



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**THE HONOURABLE PA BERGIN SC
COMMISSIONER**

**PUBLIC HEARING
SYDNEY**

**FRIDAY, 21 AUGUST 2020
AT 9.59 AM**

Continued from 20.8.20

DAY 17

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

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

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

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

MS N. CASE appears for Melco Resorts & Entertainment Limited

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<ROWEN BRUCE CRAIGIE, ON FORMER AFFIRMATION [9.59 am]

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<EXAMINATION BY MR BELL

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

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MR BELL: Mr Craigie, yesterday at transcript pages 1492 to 1493 I put to you four matters about which you said you were unaware in 2015. The first was the decision to open an unofficial office in Guangzhou. The second was the proposal to arrange foreign work visas for Chinese citizens working for Crown Resorts. The third was
25 the decision of senior VIP internationals to defer travel into China for a while in light of the crackdown on foreign casinos, and the fourth was the decision to remove Crown Resorts logos from the tails of its jets. And you said two of them didn't happen, but you thought two of them did. Which were the two events which you say did not happen?

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MR CRAIGIE: Could you please just repeat that list?

MR BELL: Yes. The four matters I put to you yesterday were, first, the decision to open an unofficial office in Guangzhou.

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MR CRAIGIE: Yes. Sorry. Go on.

MR BELL: I will just go through them again. Secondly, the proposal to arrange foreign work visas for Chinese citizens who were employees of Crown Resorts in
40 China; thirdly, the decision of senior VIP international executives to defer travel into China for a while in light of the crack down on foreign casinos; and fourthly, the decision to remove Crown Resorts logos from the tails of its jets. Yesterday you said two of those events did not happen, and I was just wondering which of those four did not happen, according to your evidence.

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MR CRAIGIE: Yes. Sorry, I thought – I was going to say number 1 and number 2, but if you say an unofficial office then it's only the foreign work visas. So to set up a – I thought we were discussing a registered – an official office, but an unofficial office, if that – if that has happened, that I didn't know about.

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MR BELL: All right. So should we take it that the one event which you say did not happen is the – is what I referred to as the proposal to arrange foreign work visas for Chinese citizens?

10 MR CRAIGIE: Yes, that's my understanding that that – that one wouldn't have happened because, again, I – I was not aware that there was an issue with the employment status of the Chinese nationals because they were employed by the Singapore company.

15 MR BELL: Yesterday do you recall I took you to an email Mr Chen sent to the VIP international staff in which he referred to that proposal?

MR CRAIGIE: Yes.

20 MR BELL: Now, do you say that – I take it that you have no knowledge in relation to whether or not that proposal proceeded based upon your personal knowledge of events which occurred during the period whilst you were CEO and managing director of Crown Resorts.

25 MR CRAIGIE: Yes.

MR BELL: Is that right?

30 MR CRAIGIE: No, I – maybe I should rephrase this. I have no knowledge of those proposals. I'm – I've learnt about those proposals for the first time during this process. My knowledge subsequently through this process is that an unofficial office was established without the authorisation of either myself or Barry Felstead. I assumed the foreign work visas didn't happen because it was, in my view, unnecessary, but I have no knowledge of that and I've probably – if I've incorrectly
35 assumed that, I apologise because I had no knowledge of that, but again I assume that didn't happen because it wasn't required.

The deferral of travel, I accept that could well have happened because travel from those senior executives didn't resume for a period of three months. And I assume the
40 – from the correspondence the logos were removed. So it wasn't my intention to mislead and I apologise if I've done that. The key point was I had no knowledge of any of those four things other than through this process.

45 MR BELL: No further questions, Commissioner.

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

MR ASPINALL: Mr Craigie - - -

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MR CRAIGIE: Good morning.

MR ASPINALL: Good morning. Can you hear me all right?

10 MR CRAIGIE: I can, Mr Aspinall. Can you hear me?

MR ASPINALL: I can hear you well. Thank you, Mr Craigie. I wanted to ask you, as I foreshadowed yesterday, some questions which relate to the visa processing aspects which were raised in the media starting last year and continuing; do you remember that?

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MR CRAIGIE: Yes, I do.

MR ASPINALL: Now, as – Mr Felstead – I asked Mr Felstead some questions and he indicated to the Inquiry that you would be the person to answer them and I was wondering if you would agree with that?

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MR CRAIGIE: I can answer at a higher level, questions about the visa process that came out of the discussions I had with the Department of Immigration. I won't be able to help you on specific cases. So if - - -

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MR ASPINALL: All right.

MR CRAIGIE: If you like, I'm probably the right person to talk about the policy. The case-by-case studies will be the operational people.

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MR ASPINALL: I see. Now, within the material that we've provided you and presumably you've read are some emails which occur at what I might call a lower level of operations - - -

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MR CRAIGIE: Yes.

MR ASPINALL: - - - between Michael Chen, Mr Gomez and so forth.

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MR CRAIGIE: Yes.

MR ASPINALL: Am I right in thinking that you can't help me with what's occurring in those emails - - -

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MR CRAIGIE: Yes, that - - -

MR ASPINALL: - - - beyond what you can see - - -

MR CRAIGIE: That's correct, Mr Aspinall.

MR ASPINALL: Now, Mr Craigie, the allegation in the media was that there was an arrangement set up in 2003 after a discussion between ministers' offices at the
5 time in relation to Crown having some arrangement with the Australian government in relation to the processing of visas. Can you put any detail into that arrangement for me?

MR CRAIGIE: No, I can't, Mr Aspinall. I – my only involvement with ministers
10 and senior departmental officials was in 2011. I'm not sure whether the 2003 arrangements referred to were worked out on the ground in China between the VIP department and the consulate officials in China.

MR ASPINALL: Right.
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MR CRAIGIE: To my knowledge when I started talking to ministers and senior
Canberra department officials, that was the first time to my knowledge that those sort of meetings had been held, but if there were previous meetings I was not involved.

MR ASPINALL: Now, we have at exhibit S4, if you have that bundle.
20

MR CRAIGIE: I do.

MR ASPINALL: That's CRL.570.001.0063. We might bring that up to the hearing
25 room, please. Do you have those, Mr Craigie?

MR CRAIGIE: I do.

MR ASPINALL: Do you see that's the minutes of a meeting which is said to have
30 taken place on 16 May 2011?

MR CRAIGIE: That's correct.

MR ASPINALL: And if we turn over to the next page, there are a list of attendees;
35 there's some people from the government, assistant secretary and so on and then a list of people, including you from Crown.

MR CRAIGIE: Correct.

MR ASPINALL: Now, can you tell me what prompted this meeting?
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MR CRAIGIE: Yes. With the increased tourism out of China and with the
increased use of overseas educational institutions by Chinese students and with the
growth in VIP gaming coming out of China, there was enormous pressure being put
45 on the Chinese consulates for visa processing. That visa processing was not online. It was a paper-based English language only application, and due to those – probably those two factors were causing delays relative to the visa application process in

competing countries for tourism, education and VIP gaming, so Singapore, the United States, etcetera. So the relative efficiency and timeliness of the visa processing process out of China was the subject of concern on the part of Crown and its customers, and we requested a meeting at a higher level to further pursue what
5 could be done about that.

MR ASPINALL: All right. If we go back to exhibit S2, which is CRL.571.001.0043.

10 MR CRAIGIE: Yes.

MR ASPINALL: Have you read that email, Mr Craigie?

MR CRAIGIE: I haven't – I've read that now. I wasn't aware of that email at the
15 time.

MR ASPINALL: I see. Now, do you see in the second half of that page there is the email that I discussed with Mr Felstead?

20 MR CRAIGIE: Is that the email from the department to Stefan?

MR ASPINALL: Correct.

MR CRAIGIE: Yes.
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MR ASPINALL: And do you see that in the final paragraph on that page the officer, who was a senior migration agent, is raising some concerns about the applications lodged by Crown?

30 MR CRAIGIE: Yes. And the high rejection rate.

MR ASPINALL: Yes. And the levels of fraud.

MR CRAIGIE: Yes.
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MR ASPINALL: Now, as you understood it, was the May 2011 meeting to deal with those issues as well?

MR CRAIGIE: Yes. We invited the Minister and the department to comment on
40 whether we were contributing to any of the timeliness, efficiency issues. And their answer was we were. We were clogging the system with a relatively high proportion of applications that had no prospect of being processed, because they were either incomplete or contained ambiguous information or, in some cases, misinformation, and that was causing a blow-out in time, but it was also frustrating the applications
45 behind them in the queue which were capable of being acceptance. So the meeting was, if you like, what are the issues from the Crown end, but, similarly, what were the issues from the department's end?

MR ASPINALL: If we go back to S4, which is CRL.570.001.0063, at 64, you see there's a table there and, in the fifth line down, there's initials JF.

5 MR CRAIGIE: Sorry. Mr Aspinall, I might be in the wrong document. Is it tab 4 or tab 3 I'm look being at?

MR ASPINALL: At tab 4.

10 MR CRAIGIE: Yes.

MR ASPINALL: It starts 0063.

MR CRAIGIE: Yes.

15 MR ASPINALL: And then I was inviting your attention to 0064.

MR CRAIGIE: Yes.

20 MR ASPINALL: And then – do you have that one?

MR CRAIGIE: I do.

25 MR ASPINALL: And then if you go to the table and count down five rows, there's
- - -

MR CRAIGIE: Yes.

MR ASPINALL: - - - a line that starts JF.

30 MR CRAIGIE: Yes.

MR ASPINALL: And we see from the index above that that refers to Joe Feld, who was one of the government representatives.

35 MR CRAIGIE: Yes.

MR ASPINALL: And he's saying:

40 *The agreement is that Crown can lodge on applicant's behalf. No one else has an agreement like this.*

COMMISSIONER: China.

45 MR ASPINALL:

China Southern –

would I be right in thinking that's an airline in China?

MR CRAIGIE: Yes. Correct.

5 MR ASPINALL:

...have an agreement, but relatively new, for gold and silver frequent flier members.

10 MR CRAIGIE: Yes.

MR ASPINALL: And then what did you see as the advantage of Crown being able to lodge the application on the applicant's behalf?

15 MR CRAIGIE: That Crown could check that the applicant had filled in the appropriate form and that, hopefully, errors, omissions, etcetera, would be prevented. The form is in English and that, obviously, is one of the difficulties. And the form is paper-based, not online. With online, if a field is omitted, it won't let the applicant hit the send button. The problem with the paper form is they were being sent in with
20 fields missing or incorrect, etcetera. So Crown was assisting applicants to complete the form properly.

MR ASPINALL: And then – thank you, Mr Craigie. If we turn over to S5, which is CRL.571.001.0037.

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MR CRAIGIE: Yes.

MR ASPINALL: This is a document entitled Improvements made to Crown's Visa Lodgement System, and it's dated the month after the meeting.

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MR CRAIGIE: Yes. I think it's May – I think it's May '12, isn't it, the date of that? I think this is - - -

MR ASPINALL: Yes. This, the - - -

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MR CRAIGIE: I think this is a year later. And it's Crown indicating what has changed since that meeting back in 2011. And the note is in two sections.

MR ASPINALL: Right.

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MR CRAIGIE: The improvements already made and further proposed improvements, and then subsequent modifications in April 2012.

MR ASPINALL: I see. Thank you for that.

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MR CRAIGIE: So it is – it's misleading, Mr Aspinall, because I think the June 2011 is – relates to section A, the improvements that are already made. I'm - - -

MR ASPINALL: I see.

MR CRAIGIE: Or maybe it's an old document prepared in June 2011. And
5 someone has said and, "Here's what we've done since," and they've just added that
to the bottom on the page – the second page. It is confusing.

MR ASPINALL: In any event, in respect of the improvements already made in June
2011 - - -

10 MR CRAIGIE: Yes.

MR ASPINALL: - - - would these improvements listed to have arisen out of the
discussions at the meeting?

15 MR CRAIGIE: Yes. They – this was a combination of department suggestions as
to how best to strengthen the completeness of the application, reduce the ambiguity
and try and avoid circumstances where, you know, false or misleading information
was – was provided to get the – to get the rejection rate down from a 10 per cent
20 number, which was going to clog the system, to a number like – I don't know – two
per cent or three per cent; that was the intention. So this reflects the input of the
department, but also some suggestions on how Crown might be able to assist in that
process.

MR ASPINALL: Right. And when we look at item number 1, it talks about
25 Crown's internal checklist procedures being strengthened. Do you see that?

MR CRAIGIE: Yes.

MR ASPINALL: And then the first sentence is:

30 *Crown utilises a checklist to validate data to ensure that only genuine visa
applications are submitted under Crown's name.*

See that?

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MR CRAIGIE: Yes.

MR ASPINALL: And then, in the next, it speaks about the data that's attained.
And then the next paragraph starts:

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

45 Do you see that?

MR CRAIGIE: Yes.

MR ASPINALL: Now, as you saw it, what was the utility of Crown supporting an application?

5 MR CRAIGIE: The utility of Crown supporting it was that Crown was best placed to ensure that the application form had been filled in correctly where – because, left alone, those issues of missing information, ambiguous information, potentially fraudulent information, would still be persisting. So the department was saying, “We can look at assisting with resources to get – to improve timeliness, but you, Crown, have to lift your game with respect to,” if you like, “assisting applicants to give us a better quality form that we can deal with.”

MR ASPINALL: Yes. Now, just looking at that paragraph that I just took you to:

15 *Based on ... data obtained and checked, the Crown staff member assessing whether, in their view, the application is genuine –*

isn't that putting the burden on Crown to not only check the form is filled in correctly, but to check the data behind the form?

20 MR CRAIGIE: Yes. So what they're saying is if someone is asserting that they are coming to Australia for tourism purposes, they were – the department was saying, “Well, can you also try and see if that – that stacks up, because we don't want to – we don't want to give visas for overstays or whatever”. So things like do they have a child studying in Australia in an educational institution; all those are, if you like, suggestions from the consulate as to “what information can you, Crown, provide which makes the application more complete for us to assess”.

MR ASPINALL: Yes. And you knew, I suppose, by this time that that was placing a fairly heavy burden upon the persons who are actually doing that job. Correct?

30 MR CRAIGIE: I'm not sure it was a – it was a heavy burden. This is – this is checking websites and asking a couple of questions from the applicant. So it - - -

MR ASPINALL: I just want to explore that with you. Isn't whether or not Crown's name is put up in support of the application based upon the job that the officer of Crown does in respect of checking the data obtained and assessing whether the visa application is genuine?

40 MR CRAIGIE: Yes, but if – if – if the Crown person does a poor job of that, or if – or if the applicant is misleading the Crown person, then this system obviously – we still haven't lodged it with the department yet. You've got a departmental vetting process which happens next, the application is lodged. Then you've got the Australian Federal Police checks and other law enforcement checks before the visa is issued. This says nothing about what the department is going to do or how those police checks are done. This is about how do you get a better quality application lodged in a paper-based system.

MR ASPINALL: Just on that issue, when you had met with the department and the members of the government in May 2011, if you would go back to S4.

MR CRAIGIE: Yes.

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MR ASPINALL: You see that one of – if we go to – have you got that, operator? If you just go to 0065, and look at the very bottom of the page, if you could go up a couple more lines, please. You see at the bottom of the page you were raising – they were talking about the risks and you raised that:

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Overstay is not a problem for high rollers. Entourage overstay more often than others.

MR CRAIGIE: Yes.

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MR ASPINALL: Do you see?

MR CRAIGIE: Yes.

20 MR ASPINALL: And then increasing the quality of the documentation is discussed.

MR CRAIGIE: Yes.

MR ASPINALL: You see? And then JF, which is Mr Feld says:

25

Eight protection visa claims very expensive for Australia.

Correct?

30 MR CRAIGIE: Yes.

MR ASPINALL: And then if we turn over to the next page, it says:

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Crown believes the applicant. They do not know the client directly. If they have never travelled before how do they know they are genuine?

Do you see?

MR CRAIGIE: Yes.

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MR ASPINALL: And if we go back to the next - - -

MR CRAIGIE: That's the government official. That's the government official saying "How do we know they're genuine?" Yes.

45

MR ASPINALL: Correct. Yes. And what I was asking you, with your knowledge that if the application process went awry and the applicant wasn't genuine, and it

resulted in a protection claim, it was going to be expensive to the nation; would you now agree with me that in setting up this procedure you're putting a pretty heavy burden upon the staff who are obtaining and checking data and assessing whether the application is genuine so that Crown will put its name to the application?

5

MR CRAIGIE: The applicant is – it's the applicant's application. Crown is supporting the application and trying to get the best application from the department's perspective it can do. The department makes the decision on whether to grant the visa based on its analysis of that information with the addition of AFP checks, as I understand it, and other law enforcement checks as appropriate. Whether all that – applications will have a rejection rate, the question is how high should that objection rate be, and the department was saying, "Your objection rate, Crown, at 10 per cent, is too high. You have – there's an overstay issue with China and you've had some overstays. You've also had fraudulent applications as well. You know, get your house in order on the application side if you want to see more timely processing".

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MR ASPINALL: Yes. And - - -

MR CRAIGIE: But that was a point – that was the point of – of the meeting and the subsequent action plan 12 months later which came from that.

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MR ASPINALL: Correct. And I don't cavil with the proposition that you've made that you were trying to improve the process and make it more accurate. What I was raising with you is that doesn't that put a heavy burden upon the people who actually carry that out, because if they fail and an application is made which is given Crown support, which ultimately then goes to the government and is allowed, that puts at risk Crown's good name, doesn't it, because of the consequences that can flow from that?

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MR CRAIGIE: No, no, because it's not Crown's – it's not Crown's responsibility to assess the application and allow the application. That's the responsibility of the department plus – in conjunction with, as I understand it, AFP and other law enforcement agencies. The cost to – the cost to Crown of putting up incomplete or frivolous or faulty applications is that the – that slows down the process. It's wasting resources at the department end that could be used to speed up applications that were in good order. So what would happen if Crown didn't lift its game, the rejection rate would stay at 10 per cent, and Crown's argument for either centralised resources or decentralised resources or more, you know, the allocation of more resources from the department, that's going to hit a brick wall because the applications are substandard. That's the point of – that was the point of the meeting and the point of the actions which followed 12 months later.

