



**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**

**WEDNESDAY, 21 OCTOBER 2020  
AT 10.00 AM**

**Continued from 20.10.20**

**DAY 47**

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

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

MR BELL: I call Mr Geoff Dixon.

15 COMMISSIONER: Yes. Mr Dixon, would you prefer to take an oath or make an affirmation to give your evidence?

MR DIXON: I don't mind.

20 <GEOFFREY JAMES DIXON, SWORN [10.01 am]

<EXAMINATION BY MR BELL

25 COMMISSIONER: Yes, Mr Bell.

MR BELL: Please state your full name.

30 MR DIXON: Geoffrey James Dixon.

MR BELL: An address at which you can be contacted is known to those assisting this Inquiry. Would you please state your occupation.

35 MR DIXON: I'm retired.

MR BELL: And is it correct that you were a non-executive director of Crown Resorts from 2007 till your resignation in November 2019?

40 MR DIXON: Yes, it was.

MR BELL: And when did you become chair of the risk management committee of Crown Resorts?

45 MR DIXON: I'm not sure of the exact time, but pretty shortly after I think I joined the board.

MR BELL: It was – was it prior to 2014 to the best of your recollection?

MR DIXON: Yes.

5 MR BELL: And did you remain chair of the risk management committee until your resignation in November 2019?

MR DIXON: Yes, I did.

10 MR BELL: And are you able to recall when you became chair of the nomination and remuneration committee of Crown Resorts?

MR DIXON: No, I can't.

15 COMMISSIONER: I think we have that information.

MR BELL: Do we; in any event, were you the chair of the nomination and remuneration committee from the time of your appointment until November 2019?

20 MR DIXON: Well, from the time of my appointment as chair, yes, until .....

MR BELL: Can I show you the code of conduct for employees of Crown Resorts which was issued in 2008, exhibit M3, INQ.010.003.0082.

25 MR DIXON: Yes. I have it in front of me now.

MR BELL: If I could ask you to turn to clause 1 at the page ending in .0084 in the top right-hand corner.

30 MR DIXON: 0084. Yes. Standard of conduct.

MR BELL: Yes. And do you see it states in clause 1 that:

35 *It is a fundamental principle of Crown Resorts Limited that all of our business affairs shall be conducted legally, ethically and with strict observance of the highest standards of integrity and professionalism.*

Did you expect everyone at Crown Resorts to act in accordance with that fundamental principle in all of their dealings?

40

MR DIXON: Yes.

MR BELL: And if I could take you to the third edition of the Australian Stock Exchange Corporate Governance Principles which were in force in the period up to  
45 October 2016, it's exhibit O5, INQ.100.001.0308.

MR DIXON: Yes, I have that in front of me now.

MR BELL: And if you could turn to page 28 of the principles which is the page ending in .0337 in the top right-hand corner.

MR DIXON: Yes, I have that.

5

MR BELL: Do you see that in the second last paragraph of the left-hand column it states that:

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

I take it that you would agree with that statement of principle?

MR DIXON: I'm sorry, which one was that? I missed it.

15

MR BELL: It's in the left-hand column.

MR DIXON: The left-hand column.

20 MR BELL: The second last paragraph, yes. I will read it again. It says:

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

25 And I wondered whether you agreed with that statement of principle.

MR DIXON: Yes.

30 MR BELL: And further down that column in the last sentence of the left-hand column, do you see that it says it's the role of the board to set the risk appetite for the entity to oversee its risk management framework and to satisfy itself that the framework is sound. I take it that you also agree with that statement of principle.

MR DIXON: Yes, I do.

35

MR BELL: And I take it that you would agree that those principles applied to Crown Resorts in relation to the business strategy it adopted in China in the period up to October 2016.

40 MR DIXON: I do.

MR BELL: In the period up to the China arrests, were you aware that Crown Resorts or a subsidiary had staff living and working in mainland China?

45 MR DIXON: I knew we had staff there, yes.

MR BELL: And at any time up to the China arrests did you read any legal advice provided to Crown Resorts about whether the business activities in China complied with the business laws of China?

5 MR DIXON: Yes, I – I think we did. I mean, I don't remember the exact – but, yes, we had advice, I believe, supplied by our staff that we were acting – acting at all times ethically and - - -

10 MR BELL: Yes. But specifically, you – did you read any legal advice about whether the activities in China complied with the business laws of China?

MR DIXON: Look, I can't remember that exact part.

15 MR BELL: Were you aware in the period up to the China arrests that neither Crown Resorts nor any subsidiary had any licence or permission from the Chinese government to conduct any business activities then?

MR DIXON: Sorry, can you repeat that question?

20 MR BELL: Yes. Were you aware in the period up to the China arrests that neither Crown Resorts nor any subsidiary had any licence or permission from the Chinese authorities to conduct any business activities there?

25 MR DIXON: When you say “business activities”, what do you mean by that?

MR BELL: Well, were you aware that staff in China were encouraging Chinese citizens to travel to Australia to visit Crown Resorts casinos in Melbourne and Perth?

30 MR DIXON: I was aware by the information we were receiving from our senior executives that everything they were doing in China was within the legal ramifications of China – of Chinese law.

35 MR BELL: But specifically, did you know that one of the activities being conducted by the staff there was to encourage Chinese citizens to travel to Australia to visit the Crown Resorts casinos in Melbourne and Perth?

MR DIXON: Certainly, they were there to publicise the fact that we had a very good entertainment complex in Australia, two of them, yes.

40 MR BELL: Yes. And did you know that in that period one of the activities of the staff in China was to assist in arranging credit limits for Chinese citizens for use when gambling at Crown Resorts casinos in Melbourne and Perth?

45 MR DIXON: No.

MR BELL: And did you know that in the period up to the China arrests, one of the activities being conducted by the staff in China was to assist Chinese citizens with their travel arrangements to China?

5 MR DIXON: I think we helped with visa arrangements and that, yes.

MR BELL: And were you aware in the period up to the arrests that one of the activities conducted by the staff in China was to assist Chinese citizens with the visas that they required to – for entry into Australia?

10

MR DIXON: I think we had an arrangement where we cooperated with the immigration department, I would have thought it would be to - - -

MR BELL: All right. And were you aware in the period up to the China arrests that one of the activities of the staff in China was to encourage Chinese citizens to repay gambling debts that they had incurred when gambling at Crown Resorts casinos in Melbourne and Perth?

15

MR DIXON: No.

20

MR BELL: So when I refer to business activities, I'm referring to all of those activities that I've drawn to your attention. My question was whether you were aware, in the period up to the China arrests, that neither Crown Resorts nor any subsidiary had any licence or permission from the Chinese authorities to conduct any of those activities.

25

MR DIXON: I'm not sure we needed to get permission per se. We were – we had a – we had representatives in China.

MR BELL: But I just wonder if I could focus on my question which is whether you knew in the period up to the China arrests that neither Crown Resorts nor any subsidiary had any licence or permission to conduct - - -

30

MR DIXON: I can't remember.

35

MR BELL: - - - those business activities.

MR DIXON: I can't remember.

MR BELL: All right. Now, did you know that in the period up to the China arrests, the China business law advice obtained by Crown Resorts was interpreted by management to mean that it would be – it would comply with the business laws of China to conduct activities there without a licence as long as they were not conducting an office?

45

MR DIXON: I knew that we – we could not conduct an office and I knew that we were told and – always we were told by the executive management that we were able to – we were operating in China legally and with knowledge.

