

40

**EXHIBIT #AK17 HONG KONG COMPANY SEARCH FOR PAI PAI  
SUPPLY CHAIN LIMITED, DOCUMENT INQ.550.005.0010**

45

MS SHARP: I'll then bring up another document which I'll need to tender. It's INQ.550.005.0001. Now, this is another Hong Kong company search. This time it's

for that company secretary, which is Hong Kong Huifu Enterprise Consultants Limited.

MS COONAN: Yes, I can see that.

5

MS SHARP: And I'll take you to pinpoint 0003, and have the second half – the bottom half highlighted. You see the company secretary of this company is Rya Management Limited?

10 MS COONAN: Yes.

MS SHARP: I tender that document, Commissioner.

COMMISSIONER: Yes, that can become AK18, the company search.

15

**EXHIBIT #AK18 HONG KONG HUIFU ENTERPRISE CONSULTANTS LIMITED, DOCUMENT INQ.550.005.0001**

20

COMMISSIONER: Yes.

MS SHARP: And, Ms Coonan, I'll take you to another document. If I can bring up INQ.550.0005.0018. This, in turn, is the company search in Hong Kong for Rya Management Limited. Do you see that?

25

MS COONAN: Yes.

MS SHARP: And if I take you to pinpoint 0021, and have the top half enlarged, do you see the director of this company is Ricky or Ling Kit Cheung?

30

MS COONAN: Yes.

MS SHARP: I tender that document, Commissioner.

35

COMMISSIONER: Yes. That will be exhibit AK19.

**EXHIBIT #AK19 HONG KONG COMPANY SEARCH FOR RYA MANAGEMENT LIMITED, DOCUMENT INQ.550.0005.0018**

40

MS SHARP: Can I call up document INQ.550.005.0026. Ms Coonan, what I'm showing you now is what is sometimes referred to as the Panama Papers website.

45

MS COONAN: Yes.

MS SHARP: Can you see there's a reference to Rya Management here?

MS COONAN: Yes.

5 MS SHARP: And you see it's a reference there to it being connected to 474 entities?

MS COONAN: Well, that's what it says. Yes.

10 MS SHARP: And then if I take you over the page, those entities are then identified. I tender that document.

COMMISSIONER: Yes, exhibit AK20.

15

**EXHIBIT #AK20 PANAMA PAPERS WEBSITE REFERRING TO RYA MANAGEMENT LIMITED, DOCUMENT INQ.550.005.0026**

20 MS COONAN: I can't see the entities. Are they - - -

MS SHARP: Yes, I will - - -

25 COMMISSIONER: There's some of them. These are British Virgin Island companies, I presume.

MS COONAN: Yes, yes.

30 MS SHARP: Yes, they are. Now I will call up – did I tender that, Commissioner?

COMMISSIONER: Yes, it's exhibit AK20.

35 MS SHARP: If I could call up INQ.550.005.0032. What I'm doing is showing you another document downloaded from the so-called Panama Papers website. You will see this is a reference to White Daisy Development Limited.

MS COONAN: I can see that. That's what the document says. Yes.

40 MS SHARP: And you can see there's a reference to it being struck off on the 30th of April 2011.

MS COONAN: Yes. Now, I can see that. And is it – it's from the full Offshore Leaks Database. I don't know what that – that's Panama, is it? I'm just trying to look at the provenance of the document. Sorry.

45

MS SHARP: Yes.

COMMISSIONER: Yes.

MS SHARP: Now, could I take you to the second half of the document, please. And you'll see there a diagram showing the connections of this company. Now,  
5 you'll see Ricky Ling Kit Cheung is a shareholder in White Daisy Development Limited.

MS COONAN: I can't see – yes. Sorry. Now, I can. Yes. That's what the  
10 document says, yes.

MS SHARP: Yes. And you'll see that Rya Management, down the bottom, is an intermediary of White Daisy Development Limited.

MS COONAN: That's what the document says. I mean, I don't know.  
15

MS SHARP: Yes. Well, I will suggest this to you from the documents that we have looked at, that it would appear that the shareholder – the ultimate shareholder is Ricky Ling Kit Cheung, and the ultimate shareholder in White Daisy and White Daisy Developments through Rya Management Limited in turn through Hong Kong  
20 Huifu Investment – I beg your pardon, Enterprise Consultants Limited in turn through Pai Pai Supply Chain Limited is the entity that has made 33 deposits totalling 31 million in the accounts of Southbank in the four month period May 2016 to August 2016.

25 MS COONAN: Sorry, what was there a question?

MS SHARP: Yes. You will understand that that's the way the supply chain works in terms of understanding who stands behind the deposits made into Southbank bank accounts by Pai Pai Supply Chain Limited.  
30

MS COONAN: Well, Ms Sharp, I'm sure you will appreciate that I can't – I just don't know. You've shown me a lot of documents and put to me a range of things without, I think, me being able to fully accept it; I'm saying that it looks like that, but I don't know.  
35

COMMISSIONER: I think the position so far as the transactions are concerned is that it was – from the looks of things, it was Pai Pai that was making the deposits, but the connections are those that Ms Sharp has taken you to, finishing up with Rya Management. Do you understand that?  
40

MS COONAN: Yes, I understand that, but I just don't know. I mean, that's – it looked like that's correct, but I couldn't possibly unequivocally agree.

COMMISSIONER: And White Daisy was not present at the time of the particular  
45 transactions, the 53 transactions, because it was struck off the register on 30 April 2011 from the looks of things.



MS COONAN: Yes.

COMMISSIONER: Whether that be in the BVI or elsewhere I'm not quite sure at this stage, Ms Coonan, but it is a structure that shows you the complexity of allowing  
5 companies to deposit this sort of money into the accounts, I would think.

MS COONAN: Yes, I certainly agree with that.

10 COMMISSIONER: Yes.

MS SHARP: And the reason that it would appear that Crown actually had a rule against companies depositing money into the patron accounts.

15 MS COONAN: I think that was the intention, yes.

MS SHARP: Yes, because it's very, very difficult to understand who stands behind those companies, isn't it?

20 MS COONAN: Yes, it is.

MS SHARP: And - - -

MS COONAN: Or it can be.

25 MS SHARP: - - - that makes it difficult to identify the true source of funds, doesn't it?

MS COONAN: It can be, yes.

30 MS SHARP: Commissioner, I tender that last document as AK21.

COMMISSIONER: Yes, that will become exhibit AK21.

35 **EXHIBIT #AK21 DOCUMENT**

MS SHARP: Ms Coonan, can you think of any reason why one entity would wish to deposit funds into patron accounts of 20 different patrons?  
40

MS COONAN: Well, that's, I think in money laundering terms, classic structuring. The only caveat that to that, Ms Sharp, is that you would need to know the source of the money.

45 MS SHARP: And that can be difficult when it's a company.

MS COONAN: It certainly can be.

MS SHARP: Now, you've referred a little earlier to some work that was done by Mr Claude Marais in relation to the Riverbank and Southbank accounts.

MS COONAN: Yes.

5

MS SHARP: Could I show you the memorandum prepared by Mr Claude Marais to Mr Barton dated 29 September 2020. This is CRL.719.001.0002. This was the memorandum you were referring to, was it, Ms Coonan?

10 MS COONAN: Yes. Yes, I think so. Are we just trying to bring it up; I can work off the screen.

MS SHARP: Yes. This is exhibit AJ50. Do you understand, Ms Coonan, that this memorandum only looked at the situation where cash deposits made at a bank branch  
15 had been aggregated into SYCO?

MS COONAN: Yes, I understand that.

MS SHARP: So it didn't look at all possible incidents of structuring; you  
20 understand that.

MS COONAN: No. Well, it didn't look at the deposits.

MS SHARP: Well, it didn't look at all instances of structuring because it only  
25 looked at those incidents of structuring where they had ultimately been aggregated into the accounts of SYCO.

MS COONAN: Well, it didn't look at the patterns, yes, apart from the aggregation into SYCO.  
30

MS SHARP: Can I take your attention, please, to paragraph 7(a) on the next page, being pinpoint 0003.

MS COONAN: Yes.  
35

MS SHARP: And you will see it refers to the period between July 2013 and December 2019?

MS COONAN: Yes.  
40

MS SHARP: And you will see that it relates to the Riverbank accounts if you look at the paragraph under that little table.

MS COONAN: Yes. That's correct.  
45

MS SHARP: So this is the – so we're looking at the subset of structured transactions where there's been aggregation, but even within that subset the

aggregated deposits comprised 15.74 per cent of the total number of credits to the Riverbank account in that period July 2013 to December 2019.

5 MS COONAN: You're probably correct, Ms Sharp, but I just can't see where you are in the document.

MS SHARP: Yes. If I could draw your attention – underneath that little table, do you see there's a sentence that says:

10 *The instances of aggregated deposits - - -*

MS COONAN: Yes.

15 MS SHARP:

*- - - referred to above therefore comprised 15.74 per cent of the total number of credits.*

20 MS COONAN: Yes.

MS SHARP:

*- - - to the Riverbank account.*

25 Now, that is a fairly significant number of the total number of credits overall, isn't it?

MS COONAN: Yes.

30 MS SHARP: Even in this subset of structured deposits we see that 15.74 per cent appear to have been structured.

MS COONAN: Yes.