MR ASPINALL: Well, from a risk - - -

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MR CRAIGIE: There's no shifting – sorry, Mr Aspinall. There's no shifting of responsibility here. It's about what's the quality of the input going into the department.

5 MR ASPINALL: Thank you. And just looking again at 0037, do you see in relation to the improvements already made the headings are:

Visa applications are only submitted by Crown if considered genuine.

10 MR CRAIGIE: Yes.

MR ASPINALL: And doesn't that imply that prior to that time Crown staff had been submitting visa applications which they did not necessarily consider genuine?

15 MR CRAIGIE: I – I don't think Crown was – in some cases that the department pointed out that there were applications submitted which could not be genuine based on some fairly simple checks, and that was causing the – that was causing the high rejection rate and so the department was - - -

20 COMMISSIONER: Sorry to interrupt. Mr Craigie, can you recall the meeting – if we could just go back to that chart, I think it's 66, is it, Mr Aspinall, that you were – yes. No, just – don't make it large, thanks. Do you see the people who were present there included the chief of staff to Mr Sherry and - - -

25 MR CRAIGIE: Yes.

COMMISSIONER: - - - the assistant secretary of a department, etcetera. Can you recall how this meeting came to be set up?

30 MR CRAIGIE: In general terms, Commissioner, I think I requested the meeting through the Minister's chief of staff, Peter Downes. But – so I think I reached out to him initially to see if we could get a meeting with the Minister. The meeting took place in the minister's office, you will see, at Treasury Place. And - - -

35 COMMISSIONER: Yes.

MR CRAIGIE: - - - and he obviously – he obviously brought along senior department officials and I brought along, you know, senior people from our end.

40 COMMISSIONER: Yes. And so far as these sorts of meetings are concerned, where a public company is seeking to agitate or to advocate its position, I presume that these are the sorts of meetings that go on from time to time arranged through chiefs of staff; is that right?

45 MR CRAIGIE: Yes. If – in my experience, if you want to get an appointment with the Minister, you would go through chiefs of staff or advisers or whatever. And then

they will, obviously, consult with the Minister whether they want to meet with you or they don't want to meet with you.

COMMISSIONER: Thank you. Yes, Mr Aspinall.

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MR ASPINALL: Mr Craigie, before you answered the Commissioner's questions, we were talking about 0037, which is behind tab 5, and that was one of the improvements made.

10 MR CRAIGIE: Yes.

MR ASPINALL: Can I suggest to you that that improvement whereby Crown will only submit applications which it considered genuine, would only have been listed as an improvement if someone had thought that had not been occurring?

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MR CRAIGIE: Yes. There were instances of – of visa applications that were not genuine. And they were rejected by the department after their checking. And that was wasting everybody's time.

20 MR ASPINALL: And so the point I wanted to talk to you about was that, by this time, you had been aware that, hitherto, there'd been some problems with the process of the officers of Crown who were doing this job, because they had not been doing it as well as it could have been done, and you had made – attempted to make some improvements to the structure so that that didn't occur; is that right?

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MR CRAIGIE: No. No, that's not right. I had no knowledge of what the staff were – whether the staff were doing a good job or a bad job, or whether the department was doing a good job or a bad job. The knowledge I had was that the visa processing timelines coming out of the Chinese consulates were considered by patrons who were giving us the feedback that those timelines were longer than other countries they were visiting. And similar feedback was being received by other tourism operators – and I'm not sure about Australian universities – but there was a general issue, if you – a more general issue than Crown, about the application process for visas in China being, as I said, English language only, paper-based and timelines not comparable to other jurisdictions. That was where I got involved. And when we – when I dug further into that, part of that problem was at the door of Crown, not the department.

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40 MR ASPINALL: Thank you. If we move now to 0039, you see that's an attachment 1, internal checklist.

MR CRAIGIE: Yes.

45 MR ASPINALL: Were you – did you have any hand in drafting this document?

MR CRAIGIE: No.

MR ASPINALL: Did you know that such a document existed?

MR CRAIGIE: I – I assumed something like this would be – would have come out of that discussion, because the department was saying can you ensure an
5 improvement in the quality of the information being provided. So some sort of checklist would appear to have been part of an improvement process. But I didn't – I didn't address the detail of what was in the checklist. But I was obviously concerned to make sure that a better quality application was going before the department.

10 MR ASPINALL: Yes. And to that end, do you see the first paragraph says:

China visa application checklist.

And it says:

15

The following checks have been completed through research performed by Crown personnel.

See?

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MR CRAIGIE: Yes.

MR ASPINALL:

25 *This has been completed in an effort to give the processing officer greater insight into Crown's level of support and knowledge behind the applicant.*

Do you see?

30 MR CRAIGIE: Yes.

MR ASPINALL: And if we turn over the next few pages, there are various questions and tick box things that the officer of Crown doing that would need to do.
See?

35

MR CRAIGIE: Yes.

MR ASPINALL: And then that leads, on 0041, to a summary.

40 MR CRAIGIE: Yes.

MR ASPINALL: Where Crown asserts one of three options, which is that it believes the intended visit to Australia is genuine and the application is bona fide.

45 MR CRAIGIE: Yes.

MR ASPINALL: Or it cannot – is not in a position to do that?

MR CRAIGIE: Yes.

MR ASPINALL: And then it says:

5 *Process as normal.*

MR CRAIGIE: Yes.

MR ASPINALL: You see?

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MR CRAIGIE: Yes.

MR ASPINALL: And then – and the third box is that you don't know them.

15 MR CRAIGIE: Yes.

MR ASPINALL: And you're acting in the capacity of a courier, only, for the application.

20 MR CRAIGIE: Yes.

MR ASPINALL: Do you see that seems to stratify the approach that the department, or that Crown expects the department will relate – will give to this application based upon what Crown tells it.

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MR CRAIGIE: No. The department was saying you are – “You are lodging application. And we have no idea as to whether you have checked the information on this form or you haven't. Can you please give us an indication of what you have checked?” It doesn't then say that the department will do anything differently or law enforcement will do anything differently. It says, “We want you, Crown, to do something differently.”

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MR ASPINALL: Well, that might have been the case with the department. We don't know, but doesn't - - -

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MR CRAIGIE: No.

MR ASPINALL: - - - the paragraph, in the summary, indicate that, so far as Crown is concerned, it sees that there will be a difference based upon what Crown says about this applicant, because, otherwise, the words “process as normal” would not be necessary.

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MR CRAIGIE: Yes. No, I – I agree that it wasn't in Crown's – it wasn't up to Crown to decide what the department was going to do. So I agree with you “process as normal”, that's an impertinent thing for Crown to say. This is about what has Crown done. It's not about instructing what the department should do. The department will do whatever the department wants to do. And law enforcement will

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do whatever they want to do. So that – the concept of Crown telling the department what to do was never raised at the ministerial meeting and was never, in my mind, either a prospect of happening or something that Crown should do. The department has its duties to perform. This is about what can Crown do to get a better quality application.

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MR ASPINALL: Well, I accept that might have been your view at a high level. But do you accept that this document, on its face, indicates that your subordinates seemed to think a different regime applies?

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MR CRAIGIE: No, I don't – I don't think you can interpret that. This is – this is the only reference to what – what the author of this form thinks the department should do. You don't see a similar sentence up in box 1 or box – box 2. So I'm – you know, I – I don't think you can read a lot into that, or infer from this what the department did or didn't do with respect to whether you tick box 1, 2 or 3.

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MR ASPINALL: Well, just to take that a little further, if we look at the next paragraph, it sets out three levels of Crown support. See?

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MR CRAIGIE: Yes.

MR ASPINALL: The first is:

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Crown fully supports this application and an email will be sent from Stefan Albouy or Alfred Gomez to consulate stipulating such.

MR CRAIGIE: Yes.

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MR ASPINALL: The second is that:

Crown's research on the applicant is considered reasonable to conclude there is a justification to offer support - - -

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MR CRAIGIE: Yes.

MR ASPINALL:

on the application to a comfortable degree.

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MR CRAIGIE: Yes.

MR ASPINALL: And the third is that:

45
Crown does not support the application in any manner, and it should be processed at the consulate's discretion only.

MR CRAIGIE: Yes.

MR ASPINALL: You see, again, it is contemplating the stratification of how the consulate will deal with this application based upon Crown's level of support. Do you agree with that?

5 MR CRAIGIE: No, I don't agree with that. This is about the department saying, "What is the level of your support?" It doesn't say if Crown fully supports the application what the department should do and it doesn't say what they should do with box 2. Box 3 – my own view of box 3 is if you don't support the application in any manner, why are you lodging it in the first place because we're just going to get
10 back to where we were prior to 2011 of the high rejection rate. So – I don't – I don't – I don't construct this as a set of directions to a consulate official or to the department in Canberra as to what they should do.

MR ASPINALL: Can I suggest to you that the – this paragraph, the three levels of
15 support, has no utility if the situation is as you suggest, because there would be no need to give Crown support. No need to assess whether it should and what level it should be given at. Do you agree?

MR CRAIGIE: No, I – I don't agree with that. I – what – there's been a history of
20 applications lodged with the support of Crown which have proved to be deficient. This is an attempt to get a rejection rate of 10 per cent down to a rejection rate of two per cent by Crown doing pre-vetting of an application to get a better quality application. This might not have been necessary at all with an online system which would have prevented the lodgement of the application until – unless certain fields
25 had been completed and certain information provided.

MR ASPINALL: Thank you.

COMMISSIONER: You used the word "impertinent", Mr Craigie; do you
30 remember that?

MR CRAIGIE: Yes, Commissioner, that's probably a bit colourful.

COMMISSIONER: I thought it was fairly accurate, if you don't mind me saying,
35 but one of the problems with these documents, I suppose, if they are published like this, where you do see the level of debate between yourself and Mr Aspinall, they can be viewed as though there's a cosy arrangement by some in the community. Do you accept that?

40 MR CRAIGIE: I – I do, Commissioner. I think if you look at the feedback that Crown was given at the meeting to suggest there was a cosy relationship, I think, is – is not correct. Crown was being beaten around the ears - - -

COMMISSIONER: That's a different question. That's a different question. I'm
45 not suggesting that there is. What I suggested to you was the perception of it - - -

MR CRAIGIE: Yes, yes.

COMMISSIONER: - - - and where one might conclude or receive or get a perception is the sort of thing that we're looking at as to whether Crown tells the department that it may proceed appropriately.

5 MR CRAIGIE: Yes.

COMMISSIONER: Whereas your point is it's a matter for the department and Crown's suggestion that it might proceed in one way or another is really neither here nor there. Is that right?

10

MR CRAIGIE: That – that – I – I – you know, if – if I had been given this document to go – to go through, I would have crossed out something called “process as normal” because that's – this is a Crown checklist; it's not a departmental checklist.

15

COMMISSIONER: And there have been publications in the press which, on one view of it, suggests that there was a cosy arrangement of a kind. You recall that.

MR CRAIGIE: Yes, Commissioner, and I think you are quite right, it can have that connotation. I think genuinely this was a set of arrangements for one of possibly the highest user or contributor to visa applications in China, and if this – if we were the highest volume user and we didn't have an efficient system, every other user was going to be penalised.

25 COMMISSIONER: Yes, I understand.

MR CRAIGIE: So small people were going to get disadvantaged in terms of timeliness, etcetera, because one of the largest users was running an inefficient system, and I was unaware of that until we had this high-level meeting. I'm – I don't know if the department had forensically looked at this either, but when we all saw the statistics that they were provided, Crown was kicking an own goal.

30

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

35 MR ASPINALL: Thank you, Mr Craigie. If we could turn to 0042 which is the next page.

MR CRAIGIE: Yes.

40 MR ASPINALL: You see there's additional comments and then at the bottom of the page there's a space for a Crown representative to make a declaration? The information - - -

MR CRAIGIE: Yes.

45

MR ASPINALL: Correct?

MR CRAIGIE: Yes. So I think the purpose of that was - - -

MR ASPINALL: Before you comment, Mr Craigie, if you could listen to my question.

5

MR CRAIGIE: Sure. Sorry, Mr Aspinall.

MR ASPINALL: Whether this style of arrangement, if it did come into force – you don't know whether it did or not, I understand that – but if it did come into arrangement, doesn't this system put a heavy burden on the representatives of Crown who are tasked with performing this duty?

MR CRAIGIE: I – I don't think the duty of completing the checklist is – is – is onerous or a heavy responsibility. I certainly take your point about whether the information means that the level of Crown support is being certified or whether they're saying that the content of the application is true and correct. I think what they're saying is, "I've completed the checklist and here's my business card". Whether the application is true and correct, that's clearly up to the department and law enforcement. So I think this is a certification for the checklist, "I've completed the checklist". I don't think it's a countersignature to the application.

MR ASPINALL: But you accept that if the department received a checklist like this that it would be open to them to interpret it in a different way?

MR CRAIGIE: Well, only if they were instructed to do so by the department, but that – I – I've got no evidence that the department issued an instruction which said "because there's a Crown checklist, you know, don't bother doing your usual checks". That's not what we're requesting, and it was never in any discussion that the department, or law enforcement, would do anything differently. This was trying to get the applicant to do things differently.

MR ASPINALL: Yes, Mr Craigie, doesn't the existence of this document tend to indicate a disconnect between what you thought would be happening at a very high executive level and what the functionaries carrying out the tasks appeared to regard as important to do so?

MR CRAIGIE: No, I don't accept – I don't accept that because we've got no evidence that the consulate officials did anything differently because they received this checklist. It was something they requested. I'm not sure - - -

40

MR ASPINALL: But doesn't that overlook the fact that Crown would not have included a paragraph indicating its levels of support unless it thought that meant something or made a difference?

MR CRAIGIE: It – what it – yes, what it was – it was indicating that Crown had checked as best it could the application and the level of checking that was – was done, or the level of success they had in getting that information was indicated here.

That – that obviously assisted the department in some way. But I’m not sure you can draw a conclusion from that that this was some sort of pass-through system on the part of the department. And it certainly doesn’t have anything to do with law enforcement checking, which – who were not at any of these meetings and are not
5 involved in any of this process.

COMMISSIONER: But I think there may be a slight nuance to this. What – the position is that if – if you had looked at the form that we discussed a little earlier, I have a feeling that you wouldn’t have been wanting to have all of that in there. I
10 think that’s right.

MR CRAIGIE: I – I think – yes, I’m – I’m – I – if I had – if I had vetted this checklist, I would have made a small number of wording changes.

15 COMMISSIONER: All right. So that – and those changes would have been, as I apprehend your evidence, consistent with creating the reality and the perception that what was going on here was appropriate and aboveboard and not cosy, I gather. Is that right?

20 MR CRAIGIE: Correct.

COMMISSIONER: All right. Yes, Mr Aspinall.

MR ASPINALL: Now, Mr Craigie, I just want to take you back to the first page of
25 this exhibit which is 0037. We looked at it before. Do you have that, Mister - - -

MR CRAIGIE: Sorry. Which tab, Mr Aspinall? I’m sorry.

MR ASPINALL: I’m sorry, Mr Craigie. It’s tab 5 at 0037, the first page.
30

MR CRAIGIE: Thank you.

MR ASPINALL: And as you helpfully indicated at the beginning, your view was that this document was a document from 2012.
35

MR CRAIGIE: I think so.

MR ASPINALL: And as we noted - - -

40 MR CRAIGIE: I think it – sorry.

MR ASPINALL: As we noted at the beginning of this examination, the items on the first page here are said to already have been made. And it appears that they’ve occurred in June 2011. This document is recording an historical fact; do you see?
45

MR CRAIGIE: I – the June 2011 is – is confusing, because there’s – there’s a section:

Improvements already made.

And then:

5 *Further proposed improvements.*

And then there's something called:

Subsequent modifications in April 2012.

10

So I don't know if this – I don't know if the first half of the document was created in June 2011, or the entire document was created in 2012, and someone's looking backwards and giving us a history lesson. I'm not – I can't – I can't – I can't tell.

15 MR ASPINALL: Well, doesn't the use of the past tense, on page 0037, indicate that this is a document that was created later and records a historical fact?

COMMISSIONER: Do you mean because of the date at the bottom; the 3rd of May 2012 or – is that what you say? Mr Aspinall, do you mean - - -

20

MR ASPINALL: Well, I'm basing upon Mr Craigie's earlier evidence at the beginning that he considered that this was a document that – I have suggested to him this was a document from 2011. He said that, on his reading, this was a document from 2012.

25

COMMISSIONER: Yes. All right. Mr Craigie, has the date at the bottom got something to do with your observation about 2012?

MR CRAIGIE: Yes, Commissioner. I think, if you turn to the bottom of page 2.

30

COMMISSIONER: Yes.

MR CRAIGIE: I think we've got – I think we've got the title of the document on the left, but the date of the document on the right.

35

COMMISSIONER: Yes.

MR CRAIGIE: I think the document's been created in May '12.

40

COMMISSIONER: But that's what I'm asking about.

MR CRAIGIE: It's got – it sounds like it's got a title of a previous document - - -

COMMISSIONER: Yes.

45

MR CRAIGIE: - - - because, otherwise, you would call the document, you know, "Aggregated Crown improvements as at May '12", or something. It's confusing.

COMMISSIONER: I think we can put this issue to bed. Yes. It's a 2012 version of a document that might have happened in 2011, on your evidence. Yes, Mr Aspinall.

MR ASPINALL: And it states, doesn't it, in – on page 0037, that:

5

From June 2011 improvements had already been made which included to utilise a checklist to validate data.

And that checking procedures were set out in attachment 1. See that?

10

MR CRAIGIE: Yes. I'm – I'm not sure, Mr Aspinall, you can say from this document when was the checklist first introduced. It's clearly prior to May 2012. Whether it was in - - -

15 MR ASPINALL: But whatever - - -

COMMISSIONER: Just a minute, Mr Aspinall, please. Yes. Mr Craigie, finish your sentence, please.