5 MR BELL: So did you understand in the period up to the China arrests that Crown Resorts had made a conscious decision not to establish offices in China?

MR DIXON: Yes.

10 MR BELL: And was it your understanding in the period up to the China arrests that Crown Resorts did not in fact have any offices in China?

MR DIXON: That was my understanding.

15 MR BELL: And so does it follow that you understood that the staff in China were working from their homes?

MR DIXON: Yes, that follows.

20 MR BELL: Could I ask you to look at exhibit BA77, confidential link CRL.506.007.8870.

MR DIXON: Yes, I have this now.

25 MR BELL: Yes. And do you see that this was the board paper on the media allegations made in July 2019 which you and your colleagues considered prior to agreeing to publish the board's response to those allegations.

MR DIXON: Yes.

30 MR BELL: If I could ask you to turn to the page that ends in the numbers .8882 in the top right-hand corner.

MR DIXON: 82. Yes, I have that.

35 MR BELL: And do you see that in the first bullet point at the top of the page it says:

*Crown made a conscious decision not to open offices in mainland China.*

40 That was consistent with your understanding at the time; is that right?

MR DIXON: Yes.

MR BELL: And do you see that in the next bullet point it says:

45 *Crown is aware that other casino operators did have dedicated offices in China.*

Did you understand in the period up to the China arrests that Crown Resorts was operating in a different manner to other casino operators which did have dedicated offices in China?

5 MR DIXON: I'm not sure I understood the exact difference in it. As I say, I will go back to what I said before; I just knew that we were being told that we were operating in a proper manner.

10 MR BELL: So is it more likely to be the case that you only learned, when you read this board paper, that Crown Resorts was operating in a different manner to other casino operators in China which did have dedicated offices?

MR DIXON: No, I don't think so, but I don't recall.

15 MR BELL: But you may have known about that at the time as well.

MR DIXON: May have known about what?

20 MR BELL: May have known, prior to the China arrests, that Crown Resorts was operating differently to other casino operators in China which did have dedicated offices.

MR DIXON: I certainly don't recall.

25 MR BELL: All right. Were you aware, prior to the China arrests, that, despite Crown Resorts' conscious decision not to open offices in China, the company was conducting an office in Guangzhou without any signage in the period from August 2015 to October 2016, which was leased in the name of two employees who were then reimbursed for the rental?

30 MR DIXON: No, I had no idea.

35 MR BELL: Were you aware, prior to the China arrests, that this unofficial office contained computers, customer information and gifts and was used to process visa applications for VIP gamblers from all over China?

MR DIXON: No.

40 MR BELL: Sorry. I think you said no to that: is that right?

MR DIXON: I'm sorry. Yes. No, I wasn't aware.

45 MR BELL: Yes. And were you aware that there'd been a previous unofficial office used in Guangzhou from at least 2012 until August 2015?

MR DIXON: Well, I don't recall that. No.

MR BELL: And were you aware that this previous unofficial office was run from premises, which were not legally registered, in a semi residential building, which a Crown Resorts executive described as being “subject to random checks by authorities and posing many risks”?

5

MR DIXON: No. I wasn't.

MR BELL: Would you please assume that Mr Craigie, managing director of Crown Resorts at the time, has given evidence to this Inquiry that this unofficial office was apparently an attempt to disguise from the Chinese authorities the fact that Crown Resorts was conducting an office in Guangzhou and was not authorised by him?

10

MR DIXON: Yes. I will assume that.

MR BELL: Thank you. And would you also please assume that Mr Alexander and Mr Packer have both given evidence to this Inquiry that this unofficial office in Guangzhou was not authorised by them?

15

20

MR DIXON: Yes.

MR BELL: And do you agree that, if what I've put to you is correct in relation to this unofficial office, Crown Resorts was acting contrary to management's understanding of the business laws of China which were interpreted to mean that it could not conduct an office in China?

25

MR DIXON: That appears so. But, certainly, myself, as a board member and as chairman of the risk management committee, never informed of that office.

30

MR BELL: No. And do you agree that if what I have put to you is correct, this conduct by Crown Resorts management was contrary to the fundamental principle of Crown Resorts that all of its affairs be conducted ethically and in accordance with the highest standards of integrity?

35

MR DIXON: Certainly.

MR BELL: And do you agree that, if Crown Resorts was operating an office in Guangzhou in the way in which I've described, this was a matter that should have been – this was an issue that should have been told to the risk management committee of Crown Resorts?

40

MR DIXON: Yes, it should have been.

45

MR BELL: And as the chairman of the risk management committee at the time, can you offer any explanation or insight as to how it is that this unofficial office was not drawn to the attention of the risk management committee?

MR DIXON: No, it's inexplicable.

MR BELL: Now, turning to the criminal laws of China, did you read any legal advices to Crown Resorts about whether the activities being conducted by the employees in China complied with the criminal laws of China in the period prior to the China arrests?

5

MR DIXON: I don't remember. I'm sorry.

MR BELL: Did you read any legal advices after the China arrests about whether the activities of the staff in China complied with the criminal laws of China?

10

MR DIXON: I don't remember reading that.

MR BELL: And in the period prior to the China arrests, did you personally turn your mind to whether the conduct of the staff in China complied with the criminal laws of China in relation to gambling?

15

MR DIXON: Well, we were assured on quite a lot of occasions by the senior executive management that we were not, in any way, breaking the law in China. Our activities were .....

20

MR BELL: Are you able to recall who it was who gave you those assurances?

MR DIXON: Well, mainly – I can't – well, certainly, Mr Felstead. Mr Barry Felstead, as the person who had really carriage for all this and never heard anything contrary to what he said.

25

MR BELL: Yes. Can I ask you to look at the advertisement published by the board in July 2019, at exhibit O61, INQ.100.010.0895.

30

MR DIXON: Yes. I have it in front of me now.

MR BELL: Thank you. And if you could turn to the next page, .0896.

MR DIXON: Yes.

35

MR BELL: Do you see that, in relation to the detentions in China in 2016, in the right-hand column, that you wrote in about the middle of the page:

40

*Also, at all relevant times, Crown obtained legal and government relations advice from reputable independent specialists. The fact that staff were, nevertheless, detained and convicted is not an indication that the advice was wrong or disregarded, but an illustration of the challenges involved in anticipating how foreign laws can be interpreted and enforced.*

45

Do you agree that the implication of what you've written is that Crown relied upon all of the legal advices which had been obtained at the time?

MR DIXON: Yes.

MR BELL: And as you hadn't seen those legal advices yourself, did you seek any assurances from management prior to approving the advertisement that Crown  
5 Resorts had, in fact, relied upon all of the legal advices which it had obtained at the time?

MR DIXON: Yes. There was a group, if I remember correctly, putting together the advertisement and they were – some of them were the people who had helped us over  
10 a period of time that, you know, we were doing it right and we had had legal advice.

MR BELL: Yes. And so who were the members of that group to the best of your recollection?

MR DIXON: Well, certainly, Mr Felstead, Josh Preston, I think, and, certainly, we had advice from outside lawyers as well.

MR BELL: And Mr Felstead and the other people who were preparing this response for the board gave you assurances, did they, that Crown Resorts had, in fact, relied  
20 on all of the legal advice which it had obtained at the time in relation to - - -

MR DIXON: Well, look, I can't pinpoint a particular person. But we ended up – and I ended up – agreeing to the advertisement. So, yes, that would be the case.