35 MS SHARP: Now, were you aware that this memorandum did not look at cash deposits that took the form of QuickCash deposits?

MS COONAN: I am now. I don't know that I was aware of it earlier when the memo was circulated.

40 MS SHARP: Well, I think you're going to say no to this, but let me put it to you anyway. Were you aware that in the case of the Southbank accounts in the period September 2014 to January 2016 there were in fact 123 separate QuickCash deposits?

45 MS COONAN: Well, I don't know that, but if – if you tell me that that's correct, I would accept it for the purposes of the questions you want to put.

MS SHARP: And again, you probably won't be able to say yes to this, but let me put it anyway. In the period August 2014 to December 2015 there were 80 QuickCash deposits in the Riverbank bank accounts.

5 MS COONAN: Yes, it's the same answer, Ms Sharp.

MS SHARP: Yes. But these are not matters that have been drawn to the board's attention at this stage.

10 MS COONAN: No, the report is – or the investigation is incomplete.

MS SHARP: Yes. So that comprehensive investigation of the accounts that Mr Barton said should have occurred in 2014 after ANZ closed the Riverbank and Southbank accounts is still not complete.

15 MS COONAN: No, it's – it should be to us pretty soon.

MS SHARP: Now, you joined the Crown Resorts board shortly after ceasing to be a member of Parliament.

20 MS COONAN: Yes.

MS SHARP: How was it that you came to join the board of directors?

25 MS COONAN: At about the time I was leaving, or it may have been shortly after, a third party put Mr Packer and I in contact with each other, and we had a conversation about whether I would be interested in joining Crown – the Crown board. It wasn't Crown Resorts then; it was Crown Limited.

30 MS SHARP: May I take it when you refer to Mr Packer, you're referring to Mr James Packer?

MS COONAN: Yes.

35 MS SHARP: And had you met Mr James Packer prior to that?

MS COONAN: Yes, I'd met him several years earlier. The Packer family were media proprietors at the time that I was the communications Minister.

40 MS SHARP: And on how many occasions had you met him prior to that?

MS COONAN: Prior to being the Minister? Do you mean - - -

45 MS SHARP: No, prior to joining – prior to having that discussion that led you to join the board.

MS COONAN: Maybe about three or four.

MS SHARP: Have you had any previous experience in the casino industry?

MS COONAN: No, but I made a study of it. I went and visited – in the time available to me; I visited Singapore and I visited the Genting properties; I visited  
5 the Marina Bay Sands; and I spent upwards of about half a day with the Singaporean regulator. At that time the regulations were very much based on the VCGLR.

MS SHARP: Have you at all times while you've been a director of Crown Limited, later Crown Resorts, regarded yourself as being a director independent of CPH and  
10 Mr Packer?

MS COONAN: Very much so.

MS SHARP: Is it correct to say that you're presently the chair of the Mineral  
15 Councils of Australia?

MS COONAN: Yes.

MS SHARP: Mineral Council of Australia.  
20

MS COONAN: Minerals Council of Australia.

MS SHARP: I think we established last week that you're the chair of the Australian  
25 Financial Complaints Authority.

MS COONAN: Yes.

MS SHARP: And you're the chair of Place Management New South Wales which  
30 was formerly the Sydney Harbour Foreshore Authority

MS COONAN: No, it's now become a different organisation. It's called  
Placemaking New South Wales.

MS SHARP: Are you still the chair?  
35

MS COONAN: Yes, I'm still the chair.

MS SHARP: And you're the chair of Supervised Investments Australia Limited?

40 MS COONAN: Yes.

MS SHARP: And you are the chair of Snowy Hydro Retail Committee?

MS COONAN: No.  
45

MS SHARP: When did you cease in that role?

MS COONAN: Earlier this year when I took on – sorry, I ceased in June, but I was to come off that board when I became chair of Crown.

5 MS SHARP: Are you the co-chair of GRACosway Proprietary Limited?

MS COONAN: No, I'm the chair.

MS SHARP: You're the chair of that organisation now.

10 MS COONAN: Yes.

MS SHARP: So you're the chair of five or six institutions - - -

15 MS COONAN: That's correct.

MS SHARP: - - - that I just referred to.

MS COONAN: Yes.

20 MS SHARP: And in addition to that you are a member of the advisory council of JP Morgan?

MS COONAN: Yes.

25 MS SHARP: And you are a non-executive director of Obesity Australia Limited?

MS COONAN: No.

30 MS SHARP: When did you cease that role?

MS COONAN: A couple of years ago.

MS SHARP: Are you on the board of advice of Aon Risk Services Australia Limited?

35 MS COONAN: No.

MS SHARP: Are you a trustee board member of the Sydney Opera House?

40 MS COONAN: No.

MS SHARP: When did you cease in that role?

45 MS COONAN: About 2017, roughly.

MS SHARP: And is it right that you operate your own consulting firm, Coonan Consulting Services Proprietary Limited?

MS COONAN: Yes.

MS SHARP: Now insofar as Crown Resorts is concerned, of course, you're the chair, you're also the chair of the audit and governance committee?

5

MS COONAN: No.

MS SHARP: When did you cease that?

10 MS COONAN: When I became chair of the main board.

MS SHARP: Are you the chair of the corporate social responsibility board committee?

15 MS COONAN: No.

MS SHARP: Again, when did you cease that?

MS COONAN: The same time.

20

MS SHARP: How is it possible that you have the time to discharge the duties required of all of these organisations that you have acknowledged that you are still the chair or a member of?

25 MS COONAN: Some of them are very light duties; would you like me to run through them? To the best of my – just running through them, GRACosway is three meetings a year. The Minerals Council of Australia is, I think, four board meetings a year. The Australian – AFCA, the Australian Financial Complaints Authority, I think, is also four boards a year, and some committee work there. Where else:  
30 Supervised Investments is a very small fund manager. It's really a family – a family office and a smaller one and I think there are three meetings a year. I have adjusted my workload in such a way that when I became chair I was able to devote sufficient time to it, Ms Sharp, or I wouldn't have done it. I now devote about four days a week to Crown.

35

MS SHARP: Can I take you to one final document, please. If I could call up exhibit AJ51 which is CRL.719.001.0005, and I will have it brought up on the confidential link. I'm showing you a memorandum from Mr Barton to the board of directors dated 7 October 2020.

40

MS COONAN: I have that, Ms Sharp, yes.

MS SHARP: What I wanted to do was take you to the Gantt chart on the last page which is 0008.

45

MS COONAN: Yes, I have it.

MS SHARP: Now, if I can – you’ve got that in hardcopy, do you, Ms Coonan?

MS COONAN: Yes, I do. Thank you.

5 MS SHARP: Yes. Now, you’ll see that the Gantt chart ends on 14 December this year. Is that because that’s the planned opening date of Crown Sydney?

MS COONAN: No, I think that was – the only open-ended bit of it was a start date for the head of financial crimes and compliance. The choice should be made well  
10 and truly by then, by about mid- November. The only issue with that is whether or not the candidate is free to start then because sometimes, as you would appreciate, there has to be – there has to be gardening leave or at least a work-out period of employment.

15 MS SHARP: Is it right that what we’re looking at with this schedule are the reforms which Crown Resorts says will take place with respect to AML and dealing with junkets?

MS COONAN: Well, certainly it’s AML. I’m not sure that this document  
20 addresses dealing with junkets apart from the fact that we’ve ceased dealing with junkets and, as I’ve said in my evidence, whether or not we commence is a different matter entirely. So this really relates to – as I understand it, it relates to the reforms and the progress of those reforms that commenced some time ago with the joint program and which is now live in Perth. Obviously, it can’t operate in Melbourne  
25 yet. Ready to go in Sydney, subject to board approvals tomorrow. So that’s what that refers to. The Sentinel program, as you would recall, was the subject of some comment by Mr Jeans and the Sentinel program is now upgraded to a bespoke system to operate in connection, at least in Sydney, with a new casino management system, the IGT Advance system, which has built-in capability for AML,  
30 sophisticated data metrics and other assistance to capability to identify money laundering matters.

The reason it’s nowhere else at the moment is because there has to be a wind-down or the manual system has to operate in tandem with this new system in the other  
35 properties, but it’s not inhibited at all in Sydney and is ready to – virtually ready to go. In relation to – so then, of course, there’s some training in relation to it, but all that’s eminently achievable by end November. The recruitment is proceeding apace and, as you would have seen from the various papers, we’re in a position where I think there’s some six new positions including, of course, the appointment of the new  
40 AML person, and of course the new head of compliance and financial frauds. So – or financial fraud. So that’s the recruitment and that will be in place.

Initialism, of course, is engaged to do a couple of things (1) to go back and look at where there was – the aggregation problem and – in relation to Southbank and  
45 Riverbank, and to look at some data inputs in relation to that and to look further at the transaction monitoring source review, and Promontory, who are AML experts, have been engaged to look at both a vulnerability and capability assessment which is



underway, and there have been additional controls, of course, on cash deposits and notifying people. So that's the Gantt chart, and I think eminently achievable and certainly not rushed.

5 MS SHARP: Well, that was my very next question, Ms Coonan. In view of that very large number of activities programmed to take place, what do you say to the suggestion that this is all really rather rushed getting ready for 14 December?