20 MR CRAIGIE: If it's the cobbling together of a previous document and a subsequent amendment to that document, whether the attachment, which also has the same title – I'm – I'm not – I'm – I would have to say, Mr Aspinall, my answer is I don't know the date the application checklist was first used.

25 COMMISSIONER: All right. Yes, Mr Aspinall.

MR ASPINALL: If it is the case that this checklist had come into force, I want to suggest to you, for a third and final time, that the fulfilling of the duties set out in the checklist placed a serious burden, or a serious duty, on the officer of the Crown who performed them.

30

MR CRAIGIE: And I don't accept that, because the consequences of not fulfilling that burden are zero to the Crown staff member. The application will be rejected. The consequences - - -

35

MR ASPINALL: Yes.

MR CRAIGIE: The consequences.

40 MR ASPINALL: I want to suggest to you – go ahead, Mr Craigie.

MR CRAIGIE: Sorry. The consequences to Crown of having the rejection rate go up are going to be consequences borne by the whole system. They're not borne by an officer who completes a checklist only to have the application rejected by the department for whatever reason, or law enforcement for a particular reason. There's no consequence on the Crown officer, other than they've wasted their time completing a checklist.

45

MR ASPINALL: But isn't the decision as to whether to put Crown's good name behind this application being determined by the officer who completes this checklist and declares it to be true and correct?

5 MR CRAIGIE: Yes.

MR ASPINALL: And don't you consider that a serious obligation?

10 MR CRAIGIE: No, it's an obligation to complete the checklist. There is no obligation on the Crown officer for the success rate, or otherwise, of the application
- - -

15 COMMISSIONER: That's a different – that's a different – no. Mr Craigie, if I just ask you to pause there. The question was don't you consider that a serious obligation when the officer completes the checklist and declares it to be true and correct? The obvious answer is there, isn't it.

MR CRAIGIE: Yes, yes.

20 COMMISSIONER: Yes. All right.

MR CRAIGIE: Commissioner, I agree that – and I think if it said the application is true and correct that would be an absolutely serious burden and an unfair burden. What they're certifying, I think, is that the checklist is correct, and they did the
25 checklist.

COMMISSIONER: Well, it's all a matter of interpretation that was in place at the time, that I understand, if you got hold of it, it would be quite different in the ways that you've said.
30

MR CRAIGIE: Yes.

COMMISSIONER: Yes. So I think the problem that it existed at the time is one of an historical fact, but, clearly, there was obviously a burden on the person who had to do the work to complete the list to go to the department.
35

MR CRAIGIE: Yes.

COMMISSIONER: I think that's right, isn't it? Yes, all right. Yes, Mr Aspinall.
40

MR ASPINALL: And if you agree with that proposition, Mr Craigie, don't you agree that these – the officers doing this task were putting Crown at risk?

MR CRAIGIE: No.
45

COMMISSIONER: You mean if the form put forward material that was not correct?

MR ASPINALL: Correct. And if – if Crown's - - -

COMMISSIONER: Just wait.

5 MR ASPINALL: Sorry.

COMMISSIONER: That's what's being put. Mr Craigie, just listen.

MR CRAIGIE: Sure.

10

COMMISSIONER: Do you agree that if the officer put forward the application where some of the material was not correct, then Crown's good name was at risk? That's the question.

15 MR CRAIGIE: Yes, I'm – I'm just contemplating the risk that Crown has supported an application. It's gone through a checklist. But it turns out the information was either incorrect or - - -

COMMISSIONER: Or false.

20

MR CRAIGIE: Or false.

COMMISSIONER: Yes.

25 MR CRAIGIE: And – yes. I accept if Crown is supporting applications and the ultimate rejection rate is high because they've been – they're a result of fraudulent information, that does impact on Crown's credibility.

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

30

MR ASPINALL: What I suggest to you, Mr Craigie, as a member of the risk management and as a member of the board of the licensee of Melbourne – Crown Melbourne – who ultimately supervised these employees, that meant that they should have been subject to careful checking and training. Do you agree with that?

35

MR CRAIGIE: Yes. I can – I accept that if they are going to undertake this checklist, that training in how to complete the checklist should be done.

40 MR ASPINALL: And do you agree that the risk management structure of Crown should have recognised that and taken steps to mitigate those risks?

45 MR CRAIGIE: I don't think the risk to Crown of an – a visa application being supported is a serious risk. The – but I – I understand the general – the general proposition that if applications supported by Crown get rejected, and they were supported by Crown, that has – that reflects on why did Crown support the application in the first place? So I accept that point. I accept the point that people should be trained to do this. I'm - - -

MR ASPINALL: Yes. Because - - -

MR CRAIGIE: I'm not - - -

5 MR ASPINALL: Go ahead.

MR CRAIGIE: Yes. It could have been – it could have been put on the risk register that Crown supports visa applications and the risk is that some of those visa applications will be rejected on the basis that the information is fraudulent.

10

MR ASPINALL: And you've referred to some of the risks, but isn't another risk the reputational risk that actually arose last year when the media published reports regarding the visa processing system at Crown?

15 MR CRAIGIE: I – I can't comment on what happened last year or the specifics of what those cases are, Mr Aspinall. I'm not – I had left Crown by that stage. But everyone, I think, accepts that there is a rejection rate for applications. The question is what is an acceptable rejection rate, and what is unacceptable, because it's just wasting everybody's time.

20

COMMISSIONER: I think it's a slightly different proposition. But I understand that you had left Crown. I think the simple – if you will pardon the expression – proposition is that if a publication is made, at large, that there was a cosy relationship between Crown and the department, with the imputation that it was not proper, then that's a reputational risk, isn't it?

25

MR CRAIGIE: Yes. I agree with that, Commissioner.

30 COMMISSIONER: And so whatever one can do to monitor the risks to the public company's name and reputation, one has to try to do one's best. I presume you'd agree with that?

MR CRAIGIE: Yes. No, I do agree with that, Commissioner.

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

MR ASPINALL: And isn't it another thing it would do, if it was incompletely – or incompetently performed, to devalue the good name and – of Crown with the Australian Government to whom the applications were being made?

40

MR CRAIGIE: Indeed. If the rejection rate went back up to 10 per cent, it would be extremely difficult for Crown to raise any issues associated with visa processing. If Crown wanted to join other advocates for an online visa processing system for China, such as the tourist operators, the tourism lobby groups and the universities, Crown would be doing its callers no good if the rejection rate went back up to 10 per cent after, you know, meetings with ministers and senior officials.

45

MR ASPINALL: And it would also call into question the way in which Crown trained and supervised its staff, wouldn't it?

MR CRAIGIE: Yes.

5

MR ASPINALL: Do you accept, in relation to the issues that we've discussed already, that there was a failure of the risk management system not to recognise the risks that we've discussed this morning and to take steps to mitigate them?

10 MR CRAIGIE: I – I – I accept that the risk register could have included a risk, which was that Crown was pre-vetting or assisting with the visa application process. And that, in the event that the reject rate went back up, there was reputational risk to Crown.

15 COMMISSIONER: Okay.

MR CRAIGIE: I think there is – I think there is a - - -

20 COMMISSIONER: I'm not quite sure who is speaking, Mr Craigie, but it's no-one from here.

MR CRAIGIE: Right. No. It's no one – no one at my end, I don't think, Commissioner.

25 COMMISSIONER: Yes.

30 MR CRAIGIE: There is a risk in the risk register called "reputational risk". So one of the – so there's an existing risk. One of the sub-risks under that risk could be that Crown was supporting visa applications following, you know, a meeting with the department who said, "If you want a better visa process, please improve the quality of the applications."

COMMISSIONER: Yes. Thank you, Mr Craigie.

35 MR ASPINALL: And wouldn't one of the risk mitigation strategies that could have been undertaken be for someone like you, or someone from the senior executive who understood how the system should work, to review documents such as we've just seen, and make sure they accorded with the plan which the senior executive had formulated in regards to the visa processing business?

40

45 MR CRAIGIE: Mr Aspinall, I think, with the exception of one or two amendments to the wording, the instructions to the staff are consistent with what the department was looking for, and they are consistent with what came out of that meeting. But the extent to which staff were briefed on this checklist, and how to fill out the checklist, that was left – I left that to the VIP department. I – it was at a point where both the senior people at the departmental end and my end. And, from my perspective, we

withdrew from the process because we thought we'd come up with a system which was more efficient and more effective than the previous one.

5 MR ASPINALL: Thank you, Mr Craigie. We've almost finished this topic. I just wanted to ask about one final document, which is exhibit P2. Its Ringtail reference is CRL.632.001.0001.

MR CRAIGIE: Okay. Is that – did you say - - -

10 MR ASPINALL: Would you put that up in the hearing room only, please? Pardon, Mr Craigie?

MR CRAIGIE: Is this P? Is that P?

15 MR ASPINALL: P for Peter, number 2.

MR CRAIGIE: Yes.

20 MR ASPINALL: It says:

Forward Guangzhou office.

MR CRAIGIE: Yes.

25 MR ASPINALL: Do you see?

MR CRAIGIE: Yes.

30 MR ASPINALL: Now, if we look at the email at the bottom of the page from Mr Albouy to Mr Chen, and we enlarge that, do you see there's the initial few paragraphs are about the current Guangzhou office not being legally registered, and so on. And then it turns, just before a heading, Visa Processing Company, the paragraph says:

35 *During my recent VP meet in Guangzhou, I asked the GHZ visa team –*

which is the Guangzhou visa team, I assume –

40 *to source a new premises and coupled with a newly registered visa processing company set up by my team.*

You see that?

45 MR CRAIGIE: Yes.

MR ASPINALL:

We are able to move to a suitably located office near the Australian Consulate with business registration and give the team a more safe and professional environment to work in.

5 Do you see?

MR CRAIGIE: Yes.

MR ASPINALL: It says:

10

The office will also serve as a basepoint for the Guangzhou team, who have never had a premises to work from.

MR CRAIGIE: Yes.

15

MR ASPINALL: You see? And then there's a heading Visa Processing Company.

MR CRAIGIE: Yes.

20 MR ASPINALL: It says:

Raymond elected to set up a company with his name for the purpose of receiving, assisting, processing and handling visa applications.

25 See?

MR CRAIGIE: Yes.

MR ASPINALL: Do you understand that one of your employees had set up a
30 company for that purpose?

MR CRAIGIE: No. This is – this is the first time I've seen this document.

MR ASPINALL: And if that were the case, as it seems it was, you'd be highly
35 concerned by that?

MR CRAIGIE: Yes. It's completely inappropriate if – if Raymond is a staff
member of Crown. And – and as I think we discussed yesterday, setting up the
office is inappropriate as well. So the whole thing is – is – is not appropriate at all.
40 But I don't know who Raymond is; that's not a name I'm familiar with.

MR ASPINALL: You said it would be concerning if Raymond was a staff member
of Crown. But it would be even more concerning if he wasn't, wouldn't it?

45 MR CRAIGIE: Yes. If he's been contracted to do that by – I don't know – Stefan,
if – that would also be – all of this is, to my knowledge, would be unauthorised.

MR ASPINALL: And wouldn't information which you, as CEO, and a member of the risk management team, like this did not have, indicate that the risk management procedures in respect of this team in China were defective?

5 MR CRAIGIE: I think the information flow up to the senior levels of the company from the people in China was defective. Yes.

MR ASPINALL: Thank you. That's all on that topic, Mr Craigie. Could you now see if you could find the Riverbank/Southbank folder.

10

MR CRAIGIE: Yes.

MR ASPINALL: Now, I have taken various people through the ASIC searches for Riverbank and Southbank. And I take it you don't dispute that you were a
15 longstanding director of Riverbank Investments and Southbank investments?

MR CRAIGIE: That's correct.

MR ASPINALL: And, in fact, for Riverbank Investments Pty Limited you were on
20 that board from 2008 until 2017; correct?

MR CRAIGIE: Correct.

MR ASPINALL: And for Southbank Investments, you were on that board from
25 2002 until 2017; correct?

MR CRAIGIE: Correct.

MR ASPINALL: One question that I've asked the witnesses so far is why, as they
30 understood it, the CEO of Crown Resorts and other high ranking executives of Crown Resorts, were historically members of the board of these two companies?

MR CRAIGIE: I don't know why the original decision was taken. But I'm fully
35 supportive of that – those decisions, subsequently, to put the CEO of Crown Resorts and the CEO of Crown Melbourne or Crown Burswood, whoever it is, as directors, because the – you need the same level of scrutiny over these companies in terms of accounting, auditing, compliance, as if these bank accounts were within Crown Melbourne or in Crown Perth. So I would be nervous about sending a signal to those
40 departments who are monitoring these companies that if we picked, I don't know, middle managers from the finance department and make them the directors, everyone thinks these must be second tier bank accounts or second tier concerns.

So the fact that the same directors were signing off on the Crown Melbourne and Crown Perth accounts were signing off on these accounts reinforced the need for all
45 the people involved in accounting, auditing, compliance, money laundering, to treat the business of these two – treat the bank accounts in these companies the same as they would treat the patron bank accounts in Crown Melbourne and Crown Perth. I

have no problem – I've got no problem with the directors of these two companies being the same as the directors of Crown Melbourne and Crown Perth.

5 MR ASPINALL: Mr Craigie, if that were the case, why couldn't the same effect have been achieved by issuing a memo clearly to all your employees indicating that these accounts needed to be taken very seriously?

10 MR CRAIGIE: It probably – it probably could have, but what – I don't see any problem with the CEO of Crown Melbourne and Crown Perth and the CEO of Crown Resorts being directors of this company. These bank accounts are in Crown Melbourne or Crown Perth. You've got – you haven't – you haven't created a new problem or solved an existing one. The directors are responsible for the bank accounts in Crown Melbourne and Crown Perth, they're responsible for these accounts.

15 MR ASPINALL: But isn't one potential problem it creates that it would give an outsider, such as a bank or a regulator or AUSTRAC, comfort that very senior and powerful executives of Crown Resorts had an active interest as directors of these companies and owed direct obligations to them to see that they were properly managed?

20 COMMISSIONER: Just pause there for a moment. Just pause there for a moment. We seem to have lost Mr Young, your counsel. We will just wait for his return.

25 MR ASPINALL: I'm informed, Commissioner, that Mr Young has had a power failure.

MR HOPKINS: Commissioner, it's Nick Hopkins.

30 COMMISSIONER: Yes, Mr Hopkins.

MR HOPKINS: I apologise for this. Mr Young has just informed me he's had a power failure.

35 COMMISSIONER: I see. But you're there, Mr Hopkins.

MR HOPKINS: I am, Commissioner.

40 COMMISSIONER: All right then. I do apologise for the interruption, Mr Craigie, but we now know that your counsel is there, albeit that Mr Young is not presently there, but Mr Hopkins is there and you are presently, properly and no doubt exquisitely represented so we will proceed. Yes, Mr Aspinall.

45 MR ASPINALL: I shall retrieve the question and ask you again, Mr Craigie. Isn't one potential problem that having senior executives on the board of Southbank and Riverbank Investments that it will give an outsider such as a bank or a regulator or AUSTRAC comfort that the affairs of these companies were being monitored and

directed by senior executives of Crown Resorts and that those directors owed direct obligations to those companies?

5 MR CRAIGIE: But that – that is the case, that these – these companies are being – these companies are just bank accounts. Those bank accounts are being monitored by senior executives in Crown Melbourne and Crown Perth. They’re audited by the same external auditors. There is – that’s exactly the point. There is the same supervision of these accounts as in the accounts in Crown Melbourne and Crown Perth. That’s – that is the point.

10 COMMISSIONER: That’s the corollary that is being put to you. It does give the good impression that the directors are taking these accounts very seriously and so seriously that the chairman and the CEO are on the directors’ list.

15 MR CRAIGIE: Yes, that’s true, Commissioner.

COMMISSIONER: Yes.

20 MR CRAIGIE: I guess the - - -

COMMISSIONER: Yes, Mr Aspinall.

25 MR ASPINALL: And if that were not occurring, the comfort that gave to those entities would be misplaced, wouldn’t it?

30 MR CRAIGIE: It’s – if – I guess the point I’m trying to make, Mr Aspinall, is there is no difference in a problem arising in these bank accounts as compared to a problem arising in the Crown Melbourne or Crown Perth bank accounts if the issues are – the risks are identical and the risk mitigation is identical because they’re being – all these accounts are being monitored by the same group of people inside Crown Melbourne and Crown Perth.

35 MR ASPINALL: You say they were being monitored, but I take it that that was your understanding. Is that correct?

COMMISSIONER: Mr Young is back.

40 MR CRAIGIE: Yes. My understanding was that the Crown processes, resources and systems monitoring bank accounts made no distinction between the bank accounts in Riverbank and Southbank and the bank accounts in the parent company, and that that was - - -

MR ASPINALL:

45 MR CRAIGIE: Sorry.

MR ASPINALL: You finish, Mr Craigie.

MR CRAIGIE: I was going to say and that was also the case with the external auditor. These accounts were audited by the same audit team that was auditing the Crown accounts. So it's an identical - - -

5 COMMISSIONER: Can you remember who the auditor was?

MR CRAIGIE: From – it was Ernst & Young was the auditor and the chief auditor changed from time to time, Commissioner. I can't recall the name of the last - - -

10 COMMISSIONER: That's all right.

MR CRAIGIE: - - - auditor.

15 COMMISSIONER: So these – this proprietary limited companies, they were in fact also audited by the auditor of the public company; is that right?

MR CRAIGIE: Yes, the audit – to the extent the audit looked at the bank accounts in Crown Melbourne and Crown Perth, that – the auditor also looked at these bank accounts.

20 COMMISSIONER: Yes, so that the – and the auditor was the auditor of Crown Resorts.

MR CRAIGIE: And the same auditor for Crown Resorts, yes.

25 COMMISSIONER: Thank you. Yes, Mr Aspinall.

MR ASPINALL: Mr Craigie, I take it that you personally never reviewed the accounts.

30 MR CRAIGIE: I signed off on the accounts. I didn't look at the bank - - -

MR ASPINALL: When I say the accounts, I mean the bank accounts, transactions through the bank accounts.