MR BELL: Yes. Were you aware, prior to approving the advertisement, that, after the China arrests, the internal lawyers of Crown Resorts realised that they didn't have a significant number of the legal and government relations advices which had been provided to VIP international executives?

MR DIXON: Sorry. Can – can you repeat that?

MR BELL: Yes. I will. Were you aware prior to authorising the advertisement that, after the China arrests, the internal lawyers of Crown Resorts realised that they did not have a significant number of the legal and government relations advices  
35 which had been provided to VIP international?

MR DIXON: No.

MR BELL: And were you aware that after the arrests the internal lawyers had to request copies of all of the advices to find out what advice had been given?  
40

MR DIXON: No, I was not.

MR BELL: And if I could ask you to look at exhibit M154, CRL.545.001.0128.  
45

MR DIXON: Yes, I've got it here.

MR BELL: Do you see that there's an email starting at the bottom of the first page, .0128 and going over to the next page, .0129 from Mr Michael Chen to the lawyer in Beijing, dated 24 February 2015?

5 MR DIXON: Yes, I can see that.

MR BELL: And do you see that looking at the top of the second page, Mr Chen says:

10 *The climate has gotten quite destabilised. We have competitors that have pulled their entire teams out of China. Would you please advise whether you think our executives should be avoiding entering China and whether we should be pulling staff out.*

15 Were you aware - - -

MR DIXON: Yes - - -

MR BELL: Yes, were you aware prior to approving the advertisement that advice had been sought in these terms?

20

MR DIXON: No.

MR BELL: And if you look back at page – the previous page, .0128, you see that the lawyer's advice in the middle of the page, and it says:

25

30 *I agree that it seems prudent to limit travels for senior executives to mainland China at this point. Given that the regulatory environment is being tightened up and the picture is not entirely clear, I'm not sure whether it's come to the point that you have to pull the entire team out of China. One option is that you could have some key employees tentatively work outside China, eg, Hong Kong.*

I take it that you weren't aware prior to approving the advertisement that advice had been given in these terms in 2015.

35

MR DIXON: No, I – I do – I did realise, I think, that some of our people were not going up there as much, but no, I had no idea that – I don't remember it anyway.

MR BELL: You were aware, were you, prior to the China arrests that Crown Resorts didn't take any of its China-based staff out of China to work in other locations such as Hong Kong?

40

MR DIXON: Sorry?

45 MR BELL: Yes. Were you aware prior to the China arrests that Crown Resorts didn't take any of its China-based staff out of China to work at other locations such as Hong Kong?

MR DIXON: Look, I'm not sure. Right now, I just can't remember that particular point.

5 MR BELL: And you were aware, were you, prior to the China arrests that Mr Felstead and other senior executives of VIP international based outside China had decided to defer travel to China for a while?

10 MR DIXON: I – that's what I just said earlier. I – I do remember people saying that look, we'd take it a bit easier.

MR BELL: Yes. And do you agree that the fact that advice was being sought and given in these terms in February 2015 should have been drawn to the attention of the board of Crown Resorts at the time?

15 MR DIXON: I think there should have been a higher alert on the situation, yes.

MR BELL: And were you aware prior to authorising the advertisement in July 2019 that Crown Resorts management had not sought confirmation from Crown Resorts internal lawyers about the soundness of the opinions being expressed by the external lawyers?  
20

MR DIXON: Sorry, are you asking me whether our lawyers had asked someone – some other lawyers to check on our external lawyers on their advice? In other words, to get a third opinion?  
25

MR BELL: Let me start again. I'm focusing on your awareness prior to the time of authorising the advertisement in July 2019.

30 MR DIXON: Yes. Yes.

MR BELL: What I'm asking you is whether you knew that Crown Resorts management didn't ask its own internal lawyers to check on the soundness of the opinions being expressed by the external lawyers in Beijing.

35 MR DIXON: No, I'm not aware of that.

MR BELL: And were you aware prior to authorising the advertisement that Crown Resorts hadn't sought confirmation from its own internal lawyers about the soundness of the factual assumptions being made by the external lawyers in Beijing?  
40

MR DIXON: No.

MR BELL: And were you informed prior to authorising the advertisement in July 2019 that Crown Resorts management were relying upon VIP international executives, who were not themselves lawyers, to interpret the legal advice being provided by the lawyers in Beijing?  
45

MR DIXON: No, I had no idea.

MR BELL: And were you informed prior to authorising the advertisement that Crown Resorts management didn't seek assurances from VIP international  
5 executives about the soundness of the factual assumptions which the lawyers in Beijing were making?

MR DIXON: No, I don't remember that.

10 MR BELL: And do you agree that if what I've put to you is correct, it indicates that the management of the legal advices being received from Beijing about the Chinese criminal law prior to the arrests was inadequate from a risk perspective?

MR DIXON: That appears so.

15 MR BELL: And as the chairman of the risk management committee at the time, can you offer any explanation or insight as to how this inadequate management of the legal advice occurred?

20 MR DIXON: .....

MR BELL: Was your answer to that question no?

25 MR DIXON: Yes. No.

MR BELL: The answer was no. Thank you. Now, could you please assume, Mr Dixon, there's been evidence given to this Inquiry that it was widely understood by Crown Resorts management prior to the China arrests that there was a potential for arbitrary action by the Chinese authorities?

30 MR DIXON: Do you want me to assume that?

MR BELL: I would just like you to assume that that's the evidence that's been given to the Inquiry, please. Can you make that assumption?  
35

MR DIXON: Okay.

MR BELL: And can you also please assume that there's been evidence given to this Inquiry that it was widely understood by Crown Resorts management that China was  
40 a place where the law could be inconsistently applied. Can you also please make that assumption?

MR DIXON: Yes.

45 MR BELL: Now, can I ask you to look at exhibit BA77 again, confidential link CRL.506.007.8870.

MR DIXON: Yes, I have it in front of me.

MR BELL: If you could turn to page ending in .8881. Do you see in the last bullet point at the bottom of that page it says:

5

*It was understood, based on legal and government relations advices, that promotion of gambling was that it was not illegal to promote gambling if it was to groups of less than 10 and no kickbacks were being received.*

10 Is that something that you've only come to understand since the China arrests in October 2016?

MR DIXON: Look, I'm not sure whether it's as a result of the arrests, but we were always informed by management – by the senior management that our activities were  
15 predicated on the fact that it was less – we were dealing with less than 10 staff – 10 customers and that it was legal.

MR BELL: All right. So you understood that there were two questions: that the size of the group that was being organised for the gambling tour; and the question of  
20 whether there was any kickbacks received; is that correct?

MR DIXON: I certainly remember the first bit. And, look, it's more than likely I would have known that you wouldn't be giving kickbacks .....

25 MR BELL: Yes. So, in relation to the first issue, the size of the group, did you understand that the management of VIP international understood that it would be illegal to organise a group of more than 10 people to gamble on one tour, but that it would be legal to organise more than 10 people, cumulatively, on two separate tours?

30 MR DIXON: Look, I'm not sure I had that particular detail, but it would be around about that type of arrangement. Yes.

MR BELL: All right. And did you understand that, in relation to the second aspect, the management of VIP international understood that it would be illegal to receive a  
35 fee directly from the gambler, but that it would be legal for the staff member to receive a fee from his or her employer based on the gambler's turnover?

MR DIXON: I'm sorry. But you used the word before "kickback".

40 MR BELL: Yes.

MR DIXON: And I – I interpret "kickback" to be something that is illegal. But what was your second question? I'm sorry.