10 MS COONAN: Well, look, I think it's a – it's a fair question, but – and it's one that I ask myself and I personally went down to the site. I have met all of the team managers across all of the operational areas, including the cage, surveillance, onboarding of members, because it's a very different casino, of course, being a members only and guests facility. It's a much smaller facility than the other casinos, but I wanted to satisfy myself that these operational matters were capable of  
15 operating and being done in time for the foreshadowed date.

MS SHARP: Even assuming for the moment that the head of financial crimes can start in mid-November, how much do you anticipate that that person can achieve in that month, that last month depicted in this Gantt chart?

20 MS COONAN: Well, it depends, of course, on who it is, but the person we have in prospect and have good reasons, from what we've seen from people who have been identified, will have the capability and the expertise of understanding these issues, having very good IT capability, understanding the sophistication of the sorts of  
25 things that we've seen throughout the course of this Inquiry, and be well and truly available to be able to hit the ground running, as the expression goes, otherwise we wouldn't be putting or accepting that person. If it took longer to find the right person we would do that, but I'm confident from the short list I've seen that there are at least one or two people there that I think would be very capable of getting across this  
30 because of their prior expertise.

MS SHARP: Ms Coonan, has the board of directors had any discussion regarding the prudence or appropriateness of opening the Crown Sydney casino in mid-December this year given that this suitability review will be reporting on 1 February  
35 next year?

MS COONAN: Once again, it's a reasonable question, and I appreciate the sensitivities. As far as the – let me just deal with the first part of your question. The board hasn't had an opportunity to discuss matters the subject of our evidence and  
40 our statements and our thinking, so forgive us for that because we've been trying to observe the proper process. But how 14 December came about, which I'm sure is a matter exercising everyone's mind, is on – on or about – I think it was 19 February, which was our half year results, it was announced to the Stock Exchange that 14 December was the proposed opening date. I think it was in that ASX release. It  
45 might have been in another one, but thereabouts. And that had come about because the building had been – was ready to be delivered on the 7<sup>th</sup>. And that was always

going to be the date of practical completion, once the building can be handed over. All sorts of consequences flow under our agreements.

5 The building was enabled to be handed over earlier than was thought might be the case very early in the piece, going over to January or February, because of fairly advanced building techniques. So the building has been finished and built from the inside as well as the outside. So it's enabled it to be brought in on budget and on time and – so that's how the 14th of December got there. And, since that time, there have been – the management of Crown has been engaged extensively with various  
10 agencies and/organs of the New South Wales Government and, as I understand it, the regulator, to be in a position to deliver the build – to deliver the opening by the 14th of February in connection with the Barangaroo development milestones which, of course, is – was the government's milestone. So whether or not we open, with the greatest of respect, is not entirely Crown's decision, but I appreciate, as I say, the  
15 sensitivities.

MS SHARP: Ms Coonan, you mentioned earlier in your evidence that Mr Felstead was moving on. Did you lose confidence in him?

20 MS COONAN: Well, I think it was a combination of not being confident in having Mr Felstead continue, but it was commensurate with his desire to retire. Mr Felstead has been with the company for a number of years, and he has done very many good things. I'd be personally very disappointed at how this has all played out, but the decision about whether or not I have confidence in him has been cured, because he  
25 has elected to – to move on.

MS SHARP: But did you lose confidence in him?

30 MS COONAN: Well, I don't have confidence in him to continue.

MS SHARP: How about Mr Preston?

MS COONAN: Well, I think Mr Preston might be in a slightly different category. He was wearing a lot of hats. I think we need to understand that he may have had –  
35 had too much to do. I wouldn't want Mr Preston to be continuing in the prominent roles he had, but I wouldn't preclude the fact that there might be some part of the business where Mr Preston might be suited and able to continue. I don't know. But I would be, of course, keen to know what Mr Preston's views are. It may be that he doesn't wish to go on.  
40

MS SHARP: And how about Mr Barton?

MS COONAN: Yes. Look, I've been disappointed in some of the judgments made by Mr Barton that I've become aware of in the course of the hearing. However, I  
45 think that Mr Barton has shown a keen appreciation of the need for change. He's worked diligently and carefully with me and with the board to be able to outline what

needs to change and I think he is the best person to be able to drive those, together with the board's supervision.

MS SHARP: Ms Coonan, in the 10 August 2020 board paper, it was stated:

5

*The right risk and compliance culture starts with senior leadership, who set the example for the rest of the business.*

Do you agree with that?

10

MS COONAN: Yes. I mean, I – I think that culture is – well, that's certainly one way to put it. I think that's a bit of management speak. Just trying to break it all down so that people can understand it. I think, putting it very simply, what culture is all about and, certainly, a culture of compliance, is having a shared set of values and expectations that are very clearly able to be conveyed and, in this, to – to employees that they know how they're expected to respond; that they're certainly encouraged to do so; and there are consequences and alignments in remuneration if they don't. I mean, that's a very simplistic version of it, but I think we have signalled – and we will be signalling in the clearest of terms – that we are all about a culture of compliance. We've talked about that. And we're investing in people with the right attitudes and the right skills and the structural changes, I think, we've made and making also convey, in the clearest of terms, what kind of culture we want at Crown.

15

20

MS SHARP: Now, at all times since you've been a director of Crown Resorts, you've been a senior leader of the business, have you not?

25

MS COONAN: No, I haven't. But I became increasingly more involved in leadership positions as time went on.

30

MS SHARP: But it's right, isn't it, that the tone is to be set from the top?

MS COONAN: Yes.

MS SHARP: And the board is the top; is it not?

35

MS COONAN: Yes.

MS SHARP: The board is responsible for the strategic direction of the business?

40

MS COONAN: Yes, that's true.

MS SHARP: You would agree that there have been very serious shortcomings in the culture of compliance at Crown during the period that you have been a director of Crown Resorts?

45

MS COONAN: Yes, I've said earlier I think there are shortcomings, or there have been shortcomings.

MS SHARP: What responsibility do you accept for those shortcomings?

MS COONAN: Well, the board is responsible for strategic direction and risk appetite. As I've said during the course of our exchanges, Ms Sharp, it's a complex  
5 matter, because the board can set a risk – a proper risk appetite, it can have a proper strategic direction and there can be failings in how it's implemented. So I think that that's the issue here. And I do think that that can be sheeted home to, perhaps, a feeling that the culture enabled that balance of commercial achievements over  
10 compliance to – well, not exactly rule, but to guide or, certainly, to take precedence over culture in the terms – in the ways in which management brought about some of the operations of the business.

MS SHARP: Do you consider that Crown Resorts is presently a suitable close  
15 associate to the Crown Sydney licensee?

MS COONAN: Well, that's very much a matter for this Inquiry, so I respectfully understand that. I think the question is can we be? And I think that we have demonstrated very clearly that we've understood that there's a way to go to be able  
20 to demonstrate how we mean to operate this licence. I do think that we are ready and suitable and, obviously, we'll respect and listen to the recommendations of the Inquiry.

MS SHARP: I have no further questions, Commissioner.

25 COMMISSIONER: Thank you, Ms Sharp. Ms Coonan, you indicated a little earlier that you hoped to be given the opportunity to say something. May I give you that opportunity?

MS COONAN: Yes. Thank you. I think I was referring about culture, and Ms  
30 Sharp gave me a very fulsome opportunity, but there are a couple of other comments I might – I might make. One is that, along with you, Commissioner, I have great regret that this Inquiry has run the course it's run. In other circumstances, I would have much preferred to have something in the – more like a statement of agreed facts or a better way of engaging on these matters than having to have had such exhaustive  
35 hearings. I said, at the time that I became chair – and I really mean, and it's on the record – that I do think that, even though it can be very difficult, sometimes you come out of these processes better than when you went into them. So I think that there's very much lessons to be learned. And I certainly want to give you the assurance that, as the leader of this company, I am ready to stay the course and ready  
40 to ensure that what we see as the necessary changes are implemented and adhered to if given the privilege of being able to continue.

COMMISSIONER: You said – thank you for that. You said to me a little earlier  
45 that – and you've said it again – that when the opportunity, if I put it that way, came up, it was difficult for you to decide, but you said that you needed to stay the course. And you will stay the course because you're very invested. Can you just let me understand what you meant by that?

MS COONAN: Yes. Having done this; having taken over the chair of Crown is a major undertaking, in my estimation. Running a public company of the size and complexity of Crown with huge responsibilities to the government, to the regulators, to stakeholders, to shareholders, and the broader community. So it's a very  
5 significant matter to take it on, but I'm invested in making sure that we get through this and, if given the opportunity to continue, I will make sure, in my role, as chair of Crown that, you know, we implement it and we stick to it.

COMMISSIONER: Yes, I see. Just let me see if Mr Young has any clarification.  
10 Mr Young?

MR YOUNG: Commissioner, yes, I do have some – a few clarifications and questions.

15 COMMISSIONER: Yes, of course. Please proceed, Mr Young.

**<EXAMINATION BY MR YOUNG**

**[3.06 pm]**

20 MR YOUNG: Thank you. Ms Coonan, on Friday, and again today, you have made reference to the fact that there have been a number of ongoing inquiries – I think you said about five – through which the board was obtaining progressive information about shortcomings and failures. Do you recall that?

25 MS COONAN: Yes.

MR YOUNG: And you did say that, to some extent, the board was piggybacking on the information that was becoming available through those other inquiries. Do you  
30 recall that?

MS COONAN: Yes, I do.