35 MR CRAIGIE: Yes. No, no, I didn't look at – I didn't look at the bank transactions of these accounts or the accounts in Crown Melbourne or Perth.

40 MR ASPINALL: And the board of these companies never met in a substantive way, is that correct?

MR CRAIGIE: It didn't need to meet, so resolutions were by circular resolution; they were prepared by the same people who prepare the resolutions for the Crown Melbourne or Crown Perth resolutions.

45 MR ASPINALL: So the board of these companies never considered the transactions which went through its bank – their bank accounts; correct?

MR CRAIGIE: The directors did not look at the transactions that went through these bank accounts, nor to my knowledge did they look at the transactions going through the other bank accounts in Crown Melbourne or Crown Perth. People are employed – senior people are employed to do that reporting to the general counsel in
5 Crown Melbourne and Crown Perth respectively. The directors don't go through the transactions and – as many as there are ,and look at those. They don't do it – whether these accounts are left in these companies or moved into Crown Melbourne or Crown Perth, I don't think it's the job of the directors of either Crown Melbourne or Crown Perth to go through individual bank transactions. That's a function that's
10 been delegated to appropriate people.

MR ASPINALL: But in terms of these companies, that was the only business they conducted; correct?

15 MR CRAIGIE: Yes. And their - - -

MR ASPINALL: You did not consider that it was necessary for the board of those companies to concern itself with the transactions that went through their bank accounts; is that right?

20

MR CRAIGIE: No, they – they need to be concerned with the transactions in the same – with the same degree of concern they have if these bank accounts are in Crown Melbourne or Crown Perth. That is, ensuring that you've got appropriate monitoring, reporting, etcetera, for whatever patron bank account is part of the casino
25 operation.

MR ASPINALL: Then do you say the board - - -

MR CRAIGIE: Do I think – sorry, I thought the question was do I think directors
30 need to go through the bank statements or can they rely on people whose job it is to go through the bank statements. I think it's the latter.

MR ASPINALL: My question was did you not consider that it was those companies themselves with the transaction that went through their bank
35 accounts?

MR CRAIGIE: Sorry, I couldn't hear that question. Would you mind repeating it?

COMMISSIONER: Mr Aspinall hasn't dissected it as between directors and
40 auditors and monitoring. The question is straightforward. In these particular companies did you not think it necessary for the board, or the directors of the company, to look at the transactions that were going through the accounts as being the only business of the company?

45 MR CRAIGIE: No, I didn't – I didn't consider that the directors needed to do that, Commissioner. I thought they could - - -

COMMISSIONER: Yes, thank you.

MR CRAIGIE: Yes.

5 COMMISSIONER: Yes.

MR ASPINALL: And likewise would the same answer apply in relation to the boards of the licensee in Crown Melbourne and Crown Perth and the board of Crown Resorts itself?

10

MR CRAIGIE: Yes, I – I don't think the directors need to go through those detailed bank transactions.

15 MR ASPINALL: Now, you had been on the board of these companies for a long time.

MR CRAIGIE: Yes.

20 MR ASPINALL: Did you ever turn your mind to whether the word "investment" in their names was misleading?

25 MR CRAIGIE: These names were – in the case of Southbank Investment, was chosen 20 years ago. It was the thinking at that time that not all customers want their gambling activities to be known by everyone. Some – some people have no problem in saying that they gamble and are happy to see other people watch them gamble and they will tell you about their gambling exploits. Other people think there is a negative connotation from being seen as a gambler or described as a gambler, and so for privacy reasons customers 20 years ago were given a choice: you can have a bank account with Crown or you can have a bank account with a company called
30 Southbank Investments.

35 When you roll the clock forward to today, the context is different and you will get implications of, you know, this is trying to deceive or it's trying to disguise, etcetera. So the answer I would give today is – leaving aside the reality of whether these bank accounts are treated differently in terms of their monitoring, reporting to AUSTRAC, etcetera, leaving aside the reality, are these names appropriate 20 years on? They are not. Because it leaves - - -

40 COMMISSIONER: Yes, I think that might be a convenient time. Because what?

MR CRAIGIE: Sorry, because it leads to imputations that they are somehow not being monitored, they're not being treated the same as if they were in Crown Melbourne and Crown Perth.

45 MR ASPINALL: Thank you.

COMMISSIONER: Indeed. I'm going to take a 10-minute adjournment for a break, Mr Craigie, and I will resume in 10 minutes time.

MR CRAIGIE: Thank you, Commissioner.

5

COMMISSIONER: Thank you.

ADJOURNED

[11.30 am]

10

RESUMED

[11.40 am]

15 COMMISSIONER: Yes, thank you, Mr Aspinall.

MR ASPINALL: Thank you, Commissioner. Do you recall, Mr Craigie, before the adjournment, I asked you a question which was:

20 *Did you ever turn your mind to whether the word "investment" in the names of these company was misleading?*

Do you remember that?

25 MR CRAIGIE: Yes.

MR ASPINALL: And I think the answer that you – the effect of the answer that you ultimately gave – and I'll just read it out – was that leaving aside the reality of whether these bank:

30

...leaving aside the reality of whether these bank accounts were treated differently ... are their names appropriate 20 years on? They are not.

Do you agree with that?

35

MR CRAIGIE: I do.

MR ASPINALL: Then you said:

40 *Because it leaves –*

open the:

45 *...imputation that they are somehow not being monitored; they're not being treated the same as if they were in Crown Melbourne and Crown Perth.*

Do you see?

MR CRAIGIE: Yes.

MR ASPINALL: Do you remember that?

5 MR CRAIGIE: Yes.

MR ASPINALL: What I want to suggest to you is that the names are not appropriate – not appropriate, not because of the reason that you gave which – that it might lead to an imputation that they're not being monitored, but because it leaves open the imputation that they are companies which are not connected to the casino and companies which conduct investment activity. Do you agree with that?

MR CRAIGIE: I agree that that is what – how it could be interpreted by the general public. Yes.

15

MR ASPINALL: And you agree that's misleading?

MR CRAIGIE: If – it's misleading with respect to the general public. Yes.

MR ASPINALL: Is there some – is there some consideration that was given by you, in your role as director of those companies, to that question? Or is it something that you've only realised now it's been brought to your attention later?

MR CRAIGIE: No, no. No, the – the name was – the name was approved by the VCGLR back in 2001. The banks are aware what the – what those accounts are used for: depositing and withdrawing funds by patrons. AUSTRAC is aware. But the general public would think bank account called Southbank Investments is not related to the casino. The users of the account know it is. But anyone other than the users, the banks, the gaming regulator and the anti-money laundering authority, I agree, it's misleading.

30

MR ASPINALL: Yes. And Mr Bell took you repeatedly to the fundamental principle of Crown Resorts, which was that the business affairs be conducted legally, ethically and with strict observance of the highest standards of integrity. Do you remember that?

35

MR CRAIGIE: Yes.

MR ASPINALL: What I want to suggest to you is to allow customers or patrons or others to deposit money and to condone the use of these accounts with these names as a conduit for payments into the casino was inconsistent with that fundamental principle. Do you agree with that?

40

MR CRAIGIE: A – the customers haven't been misled. The customers want to use the service. They know what it is. Someone other than the customers, it's – for someone other than the customers and the other agencies I mentioned, it's a misleading name.

45

MR ASPINALL: And it's an - - -

MR CRAIGIE: The customers aren't misled.

5 MR ASPINALL: And allowing deposits into that account is inconsistent with the fundamental principles, isn't it? Are you having difficulty answering that question?

MR CRAIGIE: No, the - the - yes, I do, because the - the patron - - -

10 MR ASPINALL: I suggest to you it's a fairly obvious answer, isn't it? If the accounts - if the account - - -

MR YOUNG: Could Mr Craigie, please, give his answer?

15 MR ASPINALL: If the account names are misleading, as you have suggested to anybody, including the general public, then their use and the permission of Crown Resorts to permit deposits through them as a conduit to the casino is inconsistent with the fundamental principle. Do you agree with that?

20 MR CRAIGIE: No.

MR ASPINALL: And you don't see your disagreement as a problem?

25 MR CRAIGIE: It would be a problem if the bank accounts hadn't been approved. If the bank accounts weren't being monitored, if you were misleading the customers, I agree that's a - that - they would be major problems. There is a problem if the accounts are erroneously called secret accounts or whatever, and I accept that's a problem with the current name. That wasn't considered 20 years ago, when they were named. It's now a problem.

30 MR ASPINALL: But wasn't it something that you needed to consider every day that you sat upon the board of these companies?

35 MR CRAIGIE: I was more concerned with making sure that the appropriate - - -

COMMISSIONER: Just pause. Just pause. If we just - if you could just listen to Mr Aspinall's questions. The question was: wasn't it something that you needed to consider every day that you were a director?

40 MR CRAIGIE: I - I don't believe so, Commissioner. And I - - -

COMMISSIONER: All right.

45 MR CRAIGIE: I certainly didn't - I didn't think about that.

COMMISSIONER: All right then. And I think that 20 years ago, you've indicated that it wasn't considered – the misleading nature of it to the public wasn't considered; is that right?

5 MR CRAIGIE: I – that's correct, Commissioner.

COMMISSIONER: Yes. All right. Yes, Mr Aspinall.

10 MR ASPINALL: And, in that regard, Mr Craigie, I want to suggest to you what had happened and what the regulator might have been informed about was not relevant, going forward, each day as to whether the use of these accounts under those names conformed with the fundamental principle of Crown Resorts. Would you agree with that?

15 MR CRAIGIE: The fundamental principle of Crown Resorts is to conduct its business in a lawful manner. There was also – there's also reference to ethical. I'm not sure that the naming of this account is a major breach of anything ethical. The activities that are going on in those accounts is obviously fundamental, which is why they're being treated as every other patron account is. I'm – I'm not particularly
20 concerned about the ethics of a name that was approved 20 years ago. But I can understand why some people think that's a problem.

COMMISSIONER: But just let me understand that it was obvious that to keep the business of these patrons, it was a good idea, from the Crown's point of view as it
25 saw it, to set up a vehicle through which they could deposit moneys secretly; correct?

MR CRAIGIE: I would use the word "discretely", not "secretly".

30 COMMISSIONER: All right. That's fair enough. Discretely. And "discretely" means "privately", I think you said earlier?

MR CRAIGIE: The reason in the – that was - - -

35 COMMISSIONER: Did you say "privately" earlier?

MR CRAIGIE: I did say it. Yes, I did. Yes.

40 COMMISSIONER: All right. Now, the privacy is – that is, what can be viewed here is that this was a pretence that money was going into something that was not gambling; isn't that right?

MR CRAIGIE: Yes.

45 COMMISSIONER: And so if it's a pretence, and Crown lends its name to a pretence, then that creates some difficulties, on one view of the evidence, ethically; does it not?

MR CRAIGIE: Yes, I can – I can accept that.

COMMISSIONER: And so if, today, these were to be set up, from what you're telling me, I have little doubt that you would not permit it.

5

MR CRAIGIE: Correct, Commissioner.

COMMISSIONER: Is that right?

10 MR CRAIGIE: Yes, that's correct.

COMMISSIONER: And so the other aspect of it is, as well, that, whilst there is a process that is a pretend process, the prospect of things that are not legally acceptable can happen. In other words, moneys can come into an account that may, in fact, be the proceeds of crime; correct?

15

MR CRAIGIE: Yes. Correct.

COMMISSIONER: Yes, Mr Aspinall.

20

MR CRAIGIE: Could I add - - -

COMMISSIONER: Yes.

25 MR CRAIGIE: Sorry.

COMMISSIONER: Yes, of course.

MR CRAIGIE: Could I – it's not clear to me that proceeds of crime are necessarily going to be a bigger issue for this account than a casino-named account because what - - -

30

COMMISSIONER: Yes. They're all very vulnerable, I agree.

MR CRAIGIE: They're all – they're all – they're all vulnerable. But if I'm trying to disguise proceeds of crime, I need to be able to point out that I gamble; that the reason I've got the flashy car is I'm a gambler. I don't need – I don't want that to be not known. I want it to be known. So I'm – I'm just making the point that it's not clear to me that, if I want to disguise proceeds of crime, I go the discreet route. I may well want to shout from the roof tops that I'm a gambler, known to be a gambler. I boast about my win; that's how I describe the flashy car in the garage. So I take - - -

40

COMMISSIONER: Where you have a - - -

45

MR CRAIGIE: They're all - - -

COMMISSIONER: Where you – yes, of course, flashy cars and the like I understand. But where you have a public company that's operating subsidiary accounts that are, effectively, a pretence, the shouting out that it is, in fact, vulnerable to money laundering is something that is more difficult; is it not?

5

MR CRAIGIE: All these accounts are vulnerable to money laundering. Commissioner, I agree with you 100 per cent.

COMMISSIONER: All right then. So the position, so far as Southbank and Riverbank is concerned, you told me that they were audited; is that right?

10

MR CRAIGIE: They're part of – they're part of whatever the external audit – my point was whatever the external auditor is doing - - -

COMMISSIONER: No, no, please, Mr Craigie. Please, please.

15

MR CRAIGIE: Yes.

COMMISSIONER: Are they audited or are they not?

20

MR CRAIGIE: They're part of the audit.

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: And moving a little further from the Commissioner's question about the naming, you mentioned to me that you did not think it was deceptive to the customer. You remember that?

25

MR CRAIGIE: Yes.

30

MR ASPINALL: But did you think it might be – did you consider the possibility that it would be misleading to a person reviewing transactions made by the customer?

MR CRAIGIE: Being – the bank or the regulatory agency? Because neither of those would be being misled.

35

MR ASPINALL: Mr Craigie, if a person who was not entitled to the funds of a company, for example, made a transfer from the company's accounts to an account known as Southbank Investments, then someone looking at that company's accounts may be misled as to where that money has gone; correct?

40

MR CRAIGIE: Yes.

MR ASPINALL: And do you accept that, by allowing patrons to deposit money into accounts with those sorts of names, the casino was providing a method for such a person to disguise where the money was actually going.

45

MR CRAIGIE: From this other party. Yes.

MR ASPINALL: Did you turn your mind, as a director, to whether that was an appropriate thing to do?

5

MR CRAIGIE: I was satisfied that the monitoring of these accounts, the reporting to the authorities in relation to the transactions going through these accounts, was identical to that regime which applied to the other bank accounts which were named Crown Melbourne or Crown Perth.

10

COMMISSIONER: If you could just listen to Mr Aspinall's question. He asked you whether you accepted that by allowing patrons to deposit money into accounts with those sorts of names the casino was providing a method for such a person to disguise where the money was actually going and you said yes. And then you were asked, "Did you turn your mind as a director to whether that was an appropriate thing to do?", and you either did or you didn't.

15

MR CRAIGIE: No. No, I didn't. I didn't turn my mind to that.

20 COMMISSIONER: All right then. Thank you, Mr Craigie. Yes, Mr Aspinall.

MR ASPINALL: And do you accept now, with the benefit of hindsight, that should have been something that you considered?

25 MR CRAIGIE: Yes, I can see that that is going to be – that could be an issue. I think it's a secondary issue to the primary issue of disclosure to authorities and regulators, but I understand, and the bank who obviously knows, but I understand what's being put.

30 COMMISSIONER: Yes.

MR ASPINALL: Now, Mr Craigie, you have accepted already, I think, that casinos and the accounts which they hold are vulnerable to use by money launderers, do you agree?

35

MR CRAIGIE: Yes.

MR ASPINALL: And do you agree the combination of that fact with the naming of these companies and their accounts, augmented that vulnerability?

40

MR CRAIGIE: No.

MR ASPINALL: Why is that?

45 MR CRAIGIE: Because the vulnerability of the bank accounts, the Crown bank accounts, is independent of the name of the account.

COMMISSIONER: Because it's a casino?

MR CRAIGIE: They're both – both sets of accounts will be of attraction to attempts at money laundering. The controls that are put in place are identical, so therefore the
5 vulnerability of the accounts, I think, is the same.

COMMISSIONER: Is it because there are such large transactions?

MR CRAIGIE: Casinos are – casinos are attraction for money laundering and other
10 criminal activity because it's cash-based, the players are mostly anonymous, you don't need a licence to go and gamble. So the attraction of casinos to criminal elements has long been recognised. It forms the basis of the legislation in every jurisdiction which decides whether to legislate or not. And the bank accounts of casinos – patron bank accounts are going to be vulnerable and attractive to money
15 laundering. I'm not sure you've improved your position on vulnerability by making a name change to the account. That's my – that's my point.

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Mr Craigie, in the course of preparing for this examination have you reviewed the emails which were sent by banks to officers at Crown?

COMMISSIONER: In relation to these bank accounts.

MR ASPINALL: In relation to these bank accounts?

MR CRAIGIE: I've had a look at the material in that latest set of documents. I haven't gone through it in great detail, but I've – I've looked at it, yes.

MR ASPINALL: And do you accept, without me having to take you to them, that
30 banks over time were warning Crown that the accounts operated by these companies were being used for money laundering?

MR CRAIGIE: I accept that the banks – some of the banks have detected what
35 appears to be money laundering attempts in those accounts and that, together with a general desire of the banks to reduce their risk exposure, has led to banks withdrawing services related to patron accounts from the casinos. And if I could just elaborate – sorry.

MR ASPINALL: And have you reviewed the actual accounts of those companies
40 which the banks were concerned about?

MR CRAIGIE: No, I haven't – I haven't looked at those individual transactions, but
45 obviously the relevant people in our money laundering reporting have looked at those.

MR ASPINALL: Well, that's an assumption you've made, isn't it?

MR CRAIGIE: Yes, I'm – I'm - - -

MR ASPINALL: You don't know - - -

5 MR CRAIGIE: No, I have no - - -

MR ASPINALL: no personal knowledge of whether they have or not; is that correct? You assume - - -

10 MR CRAIGIE: On an individual transaction basis I haven't. I do have knowledge that they review those bank accounts on the same basis that they do the Crown bank accounts, that they report to AUSTRAC and I have seen AUSTRAC assessments of Crown which cover those bank accounts. So I have to assume that they are reviewing and they are reporting because AUSTRAC has reported back on those
15 accounts. But you're right, I don't have – I don't have detailed knowledge of a particular transaction.