45 MR BELL: All right. I just wanted to – if you didn't know this, I'd like you to assume it, but - - -

MR DIXON: Well, I didn't know that specifically. And I certainly did not know there was any suggestion of kickbacks at .....

5 MR BELL: All right. If you would please – if you can please assume that management of VIP international understood that, whether you call it a kickback or a fee, that an amount of money could not be paid directly by the gambler to the employee, but it could be paid indirectly to the employee by the employer based on the gambler's turnover. Can you assume that that was the understanding, please, of VIP international management?

10 MR DIXON: Are you asking me – I'm sorry – to assume what you're saying, and you want to give me another question or are you saying I – that's - - -

15 MR BELL: I'm simply asking you, at this point, if you didn't know it yourself at the time, which I think is what you've said - - -

MR DIXON: Yes.

20 MR BELL: Well, can you please assume that VIP international management understood that it was illegal to take an amount of money directly from the gambler, but that it was legal for the employee to get an amount of money from his or her employer based on the gambler's turnover. Make that assumption, please.

25 MR DIXON: I see. Yes, I will.

MR BELL: Thank you. And would you agree that both of these matters are fine distinctions?

30 MR DIXON: Very fine.

MR BELL: And would you agree that there was an element of risk in management relying on these fine distinctions being interpreted in their favour, having regard to their view that there was a potential for arbitrary action by the Chinese authorities and their view that China was a place where the law could be inconsistently applied?

35 MR DIXON: Yes. There – I would - - -

MR BELL: And - - -

40 MR DIXON: I would say that the very fact, when you're dealing with risk management, the biggest risk is the one you consider is doing business in China and, from there, you manage the risk after that. I mean, every Australian company is finding that out now. And industries who – I'm saying you start from the premise that it is and can be very arbitrary, very capricious, and then you try and work out best, after that, or you don't go at all.

45

MR BELL: And do you agree that what you just described emphasised the importance of the risk management committee being informed of any factor which escalated the risk to the safety of the staff in China?

5 MR DIXON: Yes. I certainly agree.

MR BELL: And do you agree that that also emphasised the importance of the risk management committee challenging management about the risks being faced by the safety of the staff – by the China-based staff?

10

MR DIXON: Certainly, asking questions and getting assurances, yes; short of going up there and investigating yourself, that's the only thing you can do as a board member.

15 MR BELL: Yes. Can I ask you to look at exhibit M30, CRL.545.001.0611.

MR DIXON: Yes. Yes, I have it in .....

20 MR BELL: Thank you. Now, do you see it's an email from Mr Chen to Mr Felstead dated the 26th of March 2013?

MR DIXON: Yes, I can. I have it.

25 MR BELL: And if I could ask you to look at the last main paragraph where Mr Chen says:

30 *This is one thing that it is important to understand when it comes to the China team: they are living in constant fear of getting tapped on the shoulder. In a country where due process is inconsistently applied, it's a risky place to be for all our team.*

Do you agree that it's unacceptable for staff of an Australian public listed company to be expressing fears for their safety carrying out their work?

35 MR DIXON: I certainly do.

MR BELL: And were you ever informed at any time up to the China arrests that the staff in China were expressing fears for their safety?

40 MR DIXON: No.

MR BELL: And do you agree that the fact that the staff in China were expressing fears as to their safety should have been drawn to the attention of the risk management committee of Crown Resorts at the time?

45

MR DIXON: Most definitely.

MR BELL: And do you agree that the failure to ensure that the risk management committee of Crown Resorts was aware that the staff in China were expressing fears for their safety demonstrates a failure in the risk management processes of Crown Resorts at the time?

5

MR DIXON: It certainly reveals a failure of the executive management, at that time, to pass it on to the board.

MR BELL: Yes. As the chairman of the risk management committee at the time, can you offer any explanations or insights as to how this failure in risk management processes occurred?

MR DIXON: No, I can't. I can only assume that some of them were making value judgments when I think they probably should have been making critical judgments about activities up there. And, no, it's – and, also, I just can't understand why they wouldn't want to share it at any rate, because you'll get a different view and you ..... on. That's what the board's there for, to give its expertise and view. But, yes, I am – I am just coming ..... it is a – it's certainly a big surprise.

MR BELL: Really, this is – sorry. I didn't mean to interrupt you.

MR DIXON: No, you didn't. I'm just saying it certainly was a big surprise.

MR BELL: And do you agree that this is a matter of such gravity that should have been drawn to the attention of the full board of Crown Resorts at the time?

MR DIXON: Of course. I mean, the committee is a conduit to the full board.

MR BELL: Were you aware at the time that, in February 2015, the Chinese authorities announced a crackdown on foreign casinos luring Chinese citizens to gamble overseas?

MR DIXON: Look, I was more aware of their – their stated, I thought, problems with corruption in the country and – yes, and I think from the – around about 2012, there was no doubt that doing business in China became a lot more, you know, difficult to carry out.

MR BELL: I wanted to draw to your attention a distinction between two separate announcements by the Chinese authorities. You referred to the fact that, from about 2012, Chinese authorities announced a crackdown on corruption. My question was to a different announcement at a different time. Were you aware that, in February 2015, Chinese authorities announced a crackdown on foreign casinos luring Chinese citizens to gamble overseas?

MR DIXON: Look, I'm sorry, I really am not sure, but I – I do remember discussions certainly going on at that time within the company, meaning the boards and – about our request that everybody was conducting themselves – and our staff

and everybody were conducting themselves in the proper manner and we were given – we were given absolute assurances, absolute, that we were okay.

5 MR BELL: Can I ask you to look at exhibit AA222, please. That is confidential link CRL.540.001.0001.

MR DIXON: Yes, I have it.

10 MR BELL: Do you see that that's a statement which you've signed?

MR DIXON: Yes, I can see that.

15 MR BELL: And if I could just draw to your attention paragraph 6 which is on the page ending in .0002. Just before I read that out to you, do you see back in paragraph 1, page .001, you define the relevant period as the period from 6 February 2015 to 16 October 2016; do you see that?

MR DIXON: From what period, I'm sorry?

20 MR BELL: Do you see that in paragraph 1 of your statement you define the relevant period as the period from 6 February 2015 to 16 October 2016? I'm just drawing to your attention paragraph 1 at the moment.

25 MR DIXON: Yes.

MR BELL: You see that you've defined the relevant period as a period from 6 February 2015 to 16 October 2016.

30 MR DIXON: Paragraph 1, professional experience or where?

MR BELL: Yes. You see under professional experience you say I was a non-executive director of Crown from 2007 to November 2019 - - -

35 MR DIXON: Yes.

MR BELL: - - - including during the period - - -

MR DIXON: Yes. Okay.

40 MR BELL: - - - 6 February 2015 to - - -

MR DIXON: Yes. Got it. Yes.

45 MR BELL: Right. So bearing that in mind if you could have another look at paragraph 6, page .0002, you say:

*I was not aware during the relevant period, that is, 6 February 2015 to 16 October 2016, of any reports of an announcement to the effect that foreign casinos were to be targeted as part of a Chinese government crackdown.*

5 Do you stand by what you've said in that statement?

MR DIXON: To the best of my memory, yes. I – I could certainly have got the dates wrong somewhere along the line. There's no doubt .....

10 MR BELL: All right. So do you agree that a crackdown on foreign casinos luring Chinese citizens to gamble overseas was an obvious escalation of the risk to the safety of the staff in China, especially having regard to management's view about the potential for arbitrary action by the Chinese authorities and their view that China was a place where the law could be inconsistently applied?