MR YOUNG: Now, when you first mentioned it, you mentioned two processes of inquiry. The first was the class action relating to the events that had transpired in  
35 China leading up to the arrests.

MS COONAN: Yes. Yes.

40 MR YOUNG: Could you just briefly explain to the Commissioner the process by which the board obtained information about the facts and circumstances leading up to the arrest and the issues in the case in that process of inquiring in connection with the class action.

45 MS COONAN: Yes. Initially – I will withdraw that. What, in fact, happened was that Mr Richard Murphy had been retained by the company in respect of those matters and attended board meetings to provide regular updates. At first, it was very

much about the law in China, what had happened, how we could help our people. We had a lot of assistance on the ground to provide help to our – to the people who were detained. And then we got down to, through successive reports from Mr Murphy, into understanding more about what it was that went on, you know, prior to  
5 the arrests. So it was a look-back then into how it had all happened. On my reckoning, Mr Murphy, or others from MinterEllison, would have given at least 20 reports about those matters and about – once the – and once the class action started, of course, it was possible to see how things were framed and how evidence was being adduced.

10 MR YOUNG: Yes. Ms Coonan, did you become aware, through this process, that one of the issues in the class action concerned the existence of risks of operations in China and how those risks had been dealt with?

15 MS COONAN: Yes.

MR YOUNG: And did Mr Murphy make reports about those circumstances?

20 MS COONAN: Yes, he did.

MR YOUNG: Now, a second category of inquiry you mentioned was the process of inquiry by the VCGLR.

25 MS COONAN: Yes, that's true.

MR YOUNG: Do you recall that?

MS COONAN: Yes, yes.

30 MR YOUNG: Can I just ask whether you recall this: do you recall that drafts of the sixth review were made available to Crown and they were provided to board members at a board meeting in the middle of 2018?

35 MS COONAN: Yes, I remember that.

MR YOUNG: Yes. And did that 2018 draft by the VCGLR go into detail about what failures and shortcomings had occurred in previous years?

40 MS COONAN: It did address that, yes.

MR YOUNG: Now – and at that stage was the China events leading up to the arrests, was that part of the consolidated draft sixth review report?

45 MS COONAN: It was and then, of course, there was the other very detailed review into the China matter - - -

MR YOUNG: Yes.

MS COONAN: - - - by the VCGLR.

MR YOUNG: Yes. Subsequently, was the China bit separated from the sixth review and made the subject of a separate report?

5

MS COONAN: Yes, it was very, very detailed. Yes.

MR YOUNG: Yes. And that was the draft report that you were asked questions about. I think it was exhibit MFIB.

10

MS COONAN: Yes, I recall that.

MR YOUNG: Yes. Now, in addition to those reports, today you mentioned a report by AUSTRAC. Was that a compliance review?

15

MS COONAN: Yes, it was.

MR YOUNG: Was that one of the reports that you had in mind when you said the board was obtaining progressive information about issues that had arisen?

20

MS COONAN: Well, that was really related more to junkets and compliance, but it was part of assembling information. Yes.

MR YOUNG: Yes. Now, were there any other reports that provided progressive information that you had in mind when you gave the evidence to which I've referred?

25

MS COONAN: Yes. The ACLEI report, which related to the visa matters.

30

MR YOUNG: Yes.

MS COONAN: And Crown's – Crown's support of applicants in China - - -

MR YOUNG: Right. Thank you.

35

MS COONAN: - - - for visa.

MR YOUNG: Can I move to the questions that you were asked this morning about visas.

40

MS COONAN: Yes.

MR YOUNG: The first document you were taken to was exhibit S2, which is – I have difficulty reading this, but it's – I think it's CRL.571.001.0043.

45

MS COONAN: Yes.

MR YOUNG: Do you have a copy of exhibit S2 in front of you?

MS COONAN: I think so. Yes.

5 MR YOUNG: Now, your attention was drawn to the email at the bottom of that page from Mr Tudehope of DFAT - - -

MS COONAN: Yes.

10 MR YOUNG: - - - of 20 October 2010.

MS COONAN: Yes.

15 MR YOUNG: Were you a director of Crown at that date?

MS COONAN: No.

20 MR YOUNG: No. And, now, was it your understanding, when you were asked questions about that this morning that the comments in Mr Tudehope's email related to the period leading up to October of 2010?

MS COONAN: Yes, I – I think that's correct.

25 MR YOUNG: Yes. Now, what is your understanding as to what happened in 2011 in relation to the visa process, as discussed between Crown and DFAT?

30 MS COONAN: My understanding was that DFAT requested Crown's assistance with details and information about people who were applying for a visa. So it was a cooperative effort between DFAT and Crown to facilitate the ease of visas.

MR YOUNG: Yes. Now, Ms Coonan, can I take you to exhibit S6, please. It's CRL.571.001.0016.

35 MS COONAN: Yes.

MR YOUNG: Now – and I'll ask you to assume that this is a proposal from the Department of Immigration and Citizenship of about June 2011, that the department provided to Crown.

40 MS COONAN: Yes. I'll make that assumption.

45 MR YOUNG: Yes. Now, can I draw your attention to what appears at page 4, last paragraph. Just read that to yourself for a moment. Now, does that paragraph outline what you understood to be the kind of process that was proposed by the department and agreed to by Crown to carry forward from 2011?

MS COONAN: That's correct.



COMMISSIONER: You see just on that, what the department was saying is, "If Crown does it, we'll have more confidence." Do you see that?

MS COONAN: Yes, it seems to suggest that, Commissioner.

5

COMMISSIONER: Yes. So when these checks are completed, that is, the checklist that Crown will do, DIAC will have more confidence. So, although it was a cooperative process, it was clear that DIAC was depending upon Crown, in a way, to, once again, give these applicants a bit of a tick. Do you agree with that?

10

MS COONAN: Yes, in a way. I – I – I don't know. But I think that that's a – certainly an interpretation that's open, Commissioner.

COMMISSIONER: And the last thing you'd want to do is to get involved, one would have thought, with endorsing people or supporting people about whom there could be these sorts of inquiries later on. Would you agree with that?

15

MS COONAN: I don't think it would happen now, Commissioner. And I don't think it would happen with the department, with DIAC, or whatever - - -

20

COMMISSIONER: Yes, thank you. Yes.

MR YOUNG: Ms Coonan, was it your understanding that it was the department that put forward the checklist?

25

MS COONAN: Yes.

MR YOUNG: Can I take you to the next exhibit, exhibit S7. That's CRL.570.001.0797.

30

MS COONAN: Yes.

MR YOUNG: And you'll see from the cover letter that this is Crown's response to the suggestions that the department was putting forward.

35

MS COONAN: Yes.

MR YOUNG: Now - - -

40 MS COONAN: To Mr Craigie. Yes.

MR YOUNG: Yes. Now, can I draw your attention to the top of page 2, the first paragraph under the heading Issue 1?

45 MS COONAN: Yes, I've got it. Yes.

MR YOUNG: And that refers to the checklist that the department had provided to Crown. Do you see that?

MS COONAN: Yes, yes.

5

MR YOUNG: And Crown, under the heading Crown Comments, Crown responds to the department's suggestion. Do you see that?

MS COONAN: Yes. Yes, I see that.

10

MR YOUNG: Now, can I take you across to the checklist. And can I draw your attention to page 9 in the checklist propounded by the department.

MS COONAN: I'm sorry. I'm just lost a bit here.

15

MR YOUNG: I'm sorry. I should give you the pinpoint, .0805.

MS COONAN: Yes. Thank you. Got it.

20

MR YOUNG: And you'll see the last item is:

*Level of Crown support.*

MS COONAN: Yes.

25

MR YOUNG: And there were three boxes.

MS COONAN: Yes.

30

MR YOUNG: And one of them was:

*Crown does not support this application.*

MS COONAN: Yes, I see that.

35

MR YOUNG: Yes. Then can I ask you to go to exhibit S8 that you were taken to this morning. That's the department's letter at CRL.571.001.0008.

MS COONAN: Yes, I have it.

40

MR YOUNG: Now, this is a year later, roughly. The department writes – and you were taken to this this morning:

*The department staff have developed a more streamlined checklist to help Crown focus on key issues when assessing applicants.*

45

Do you see that?

MS COONAN: Yes. Yes, I see that.

MR YOUNG: And the sentence continues:

5       *This checklist does not circumvent our legislative requirement to be satisfied  
that each applicant is genuine and the need for assessments by the department.*

MS COONAN: Yes.

10      MR YOUNG: Now, was that your understanding throughout, that nothing Crown  
was doing would circumvent the department's processes?

MS COONAN: Yes, I was broadly aware of this, yes.

15      MR YOUNG: Yes. Now, can I take you to the checklist that you were taken to.  
You were taken to the last item, "supporting material". Now – and so insofar as  
that's - - -

MS COONAN: Sorry.

20

MR YOUNG: It's pinpoint 0010, the last item.

MS COONAN: I will just get my assistant to make sure I've got the right page, Mr  
Young.

25

MR YOUNG: So this is the revised checklist that the department wants Crown to  
fill out. Do you see that?

MS COONAN: Yes, that you showed me earlier, yes.

30

MR YOUNG: Yes. And you will note that the – the box for "Crown does not  
support" has been removed by the department.

35      MS COONAN: Sorry – I'm sorry, Mr Young, I will just have to give my assistant  
an opportunity to just take me to that.