MR ASPINALL: Well, do you have any knowledge of any of the transactions?

20 MR CRAIGIE: Not an individual transaction, no.

MR ASPINALL: That wasn't my question. You said "I didn't have detailed knowledge of the transactions".

25 MR CRAIGIE: Sorry. I haven't looked - - -

MR ASPINALL: Because you have never reviewed the accounts, you have no knowledge of the transactions, do you?

30 MR CRAIGIE: No, I have not looked at the individual transactions going through those bank accounts, no. Not those accounts, nor the Crown accounts.

MR ASPINALL: You don't know whether money laundering was occurring through those accounts or not because you've never looked at them. Is that correct?
35

MR CRAIGIE: No, Mr Aspinall, I – I – in my position, if the money - - -

COMMISSIONER: No, no, please. Mr Craigie. Mr Craigie, please, I'm sorry to interrupt you and I don't want you to feel that I'm being critical. I just want you to
40 focus on what you're being asked and the question was, firstly, you didn't look through them individually. As I understand it, you did not; is that correct?

MR CRAIGIE: That's correct.

45 COMMISSIONER: And so having not looked at those individual transactions, you can't form the view, really, as to whether or not there was a serious question about money laundering from each of those individual transactions.

MR CRAIGIE: No.

COMMISSIONER: All right. Yes, Mr Aspinall.

5 MR ASPINALL: And have you had any training in money laundering itself?

MR CRAIGIE: No.

10 MR ASPINALL: Do you consider that you would be able to detect money laundering if you saw it?

15 MR CRAIGIE: No, I would be reliant on someone that has gone through that training and has gone through the AUSTRAC training sessions and has been dealing with AUSTRAC and they would be the money laundering officer within Crown Melbourne or Crown Perth. I am reliant on them as a director of Crown Melbourne; I'm reliant on them as a director of Southbank Investments.

20 COMMISSIONER: One of the – I don't know if you've seen this evidence, but the bank accounts of one or other of them indicates deposits on the same day of certain amounts just under the limit of \$10,000 throughout a particular period, sometimes by the same person and sometimes into the same patron's account. The expert evidence that's been given to the Inquiry indicates that those sorts of things are treated as red flags in - - -

25 MR CRAIGIE: Yes.

COMMISSIONER: - - - the accounts. I presume you've heard about that.

30 MR CRAIGIE: Yes. And structuring – structuring payments; I'm familiar with that as a major indicator of money laundering.

35 COMMISSIONER: Yes. And so far as those things are concerned, if – and irrespective of the obligations to report to agencies such as the – either the police or AUSTRAC or any of that, I presume you would accept that irrespective of that the company itself – the companies themselves need to look to their own housekeeping and look to their own assessments of whether that sort of structuring is going on. You agree with that?

40 MR CRAIGIE: Yes, I do.

45 COMMISSIONER: And so one of the things that may emerge or may have already emerged is the danger in saying, "Look, I reported this" or "I told X" or "I had it looked at by someone in 2012". You would accept that irrespective of all those things that the companies do have that responsibility to monitor itself what's going on in this manner. You would agree with that?

MR CRAIGIE: Yes. I agree with that.

COMMISSIONER: And so it is a concurrency of duty and obligation that runs with the legislative requirements for notification to AUSTRAC and the like.

MR CRAIGIE: I fully agree with that.

5

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

MR CRAIGIE: Commissioner, could I just add to that. I fully accept that daily monitoring of that – those accounts is appropriate. I accept that daily monitoring of the Crown Melbourne accounts is appropriate. They're done by the same person. What I – what I – what I don't accept is that Southbank Investment wasn't entitled, as 100 per cent owned subsidiary of Crown Melbourne to use the resources of Crown Melbourne to perform those tasks. I don't accept that Southbank Investments needed to replicate the identical resources that were in its parent company to discharge that duty. The directors of Southbank were reliant on the Crown Melbourne resources to perform the same job they were performing for Crown Melbourne. That's the difficulty I - - -

COMMISSIONER: Yes, I don't think it's being – I don't think it's being suggested to you that some of the things that you've just said were inappropriate. It really is that once you have a special vehicle such as these which we've discussed early and there's no need to labour the point, is rather – it is rather different, but you're not being asked to accept that the use of resources of other mechanisms of auditing and checking could not be used as well.

25

MR CRAIGIE: Yes, and I think - - -

COMMISSIONER: Yes, Mr Aspinall. Sorry. I'm sorry, Mr Craigie.

MR ASPINALL: Mr Craigie, you told the Commissioner that you have never seen the bank accounts of these companies; correct?

MR CRAIGIE: Correct.

MR ASPINALL: I propose to show you one now, if Mr Young does not object.

COMMISSIONER: It can go on the hearing room only. It's a confidential document.

MR ASPINALL: Will you be able to see it if I show it on the hearing room screen, Mr Craigie?

MR CRAIGIE: I was yesterday, Mr Aspinall, so hopefully it's the same technology.

MR ASPINALL: Its number is CRL.563.001.0700_R, and it is in Crown confidential list 1 at tab 190. I'm informed this version is redacted and it can go on the VC. Do you see that, Mr Craigie?

MR CRAIGIE: Not yet, Mr Aspinall.

COMMISSIONER: It should come up very soon.

5 MR CRAIGIE: Yes.

COMMISSIONER: Yes, thank you.

10 MR ASPINALL: That's a bank statement of a Commonwealth Bank account in the name of Southbank Investments and the statement is addressed to the directors of that company which – of which you were one.

MR CRAIGIE: Yes.

15 MR ASPINALL: And if you look at the unredacted transactions can you see that there are 12 transactions on that page in cash?

MR CRAIGIE: Yes.

20 MR ASPINALL: And do you see that each of those transactions is under \$10,000?

MR CRAIGIE: Yes.

25 MR ASPINALL: And do you see in respect of the reference number for each of those transactions it is 1203527?

MR CRAIGIE: Yes.

30 MR ASPINALL: Were you aware of what that meant?

MR CRAIGIE: No, I haven't seen this.

35 MR ASPINALL: Can I ask you to assume that meant the patron number to which that deposit is intended to go at the casino?

MR CRAIGIE: Yes.

40 MR ASPINALL: Do you see those deposits were made at different branches of the Commonwealth Bank in Sydney?

MR CRAIGIE: Yes.

MR ASPINALL: And do you see they're all made on the same day?

45 MR CRAIGIE: Yes.

MR ASPINALL: And can we now go to the next page, please. Do you see on that page there are three further transactions that occur at the top of the page?

MR CRAIGIE: Yes.

5

MR ASPINALL: That they are again under \$10,000?

MR CRAIGIE: Yes.

10 MR ASPINALL: That they are again made in cash?

MR CRAIGIE: Yes.

15 MR ASPINALL: That they are again to the same patron number that I have referred to you before?

MR CRAIGIE: Yes.

20 MR ASPINALL: Can we now skip over one entry on 4 March, operator, to the next block. Blow that up. All of them. Blow up that set. Do you see it continues there, Mr Craigie, in the same way?

MR CRAIGIE: Yes, yes.

25 MR ASPINALL: And skipping over one transaction, do you see it continues on 5 March?

MR CRAIGIE: Yes.

30 MR ASPINALL: Go to the next page, please. Do you see it continues over on to that page?

MR CRAIGIE: Yes.

35 MR ASPINALL: Now, you're not an expert in money laundering, Mr Craigie, you told me that, but do you accept that those transactions are entirely consistent with what is known as structuring or smurfing?

40 MR CRAIGIE: Yes, someone is trying to get under the 10,000 limit for significant reporting and this would – is a prime candidate for a suspicious transaction and I expect would have been reported to AUSTRAC, accordingly.

45 COMMISSIONER: Well, just putting that aside for the moment, I think that – let's assume that all the legal steps that were necessary to take under the legislation occurred.

MR CRAIGIE: Yes.

COMMISSIONER: And just focus on what otherwise the company should have done in the circumstances.

MR CRAIGIE: Yes.

5

MR ASPINALL: You have accepted, I think, Mr Craigie, that even to an untrained eye that that is consistent with money laundering.

MR CRAIGIE: Yes.

10

MR ASPINALL: Now, can I turn - - -

MR CRAIGIE: It certainly - - -

15

MR ASPINALL: I will wait for you to answer, Mr Craigie.

MR CRAIGIE: Yes. It's certainly consistent with trying to disguise significant cash transactions, yes.

20

MR ASPINALL: So you make a distinction between that and money laundering, do you?

COMMISSIONER: I don't think so.

25

MR CRAIGIE: No.

COMMISSIONER: I think Mr Craigie accepts that it's consistent with money laundering.

30

MR ASPINALL: Thank you.

MR CRAIGIE: Yes.

35

MR ASPINALL: Now, if we go to .0703 – page do you see that on 12 March there was a transfer of the money which had built up in that account including the transactions which were made in cash which we looked at for Crown Melbourne?

MR CRAIGIE: Yes.

40

MR ASPINALL: Given what you've seen, do you see any problem with that having occurred?

MR CRAIGIE: Yes. I would think the daily monitoring of these accounts would have detected that money laundering was being undertaken on this account.

45

MR ASPINALL: Yes.

MR CRAIGIE: And that - - -

MR ASPINALL: And do you accept that in those circumstances to then transfer that money or deal with it was inappropriate?

5

MR CRAIGIE: If – if that was – if that was known, yes, that would be inappropriate.

MR ASPINALL: Well, you're not an expert, but even to you it - - -

10

MR CRAIGIE: No.

MR ASPINALL: - - - seems likely, does it not?

15 MR CRAIGIE: Yes, that would appear to be a suspicious transaction that should be relayed to the authorities.

COMMISSIONER: But just coming back to the point that we were discussing earlier, I think that there's two – there's two areas. One is your legislative obligations to the – what you've called the authorities. The other one is getting your own house in order and whether you have to wait for the authorities to say, "Look, three months later we caught Mr X with a bag of money at the track and I think this might be more of the same". It really is important for the company to be proactive in this area in its own right, isn't it?

25

MR CRAIGIE: I – I agree with that. My - - -

COMMISSIONER: And so – I'm sorry. Yes.

30 MR CRAIGIE: Go on. No, no.

COMMISSIONER: I think what you have is that safety net that you have the legislative structure in place with the authorities, but the urgency that I am seeing on one view of the evidence is that one cannot be lulled into a false sense of security simply because you send a report because, as you've so rightly agreed, if I may say, the casino is vulnerable and so what one has to do, irrespective of the reporting obligations, is to try itself to make the processes more rigorous to reject or repel that conduct. Isn't that right?

40 MR CRAIGIE: I agree with that, Commissioner. This attempt - - -

COMMISSIONER: The burden is to work out what to do, I suppose.

45 MR CRAIGIE: Yes. And so this attempt could easily have been made on a Crown account, so it would – just making the name change, and your point is as well as reporting that when it's detected, you know on – at the end of day 1 or whatever, if you see that activity continuing on day 2 with a Crown account, right, what – what

action should you take in addition to reporting it to the authorities. I guess the point I'm trying to make here is the fact that this account is called Southbank Investments, to merely change the name of that account or change the identity of the directors does not mean you've made a major advance forward in anti-money laundering

5 because if it had been a Crown Melbourne account the same attempt could have been made and you've got that same question you are asking: what do you do if a Crown Melbourne account is being used in this way? What do you report? How do you get AUSTRAC involved or law enforcement involved?

10 My question about – my point about this is changing the name of this account or changing of the directors does – doesn't do anything to address the vulnerability of casino patron accounts to this type of activity.

COMMISSIONER: Yes, I suppose the only danger is when you set up something special – when you set up some vehicle for special patrons who want to keep things, if you pardon the expression, under the radar, there needs to be more vigilance, I think, on one view of it. But I accept your analysis that changing a name will not help, but creating a process that is effectively one that's, as you've called it, private, another word is pretence as we discussed, is all the more - - -

20

MR CRAIGIE: Yes.

COMMISSIONER: - - - layers of complexity and so what needs to happen is a reality check to say "we are vulnerable", and all directors and employees must understand that. But I think that's a – I think I'm preaching to the converted with you, Mr Craigie, so - - -

25

MR CRAIGIE: No, I agree one – I agree 100 per cent, Commissioner. I think the point I'm making is if we list the achievements of Crown next year in its fight against money laundering, I wouldn't put the change of name of a bank account at the top of the list and expect to be patted on the back because look at the major advance I've made in anti-money laundering, I changed the name of an account. I just think that's - - -

30

COMMISSIONER: Nobody is suggesting that. Nobody is suggesting it.

35

MR CRAIGIE: No. I – I think - - -

COMMISSIONER: Mr Aspinall hasn't suggested it, and - - -

40

MR CRAIGIE: No, no. No, no.

COMMISSIONER: - - - I haven't suggested it. I think you're just boxing at shadows, if I may say so.

45

MR CRAIGIE: Okay. Yes. Fair point.

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Mr Craigie, I showed you one account from the Commonwealth Bank for Southbank Investments. I would like to now show you one account for
5 Riverbank Investments with a different bank, ANZ.

MR CRAIGIE: Yes.

MR ASPINALL: That's ANZ.334.001.0066_R, and I'm instructed that can go to
10 the - - -

COMMISSIONER: Yes.

MR ASPINALL: It is Crown confidential list 1 at tab 498.
15

MR CRAIGIE: What – what's the tab – what set number, please, Mr Aspinall?

COMMISSIONER: I think it's on the screen.

MR CRAIGIE: It's on the screen. Okay.
20

MR ASPINALL: Look at it on the screen.

MR CRAIGIE: Sure. Sorry. No, that's fine. I can see it on the screen.
25

MR ASPINALL: Thank you. Do you see that one is an account at ANZ of Riverbank Investments.

MR CRAIGIE: Yes.
30

MR ASPINALL: Do you see it's addressed – this account is addressed to the directors of Riverbank Investments of which you were one at that time.

MR CRAIGIE: Yes.
35

MR ASPINALL: At the bottom of the page.

MR CRAIGIE: Yes.

MR ASPINALL: Now, I will start at 0070 for no particular reason, but if you could bring up that account. Could you highlight, say, the first few - - -
40

COMMISSIONER: What, the 20th of August?

MR ASPINALL: The 19th and the 20th might be good. Do you see there again are a series of cash transactions under the threshold limit and I assume, again, you don't
45

know what AGT means, but I want you to assume for the purpose of – that that is the reference to – it's called the Crown signature club number at Crown Perth.

MR CRAIGIE: Okay.

5

MR ASPINALL: So what it indicates to the staff at Crown is that these cash deposits are to be credited to that account, you see?

MR CRAIGIE: Yes.

10

MR ASPINALL: And do you agree that transactions of this nature are consistent with structuring again?

MR CRAIGIE: Yes. Absolutely.

15

MR ASPINALL: And if we now look at 21 August, you see that number continues and the transactions under \$10,000 continue?

MR CRAIGIE: Yes.

20

MR ASPINALL: And do you see on the 22nd it continues?

MR CRAIGIE: Yes.

25

MR ASPINALL: And going over the page, please, operator, do you see it continues on the 22nd, the 23rd, but in between there's a different patron number for three transactions and then it goes back to the other. Do you see that?

MR CRAIGIE: Yes.

30

MR ASPINALL: And then on the 22nd a new patron number is being used for the first five transactions.

MR CRAIGIE: Yes.

35

MR ASPINALL: Then another transaction – a group of three is being made; do you see that?

MR CRAIGIE: Yes.

40

MR ASPINALL: You can skip over to 0073, top of the page.

MR CRAIGIE: Yes.

45

MR ASPINALL: Just zoom in on the 16th to 20th. Do you see how it goes on?

MR CRAIGIE: Yes.

MR ASPINALL: And then we can go to the next page, 0075.

MR CRAIGIE: Yes.

5 MR ASPINALL: You see it continues there?

MR CRAIGIE: Yes.

10 MR ASPINALL: The 26th and the 29th. And if you go to 0077, top of the page there you see the same thing.

MR CRAIGIE: Yes.

15 MR ASPINALL: And we can go to the next page, 0078 – you could do the whole – 14th of November there are some; the 20th of November there are some; the 21st of November there are some. If we go over the page: the 21st of November; the 22nd of November; the 25th of November. Do you agree?

MR CRAIGIE: Yes.

20

MR ASPINALL: I think I've taken you to enough for you to get the flavour of what was occurring through this account at the time. Do you agree?

MR CRAIGIE: Yes.

25

MR ASPINALL: It's consistent, to your inexperienced eye, I guess, with structuring just as was occurring in the other thing.

MR CRAIGIE: Yes. This – it's like the previous one is indicators of money

30

MR ASPINALL: Yes. Now, I wanted to show you another document which is behind tab 9. It's S9 in the Riverbank bundle; it is CRL.557.001.0726.

35 MR YOUNG: That's exhibit T.

MR ASPINALL: Thank you, Mr Young.

COMMISSIONER: Thank you, Mr Young.

40

MR ASPINALL: Will that be exhibit T9, I – I will get the exhibit number. Do you have that one, Mr Craigie?

MR CRAIGIE: I do.

45

MR ASPINALL: Could that be brought up in the hearing room. Do you see at the bottom of the page there's an email from Paul Birch, Travis Costin and the subject is Riverbank Investments. Do you see that?

5 MR CRAIGIE: Yes.

MR ASPINALL: And Mr Birch says:

10 *Travis, as discussed, we would like to discuss the operation of Riverbank Investments bank account. See a series of questions below. This has been sparked by internal investigations identifying a series of suspicious transactions, ie, multiple deposits on the same day at different Perth branches of cash amounts under 10,000, around eight or nine thousand by the same person. Can we come down to discuss ASAP.*

15

Do you see?

MR CRAIGIE: Yes.

20 MR ASPINALL: Do you see that, at the top of the page, that email was forwarded by Mr Costin on to various people, including a copy to Mr Barton?

MR CRAIGIE: Yes.

25 MR ASPINALL: And could we go to the next tab, tab 10 in this folder, which is CRL.557.001.0718.

MR CRAIGIE: Yes.