15

MR DIXON: Sorry, I – your last – the board was aware of?

MR BELL: Sorry, I will ask the question again. Do you agree that a crackdown by the Chinese authorities on foreign casinos luring Chinese citizens to gamble overseas was an obvious escalation of the risk to the safety of the staff in China, especially having regard to management's views about China being a place where there was a potential for arbitrary action - - -

20

MR DIXON: Yes.

25

MR BELL: - - - where the law could be inconsistently applied?

MR DIXON: Yes.

30 MR BELL: And do you say that at some point in 2015 you were informed about the arrest of employees of South Korean casino operators in China?

MR DIXON: Yes, it was discussed somewhere, and I – I definitely remember that. I remember talking about the South Koreans because people had made a lot of .....

35

MR BELL: I just want to explore your recollection of that. Are you able to recall whether that occurred in a board meeting or on the day of a board meeting but outside the formal board meeting itself?

40 MR DIXON: I'm sorry, I do not recall that. That would be - - -

MR BELL: Do you remember who – yes. Do you remember who it was who provided that information to you?

45 MR DIXON: No.

MR BELL: And I take it from what you've said earlier that you weren't informed at the time you were informed about the South Korean arrests that it had occurred in the context of a wider crackdown by the Chinese authorities on foreign casinos luring Chinese citizens to gamble overseas.

5

MR DIXON: Look, I'm not sure of the timeframes, but obviously at some stage this information comes up, certainly – look, I'm just not sure of the timeframe.

MR BELL: All right. I just wanted to be clear because just – as you see in your statement you say you weren't aware at any time during the relevant period, being February '15 to October 2016, of any reports of an announcement to the effect that foreign casinos were to be targeted as part of a Chinese government crackdown. I just wanted to zero in on the time you were told about the South Korean employees. I take it from the evidence you've given in paragraph 6 that you weren't informed at the time that you were told about the South Korean arrests that it had occurred in the context of a wider crackdown by the Chinese authorities on foreign casinos.

MR DIXON: No, I don't think I was, but as I said, that's – there's a lot of things came along at that period of time and to really get the various dates right I – I think is just almost impossible.

MR BELL: All right. Now, going back to the announcement of this crackdown which you can take it from me was announced in February 2015, can you please assume that Mr Felstead, Mr O'Connor, Mr Ratnam have all given evidence to this Inquiry that they were aware of the announcement in February 2015 by the Chinese authorities of the crackdown on foreign casinos?

MR DIXON: Yes.

MR BELL: Can you also please assume that Mr Michael Johnston has given evidence to this Inquiry that he became aware in about February or March 2015 of reports that the Chinese authorities were cracking down on foreign casinos recruiting Chinese citizens to gamble overseas?

MR DIXON: Yes.

MR BELL: Thank you. Now, will you also please assume that your colleague on the risk management committee, Ms Rowena Danziger has given evidence to the same effect as yourself. She was not informed of the fact that in February 2015 the Chinese authorities had announced a crackdown on foreign casinos. Would you make that assumption, too?

MR DIXON: Yes.

MR BELL: Now, do you agree that the failure to ensure that the crackdown on foreign casinos announced by the Chinese authorities was drawn to the attention of

the risk management committee of Crown Resorts demonstrates a failure in the risk management processes of Crown Resorts at the time?

5 MR DIXON: It's certainly a failure in the management to – the executive management to keep, as they should, the board aware of these issues.

MR BELL: And are you able to offer any explanation or insight as to how or why that failure occurred?

10 MR DIXON: How it - - -

MR BELL: How or why that failure occurred?

15 MR DIXON: No, I cannot.

MR BELL: Can I ask you to look at exhibit M139. So that's CRL.545.001.0025. Do you see, Mr Dixon, it's an email from Michael Chen to VIP international officers dated 9 February 2015, and the evidence that's been given to this Inquiry is that recipients of emails to VIP international offices included all of the staff based in  
20 China. And if I could just take you through parts of the email, do you see that in the third substantive paragraph Mr Chen says, "Just as we departed our all hands meetings" - - -

25 MR DIXON: Sorry. Sorry, just – yes, sorry. Go on. Yes. Yes.

MR BELL: I will start again:

30 *Just as we departed our all hands meetings, a number of articles came out this past weekend regarding the Chinese government seeking to crack down on Chinese gambling abroad.*

Do you see that?

35 MR DIXON: Yes, I do.

MR BELL: And then in the next substantive paragraph Mr Chen says:

*Let me share with you what we are doing.*

40 And then point number 2 he says:

45 *We will be applying for Hong Kong/Singapore work permits for all our China staff that does not currently hold a foreign passport. This is purely a precautionary measure that will allow you to say that you work out of an overseas location and are on business travel to China.*

Do you agree that this proposal in Mr Chen's email was inconsistent with Crown Resorts' fundamental principle that all of its business affairs be conducted ethically and in accordance with the highest standards of integrity?

5 MR DIXON: Yes.

MR BELL: And can I ask you to assume that Mr Drew Stuart, who was the general manager risk and assurance of Crown Melbourne from 2007 to 2018, has given evidence to this Inquiry that he would have taken that fundamental ethical principle  
10 into account in designing an appropriate risk mitigation strategy for Crown Resorts and Crown Melbourne. Make that assumption, please.

MR DIXON: Yes.

15 MR BELL: And do you agree that this proposal by Mr Chen illustrates a problem with risk management strategies being dealt with on the ground rather than through the proper risk management channels because it can result in strategies being developed on the ground that don't pay sufficient attention to the company's core ethical values?  
20

MR DIXON: Yes, I think the whole issue of management of that risk ..... was on the ground has been a failure.

MR BELL: Yes.

25 COMMISSIONER: When you say "on the ground" - - -

MR DIXON: I mean within China

30 COMMISSIONER: - - - are you - I'm sorry?

MR DIXON: I'm sorry. No, I will let you finish.

35 COMMISSIONER: When you say "on the ground", what do you really mean?

MR DIXON: What I mean is the - allowing it to be obviously done more without the reporting upwards within the management in China and the managers who are managing China. I think things like that should have come to the risk management committee and to the board for a greater scrutiny and also the advice and hopefully -  
40 you know, advice that they could get from the board - - -

COMMISSIONER: Yes, thank you.

45 MR DIXON: - - - I think has been the biggest issue.

COMMISSIONER: Thank you.

MR BELL: Mr Dixon, were you aware that in June 2015 - - -

MR DIXON: Sorry, in June?

5 MR BELL: Yes, in June 2015, at the time of the arrest of the South Korean casino operators, that Mr Robert Rankin, who was soon to become the new chairman of Crown Resorts, had said that Crown Resorts needed to be on high alert for the risk of similar regulatory action against Crown Resorts employees in China?

10 MR DIXON: I – look, I don’t remember that. Is that before he became chairman?

MR BELL: Yes. The evidence is that he became officially chairman in August.

MR DIXON: Yes.

15

MR BELL: Although there was a process of probity approvals that had to occur before that, and whilst that process of probity approvals was underway, and prior to his official appointment in August, the evidence is that in June 2015 he said that Crown Resorts needed to be on high alert for similar regulatory action against Crown  
20 Resorts employees in China as had occurred with the South Korean employees.

MR DIXON: I just don’t recall it, so I don’t know where – do you know where he made that statement?