MR YOUNG: Sure.

MS COONAN: Sorry. May we just have the tab number again?

40

MR YOUNG: It's exhibit S8 and I'm going to the attachment to S8.

MS COONAN: Yes. Thank you. Yes. I have that now.

45      MR YOUNG: If you look at the last item at .0010, under the heading Supporting  
Material - - -

MS COONAN: Yes.

MR YOUNG: - - - and if I can ask you to recall the previous form of checklist.

5 MS COONAN: Yes.

MR YOUNG: One of the options has been removed in this - - -

MS COONAN: Yes.

10 MR YOUNG: - - - departmental streamlined checklist, has it not?

MS COONAN: Yes, it has.

15 MR YOUNG: Thank you. I'm going to move to another matter, Ms Coonan, so you can put that to one side. You were asked some questions this morning concerning some AUSTRAC-related documents. Can I take you, please, to the first of those; it is exhibit BE82. The document is CRL.606.001.0211.

20 MS COONAN: Yes, thank you very much. I've got that now.

MR YOUNG: Now, do you recall that Ms Sharp took you to this email which has got a heading re AUSTRAC Follow-Up from May Visit Mr Chau.

25 MS COONAN: Yes.

MR YOUNG: Do you see that?

MS COONAN: Yes.

30 MR YOUNG: Now, just – could you read the short email to yourself for a moment because I want to ask you a question relating to it.

MS COONAN: The top one?

35 MR YOUNG: Yes, the top email. Thank you.

MS COONAN: Thank you. Yes.

40 MR YOUNG: Do you see that email refers to a question being raised by AUSTRAC as to the appropriateness of Crown's continuing dealing with Mr Chau?

MS COONAN: Yes.

45 MR YOUNG: Now, did this query from AUSTRAC lead to a lengthy period of engagement between Crown and AUSTRAC relating to Mr Chau and Suncity?

MS COONAN: Yes, I understand that to be the case; it went on for some time.

MR YOUNG: Yes. And what's your understanding as to the outcome of that process of engagement between Crown and AUSTRAC concerning Mr Chau?

5

MS COONAN: My understanding – and I think it was a report in one of – a CEO report was that the engagement, or the exchanges between Crown and AUSTRAC on this matter had concluded and that there were – that AUSTRAC was not taking any further action.

10

MR YOUNG: All right. Thank you. Now, I want to take you to another document you were taken to this morning by Ms Sharp. It was exhibit BE89. The document is CRL.609.007.8721.

15 MS COONAN: Yes, I have it.

MR YOUNG: Now, do you recall being taken to that letter from Crown signed by Mr Preston to an officer of AUSTRAC?

20 MS COONAN: Yes.

MR YOUNG: You were taken to a number of items in the attachment where there were a number of item numbers.

25 MS COONAN: Yes.

MR YOUNG: Do you recall that?

MS COONAN: Yes, I do.

30

MR YOUNG: And you were taken, amongst other things, I think, to items 10 and 13.

MS COONAN: Yes.

35

MR YOUNG: Now, I wanted to ask you about an item I don't think you were taken to which is item 16. Could you just read item 16 to yourself for a moment.

MS COONAN: Yes.

40

MR YOUNG: It goes over the page.

MS COONAN: Yes. Thank you. I will – I will, yes. Yes, I've read that and – sorry, over the page, yes. Yes, I – I've read that now, Mr Young.

45

MR YOUNG: Now, was the fact that Crown Melbourne had implemented those additional controls listed in item 16 brought to the attention of the board in board papers?

5 MS COONAN: Yes, it was. It was a report to the board and I've, in fact, referred to this in my statement, if I'm not mistaken.

MR YOUNG: Yes. Thank you. Commissioner, that exhausts my list of questions.

10 COMMISSIONER: Thank you, Mr Young. Anything – is that Mr O'Brien there; sorry, Mr O'Brien.

MR O'BRIEN: It is, Commissioner.

15 COMMISSIONER: Yes. Any questions, Mr O'Brien?

MR O'BRIEN: A few, Commissioner, if I may.

COMMISSIONER: Yes. Yes, Mr O'Brien.  
20

**<EXAMINATION BY MR O'BRIEN**

**[3.28 pm]**

25 MR O'BRIEN: Ms Coonan, could you please be shown AA179, and the CRL number is CRL.503.001.0005.

MS COONAN: Just trying to locate it, Mr O'Brien.

30 COMMISSIONER: Bring it up on the screen, please, if you have it on the screen as well. It's the board meeting of 12 June 2019 minutes.

MS COONAN: Yes. Yes, thank you, Commissioner.

35 MR O'BRIEN: Ms Coonan, you were asked some questions about the in-camera session which happened at the end of this meeting. Do you recall that?

MS COONAN: Yes.

40 MR O'BRIEN: Can you take it from me that agenda item number 15 was the in-camera session and read to yourself who was present and by invitation and whether or not they were there for agenda item 15?

COMMISSIONER: Would you like to tell us the number, please, Mr O'Brien?  
45

MR O'BRIEN: It's on the page currently displayed, the front page of the minutes.

COMMISSIONER: I see.

MR O'BRIEN: I'm just saying take it from me that agenda item number 15 is the in-camera session, and you'll see that the minutes refer to different agenda items.

5

COMMISSIONER: I'm terribly sorry, Mr O'Brien; it appears we could be at cross-purposes because what I have on the screen is CRL.503.001.0005. If you would like to give me the number that you say that we should be looking at I would be most grateful.

10

MR O'BRIEN: Commissioner, you have the correct document on it. What I'm pointing out is that particular people are only there for agenda items 1 to 14.

COMMISSIONER: I see.

15

MR O'BRIEN: As recorded there.

COMMISSIONER: Yes, by invitation. They're the by invitation people.

20

MR O'BRIEN: And I can go to the agenda to make good the point, but I just thought I would try and shortcut things by saying - - -

COMMISSIONER: Yes, that's all right. You proceed, Mr O'Brien.

25

MR O'BRIEN: Do you follow, Ms Coonan?

MS COONAN: I do. Yes, I do, Mr O'Brien.

30

MR O'BRIEN: Thank you very much. Now, if you could please kindly turn to 0017 – sorry, 000 – no, that's right, 0017.

MS COONAN: Yes.

35

MR O'BRIEN: And you will see there that it's recorded that the executive chairman and the non-executive directors met in the absence of management.

MS COONAN: Yes.

40

MR O'BRIEN: And you will see below that that representatives of Consolidated Press Holdings addressed the board.

MS COONAN: Yes.

45

MR O'BRIEN: Does it accord with your recollection that the in-camera session was not attended by management but was attended by the CPH representatives?

MS COONAN: I think that's correct.

MR O'BRIEN: Nothing further from me. Thank you.

COMMISSIONER: Thank you, Mr O'Brien. Ms Case, anything?

5 MS CASE: No, thank you, Commissioner.

COMMISSIONER: Ms Sharp, anything arising?

10 MS SHARP: No, Commissioner.

COMMISSIONER: Ms Coonan, there's just a couple of things I wanted to cover with you.

15 MS COONAN: Yes, Commissioner.

COMMISSIONER: I just want to be sure; is it the case that I've understood your evidence that it was between the time that you gave evidence on Friday part-heard to today that you were notified by AUSTRAC that there was to be an investigation?

20 MS COONAN: I just can't be sure of the exact time, but it's literally within the last couple of days.

COMMISSIONER: But I'm just wanting to be sure that it was whilst you were part-heard in your evidence that you received this notification. Is that right?  
25

MS COONAN: No, I don't think so other than publicly.

COMMISSIONER: I see. So just let me understand. You gave evidence on Friday before the Inquiry.  
30

MS COONAN: Yes. Yes.

COMMISSIONER: That was, as I apprehend it, 16 October.

35 MS COONAN: Yes.

COMMISSIONER: And you were at some stage, as chairman – pardon the expression – of Crown notified of the AUSTRAC investigation.

40 MS COONAN: Yes.

COMMISSIONER: And do I understand you to have told me that it was between last Friday and today some time that you were notified of this?

45 MS COONAN: No, I'm not sure when I was notified. I can certainly – I can certainly go and get it, but I can't – I can't actually recall now - - -



COMMISSIONER: So it may have been before you started your evidence.

MS COONAN: Quite possibly. I've known that this is on foot, that there's - - -

5 COMMISSIONER: I see.

MS COONAN: - - - that there was – that AUSTRAC had this investigation and then it's obviously a different matter when it proceeds to, you know, a formal matter.

10 COMMISSIONER: Yes, of course.

MS COONAN: So I just can't recall when that was, but the matter has been before AUSTRAC for over a year.

15 COMMISSIONER: I was really focusing on when it was because I had understood from your earlier evidence that it was either yesterday or Sunday that you were notified of it whilst you were part-heard before the Inquiry, but now on clarification it seems that you may have known - - -

20 MS COONAN: I think it must have been before.

COMMISSIONER: - - - may have known about – may have known before it before you gave your – started to give your evidence. Is that right?

25 MS COONAN: I think that's correct, and there was also publicity as well.

COMMISSIONER: Publicity?

MS COONAN: I think it was announced by AUSTRAC.