30 MR ASPINALL: Do you see Mr Birch has sent Mr Costin an email saying:

This should help.

MR CRAIGIE: Yes.

35

MR ASPINALL: And I'll just get you the number for the attachment, Mr Craigie. It is CRL.557.001.0719. And if you could put that on the VC, please. It is part of Crown confidential list 1, tab 25, Commissioner.

40 COMMISSIONER: Thank you.

MR ASPINALL: CRL.557.001.0719.

MR CRAIGIE: What – what tab number, Mr Aspinall? I don't - - -

45

MR ASPINALL: It was tab 25 in Crown confidential list 1.

MR CRAIGIE: Still in this same set?

COMMISSIONER: You've got – it's just - - -

5 MR ASPINALL: You've got it up on the VC - - -

COMMISSIONER: It's on the screen now.

MR CRAIGIE: Okay.

10

MR ASPINALL: Can you see that?

MR CRAIGIE: Yes.

15 MR ASPINALL: Do you see this is the examples which ANZ were providing to Mr Costin?

COMMISSIONER: Just pardon me. Should this be on the – this is an open document?

20

MR ASPINALL: I think - - -

COMMISSIONER: Yes. Thank you.

25 MR ASPINALL: - - - it can be shown to the hearing room. I understand it's okay.

COMMISSIONER: Yes. Thank you.

MR ASPINALL: It's not confidential any more.

30

COMMISSIONER: Thank you.

MR ASPINALL: Do you see this is – I want you to assume this is the document which was attached to Mr Birch's "This should help" email.

35

MR CRAIGIE: Yes. I can't see anything on my screen, Mr Aspinall.

MR ASPINALL: Perhaps they've turned it off. It might come back. Can you share it to, Mr Craigie, please? Can you see it now, Mr Craigie?

40

MR CRAIGIE: Yes, I can.

MR ASPINALL: Do you see ANZ are setting out there a series of transactions in cash?

45

MR CRAIGIE: Yes.

MR ASPINALL: All under the threshold.

MR CRAIGIE: Yes.

5 MR ASPINALL: Remember we looked at the AGT number?

MR CRAIGIE: Yes.

10 MR ASPINALL: In the actual account? You see they've put those there for convenience and they've given the date - - -

MR CRAIGIE: Yes.

15 MR ASPINALL: - - - and they've then given the branch where the deposits were made.

COMMISSIONER: Yes.

20 MR CRAIGIE: And if you scroll down, they've given the deposit slips.

MR CRAIGIE: Yes.

25 MR ASPINALL: And then, operator, if you could go to a different tab – one of them – that will be fine. Do you see they've done the same for various days in this spreadsheet?

MR CRAIGIE: Yes.

30 MR ASPINALL: So the one we're looking at is the 1st of 10 January. And now another set. And if we could take one last example. Do you see there's another set there that ANZ have given you. Do you see those, Mr Craigie?

MR CRAIGIE: Yes.

35 MR ASPINALL: Now, these are examples from the account that we just looked at the statements of. Remember I took you to day after day - - -

MR CRAIGIE: Yes.

40 MR ASPINALL: - - - of these sort of transactions?

MR CRAIGIE: Yes.

45 MR ASPINALL: And now ANZ were telling Mr Costin this was occurring, and pointing him directly to individual examples and telling him that it was suspicious; that these were money laundering. Do you see?

MR CRAIGIE: Yes.

MR ASPINALL: And what we had seen in those accounts was that, irrespective of whether anyone was reporting it, Crown was sweeping the money from these
5 accounts into the casino. You can assume that?

MR CRAIGIE: Yes.

MR ASPINALL: Do you see any problem with that?
10

MR CRAIGIE: Well, you could leave it in Riverbank Investments or sweep it. The point is Crown still has the funds. If it's proceeds of crime, presumably, it can then be, you know, taken back out of this account, or the Crown account, as – whatever the appropriate action is as a result of, you know, law enforcement activity.
15

MR ASPINALL: I assume Mr Young might want to - - -

MR CRAIGIE: I'm not - - -

MR ASPINALL: Might want to object to this next question. But as soon as – but as soon as Southbank transferred it to the casino, there was a problem for Southbank, wasn't it, if it was reasonably suspected to be proceeds of crime?
20

MR YOUNG: Well, I do object.
25

COMMISSIONER: Yes, it's noted, Mister - - -

MR ASPINALL: In – in respect of these accounts, were you ever - - - -

COMMISSIONER: You're not pressing that?
30

MR ASPINALL: I'm not pressing it.

COMMISSIONER: Yes. Thank you.
35

MR ASPINALL: In respect of these accounts, were you ever informed of what the bank was telling Mr Costin?

MR CRAIGIE: No.
40

MR ASPINALL: Given what we've seen, do you consider, as a director of Southbank, that you should have been informed?

MR CRAIGIE: No more than if I'd been a director of Crown Melbourne and this
45 activity - - -

COMMISSIONER: Don't worry about that. Don't worry about that. No.

MR CRAIGIE: Yes, yes.

COMMISSIONER: Mr Craigie, you're just being asked a single question. As a director of - - -

5

MR CRAIGIE: Yes.

COMMISSIONER: Should you have been informed?

10 MR CRAIGIE: Yes, I should have been informed.

COMMISSIONER: Yes. Yes. Yes, Mr Aspinall.

15 MR ASPINALL: And can I take it, Mr Craigie, that if it were the case this account with ANZ was closed, that, instead of stopping the facility to receive cash transactions through Riverbank, that, instead, an account was opened with a new bank, the Commonwealth Bank, which was able to receive cash transactions or deposits, you would expect to have been informed of that?

20 MR CRAIGIE: Yes. If we – if I was aware that banks were becoming increasingly hard to find that were prepared to take on the risk of casino patron deposit accounts, because that additional risk exposure on top of their operations was putting them at a point where it didn't fit with their risk profile. So, increasingly, it was hard to find banks that would perform this service because of the additional risk involved to the
25 existing base risk of a banking operation.

MR ASPINALL: Yes. And assuming that the new account that I referred to opened with another bank, then fell victim to the same style of transactions which we saw in the ANZ account - - -

30

MR CRAIGIE: Yes.

MR ASPINALL: - - - I would assume that would increase your need, as you saw it, to be informed of what was going on.

35

MR CRAIGIE: Yes. And I was aware that banks were becoming shy of taking on the risk of patron accounts, because they are the target of money laundering attempts. And some of those attempts are going to be successful.

40 MR ASPINALL: And when did you become aware of that?

MR CRAIGIE: As we've seen.

MR ASPINALL: When did you become aware of that?

45

MR CRAIGIE: Aware of banks losing appetite for - - -

MR ASPINALL: Yes.

MR CRAIGIE: I can't recall exactly. But, you know, it was probably in discussions
with Ken Barton, where he said the banks are getting increasingly anxious about the
5 risk of being associated with patron accounts.

MR ASPINALL: And did he tell you that the banks – the reason for that?

MR CRAIGIE: Yes. The risk of – they had no – no longer had an appetite to take
10 on the additional risk of money laundering associated with doing patron bank
accounts.

MR ASPINALL: Did he point out to you that – whether or not he had reviewed the
15 transactions through those accounts?

MR CRAIGIE: No.

MR ASPINALL: Did he ever indicate to you that the transactions through those
20 accounts might indicate that significant numbers of suspicious transactions were
occurring through them?

MR CRAIGIE: No, but he didn't need to tell me that we were lodging suspicious
transaction reports with AUSTRAC. That – I knew that to be happening. And I – I
25 knew that through the various assessments that AUSTRAC regularly does with
casinos. So we were lodging a large number of significant transactions. And we
were lodging suspicious transactions. And AUSTRAC was in constant dialogue with
not only our casino, but all casinos, as to how to refine the suspicious transaction
reporting. So I was aware of all that activity.

MR ASPINALL: But didn't the fact that you were lodging significant numbers of
30 suspicious matter reports indicate to you that, rather than just doing that, you should
either shut these accounts down or restrict the ability of them to receive cash
deposits?

MR CRAIGIE: No, I – I – the fact that – the fact that something is – is attractive to
35 criminal activity, like a casino, doesn't mean that you have to shut it down. What it
does mean is you have to make sure you've got the appropriate AML framework in
place to deal with it. My - - -

MR ASPINALL: But isn't part - - -

MR CRAIGIE: Sorry.

MR ASPINALL: Isn't part of the AML framework that dealing with the proceeds
45 or suspected proceeds of crime is not permitted under the law?

MR CRAIGIE: Yes. And if you suspect that that is happening you need to report it to the relevant authorities.

5 MR ASPINALL: You need to do more than that. You'd need to stop dealing with the money.

MR CRAIGIE: Well, after it's detected. Yes.

10 COMMISSIONER: But that's where we come back to the discussion we were having a little earlier. The law takes its time, no doubt, to, first of all, identify the culprit; two, to arrest the culprit; three, to take the due process of the law through the process of the courts, and so the moneys are then whisked away on roulette or whatever it is that they play. So it comes back to the same point. Here, it is more probably than not proceeds of crime. In the other jurisdiction, beyond reasonable
15 doubt whether it is or not. And you, in the meantime, have the problem of the banks losing the appetite for risk and the company needing to get the money in so it can be profitable. So all of those factors are in play, Mr Craigie, and - - -

20 MR CRAIGIE: Yes.

COMMISSIONER: - - - I would appreciate what you say – when you said it's not – you don't shut it down. You just have an AML – not “you just” – but you have an AML process. But surely there must be something that can be done about these cash transactions coming in, time after time after time, irrespective of your reporting
25 obligations.

MR CRAIGIE: I agree, Commissioner.

30 COMMISSIONER: So how do you deal with it?

MR CRAIGIE: On the casino floor, if – the cage will often, you know, refuse to undertake transactions which are clearly suspicious. So I – I think the suggestion would be that for this – once you identify a particular patron who is structuring payments in this way - - -

35 COMMISSIONER: Yes.

40 MR CRAIGIE: - - - as well as report it, you know, don't accept any more deposits from that – that patron. That would be – that would be, you know, one way of addressing what you were – were saying. So if - - -

45 COMMISSIONER: But that gets back – that gets back to the cage manager and the individual transaction. What I see is an industry problem, even though it's within the confines of the New South Wales jurisdiction, but they know no borders, money launderers. So, really, what I'm really asking, by way of your assistance, is that's going to be (1) labour intensive; (2) costly; and won't fix the problem. So there must be some way within the casino environment to maintain the profitability of a

casino but to reduce the processes that allow these big transactions to be broken up and laundered. Now, I'm not sure what it is at the moment. Certainly, other jurisdictions have taken a very harsh attitude to it, but I'm trying to find a way that you might help me to say how you fix this problem.

5

MR CRAIGIE: Yes. I appreciate the question and it's a difficult issue. You've seen casinos in Singapore licence patrons.

COMMISSIONER: Yes.

10

MR CRAIGIE: You know, to gain entry so, you know, pending a police investigation of a suspicious matter, under that regime you could suspend the licence, you know, to re-enter the casino until, you know, the investigation and law enforcement processes have run their course.

15

COMMISSIONER: One of the suggestions was that that may stifle the capacity for the casinos to make profits, but it does seem that, pre-COVID at least, the profitability of the casinos in Singapore was quite buoyant.

20

MR CRAIGIE: Yes, which says something about the propensity to gamble in Singapore. One of the other things that was interesting about Singapore, you had the option of a daily licence where you didn't have to, as I understand it, fill in all your details, etcetera, or what was an annual licence which was demonstrably cheaper where you did have to go through a full sort of, you know, appraisal process, law enforcement, etcetera.

25

COMMISSIONER: Yes.

30

MR CRAIGIE: And the overwhelming preference was the daily licence, not the annual licence. So again, these are not easy issues to solve. Casino – large casinos have typically run on, you know, people can walk through the door once they establish proof of age and they can gamble with – gamble with cash.

35

COMMISSIONER: Yes. Yes, I understand. Except if you have a restricted facility such as Barangaroo and it's open only to membership and guests.

40

MR CRAIGIE: Yes, that sort of – that will give you some advantages over a general gaming floor where people can walk in. But obviously you've got issues with, you know, visitors from interstate, visitors from overseas, people that come with, you know, friends and guests, etcetera. All of those issues need to be worked through if you're running a members-only casino.

45

COMMISSIONER: Yes. Yes, I'm sorry to deflect us, Mr Aspinall. Thank you, Mr Craigie. I appreciate that.

MR ASPINALL: I'm almost finished, Mr Craigie, but I wanted to ask you, is it correct to say that in respect of the concerns the banks were raising in respect of these accounts that you left that matter to Mr Barton to resolve?

5 MR CRAIGIE: I left Mr Barton to resolve the issue of which banks would continue to offer patron bank account services. The suspicious transaction that the banks identified to demonstrate why they no longer had appetite for risk, I was assuming that they were also – had been picked up as suspicious transaction by Crown's own framework and reported to AUSTRAC, or that Mr – and/or Mr Barton and his
10 employees had alerted the compliance people that they had some specific examples of suspicious transaction from the bank end.

MR ASPINALL: So is it true, to summarise what happened, Mr Barton came to you at some stage and said, "The banks are leery of having us as clients because of the risks" and you said to him, "I'll leave it to you to find a bank that will accept us". Is that right?
15

MR CRAIGIE: No, I didn't say those words, but I didn't say – I didn't say to Mr Barton "Stop searching. We're going to close down the patron bank accounts." So the patron - - -
20

MR ASPINALL: I just want to - - -

MR CRAIGIE: Sorry, the patron bank accounts are an important part of the casino operation. They're – they're obviously a target for money laundering and the appropriate framework needs to be put in place to deal with that.
25

MR ASPINALL: And my question is, is the reason that you didn't do that because Mr Barton didn't inform you of the real situation that we've seen from those statements was occurring in the accounts? Were you unaware of the gravity of the situation?
30

MR CRAIGIE: No, no, I think, Mr Aspinall, everyone is aware of suspicious transactions within a casino. I don't think anyone in the senior management group would be unaware of the difference between significant transactions, suspicious transactions, that that activity is detected in casinos all the time and that it's reported to the relevant authorities. Everyone is aware of that. The banks do it, which is why they have – their own officers have found those particular suspicious transactions. I can't tell whether our people also found those at the same time or subsequently or
35 before the bank did, but my expectation is all of those would have been reported as suspicious transactions at the Crown end and the bank end because, as you say, it's a fairly crude attempt at structuring.
40

As you say, the same patron number, same day – I wouldn't describe that as a sophisticated structuring attempt. I would be very surprised if the Crown review of those transactions wouldn't have arrived at the same conclusion and a report to
45

AUSTRAC would have been made. I have no knowledge of that, but I would be very surprised if that didn't happen.

5 MR ASPINALL: I will put to you a hypothetical. Do you think that if Mr Barton had come to you at that time in 2014, taken you through the exercise I took you through today showing you those examples of money laundering in the accounts, that you would have done anything different?

10 MR CRAIGIE: No, I – I think you would – I think if he had come to me I would have said, Presumably we detected the same thing and we reported it". And if he said, "I don't know", I said, "Well, could you please go away and find out". Because it would be strange for something as blatant as that that the bank's anti-money laundering officer can find that but the Crown counterpart couldn't. That would be disappointing. But people - - -

15

MR ASPINALL: Finally - - -

MR CRAIGIE: Sorry, Mr Aspinall, could I just - - -

20 MR ASPINALL: Yes.

MR CRAIGIE: People will attempt to cheat at casinos, people will attempt to money launder at casinos. Everyone recognises that. What we're trying to do is lower the success rate of those attempts, but no-one is under any illusion that casinos are not the target for criminal activity. That's been the history of the industry. The question is do you have the right frameworks in place to lower that risk, but you will never eliminate it.

30 COMMISSIONER: I suppose it's really – once you express that view, that it is really a – where a licence is granted in that environment, it is essential that you find ways that are moving with the times to ensure that you keep up with the use of technology, cryptocurrency and all of the new ways of dealing with money to keep at least abreast of what's happening and hopefully in front of it.

35 MR CRAIGIE: I – yes, Commissioner, and, you know, whether it's the banks or the casinos that were the second industry sector that AUSTRAC dealt with, it is a specialist area and you're reliant on AUSTRAC pointing the way and AUSTRAC saying to each of these sectors, whether it's the banking and financial sector or casino sector, "Here is what we're looking – here's the latest trend; please be aware of that". So it's essential that the casino executives charged with anti-money
40 laundering are in constant contact with AUSTRAC, they do review each casino on a much more frequent basis than they used to, but they are the experts, as you say, in emerging trends and the casinos have to respond to, you know, what AUSTRAC is pointing out to them.

45

COMMISSIONER: But I suppose also within the casino it must have the capacity to look at the emerging trends within its own environment.

MR CRAIGIE: Yes, and casinos – I would have to say casinos are pretty good at training staff. They've got a lot of investment, there's a lot of activity in training staff in procedures, gaming procedures which are consistent with gaming regulation. Increasingly they've become good at training staff in the responsible service of gaming and the responsible service of alcohol. There is money laundering – money laundering training in casinos and so the concept of refresher training, updated training, that's – that's one that this industry can respond to well. So to your point, if there is a new development or there is a new way of mitigating that risk, casinos can do a pretty good job of rolling that out to the staff on the ground.

10 In the case of Crown across two casinos, there was about 10,000 staff, there was about 80,000 people a day on average visiting. That's a lot of – a lot of customers, it's a lot of transactions, it's a lot of staff interaction. If you want to see an outcome on the casino, training and retraining and refresher training is essential.

15 COMMISSIONER: I notice from those assisting me that more recently there's been a profile or a practice or project in the United Kingdom where banking employees have been embedded with the regulator for a period for training. It was controversial to begin, but the banking officers who went to the regulator for training and then went back to the banks were more cognisant of how to detect things. Has it ever been suggested either in your present industry or the casino industry that such a process should take place?