25 MR BELL: All right. And were you aware at any time up to the China arrests that in July 2015 approximately three weeks after the arrest of the South Korean casino operators, that two employees of Crown Resorts in China were questioned by the Chinese police?

30 MR DIXON: No, I had no idea. We were not informed. Well, I wasn’t.

MR BELL: Were you aware – were you aware at any time up to the China arrests that one of those Crown Resorts employees in Wuhan in China was questioned by the Chinese police about whether he was organising gambling tours?

35

MR DIXON: Not that I can remember.

MR BELL: And were you aware at any time up to the China arrests that Crown Resorts had been required by the Chinese police to provide a letter on behalf of the  
40 employee in China who had been questioned by the police?

MR DIXON: No, I didn’t.

MR BELL: And were you aware at any time up to the China arrests that a Crown  
45 Resorts subsidiary did provide a letter to the Chinese police on behalf of the employee in Wuhan?

MR DIXON: No. I wasn't.

MR BELL: And do you agree that if what I've put to you is correct, questioning of the staff member in Wuhan coming so soon after the arrest of the South Koreans was  
5 an obvious escalation in the risk to the safety of the staff in China?

MR DIXON: Yes.

MR BELL: And can I ask you to assume that the evidence given to this Inquiry is  
10 that Mr Felstead knew about the questioning of the staff in Wuhan and the requirement for a letter from Crown Resorts but informed only one member of the board, Mr Michael Johnston, who did nothing about it. Make that assumption, please.

15 MR DIXON: Yes, I will make that assumption.

MR BELL: And can you also please assume that the evidence provided to this Inquiry indicates that Mr Felstead failed to report the matter to Mr Craigie to whom he directly reported despite the fact that he had reported the matter to Mr Johnston.  
20 Do you agree that that indicates that the proper lines of reporting from VIP international at the time had somehow been compromised?

MR DIXON: Certainly not right; compromised, yes. Yes.

25 MR BELL: And can you offer any explanation or insight about how or why lines of reporting were compromised?

MR DIXON: No, I can't.

30 MR BELL: And do you agree that the failure of a senior executive and a colleague of yours on the board of Crown Resorts to inform the rest of the board or any member of the risk management committee about the questioning of the staff in Wuhan and the requirement for a letter by the Chinese police demonstrates a failure in the risk management processes of Crown Resorts at the time?  
35

MR DIXON: As I said before, it certainly shows that the management were not reporting as they should have to the board and to the various committees.

40 MR BELL: And are you able to offer any - - -

MR DIXON: .....

MR BELL: Sorry.

45 MR DIXON: It was certainly a breakdown in the process.

MR BELL: And can you offer any explanation or insight as to how or why that breakdown in the process occurred?

MR DIXON: No, I can't, no.

5

MR BELL: Do you agree that the board as a whole needed to be aware of the questioning of the staff member in Wuhan - - -

MR DIXON: Certainly.

10

MR BELL: - - - and the requirement by the Chinese police for a letter in support of that so that the board could consider whether the strategy in China needed to be modified or whether any particular risk mitigation strategies needed to be put in place?

15

MR DIXON: It certainly did.

MR BELL: And Mr Packer, Mr Alexander, Mr Craigie, Professor Horvath, Ms Halton and Ms Coonan have all given evidence to this Inquiry that if what I have stated is correct about the questioning of the staff member in Wuhan and the provision of a letter by Crown Resorts, it suggests a corporate governance problem because for whatever reason material information which the board needed to know was not being shared by Mr Michael Johnston, do you agree with your colleagues?

20

MR DIXON: I agree.

25

MR BELL: Can I ask you to look at exhibit AA185 which is confidential link CRL.569.001.0011.

MR DIXON: Yes, I have it in front of me.

30

MR BELL: Do you see that it's your email to Ms Manos dated 10 July 2019 informing her about what happened at an in-camera meeting of the board?

MR DIXON: Let me have a good look at it, sorry. Yes.

35

MR BELL: And just focusing on the first substantive paragraph of your email, had you read the draft report on the China arrests that's referred to in your email, at the time of the in-camera board meeting?

40

MR DIXON: Yes. Yes.

MR BELL: And do you recall that the draft report had indicated that there were a number of factors escalating risk to the safety of the staff in China and that the failure to report those factors to the CEO and the board demonstrate a governance and risk management failure?

45

MR DIXON: Very much so.

MR BELL: And were you one of the board members expressing concerns about the implications in the document that some executives had not fully conveyed the level  
5 of risk in Crown operating in China to the board?

MR DIXON: Yes, I was.

MR BELL: And I take it that that was a matter of particular concern to you as the  
10 chairman of the risk management committee at the time.

MR DIXON: It was a particular concern to me as a member of the board and as a member – and as chairman of the risk management committee. I mean, the document, if I remember correctly, was the draft document by the ..... and it just  
15 basically said – it was a draft, but it said that a lot of the information we needed to know or should have known was not relayed to us.

MR BELL: Yes.

MR DIXON: So I asked - - -

MR BELL: Sorry.

MR DIXON: I'm sorry. Then I just asked for the – Barry Felstead, who was the  
25 senior executive, to be asked to report on it.

MR BELL: Yes. Now, in July 2019, when there were a series of media allegations against the company, did you watch the 60 Minutes program broadcast on 28 July 2019 called Crown Unmasked?  
30

MR DIXON: No, I don't think – no, I didn't watch it, no. I don't watch a lot of television.

MR BELL: Did you read any of the articles in the Fairfax press over that weekend  
35 which were making allegations against Crown Resorts?

MR DIXON: Yes, I would have read just about all of them, I think. I – I can't remember exactly. But, yes, I would have read them .....

MR BELL: And was it your practice to read the Sydney Morning Herald or The Age?  
40

MR DIXON: The Sydney Morning Herald.

MR BELL: Can I ask you to look at exhibit AB60, which is INQ.500.001.4222.  
45

MR DIXON: Yes, I have it.

MR BELL: And this is a Sydney Morning Herald article, which appeared on the 27th of July 2019. Could I ask you to turn to page ending in .4232.

MR DIXON: Sorry. 423 - - -

5

MR BELL: 4232.

MR DIXON: No. I'm sorry. It's not - - -

10 COMMISSIONER: Yes. If you can enlarge the part that you want Mr Dixon to read, please.

MR BELL: Yes. Operator, can you please enlarge the first third of the page? Now, do you see there, Mr Dixon, it says:

15

*In late 2016, Crown's staff were arrested en masse. It's not as if they hadn't been warned: months earlier, 15 Korean casino workers were arrested in China for promoting gambling. After that 2015 warning, Jiang says her colleagues were no longer nervous. They were scared.*

20

You understood, when you read this article, did you, that the media were alleging that Crown Resorts had failed to heed warning signs from the Chinese authorities, thereby putting its staff at risk?

25 MR DIXON: Yes. And, look, I can't tell you exactly I read this article, but I read associated articles and I could easily have read this one. Yes, I agree with you.

MR BELL: Yes. And if you just look a little bit in the next paragraph, do you see that it says:

30

*Yet behind the scenes Crown was worried. Sources have confirmed it advised its Chinese staff to obtain foreign work visas to make it appear as if they were not working in China.*

35 You would understand that to be, in substance, an allegation of an ethical failure by Crown Resorts?

MR DIXON: Yes.

40 MR BELL: And you understood that that was one of the allegations being made by the media at this time?

MR DIXON: Yes. There were a lot of allegations being made.