30 COMMISSIONER: No, I'm talking about the – I'm talking about the announcement that you made, that is, Crown made yesterday morning on the ASX platform - - -

35 MS COONAN: Yes.

COMMISSIONER: - - - that AUSTRAC had decided to commence the enforcement inquiry or whatever it's called. Do you remember that?

40 MS COONAN: Yes. Yes, I do. Yes, I do.

COMMISSIONER: And so just to be clear so that I do have it correctly - - -

MS COONAN: Yes.

45 COMMISSIONER: - - - that was something – that was something of which you were aware before you went into the witness box – virtual witness box on Friday.

MS COONAN: Yes.

COMMISSIONER: Is that right?

5 MS COONAN: Yes, I – I think that's true. That's correct.

COMMISSIONER: I see. Yes. Thank you for that clarification. You said a little while ago that you would have preferred to proceed in the Inquiry by way of agreed statement of facts. Do you remember saying that?

10

MS COONAN: Yes, if that were possible to get to that point. In another jurisdiction, I'm sure we'd have perhaps approached it differently.

COMMISSIONER: I have a feeling you're referring to the commercial list.

15

MS COONAN: How could you possibly think that, Commissioner?

COMMISSIONER: In any event – in any event, it does seem, certainly, on the 21st of January, when we opened these proceedings, when we opened the Inquiry, it was something that I suggested, in short form, that, where there was no issue about problems - - -

20

MS COONAN: Yes.

25 COMMISSIONER: - - - I did expect everyone, including Crown - - -

MS COONAN: Yes.

COMMISSIONER: - - - to, in fact, just indicate that there was no issue. And I think you may have been referring, in part, to that, were you?

30

MS COONAN: I remember your opening comments and thinking about that. Without – without wishing to stray too far into it, although, of course one has a lot of people who advise you on these things and - - -

35

COMMISSIONER: Yes.

MS COONAN: - - - so I think you can draw conclusions from that, Commissioner.

COMMISSIONER: I'm grateful for that indication, Ms Coonan, and I understand it. I just wanted to, then, raise with you the question of the advertisement, if I may go back to it. If we could just bring it up, please, INQ – and Ms Sharp will correct me if this reference is wrong – INQ.100.010.0896. There are a myriad of numbers, but that one might work. Yes, there it is. So could you please bring up junket operators. Thank you. If you put all of the junket operators in large form for us. Thank you. As I understand your evidence, Ms Coonan, in the last paragraph - - -

40

45

MS COONAN: I'm sorry. I apologise, Commissioner, I don't have it.

COMMISSIONER: That's got to be given – it's an open document, please. Put it on – or whatever you can do to give it to Ms Coonan on the live feed or the –  
5 whatever it is. Do you have it now, Ms Coonan?

MS COONAN: Yes, I have it.

COMMISSIONER: Now, as I understand what you've said earlier the bottom  
10 paragraph I would accept from you that you no longer would use the word "robust"; correct?

MS COONAN: That's correct.

15 COMMISSIONER: And I think you've referred to the word "extensive",.

MS COONAN: Yes.

COMMISSIONER: And I understand that. Now, can we go to the next section,  
20 anti-money laundering, please, and just highlight that bottom paragraph for me – for us. Thank you:

*The program also made various allegations of money laundering, implying that Crown facilitates it or turns a blind eye to it.*  
25

MS COONAN: Yes.

COMMISSIONER: I understand, from your position, that you resist any suggestion that Crown turned a blind eye to it; that's correct, isn't it?  
30

MS COONAN: In the deliberate sense of that. Yes.

COMMISSIONER: Yes. And – but you would accept that, in the negligent sense, or in the sense of overlooking things or not willing to turn the eye to, without  
35 deliberate; is that what you're saying? Or how do I read that?

MS COONAN: Yes. What I said was whether it's – I think I used the word "ineptitude" or "lack of attention to detail" or "lack of training" or whatever - - -

40 COMMISSIONER: Yes.

MS COONAN: - - - there was that unfortunate outcome.

COMMISSIONER: Yes. All right. And then facilitates – so there were two – there  
45 were two allegations here: one was facilitates it; one was turned a blind eye. I think you accepted this morning, or during the course of the day, that, on one view of it, what had happened was a facilitation of money laundering. You agree with that?

MS COONAN: I think it enabled it. Yes.

5 COMMISSIONER: Yes, enabled it. And so if we could then go to the top paragraph on the second column, please, as “Nine Fairfax”, etcetera, “would be aware”. Now, This is a paragraph that I read as intending to convey that Crown was constrained to talk about some of the things because of the AUSTRAC regulations. Is that a reasonable - - -

10 MS COONAN: Yes, I think that was certainly the gravamen of what I understood that to be.

COMMISSIONER: Yes. And so what you were doing – I withdraw that. Yes. What you were doing was saying Nine and Fairfax knows that we’re constrained. Do you see that in the first sentence?

15 MS COONAN: Yes.

COMMISSIONER: And, therefore, we’re constrained. We can’t talk about a lot of things that we would like to talk about.

20 MS COONAN: Yes. I think that’s the purport of it, yes.

COMMISSIONER: And so combined with what we’ve seen during the Inquiry – and I have assumed that Crown has been compliant because of these constraints –  
25 you’d would agree that, if Crown could have spoken, it could have indicated all the problems that we’ve seen in the Inquiry. Do you agree with that?

MS COONAN: Yes, I think that’s probably right. Yes.

30 COMMISSIONER: Yes. So in terms of being constrained, it probably is verisimilitude to a bald narrative, isn’t it?

MS COONAN: Yes, probably. Yes.

35 COMMISSIONER: Yes. All right. And then can we go to the bottom paragraph under the detentions in China. And I accept, unreservedly, that you regard this as highly inappropriate; do you not?

40 MS COONAN: Yes, I do.

COMMISSIONER: And, you see, what was done here was to, effectively, suggest that this young lady was a gold digger. You’d agree with that?

45 MS COONAN: Yes, it’s – it’s most unfortunate. And I certainly would prefer it had not have been there.

COMMISSIONER: It would have been better to apologise to her, wouldn’t it?

MS COONAN: Yes.

COMMISSIONER: I know it's alleged that there were a lot of documents leaked from Crown, but to really suggest that a young woman, who was jailed in China –  
5 and you don't want to think about that – here she is, being suggested that she's seeking 50 times her annual salary – do you know what her annual salary was?

MS COONAN: No, I don't, no. I – I know what she was paid at the conclusion of her employment, but I don't know what her annual salary was.  
10

COMMISSIONER: I think that the CPH directors would have been able to make it in a month on their retainers under the services agreement, Ms Coonan, if you accept that from me.

MS COONAN: That's quite likely.  
15

COMMISSIONER: Yes. So that paragraph should not be there.

MS COONAN: If I – I .....  
20

COMMISSIONER: Sorry.

MS COONAN: So I've agreed with that.

COMMISSIONER: Yes, yes. And if we then go back to the left-hand column and we go to subparagraph (d), if you could highlight (d) and (e) for me, please, operator. Thank you:  
25

30 *There was no sense conveyed or in subsequent ... that are established and accepted part of operations of international casinos.*

Do you see that?

MS COONAN: Yes.  
35

COMMISSIONER: And, of course, that was a suggestion, wasn't it, that everyone should know that this is part and parcel of what casinos do around the world.

MS COONAN: Yes, that junkets are a sort of regular part of a casino.  
40

COMMISSIONER: And what was being suggested by this is, "Well, we were just doing what everybody else is doing." You'd agree with that?

MS COONAN: I'm not sure, Commissioner, to be perfectly honest, whether it –  
45 whether it means – or what was intended was literally what it says, that junkets are an established part, and there was nothing untoward in these.

COMMISSIONER: Yes, I see. And then if you go to the subparagraph (e)(ii):

*Crown does not now deal –*

5 and do you see that it is:

*...apart from one local player and none of the international players have gambled at Crown venues for at least three years.*

10 Do you see that?

MS COONAN: Yes, I do.

15 COMMISSIONER: So what was being intended to be conveyed was that “we are clean”.

MS COONAN: Yes, in relation to the allegations made in 60 Minutes.

20 COMMISSIONER: But weren’t you intending to convey to the world that this was an horrific attack on the basis that this was unjustified and false; these dreadful attacks?

MS COONAN: Yes, with respect to the 60 Minutes program.

25 COMMISSIONER: And so one of the things that was important for you to convey was that you had junket operations that were clean; correct?

MS COONAN: Well, the implication being that, yes.

30 COMMISSIONER: Yes. And it is quite clear that they weren’t. You’d agree with that.

35 MS COONAN: Well, I think there are a lot of matters of concern. The – as I understand it, the local player was a Mr Pan and that, in respect of which – just so that I’m clear, Commissioner, that, in respect of the 60 Minutes program, that that’s a true statement. That’s my – my genuine understanding.

40 COMMISSIONER: Yes. But in terms of a whole ASX media statement, what was being said by the board of Crown was, “This was a disgraceful, deceitful campaign against the company, because we don’t have these problems.” Isn’t that right?

45 MS COONAN: Well, on one view of it, Commissioner, I can understand how you would say that. But my view about this was we couldn’t possibly deal with other issues or other things that had gone wrong in this ad. It was very much contained to the 60 Minutes program, but I take the point that you make. I think that’s a possible interpretation.

COMMISSIONER: Yes. And so you would understand, then, that the Riverbank and Southbank accounts, to which Ms Sharp has taken you, are intrinsically intertwined with the junkets, aren't they?