25 MR CRAIGIE: No, but there are parallels, Commissioner. A lot of the Australian casinos employ as their head of security ex-police officers for that reason, that liaison with law enforcement is such a critical part of that job, but to have a head of security who has a law enforcement background just enables that person to, you know, discharge their responsibilities more effectively, so that the parallel about getting people out of AUSTRAC to work in the casino industry, for example, I think that's – that's a good idea.

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

MR ASPINALL: Mr Craigie, given what we've seen today, is it the case that if you were taken through the exercise that I took you through today in 2014 or 2015, that you would have considered it was necessary to convene meetings of the board of Southbank and Riverbank so that those boards what they needed to do to fulfil their duties to those companies?

40 MR CRAIGIE: Sorry, the board of – of Riverbank - - -

MR ASPINALL:

MR CRAIGIE: The board of Southbank and Riverbank is Mr Felstead and myself. I think Mr Felstead is well aware of the incidents of suspicious reporting at Crown. He is well aware of AUSTRAC's review of Crown's performance in mitigating responsibility. I don't – I don't believe you would need a meeting of the board of

Riverbank or Southbank to address the issue of a particular suspicious transaction report that has been used by the bank to say, “We’ve got a general nervousness and look what’s going on; this proves the point. This is high risk activity for the bank. We no longer want to be involved in this activity.”

5

MR ASPINALL: Would that answer be the same in respect of your obligations on the risk management committee when informed of these matters?

MR CRAIGIE: No, the risk management committee has the risk of money laundering in its risk profile, so reporting that – reporting against AUSTRAC reviews of money laundering is part of that risk management process. I take the point that you could have reported that the ANZ in this case had pointed out two, you know, classic examples of suspicious transactions, but I don’t think the board is unaware that a large number of significant transactions and a sizable volume of suspicious transactions are reported to AUSTRAC every year. In every licence review of the Crown Melbourne licence that I’ve been involved in, the VCGLR gets an assessment by AUSTRAC as to what is the strength or otherwise of Crown’s anti-money laundering program and, you know, the board is aware that that’s part of the licence review.

20

So I – I don’t think that the risk of money laundering is news to either the risk management committee or the board. It’s front and centre in a lot of those, you know, compliance discussions.

MR ASPINALL: So is it right to say that even if Mr Barton had shown you those transactions I’ve shown you today, that no steps, in your view, would have been taken by the risk management committee?

MR CRAIGIE: I’m not sure that – I’m not sure the risk assessment changes because the bank has reported some suspicious transactions which Crown has also reported. I – if – if the bank was detecting suspicious transactions which Crown is failing to detect, that is certainly an issue for the risk management committee because that goes - - -

COMMISSIONER: But surely where you’ve got a series of banks who will not deal with you, doesn’t that suggest that there’s a risk to the working of the company, that is, its reputation is damaged by someone stepping away from you, isn’t it?

MR CRAIGIE: Yes, and Commissioner, my recollection is that that – that issue of banks becoming increasingly gun-shy, if you like, of casino patron accounts, that was raised by Mr Barton at board meetings so I’m not - - -

COMMISSIONER: At board meetings?

MR CRAIGIE: I think so, yes. That’s – I think that that issue was – has been ventilated at board level. I can’t – that – that’s my recollection. I don’t know when,

but certainly the increasing difficulty of finding banks to run those accounts, I think that was – that was discussed - - -

5 COMMISSIONER: In respect of Riverbank and Southbank?

MR CRAIGIE: No, I would have thought just the general – the general concept, not Riverbank and Southbank.

10 COMMISSIONER: So in respect of Riverbank and Southbank where the clear indication was that the accounts were not attractive to the banks at all in those emails, that was a risk that should have been elevated, shouldn't it?

15 MR CRAIGIE: My understanding is that the patron accounts, whether they were Riverbank, Southbank or Crown Melbourne or Crown Perth, were not acceptable to the banks.

COMMISSIONER: But that's something of a general discussion with Mr Barton.

20 MR CRAIGIE: Yes.

COMMISSIONER: What I'm asking you in the context of Mr Aspinall's questions, is that these two accounts which were the subject of the media allegations last year, which is the subject of the terms of reference of this Inquiry, those two accounts and the fact that the banks were not wanting to touch them should have been a matter that
25 went somehow individually or together, both of them, to the directors of the company as a risk for the reputation of Crown, shouldn't they?

MR CRAIGIE: Yes, you can – I can accept that.

30 COMMISSIONER: Yes, all right. Yes, Mr Aspinall.

MR ASPINALL: I have no further questions, Commissioner.

35 COMMISSIONER: Mr Young, do you have any questions of Mr Craigie?

MR YOUNG: Yes, Commissioner.

COMMISSIONER: Or should I say Mr Hopkins?

40 MR YOUNG: No, I'm back, Commissioner.

COMMISSIONER: Thank you, Mr Young.

45 MR YOUNG: I apologise for this morning. I hope I didn't say anything unwise when the power went out. Yes, I do have some questions for Mr Craigie.

COMMISSIONER: Yes, and should I adjourn and resume or are you happy to proceed?

5 MR YOUNG: No, you should adjourn. I expect I'm going to be more than half an hour, Commissioner.

10 COMMISSIONER: All right then, Mr Young. Thank you for that indication. Mr Craigie, what I will do now then is to adjourn for the luncheon adjournment and I will resume at 2 pm. Thank you.

MR CRAIGIE: Thank you, Commissioner.

15 **ADJOURNED** [1.02 pm]

RESUMED [1.57 pm]

20 COMMISSIONER: Thank you. Yes, Mr Aspinall. Anything further from you? Yes. Yes, Mr Young.

25 **<EXAMINATION BY MR YOUNG** [1.57 pm]

MR YOUNG: Thank you, Commissioner. Mr Craigie, can I please ask you to go to exhibit P7.

30 MR CRAIGIE: Yes, Mr Young.

MR YOUNG: Thank you. Do you recall that you were asked some questions about this email chain by Mr Bell?

35 MR CRAIGIE: Yes, I do.

MR YOUNG: Commissioner, for the record, those questions were at transcript 1474 to 1476.

40 COMMISSIONER: Thank you, Mr Young.

MR YOUNG: Now, Mr Craigie, you will see from the email that it contained an attachment, Cynthia funding PDF.

45 MR CRAIGIE: Yes, I don't have that in my pack - - -

MR YOUNG: No. I understood it had been separately provided to you last night.

MR CRAIGIE: Okay. Sorry.

MR YOUNG: I will have it called up, Commissioner.

5 COMMISSIONER: Yes.

MR CRAIGIE: I had it on my screen, Mr Young. I don't have a hardcopy, unfortunately.

10 COMMISSIONER: That's all right. You can have it called it up. Mr Young.

MR YOUNG: Yes, the reference is CRL.625.001.0012.

COMMISSIONER: Thank you.

15

MR YOUNG: We gave notice to the Commission last night, I think, concerning that document.

COMMISSIONER: Yes, thank you. Yes, it's up on the screen now, I believe.

20

MR YOUNG: Mr Craigie, do you have that document in a fashion you can see it now?

MR CRAIGIE: It's not on my Inquiry screen, but I can probably get it - - -

25

COMMISSIONER: Just pardon me. I will have it brought up on your Inquiry screen now.

MR CRAIGIE: Thank you, Commissioner.

30

COMMISSIONER: Yes.

MR YOUNG: Thank you. Do you need it enlarged, Mr Craigie?

35 MR CRAIGIE: No, I can see that, Mr Young.

MR YOUNG: Now, you will see that this is an ANZ payment detail report, and can I draw your attention to certain entries. In the left column, the payment summary gives the name of the individual, Cynthia Yang. It gives the date, then it gives the amount of the payment, some A\$4654, and there's a customer reference VIP funding. Do you see that?

40

MR CRAIGIE: Yes.

45 MR YOUNG: And the originator is Crown Melbourne Limited. Now, I want you to assume that Cynthia Yang was employed by Crown as the international sales manager in Guangzhou in this period. Can you make that - - -

MR CRAIGIE: I have – I have no knowledge of that, but I will – yes.

COMMISSIONER: Just assume it. Just assume it.

5 MR YOUNG: Just assume it. Just assume it, please.

MR CRAIGIE: Yes.

10 MR YOUNG: Now, I want to draw your attention if you go back to P7, please, to some references in the emails and then ask you a question. Could I direct you firstly to the email at the third page of that chain; it's the bottom half of the page from Kenneth Zhou of 19 August. Do you see that?

MR CRAIGIE: Yes.

15

MR YOUNG: And can you see the observation Mr Zhou made in the first indented paragraph:

20 *If a wire transfer is to pay salaries, allowances, bonuses, consulting fees to the company's employees, we should say so.*

MR CRAIGIE: Yes.

25 MR YOUNG: And can I draw your attention to the email above that at the top of that page.

COMMISSIONER: Mr Young, I think you can probably assume that the point made by Mr Craigie yesterday in respect of the employees seems to me to be sound.

30 MR YOUNG: Thank you, Commissioner. That was – I was going to ask Mr Craigie in the end whether this affirmed his interpretation.

35 COMMISSIONER: Yes, no, he's given me that evidence and I can – I've read through the emails.

MR YOUNG: Thank you. Can I turn to another topic, Mr Craigie, please. Commissioner, I should tender – or have that payment detail annexure incorporated within P7.

40 COMMISSIONER: Yes. Yes, that can go as part of the exhibit, Mr Young. Thank you.

45 MR YOUNG: Thank you. Mr Craigie, you were asked some questions by Mr Bell about the question whether Crown used two sets of marketing material in China, and you were asked those questions at transcript 1491. Now, to some extent I think you may have covered this already in your answers, but can you explain what, to your

understanding, restrictions or prohibitions operated in China in relation to using imagery or references to gambling in advertising literature?

5 MR CRAIGIE: Yes, my understanding was that any form of advertisement, whether it was a television commercial, a billboard or a brochure, if that was to be seen in China it could not contain imagery of gambling or gaming; that the same television commercial or billboard or brochure with those images could obviously be used elsewhere in Asia, and my understanding is the Macau casinos, for example, would do that. They would create two forms of advertising, both compliant, but one without the imagery, and I think in the transcript I likened that to legislation in 10 Australia where poker machine advertising is banned and table games is not. And annual reports produced prior to that ban for Australian casinos had imagery of poker machines in them, but annual reports after the ban were not allowed to have that imagery. You could only show table games.

15 MR YOUNG: Mr Craigie, was it your understanding that all casinos that operated in China in the sense of attempting to recruit Chinese gamblers to play at their casinos adopted the practice to comply with the advertising rules of having two sets of marketing material for use in Asia?

20 MR CRAIGIE: That was my understanding of – that it was common practice amongst the casinos that were trying to advertise, you know, across Asia.

25 MR YOUNG: And was the use of two sets of marketing material by Crown any kind of attempt to disguise the fact that its operations in China related to the recruitment of gamblers?

30 MR CRAIGIE: No. No, it was to ensure compliance as the other operators did and as, for example, the Las Vegas Tourism Bureau did as well. So they had one set of materials, if you like, come to Las Vegas for China and another set of materials come to Las Vegas for a country like Singapore, for example.

35 MR YOUNG: Thank you. Now, you were also asked some questions about the logo on the tails of the private jets operated by Crown. Do you recall that?

MR CRAIGIE: Yes.

40 MR YOUNG: Now, that was the subject of questioning at the same page, 1491 of the transcript, and the questions were directed to exhibit M144, if you could open that, please. That was the email relating to what appeared on the tails of those private jets.

MR CRAIGIE: Yes.

45 MR YOUNG: Now, just before I ask you about the substance of the email, the addressee was a Matthew Csidei. Do you see that?

MR CRAIGIE: Yes.

MR YOUNG: And at the top of the page you will see his email address is @cph.
Do you see that?

5

MR CRAIGIE: Yes.

MR YOUNG: And was Mr Csidei known to you?

10 MR CRAIGIE: Yes, he was – what would I describe him as – he was a design
consultant and was basically proficient in, particularly, interior design, not so much
external architecture, but in terms of, say, the fit-out of a hotel room or the fit-out of
a private plane or any sort of luxury facility, he was – he was experienced in what
you might recall top-end, high quality design.

15

MR YOUNG: Yes. And was he engaged as a consultant to provide services to
Crown in that area of design?

20 MR CRAIGIE: Yes. He was involved in the design of the refurbishment of the
Crown villas, which is obviously predating this period, but, then, subsequently, there
was a service contract entered into between Crown and certain executives of CPH,
and he provided those services under that contract. I can't recall the date that
contract started, but I believe it would be prior to this period or around this period.

25 MR YOUNG: Yes. And in relation to the jets, did you have an understanding of
what role he was performing?

30 MR CRAIGIE: He was involved in the fit-out of the jets and offering advice on –
for, a private luxury jet, what is sort of state-of-the-art design for the interior of the
jets.

MR YOUNG: Thank you. Now, in relation to the services agreement - - -

35 COMMISSIONER: Just before – are you leaving that topic?

MR YOUNG: I was going to give you a reference to that services agreement, where
it's found, Commissioner.

40 COMMISSIONER: Thank you.

MR YOUNG: But I'm not leaving the subject of the jets.

45 COMMISSIONER: I see. Thank you. If you just leave that on the screen and I will
accept the reference. Thank you, Mr Young. The reference is?

MR YOUNG: The services agreement with CPH is exhibit O44.

COMMISSIONER: Thank you very much.

MR YOUNG: I don't need to go to it.

5 COMMISSIONER: No, we don't need to bring it up. Yes. Thank you.

MR YOUNG: Now, turning to the jets, Mr Craigie. In terms of logos displaying Crown's name, where did that stand in relation to the advertising prohibitions operating in China?

10

MR CRAIGIE: Yes. So the issue of company logos is somewhat vexed in this area. Is it – is the logo promoting gambling? Or is it promoting the resort or the company? And I can only sort of speak in Australia, generally, there's been an acceptance that a company logo is not taken to be the promoting of poker machines, in the case of advertising restrictions in Australia. Whether a company logo would be seen as promoting or advertising gambling in China, it – there would be a – there would be an area of uncertainty about that, and which way you want to make that call. It's probably horses for courses, Mr Young. Some – some companies have left their logo on and flown their planes into China; others haven't. I'm not – it – it's in the eye of the beholder, I think, whether a company logo is promoting gambling.

15

MR YOUNG: Now, do you regard the failure to incorporate a logo on the tail of the new jets as any kind of attempt to disguise the nature of Crown's operations as a casino that it was marketing within China?

25

MR CRAIGIE: No, no. I think it's an attempt to make sure that there's compliance with the ban on advertising in the same way that companies remove that imagery from their TV ads and billboards, etcetera. The question is do you also need to remove the company logo to be compliant. And, I think, you know, this is – this decision, I think, is coming out of that. But you know, a vexed question about will you get – you fall foul of the law by merely displaying a company logo?

30

COMMISSIONER: Mr Craigie, to be fair to you, let me just indicate a couple of things that are on my mind. This is six days or seven days after the announcement of a crackdown on the casinos in China; you understand that?

35

MR CRAIGIE: Yes.

COMMISSIONER: And not only that, it would appear that that crackdown was observed, within days, to cause whoever wrote this email to suggest taking off the logos from the tails.

40

MR CRAIGIE: Yes. Yes.

45 COMMISSIONER: So one irresistible inference – it may be wrong, it may be right – but one irresistible inference is to fly the planes in without alerting anyone to the

fact that you're there in an environment where the crackdown has simply just been announced through the media. You would accept that that's one inference.

MR CRAIGIE: Yes. I think that is – you could infer that.

5

COMMISSIONER: Yes.

MR CRAIGIE: I think you could – I think you could also infer, in the middle of a gambling crackdown, your previous view on are we compliant with advertising, if there was a grey area, you might try and eliminate that grey area. But I take your point, both interpretations are plausible.

10

COMMISSIONER: Yes. And, of course, and it depends upon the sophistication of the writer of the email as to whether that gambling – those gambling advertising rules were understood and appreciated, I presume?

15

MR CRAIGIE: No doubt. But there – but there was some history available to Crown executives, through the Crown Melbourne experience, and the Victorian poker machine ban. So people that were involved in some of the design of the Crown Melbourne and Barry, obviously, because he was previously a poker machine manager, he would have been across the issue of when – when there's an advertising ban, what is advertising, what's not. Certainly Barry and - - -

20

COMMISSIONER: Mr Ishan Ratnam, as well?

25

MR CRAIGIE: Yes. Well, no, he would have had no experience with that. But – but Matthew could well have been aware of that and Barry, certainly, would have been.

COMMISSIONER: Just on the email. I think you still have it on the screen there, do you?

30

MR CRAIGIE: I've got it – I've got a hardcopy, Commissioner.

COMMISSIONER: You've got a hardcopy.

35

MR CRAIGIE: Yes.

COMMISSIONER: You can see that the bottom – sorry. Please leave it alone. Thank you. The bottom email signs off in a rather friendly way, "Ishan". Do you see that, with no identification?

40

MR CRAIGIE: Yes.

COMMISSIONER: With no identification of the Crown Resorts address, or otherwise? You see that?

45

MR CRAIGIE: Yes. Yes.

COMMISSIONER: But the top one – the top one has detail of the author’s name, address, telephone number, email address. Do you see that?

5

MR CRAIGIE: Yes.

COMMISSIONER: What should I infer, if anything, from those two different situations?

10

MR CRAIGIE: Are you referring to the email address of Ishan being the Capital Golf Club?

COMMISSIONER: The first one comes from the Capital Golf Club from Ishan Ratnam with nothing underneath the name “Ishan”.

15

MR CRAIGIE: You’re saying there’s no – there’s title under his name?

COMMISSIONER: Yes. There’s no title for the bottom one.

20

MR CRAIGIE: Yes, yes.

COMMISSIONER: And the top one, the short response, “Will do,” is just – it’s different. It has Mr Ratnam’s identification.

25

MR CRAIGIE: Yes, yes. It looks like he’s got two email addresses, Commissioner. He’s got a Crown Limited email address in – underneath his mobile phone number.

COMMISSIONER: Yes.

30

MR CRAIGIE: And he’s got a Capital – he’s got a Capital Golf Club email as well, because he did – he had that – that dual role of looking after the Capital Golf Club and looking after players. So I – it may well be, historically, there was a range of people with Capital Golf Club emails as well as Crown Limited emails. I’m – I’m speculating, Commissioner.