45 MR BELL: Yes. Could I ask you to look at exhibit O61, which was the board's response to the media allegations. It's INQ.100.010.0895.

MR DIXON: Yes. Got that.

MR BELL: And if you could turn to page .0896 where you can see the actual  
advertisement. And you started off by describing that there's a "deceitful campaign  
5 against Crown". Do you see that?

MR DIXON: Yes, I do.

MR BELL: And then in the section on Detentions in China in 2016, at the end of  
10 that section, you attacked Jenny Jiang, a junior employee, by questioning whether  
she was paid for her appearance.

MR DIXON: Yes. I can see that.

MR BELL: And you were aware, were you, that she was one of the Crown Resorts  
15 employees who had been arrested and detained in China?

MR DIXON: Yes, I was.

MR BELL: And you questioned her objectivity on the basis that she made an  
20 unsuccessful demand for compensation. Do you see that?

MR DIXON: Yes.

MR BELL: But nowhere in your advertisement did you identify the concerns which  
25 you held at this time about the governance and risk management failures in relation  
to Crown Resorts, did you?

MR DIXON: No. And that was a failure on our part.  
30

MR BELL: And having regard to those concerns that you, in fact, held, do you  
accept that you should have acknowledged those concerns in the announcement?

MR DIXON: Yes. I think we could have done that and I – I also think that it was  
35 not necessary to ..... particularly, the employee.

MR BELL: Yes.

MR DIXON: But it was done pretty quickly and - - -  
40

MR BELL: Yes. And do you accept that you should have acknowledged that the  
proposal for staff with Chinese passports could be given foreign work visas so that  
they could say they worked overseas was unacceptable - - -

MR DIXON: Sorry. Where's that?  
45

MR BELL: - - - as a matter of ethics?

MR DIXON: Where is that?

MR BELL: Well, sorry. Do you see that, nowhere in your advertisement, did you refer to the media allegation concerning the proposal that the staff in China be given  
5 foreign work visas so that they could say that they worked overseas?

MR DIXON: Yes, but - - -

MR BELL: And my question is whether you accept that that's something you  
10 should have acknowledged, that this proposal was unethical and not acceptable to the board of Crown Resorts?

MR DIXON: Well, certainly.

MR BELL: Can I move to a different topic, Mr Dixon. Can I take you to exhibit  
15 AA51. That is CPH.001.635.7066.

MR DIXON: Yes, I have that.

MR BELL: Do you see that it's an announcement to the ASX and the media dated  
20 the 21st of December 2015 concerning Mr Packer stepping down as a director at that time?

MR DIXON: Yes.

MR BELL: And do you see that, in the second paragraph, under what Mr Packer  
25 said, he says:

*Now is the right time for me to focus my endeavours on my new role with  
30 Crown, as I outlined to shareholders when I stepped aside as chairman in August. I intend to devote my energies to a number of key development projects in Sydney, Melbourne and Las Vegas, as well as Crown's online platforms.*

Did you understand that that was why Mr Packer was resigning from the board at  
35 that time?

MR DIXON: Well, I – I read the press release, and I assume that's what he was  
40 doing. Yes.

MR BELL: Did Mr Packer tell you at this time that he had made threats to a  
businessman in the context of a proposal to privatise Crown Resorts?

MR DIXON: No.

MR BELL: Did Mr Rankin inform of you that matter?  
45

MR DIXON: No.

MR BELL: And do you say that, so far as you are aware, the board of Crown  
Resorts was not informed any time that Mr Packer had made threats to a  
5 businessman in the context of a proposal to privatise Crown Resorts?

MR DIXON: No, none. Not at all.

MR BELL: Now, I'll move to a different topic. Can I ask you to look at exhibit  
10 AB45, confidential link CRL.709.001.0001. See that these are the minutes of a  
nomination and remuneration committee meeting on the 19th of September 2018,  
which the minutes record that you chaired?

MR DIXON: Yes.

15

MR BELL: And if you turn to the page ending in .0004, you see that you've signed  
those minutes as being correct?

MR DIXON: Yes.

20

MR BELL: And what was your practice at the time to make sure that minutes of the  
nomination and remuneration committee were correct before you signed them?

MR DIXON: Well, .... I know to read them, and so on. They were sent to me,  
25 sometimes quite a deal later, but - - -

MR BELL: So should we understand that your practice was that you were first  
given draft minutes. They were reviewed at a subsequent meeting of the nomination  
and remuneration committee. Those present were asked if there were any  
30 inaccuracies in the draft minutes. And if no inaccuracies were drawn to your  
attention, you would then sign the minutes as being true and correct? Is that more  
- - -

MR DIXON: Yes.

35

MR BELL: - - - or less the way it worked?

MR DIXON: Yes, more or less how it worked.

MR BELL: And if you could look at the section dealing with the controlling  
shareholder protocol, which starts towards the bottom of page .0003 and goes over to  
page .0004, would you please read that agenda item to yourself and tell me when  
40 you've done so.

MR DIXON: Okay. Yes, I've read that.

MR BELL: Do you have any reason to believe that this section of the minutes is incorrect in any way?

5 MR DIXON: Right now, no, I don't, but I can't – it's a couple of years ago. But, no, I don't.

MR BELL: And if Mr Johnston left the meeting when this agenda item was discussed, would you expect the minutes to have recorded that fact?

10 MR DIXON: Normally it would. Yes.

MR BELL: Thank you. Can I move to another topic. When did you first become aware of any proposal or plan for CPH Crown Holdings Pty Limited to sell any of its shares in Crown Resorts to Melco Resorts and Entertainment?  
15

MR DIXON: Look, I think it was on the news the next day. Or, maybe, I – you know, I'm an early riser, it would have been on the first of the ABC News, if that was on the news. But, certainly, I don't remember finding out that night or when it was announced, but I'm nearly sure I got it from media reports, as best I can remember. I certainly wasn't informed.  
20

MR BELL: Do you say that you weren't informed of the proposal for that sale before the sale was executed and exchanged?

25 MR DIXON: No, I was not informed and – by anybody, as far as I remember, except by reading, initially, I think, in the media. Now – no, no one called me to say, "Look, you know, we're selling shares," James or his people .....

MR BELL: Can I ask you to look at exhibit AA158, confidential link  
30 CRL.500.009.0008. Do you see that this is an email from Mary Manos to John Alexander the day after - - -

COMMISSIONER: I think there may be a problem. Just pardon me for a minute. It's all right.  
35

MR BELL: I'll read that number again. It's CRL.500.009.0008.

COMMISSIONER: Yes, that's right now. Thank you, Mr Bell.

40 MR BELL: So, Mr Dixon, do you see that this is an email from Ms Manos to Mr Alexander on Friday, the 31st of May 2019, the day after the Melco sale was announced? You're welcome to read it all, although I don't think you need to read - - -

45 MR DIXON: No, no. I'm sorry. Yes, that's okay.

MR BELL: And do you see that, in the first bullet point, Ms Manos informed Mr Alexander that:

5                    *Independent directors wanted to meet separately from CPH to understand potential ramifications of the transaction.*

Had you raised any issues or concerns with Ms Manos?

10 MR DIXON: I – I expect I would have, probably, as a result of that. I’m not 100 per cent sure it all came from me, but I – or from me, but I would have thought so.

MR BELL: Was one of the issues that you were concerned about at this time the fact that the CPH nominees on the board of Crown Resorts hadn’t informed you or the other independent directors about the proposed sale before it occurred?