5 MS COONAN: I would think so.

COMMISSIONER: Well, I've been told that the junket – I withdraw that – that the patrons who were nervous about having things about gambling in their accounts were the patrons that these accounts were targeted for; that they would open the accounts  
10 and let them pretend they weren't gambling; you understand that?

MS COONAN: Yes, I understand that.

COMMISSIONER: And so, from about August 2019, it is the case that these  
15 accounts were used by patrons. And we've seen what happened in those accounts, and we don't need to go over that again, do we?

MS COONAN: No.

20 COMMISSIONER: And so I think that you would accept that, so far as the money laundering problems in those accounts are concerned, it is beyond explanation as to how it continued. Would you agree with that?

MS COONAN: Well, it's certainly very unfortunate that it continued. As to how  
25 and why it did, we are currently investigating, as you've heard, Commissioner.

COMMISSIONER: Well, there was one suggestion, at some stage, that the computer was white-anting everybody by putting it into some aggregated form. You understand that, don't you?  
30

MS COONAN: Well, I understand that there were some difficulties with discrete manual inputs of the information, but I also understand that the amounts were uploaded to SYCO and reported, albeit in aggregated form.

35 COMMISSIONER: Yes.

MS COONAN: And there were a lot of other matters that weren't aggregated that I believe was also uploaded. So I – so far from Crown's perspective, if I can say this, I don't think there was an intention not to report these amounts.  
40

COMMISSIONER: Not to?

MS COONAN: Not to report the amounts. In other words, to report them in the –  
45 in the casino management system.

COMMISSIONER: I see. I see. Well, see, it's been necessary, then, to confront all these allegations, going back to your suggestion of agreed statements of facts. But

you can see that it has been necessary for the Inquiry team to look at all of this and confront all these allegations; you understand that?

MS COONAN: Yes, I – I understand the proceedings very well.

5

COMMISSIONER: And it's been a painstaking process, when it could have been, as you've said, quite different to the beginning – at the beginning to just say, "We've got some problems." Do you agree with that?

10 MS COONAN: Yes. Had we known, I think, about the extent of them, that is quite so.

COMMISSIONER: Yes. And instead of – I withdraw that. One alternative to this presentation and having to go through the advertisement could have been to either  
15 just accept that the advertisement was a bad idea, subsequently, and then just have the company admit to the problems. You'd agree with that?

MS COONAN: As long as they could be defined and agreed that's certainly a process. Yes.

20

COMMISSIONER: Yes. But it's reasonable to expect that, if that process had been adopted, we would eked out the truth a lot earlier. Would you agree with that?

MS COONAN: I think that's right. I'm not being critical of the Inquiry process;  
25 that's not my intention.

COMMISSIONER: I understand your intention. And I thank you for that clarification. In terms of the position that you sensitivity put in answer to Ms Sharp's questions, I don't need to ask you any further questions on that. I understand  
30 your position. Thank you very much. So far as the statement that the board has made over time, the different position has been adopted by numerous directors. Some have suggested that there should be more information sharing. You presumably have heard that?

MS COONAN: Yes. I – I agree with that if it could – if it can be achieved within the constraints that we talked about a little earlier. I think better information sharing and, in a sense – I hesitate to say this, but, I mean, you can almost be in a co-regulatory position with something like a casino. It's very difficult, I think, to put all of the burden on a casino which a regulator can't do either. So I think there needs to  
40 be greater information sharing with those who actually have it and have the ability to get accurate information and make inquiries that are beyond a casino, or a regulator for that matter, as we've heard in the earlier evidence.

COMMISSIONER: I want you to assume for the moment that that will never  
45 happen. I want you to assume for the last 30 years people have been suggesting it should happen and you know what the position is today. It hasn't happened, has it?



MS COONAN: No, but it might take a bit of, shall I say, political will to be able to make the necessary legislative changes and framework to let it happen. I'm not saying I'm hopeful, I'm saying that it's a matter of – of will in the right - - -

5 COMMISSIONER: When you say – when you have a board of a number of people, you understand how difficult it is to get a consensus on that. It must be even more difficult in a Parliament, I would presume.

10 MS COONAN: Difficult, but I think this is an important matter and I think Australia as a nation, whilst they certainly enjoy and are entitled to enjoy gambling within the law, it's in the interests of all Australians to have an appropriate regulatory framework that safeguards those matters, as we've discussed throughout the Inquiry.

15 COMMISSIONER: And assuming that my pessimism is justified, Ms Coonan, for the moment, that 30 years history tells you a lot, the only way – or one of the only ways to have public confidence in a regulatory regime for casinos, both in the state and in the country, is to ensure that you have regulators with teeth. Would you agree with that?

20 MS COONAN: Yes, I think strong regulators are very good for industry.

COMMISSIONER: And so far as the regulator that – I withdraw that. So far as the state and federal relations are concerned – and I do not want to get into a constitutional crisis in this Inquiry – but so far as the state and federal agencies are  
25 concerned there is some difficulty in state and federal bodies sharing information. You would understand that.

MS COONAN: Certainly, unless there's some referral of powers or some way in which it can be done. I mean, it's done in many instances and – yes, I won't – I  
30 won't opine any further on, Commissioner - - -

COMMISSIONER: Thank you.

35 MS COONAN: - - - on that part.

COMMISSIONER: Can I just go back to a couple of things you spoke about in respect of the capacity for Crown to – and I put the emphasis on – to become suitable, as you have seemed to emphasise and that is one of the things is to have Mr  
40 Jeans and Initialism do some work. Do you remember that in the chart?

MS COONAN: Yes, he's already doing it.

COMMISSIONER: And you understand that Mr Jeans and his firm or company, Initialism, has not reviewed the full joint program.  
45

MS COONAN: Yes, I understand that he hadn't, but he's doing it now, yes.

COMMISSIONER: Yes. And so far as the gold star, and I wouldn't go back to that because it was unedifying, but so far as achieving an outcome so that your program is in fact approved by an external party, you hope to have it approved by Mr Jeans as I understand it. Is that right?

5

MS COONAN: Yes, and – and reviewed by Promontory.

COMMISSIONER: I see. So it's a combination of things, both Mr Jeans on the one hand and Promontory on the other; is that right?

10

MS COONAN: Yes. Yes. Promontory is focused on vulnerabilities and capabilities.

COMMISSIONER: What does that mean?

15

MS COONAN: They're engaged in looking in the whole system to see if there are any vulnerabilities and to make sure that everything we've done delivers the capability.

20 COMMISSIONER: I see. And Mr Jeans' brief is to what?

MS COONAN: He's looking at the data inputs where there were the mistakes in aggregation.

25 COMMISSIONER: Yes.

MS COONAN: And also looking at some other – as I understand it, some other technical ways in which those mistakes had happened.

30 COMMISSIONER: Yes. And so I would assume that there will be some consultation between Initialism and Promontory. Would that be right?

MS COONAN: I would expect so. I don't know that so I – I can't – I can't now say it, but I will ensure that there's – there's proper engagement.

35

COMMISSIONER: Yes. And so the things that you have spoken about with Mr Jeans, Initialism and Promontory are matters – if I may say, are reform or reformation matters. Would you agree with that?

40 MS COONAN: Yes, I mean they go – they, in effect, go to looking at those matters that worried us earlier – or worried the Inquiry earlier on, address the – the matters that Mr Jeans hadn't done so that we've got, if I can call it holistic, a holistic look across AML.

45 COMMISSIONER: And I presume that you would then intend to convey to the regulator, and I'm only interested, of course, in New South Wales, you would convey to the regulator what has happened in that regard, would you?

- MS COONAN: Yes, I think there's a very good opportunity to engage with the regulator. I understand that even during the course of the Inquiry there's been engagement with the regulator who have had an opportunity to inspect Crown Sydney and tour and inspect the facilities, to be informed as to how these changes and improvements and the new system that will operate at Crown Sydney will go, and by the new system I mean the new casino management system and – that enables interrogation of the data in a different and more sophisticated way by Sentinel, which is the bespoke IT system.
- 10 COMMISSIONER: So if you were to assume, if you wouldn't mind, discomforting I know it might be, but if you were to assume that there may be a conclusion of unsuitability, the conversion into suitability which is a second question, is this right, are the things to which you've just referred?
- 15 MS COONAN: Well, I think that plus also evidence of the fact that we have – we're on a journey here and I think we've arrived at the point where we don't only need to have these kind of technical changes, but we also need to have the structural changes that we've referred to in our culture, which I've spoken about, in our governance arrangements, in how we approach independence and all of those matters. I think if I can also use the same expression in relation to Crown, if we are not currently suitable, that all of those things are the steps that make us suitable, and recognising, of course, that there are always possibilities and room for improvement. It's not a set and forget exercise, and we need to be ever vigilant.
- 20
- 25 COMMISSIONER: And so far as the structural things are concerned, are you speaking of board, committee and senior management restructuring?
- MS COONAN: Yes, and also thinking about perhaps reporting lines, things of that nature. I want to have a very good look at all of the – all of the aspects that I've grouped under structural changes.
- 30
- COMMISSIONER: And the cultural changes, you would accept, will take some time.
- 35 MS COONAN: I think they will, but we will get in a new head of culture and HR and we will be signalling in the clearest of terms what our values and expectations are in respect of compliance. There obviously needs to be engagement with staff and very clear alignment with remuneration. We've started that. I think Mr Barton may have said, although I – I don't know, that short-term incentives are already subject to forfeiture or deferral in the event of adverse compliance events. I think we need to look further at what are called hurdles or hard gates; I think Ms Halton referred to that. But they're important matters to get the alignments right so that you get a top-up – a top-down and a bottom-up compliance culture.
- 40
- 45 COMMISSIONER: And when you gave your written statement you said that there was an in principle agreement or in principle approval for the appointment of a head

of culture. Has that proved from in principle at the moment or is it still under discussion?