35

COMMISSIONER: I understand that. Thank you for your assistance. And in respect of the top email, of course, notwithstanding that comes from his – it appears to come from his email at the Capital Golf Club, but identifies a different sign-off with the email address at the Crown Limited address. Do you see that?

40

MR CRAIGIE: Yes. Yes. I’m – I’m struggling to – to interpret all of that, but - - -

COMMISSIONER: Well, I presume that there may be these sorts of emails that one finds from time to time where there’s more than one access to one email. And if you’re doing a number of jobs, there’s the capacity to have a number of email addresses, I presume.

45

MR CRAIGIE: Yes. I think that's the likely explanation. I'm not sure why there's nothing – there's nothing under the sign-off in one, but there is in the other, but maybe that's – yes. Not sure.

5 MR YOUNG: Yes.

COMMISSIONER: Well, no doubt those assisting me can make some more inquiries of Crown's lawyers.

10 MR YOUNG: Yes.

COMMISSIONER: Yes. All right. Sorry, Mr Young, to interrupt you.

MR YOUNG: That's all right.

15

COMMISSIONER: Yes.

MR YOUNG: Mr Craigie, on that last question, I will just put this to you. Might it be that the bottom email without the sign-off was say from, say, a mobile phone and the top one was sent from a computer with a pre-programmed sign-off?

20

MR CRAIGIE: Yes, Mr Young. Thank you. That would be one explanation. There might be others, but that sounds plausible as well.

25 COMMISSIONER: Yes. Though, usually it says "sent from my iPhone" or something, at the bottom, doesn't it?

MR YOUNG: With an iPhone it does, but - - -

30 COMMISSIONER: It's not there, Mr Young. Anyway, it's intriguing. And we'll have a look at it. Yes, yes. All right then.

MR YOUNG: One last question about these service arrangements between Crown and CPH. Did Crown, from time to time, obtain the services of – from CPH employees with particular expertise in particular areas?

35

MR CRAIGIE: Yes. I think, as I said in my evidence, the chairman had some key advisers inside CPH that occupied executive positions within CPH. And he encouraged them to get involved and in the monitoring of the business in understanding the strategy of the business. Given their breadth of skill and experience, they were a valuable input to the Crown management team, in my view. Up to a point in time, those services, or that input, if you like, was provided gratis to Crown. At some point, I think around 2015/16 – I can't be sure, it's been a while since I recall this – CPH put a proposal to Crown that those services should be the subject of remuneration; that those arrangements should be formalised, and to the extent they were providing valuable services to Crown, they should be paid for.

45

That proposal went to the independent directors of the Crown board, who sought some expert advice from a remuneration consultant, John Egan, who was – had done work for Crown previously, and he opined on what the nature of such a service contract would look like and gave some advice on – I think from memory they were
5 daily rates for the provision of that service. The chairman of the remuneration committee, Geoff Dixon, took advice from that report and asked me to go and negotiate a more favourable set of rates with Mike Johnston who, I think, had pulled together the proposal from the CPH end. We got a reduction in those rates which Jeff and the other independent directors found acceptable and that service agreement
10 was approved at a board meeting and from that time on there were invoices and, you know, hours worked documentation, etcetera, and payments were made.

MR YOUNG: All right. Thank you. I want to move to another topic, Mr Craigie. Could you pick up exhibit R11, please. Now, at R11 there's an email chain that
15 includes you, and one of the emails in the middle of the first page is from Mr Barry Felstead providing you with some information about the Korean arrests. Do you see that?

MR CRAIGIE: Yes.
20

MR YOUNG: Now, when you were asked about this email, you told Mr Bell that there had been some follow-up or subsequent emails in which the South Korean arrests were assessed as a one-off. You recall using that expression?

25 MR CRAIGIE: Yes.

MR YOUNG: I want to take you to one of those subsequent emails. Could you please go to exhibit 202 – that's M202.

30 MR CRAIGIE: Yes, I've got that.

MR YOUNG: Now, you will see that the top email is an email from Mr Felstead that is cc'd to you and a number of other of the most senior executives of Crown.

35 MR CRAIGIE: Yes.

MR YOUNG: Now, can I direct your attention to the bottom half of the page which is an email from Mr Phillips of Mintz to Mr Chen. Just take a moment to read that email. I appreciate it is difficult to read because the copying is not very good.
40

MR CRAIGIE: Yes.

MR YOUNG: Now, is that one of the subsequent emails to which you were referring when you gave your evidence to Mr Bell?
45

MR CRAIGIE: I think it is, yes.

MR YOUNG: And in the email from Mr Phillips you will see that the South Korean position is one which – in relation to which he says the core issue is about the cash that they were taking out of China for their new clients.

5 MR CRAIGIE: Yes.

MR YOUNG: Then the next sentence is:

The source said that inbound cash also was significant - - -

10

MR CRAIGIE: Yes.

MR YOUNG:

15 *and used for client entertainment, etcetera.*

Now, do you recall having any discussions about that advice?

MR CRAIGIE: Not specifically, Mr Young, other than the general proposition that
20 the Koreans may well have been involved in prostitution and, you know, cash coming – coming in to China as well as the cash going out, but I – that was my recollection that – of what was being talked about, but I – I don't recall any, you know, specific briefing, you know, on that.

25 MR YOUNG: Yes. And what element of the email alludes to prostitution?

MR CRAIGIE: I think “client entertainment, etcetera”, so it's probably the “etcetera” that Mr Phillips might have been tilting at.

30 MR YOUNG: Now, the email continues by Mr Phillips describing:

The Koreans have been contravening Chinese currency laws for some time and it's a relatively isolated case.

35 Do you see that?

MR CRAIGIE: Yes.

MR YOUNG: And in the next paragraph it opens by saying:

40

Given the above I'm convinced this was an isolated case.

MR CRAIGIE: Yes.

45 MR YOUNG: And was that the advice you had in mind when you referred to subsequent emails assessing the South Korean position as being a one-off?

MR CRAIGIE: Yes, that's – that's – that's what I was referring to.

MR YOUNG: And what reliance at the time did you place upon that advice?

5 MR CRAIGIE: I – I thought that was a case, and I had – if it – if it was the case that
there was previous breaches of currency laws if – if prostitution was involved, to my
knowledge that clearly distinguished the Korean casinos from the other casinos that
were doing business – sorry, had sales people up in – in China. But as I said, I'm – I
can't recall the, you know, specifics on this, but it certainly – you know, it was
10 factored into my thinking.

MR YOUNG: Thank you. You can close that exhibit. I will move to another topic.
Now, Mr Craigie, I just have one question about the naming of the two bank
accounts – Southbank Investments and Riverbank Investments – that you were asked
15 about by Mr Aspinall today. You referred in your evidence this morning to the fact
that the name had been approved in 2001 and both the banks and AUSTRAC were
aware of the name. Were they aware year in year, out of the function of the accounts
being patron accounts?

20 MR CRAIGIE: I believe so, yes. Those – the details of those accounts were made
available to the VCGLR and obviously the banks had the details at their end.

MR YOUNG: And to your understanding was AUSTRAC also aware of the nature
and functioning of the accounts as well as the name of the accounts?

25 COMMISSIONER: Well, just pause there - - -

MR CRAIGIE: Yes - - -

30 COMMISSIONER: Just pause there, please. "Nature and functioning as well as the
name of the account", I think – when you say "functioning", Mr Young, having
regard to what we've seen, I think we need to be careful here.

MR YOUNG: Yes, I will rephrase the question. It was very clumsy, and I will
35 break it up, Commissioner.

COMMISSIONER: No, no. Thank you, Mr Young.

MR YOUNG: Mr Craigie, to your understanding was AUSTRAC aware that these
40 accounts received funds from patrons?

MR CRAIGIE: Yes.

MR YOUNG: And was AUSTRAC also aware that the funds received from patrons
45 were to be used for things that included gambling at the casino?

MR CRAIGIE: Yes.

MR YOUNG: As well as knowing those things, was AUSTRAC aware of the naming of the accounts?

MR CRAIGIE: Yes.

5

MR YOUNG: Thank you. Now, did any regulator, that's a state regulator in Perth or in Victoria, or AUSTRAC, to your knowledge ever raise any concerns about those matters I just asked you about, the fact that they were patron accounts and named as they were?

10

MR CRAIGIE: No.

COMMISSIONER: Well, did you know that AUSTRAC wrote a letter asking about why they weren't registered for AML purposes?

15

MR CRAIGIE: I became aware of that through this process, Commissioner.

COMMISSIONER: I see. Yes.

20

MR CRAIGIE: My understanding was whether there was a technical legal point on that, the reporting framework at Crown swept up those accounts and treated them the same as the Crown bank accounts. So if I had been advised - - -

COMMISSIONER: Well, that was the argument that was put forward, but - - -

25

MR CRAIGIE: Yes.

COMMISSIONER: - - - the technicalities in this jurisdiction of what we're talking about is rather unedifying, but let's go to the next question, Mr Young.

30

MR CRAIGIE: I guess my point, Commissioner, was that consistent with the concept of adhering to the law and the spirit of the law, I would not have allowed those accounts to, if you like, fall between the cracks and not have – not be the subject of reporting to – to AUSTRAC, but I wasn't aware that that issue was going on between the legal department and AUSTRAC. I'm – but I'm – from a monitoring point of view I – I was indifferent.

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COMMISSIONER: But you see, at the very same time that AUSTRAC interest was piqued, and asking questions about why the accounts weren't registered, the examples that Mr Aspinall has taken you to of the smurfing was taking place, presumably because it went on and on and on. So that's what I'm saying to you that the fact that inhouse concurrency of looking at the accounts and making sure rather than just reporting and asking AUSTRAC to take the responsibility; there's a real problem in this industry with this, I'm afraid. Yes, Mr Young.

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MR YOUNG: Thank you, Commissioner. My next question takes up the observation you've just made, Commissioner.

COMMISSIONER: Yes, all right.

MR YOUNG: I want to take Mr Craigie back to your questions, Commissioner, from just before the adjournment.

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COMMISSIONER: Yes, of course.

MR YOUNG: The Commissioner asked you, Mr Craigie, whether there were any steps beyond complying with your obligations in relation to the reporting of significant or suspicious transactions to AUSTRAC, whether there were steps that could be taken, bearing in mind the lag between indicators of possible money laundering and the emergence of any actual evidence of illegality. Now, bearing those things in mind, is there scope to address that problem by better cooperation between AUSTRAC on the one hand, state gaming regulators and state police forces on the other hand?

MR CRAIGIE: There's an existing power in Victorian and New South Wales legislation and in other states for the police commissioner to exclude persons from a casino. There doesn't have to be any reason given, there doesn't have to be a criminal charge or criminal conviction. It's at the discretion of the police commissioner. One possibility would be taking the point of the Commissioner, that there's a delay between detection of an event and then ultimately charging, prosecution and then a finding, that either AUSTRAC or the gaming regulator could ask the police commissioner to either consider or, on the basis of evidence that they've obtained, or that the casino has obtained, to exclude a person from the casino. That exclusion could remain in force until the usual law enforcement activity has completed.

And obviously the options there are the Police Commissioner's exclusion stands or it's revoked. Those exclusion powers have been used reasonably extensively in the past. I think, from memory, there's more than 100 persons excluded at Star and, probably, a lesser but significant number at Crown. If – it was getting up to 100. I don't know if it's gone over or not. And I think that power could also help with the issue of junket approvals.

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One of the things that is clearly running through this Inquiry is how do you establish a link to organised crime. I think casino operators, yes, they might have intelligence on the ground, but if it's coming from third parties is it real intelligence or is it scuttlebutt? Mr Sidoti, in his evidence, said that the reason they continued to approve Suncity and Neptune-related junkets after the Four Corners program was there was no conclusive evidence. And I think, whether it's money laundering or organised crime, this concept that, for an operator or a gaming regulator, the evidence is not conclusive is going to be a thorny problem to get around.

I think if there was a way – if junket approvals is to go to the gaming regulator, if there was a way the gaming regulator could make a decision, knowing that the Police Commissioner was not currently considering an exclusion, that might remove a

difficulty that you can foresee that, on one day, a gaming regulator genuinely, not having conclusive evidence, approves a junket operator or continues the approval of a junket operator, and the next week effectively is blind-sided by a Police Commissioner excluding such a person. I know that's a long-winded answer, but – a
5 long-winded answer, but I think the Commissioner of Police exclusion powers needs to be – could be looked at in both these contexts. And the appropriate relationships between operator, regulator and Police Commissioner could be explored.

10 And I think that's also helps with how do you avoid – how does an operator or a regulator avoid acting on information obtained from an investigator – a private investigator – who is somehow getting access or, at least, intelligence, and recommending action to either a regulator or an operator, based on what I would call unofficial access to law enforcement, as opposed to a Police Commissioner, who can get official intelligence from his counterpart in either the Federal Police or an
15 overseas law enforcement agency. I'm – I'd be very cautious about encouraging either operators or gaming regulators to use private investigators to obtain police intelligence. I don't know how you can ever be confident on the veracity of it and whether or not, in obtaining that information, they're compromising an investigation.

20 I – I think that's – I know it's used in America. But I'd be – I – you'd want a lot of safeguards around the use of private investigators by private corporations or gaming regulators to obtain law enforcement intelligence when you've got an existing provision in legislation. I think Parliament probably put it there for this exact reason, that there is a set of issues not involving charges, not involving criminal convictions,
25 recognising the delays in those processes; here is a power that can be used to prevent undesirable people from being in a casino. And it was used extensively during the Melbourne underground – underworld, rather – homicides while the Piranha Task Force had people under investigation and – but there was – there wasn't convictions, there wasn't charges, but the Police Commissioner excluded what you might call
30 local organised crime. I think that is a way forward on the – both for money laundering and international organised crime.

COMMISSIONER: Well, thank you for all of those observations, Mr Craigie. I suppose one way for the casino to take control of its own accounts, though, is that if
35 it did see what you've seen today with Mr Aspinall, you could advise the patron that the money is frozen in the account until the proper explanation is provided to the casino operator.

40 MR CRAIGIE: Yes. I think that's – that's – that also would – would put a pause in proceedings.

COMMISSIONER: It might put a pause in the profits as well. But it's a tension between trying to make profitable business and dealing with this very thorny problem that you've identified. But thank you very much for those observations.
45 Yes, Mr Young.

MR YOUNG: I will ask you a few questions about aspects of what you've just said, Mr Craigie. Firstly, to take up the judge's question – sorry. The Commissioner's question.

5 COMMISSIONER: That's all right, Mr Young.

MR YOUNG: If there are only indicators of money laundering or a suspicion of money laundering that's available to the casino, do you foresee any legal issues or authority issues about the casino taking a step of freezing what, at the end of the day, is someone else's money?
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MR CRAIGIE: It – if it's - - -

COMMISSIONER: I think – I think, before you answer, Mr Craigie. I think, Mr Young, these are real issues for, perhaps, you and I to debate in terms of - - -
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MR YOUNG: Yes.

COMMISSIONER: - - - the reality of the law and the reality of where you impose some form of protection.
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MR YOUNG: Yes.

COMMISSIONER: If you look at the insolvency area and the safe harbour provisions, you can do things in the legislation these days which provide protection for the community.
25

MR YOUNG: Yes.

COMMISSIONER: And so I think that the debate would be, if I may say with the greatest of respect to Mr Craigie, a much, perhaps, better argument or debate between yourself and myself.
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MR YOUNG: Thank you, Commissioner. I follow that. But there are a couple of other matters where I think, factually – there are some factual matters that Mr Craigie might further assist you with, Commissioner.
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COMMISSIONER: Yes, thank you.

MR YOUNG: Mr Craigie, could you compare and contrast two situations: one is where the casino exercises its withdrawal of licence power, that is, withdrawing any permission for a gambler to be on the physical property by withdrawing a licence to enter, on the one hand; and the effectiveness of a police order from the Commissioner that a particular individual not go on to those premises? Is there a difference between the two that you see?
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MR CRAIGIE: Yes. Withdrawal of licence by a corporation is like the landlord of a pub refusing entry to, you know, an unruly patron or something like that. But to breach a Police Commissioner's exclusion is a criminal offence and it's got sanctions under the legislation. So the casino exclusion has to be enforced by security, the
5 security of the casino. A Police Commissioner's exclusion is enforced by the police and is an offence under the Act, is my understanding. I'm no expert in the wording of the Act, etcetera. It's a long time since I looked at that, but the Police Commissioner's exclusion is a fairly powerful mechanism that was put in the Act for a reason.

10 MR YOUNG: Thank you. One other question. Comparing decisions that might be open to a casino with decisions that might be open to either the state police or the state regulator or AUSTRAC, does the casino have access to the same range of law enforcement information as those official organs might have?

15 MR CRAIGIE: I'm not sure of what access gaming regulators have to law enforcement information. My understanding is AUSTRAC would probably be better placed on that front than a gaming regulator. But that would be a matter to be considered. I suspect the casino operator's access to law enforcement agencies
20 would run a poor third.

MR YOUNG: Thank you. Commissioner, I have no more questions of Mr Craigie.

25 COMMISSIONER: Yes, thank you. Are there any other questions, Mr Barnett, Ms Case?

MR BARNETT: No, Commissioner.

30 MS CASE: No, Commissioner.

COMMISSIONER: Yes. Thank you. Now, Mr Bell, any further questions after that? And, Mr Aspinall, I presume not?

35 MR ASPINALL: No, Commissioner.

COMMISSIONER: Yes, Mr Bell?

40 MR BELL: Commissioner, the next witness will be Ms Rowena Danziger and, if it's convenient to you, we propose to call you at 10 am on Monday.

COMMISSIONER: Yes, that's convenient. Thank you, Mr Bell. I will then adjourn until 10 am on Monday. Thank you.

45 MR YOUNG: Thank you.

<THE WITNESS WITHDREW

[2.52 pm]

MATTER ADJOURNED at 2.52 pm UNTIL MONDAY, 24 AUGUST 2020