5 MS COONAN: Well, we haven't had a board meeting to discuss it, but my understanding is that it's moved on and that we will be definitely getting a head of compliance – pardon me, a head of culture and IR.

COMMISSIONER: So that's industrial relations, is it?

10 MS COONAN: Yes. Sorry, HR. Human resources.

COMMISSIONER: I see. So the head of culture will have the two portfolios: culture and human resources?

15 MS COONAN: Yes.

COMMISSIONER: Is that right?

20 MS COONAN: Yes.

COMMISSIONER: And so far as your in principle approval that was given on the 10th of September for the head of VIP operations, should I take it that that is on hold?

25 MS COONAN: That's on hold at the moment, as far as I understand it. I think that nothing has moved on. I do think that there – I do understand, just back on the people piece of the exercise, that we're very close to engaging Deloitte as an external consultant to assist with measurement of culture and assisting us with the structure of it.

30 COMMISSIONER: Yes. And I think you've been asked some questions, and you also have seen some evidence, in relation to auditing - - -

35 MS COONAN: Yes.

COMMISSIONER: - - - to regulators; you remember that?

MS COONAN: Yes.

40 COMMISSIONER: And so have you built in any ideas of getting an audit by an external agency to report to ILGA?

45 MS COONAN: I haven't actually had a chance to progress that because of the constraints on - - -

COMMISSIONER: The process.

MS COONAN: - - - being able to really take it forward. But I think it's an interesting idea. We will certainly have a separate audit process, of course, reporting to the audit committee. So we're separating out risk and audit.

5 COMMISSIONER: Yes.

MS COONAN: And that's in accordance, of course, with APRA guidelines. But an external audit in respect of compliance with AML and other matters, I'd like to think about how to do that, because there's already, of course, AUSTRAC and other  
10 regulators. It's - it's a bit difficult to see the pathway without treading all over people.

COMMISSIONER: Yes. I'm sorry, Ms Coonan, you were just saying and it dropped out. You were just saying it's a bit difficult with AUSTRAC and the  
15 regulators - - -

MS COONAN: Yes. I mean, there's, obviously, some line of country here that would need to be carefully crafted out, if I can put it that way.

20 COMMISSIONER: But, you see, one of the problems that's encountered in the last few months, or been exposed in the last few months, is that, as you know, I've assumed for various reasons that Crown has reported to AUSTRAC when it should have reported. You understand that?

25 MS COONAN: Yes. And I believe they have. Yes.

COMMISSIONER: And so what has happened, on one view of it, you may have been reporting to a federal agency about suspicious transactions. And the regulator is over here, and the regulator doesn't have any of that information unless it goes into  
30 a sharing arrangement with AUSTRAC and then looks, and it may be some weeks later. You understand that?

MS COONAN: Yes, I do.

35 COMMISSIONER: And so what you don't have is the AML group of activities being notified to the regulator at all, that is, the New South Wales regulator; you understand that?

MS COONAN: Yes.  
40

COMMISSIONER: And so I'm just wondering whether you understand, or would look at, the prospect of notifying, separately from AUSTRAC - leaving AUSTRAC to one side for the moment - if you have concerns about your operations, that is, that there may well be money laundering taking place in the casino, why wouldn't it be  
45 important to tell the regulator, that is, the regulator of the casino about it?

MS COONAN: Yes. I think it's a bigger question than just reporting.

COMMISSIONER: Yes.

MS COONAN: Subject to the confidentiality and other restraints under the – under the money laundering regime that we operate under. If you could do that, I  
5 personally don't see it as an impediment, engaging with the regulator in an active way if you became aware of some bigger issues that were concerning.

COMMISSIONER: Well, just take the furniture company that put 31 million through the accounts in four months. Just take that for an example. If you saw it,  
10 presumably, you might have been reporting it to AUSTRAC, but if you saw it, would you not want to say to the regulator, "Look, we've got a problem. There's a company known as X, Y Z. We are of the view there could be some problems for us, and we're just letting you know."

MS COONAN: Yes. My difficulty would be what the regulator would be expected to do about that, because that could veer into criminal behaviour. I don't know. I mean, you would have to know the provenance of the funds, I suppose, to really form a view. I'm just – I really don't know how you close that loop. But I don't see,  
15 personally, any difficulty in being able to talk to the regulator about concerns you had.  
20

COMMISSIONER: Because if you don't open the loop you're going to keep the regulator in the dark, aren't you?

MS COONAN: Well, that wouldn't be the intention of keeping the regulator in the dark. My difficulty would be how to characterise what you're actually reporting and whether it's a police matter or another matter I'm – I'm just a little bit lost to agree without reservation, Commissioner.

COMMISSIONER: No. I understand that, Ms Coonan. But, you see, what you're doing presently, as I understand your evidence, is that all these matters are being reported to AUSTRAC. We understand that under the AML regime.

MS COONAN: Yes, I can – yes.  
35

COMMISSIONER: And so what I'm suggesting to you is, putting aside the AUSTRAC regime for a moment, if there is concern in the company operating the casino under a licence that something untoward is happening in its accounts, would it not be sensible, so that you have an external auditor look at that who can then notify  
40 the regulator?

MS COONAN: As an intermediary between the casino and the regulator, you mean?

COMMISSIONER: Yes. Yes.  
45

MS COONAN: Yes. I think – I think it – it probably take – removes the problem by one. But I – I still think even an auditor might have trouble being able to really understand – I mean, an auditor really looks as a snapshot at what's happened, really being able to understand the provenance of the funds, and doing all that. I just don't  
5 know. I'd like to be able to give a clear answer to it, but I just think that it's got – got a few difficulties attached to it. I think it's worth looking at.

COMMISSIONER: If you had an auditor - - -

10 MS COONAN: I think it's worth looking at.

COMMISSIONER: If you had an auditor look at your Riverbank and Southbank accounts - - -

15 MS COONAN: Yes.

COMMISSIONER: - - - even someone who wasn't an auditor – we went through it today.

20 MS COONAN: Yes.

COMMISSIONER: If you had an auditor look at those Southbank and Riverbank accounts it would be obvious that the auditor would have advised you that you had problems; correct?

25 MS COONAN: Yes. And I think we would have seen problems had anybody looked at it.

COMMISSIONER: Correct. And so what you have is a need for some form of  
30 overview of the accounts to ensure that the compliance occurs. And if you have a process that it is, that is, in fact, notified to the regulator that you've had someone look, they have confirmed compliance and they could give that to the regulator on a series of bases, either six monthly or 12 monthly, etcetera. Do you understand?

35 MS COONAN: Yes. I understand that. And, I mean, accounts are – are normally notified to the regulator, in any event. I must say I'm not, at the moment, sitting here, completely clear about why that is or what they do with them. But there's already a step involved in notifying accounts to the regulator, at least, the Victorian one.

40 COMMISSIONER: I think that was given up after a while, because Crown didn't want to do it - - -

MS COONAN: Yes.

45 COMMISSIONER: - - - after the regulator asked them to do it.

MS COONAN: Yes. I'm not - - -

COMMISSIONER: So what I'm suggesting – what I'm suggesting is something different and that is to – we're talking about a step down the track, that is, the second  
5 question in the terms of reference - - -

MS COONAN: Yes.

COMMISSIONER: - - - how one makes one suitable.  
10

MS COONAN: Yes.

COMMISSIONER: And I'm suggesting that one step may be a compliance process of the kind that I've suggested. But I understand you'd like to look at it more deeply;  
15 is that right?

MS COONAN: Yes. I would like to look at it more deeply, but I don't reject it, so I wouldn't want you to think that I'm not amenable and open to looking at - - -

20 COMMISSIONER: I understand.

MS COONAN: - - - these sorts of suggestions.

COMMISSIONER: I understand, Ms Coonan. I just ask this one question:  
25 anything arising from any counsel or solicitor? No. It appears not, Ms Coonan.

MS CASE: No, thank you.

COMMISSIONER: Thank you, Ms Coonan. As I've said to everyone else, the  
30 expectation that you'd be recalled is very, very low, but that's all I can. And so that is the conclusion of your evidence today. Thank you, Ms Coonan. And we can now terminate the link.

MS COONAN: Thank you, Commissioner.  
35

COMMISSIONER: Thank you.

40 <THE WITNESS WITHDREW [4.10 pm]

COMMISSIONER: Yes, Ms Sharp? The next witness?

MS SHARP: The next witness is Mr Dixon, and he'll be giving evidence tomorrow.  
45

COMMISSIONER: At 10 am?



MS SHARP: Yes.

COMMISSIONER: Yes. All right then. I'll adjourn the hearing, then, until 10 am tomorrow.

5

**MATTER ADJOURNED at 4.10 pm UNTIL  
WEDNESDAY, 21 OCTOBER 2020**

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