15 MR DIXON: Look, I’m – I’m not sure, in the sense that I think it would have been probably best that they had told us all. I don’t know if they tried to tell us or if they couldn’t get through. I’m hard to get sometimes. But I think they have a right to sell the shares, but given everything that – the relationship between, you know, the company and CPH people, we should have been told.

MR BELL: You were, of course, aware at the time that Crown Resorts had important regulatory agreements with the New South Wales regulator?

25 MR DIXON: Yes, I was.

MR BELL: And I take it that you were aware at the time that, in general terms, those agreements required Crown to do its best to prevent Stanley Ho or a Stanley Ho associate taking an interest in Crown Resorts?

30 MR DIXON: Look, I can’t remember the exact detail of whether I remember that particular one with Stanley Ho. I guess - - -

MR BELL: But I take it that, if you had been informed before the sale, by the CPH nominees on the board, you would’ve taken steps to ensure that that didn’t put Crown Resorts in breach of its regulatory agreements with the New South Wales regulator.

40 MR DIXON: Well, I think all of the independent board members felt the same. Yes. We – you know - - -

MR BELL: Yes.

45 MR DIXON: - - - this is a sale that, by any means, raised issues and – and it was best to get those issues up and running straight away.

MR BELL: And I take it that, if you had been informed in advance, you would have taken whatever steps you thought were properly available to Crown Resorts to ensure that there was no breach of those agreements.

5 MR DIXON: If I'd been informed, I would have done a – a range of things. Right now, I don't know every one of them, but, obviously, at the time, yes, we would have.

MR BELL: Thank you, Mr Dixon. Commissioner, I have no further questions.

10

COMMISSIONER: Mr Dixon, I'm just going to take a 10-minute break, and I will return, and Mr Aspinall will ask you some questions.

MR DIXON: Thank you, Commissioner.

15

COMMISSIONER: Yes, I will adjourn for about 10 minutes.

**ADJOURNED**

**[11.29 am]**

20

**RESUMED**

**[11.43 am]**

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

MR ASPINALL: Thank you, Commissioner.

30 **<EXAMINATION BY MR ASPINALL**

**[11.43 am]**

MR ASPINALL: Mr Dixon, you gave your occupation to Mr Bell as retired now. When did you retire?

35

MR DIXON: Well, I'm not – what I mean retired, I – I explained that I retired as far as going to work on a day-in and day-out basis when I finished up at – I used to work at Qantas.

40 MR ASPINALL: That was about 2008?

MR DIXON: Yes.

45 MR ASPINALL: And after that you've just been a – you were a board director; is that right?

MR DIXON: I was a board director and I have my own business interests but I – not as a – I run a few pubs – I don't run them, people run them for me.

MR ASPINALL: Before we proceed, Commissioner, I have some tenders.

5

COMMISSIONER: Yes.

MR ASPINALL: They are in a list entitled Proposed Exhibit AL and run from AL1 to AL23.

10

COMMISSIONER: Yes. I will mark those as exhibit AL1 to AL23.

**EXHIBIT #AL1 TO AL23 PROPOSED EXHIBIT AL**

15

MR ASPINALL: And secondly, in a list called Additions to Exhibit AL which comprise AL24 to AL29.

20

COMMISSIONER: I will just mark them all AL1 to AL29. Thank you.

MR ASPINALL: Mr Dixon, what academic qualifications do you have?

MR DIXON: I don't have any.

25

MR ASPINALL: You finished high school?

MR DIXON: Yes.

30

MR ASPINALL: And can I just take you through your work history. As I understand it, you started out after school at the Wagga Daily Advertiser newspaper.

MR DIXON: Yes, I did.

35

MR ASPINALL: As a journalist there or - - -

MR DIXON: Yes, I did – no, I did a cadetship. Those days you learnt typing and shorthand and that, so that's – that's a qualification, so I did a – I think it was a three-year cadetship as a journalist.

40

MR ASPINALL: I see. And then you were freelancing in – around the world, United States, India - - -

45

MR DIXON: Well, I travelled around the world. I worked in India and I worked for a bit and then I came back to Australia.

MR ASPINALL: And I understand then you started working for Nabalco. Is that right?

MR DIXON: Yes.

5

MR ASPINALL: Do you know what year that was, roughly?

MR DIXON: About 1970 – '70 to '71, I would have thought.

10 MR ASPINALL: And that was a bauxite mining enterprise up in the Northern Territory?

MR DIXON: Yes.

15 MR ASPINALL: And you were the government and public affairs person there?

MR DIXON: Yes.

MR ASPINALL: And do you know when you left Nabalco?

20

MR DIXON: Look, it would have been probably about '72. I stayed up there for about 12 to 18 months, if I remember correctly.

25 MR ASPINALL: Right. And then you moved into the government, as I understand it.

MR DIXON: Yes.

30 MR ASPINALL: And you were working for the Federal Government for about 15 years as an officer in the Department of Foreign Affairs; is that right?

MR DIXON: Yes, the – the information service associated with foreign affairs, yes  
- - -

35 MR ASPINALL: And you got to travel around there in that role?

MR DIXON: Yes. I was posted to the Netherlands and to the United States.

MR ASPINALL: Right. And what sort of work were you doing in that capacity?

40

MR DIXON: As a journalist and information – a broad role of – of handling media aspects with Australia – between Australia and other countries or the country I was in.

45 MR ASPINALL: So would it be what's called now a media liaison role for the department, that sort of thing?

MR DIXON: Not for the department, more for the country. I mean, I was – overseas, you're representing your country. You're not necessarily representing the department, so contacts and my work would be talking about Australia in general, not about the department in particular.

5

MR ASPINALL: I see. And you then came back and – I think, to Canberra and worked for the Department of Territories on aboriginal affairs.

MR DIXON: I did work on aboriginal affairs, yes.

10

MR ASPINALL: And then you joined the Department of Foreign Affairs and went to New York for six years, is that right, with the consulate general.

MR DIXON: That was just an association – look, I don't remember now but I think Foreign Affairs may well have taken over the information department, yes. I did – when I came back from Nabalco – yes, when I came back from the Northern Territory I went back up a couple of times on behalf of the government and then I was sent overseas. They took over Foreign Affairs – Foreign Affairs took over the information service.

15  
20

MR ASPINALL: And when you went back overseas you went to the consulate general at the United Nations in New York; is that right?

MR DIXON: I went to the Netherlands first, and I came back and I think went back around about '76/77, went to New York in '77, I think.

25

MR ASPINALL: And then – so you think The Hague was first, do you, and then  
- - -

30 MR DIXON: No, The Hague was first.

MR ASPINALL: Then you came back, as I understand it, in 1985 and went to the Australian Mining Industry Council; is that right?

35 MR DIXON: Yes.

MR ASPINALL: And that tied in with what you had been doing with Nabalco in the bauxite mining.

40 MR DIXON: Well, certainly it was associated with mining, yes.

MR ASPINALL: You had some experience in the mining sphere by that stage. Were you working at the Mining Council in that media kind of role again or what role did you have there?

45

MR DIXON: It was a general role. It was to do with Aboriginal relations, of course, and what have you. If I remember correctly I represented Mining Industry Council at the handover of Uluru to the traditional owners.

5 MR ASPINALL: I see. Do you remember what your job title at the Australian Mining Industry Council was?

MR DIXON: No, I don't.

10 MR ASPINALL: And then I understand in 1987 you went to work for Australian Airlines; is that right?

MR DIXON: Yes. It'd be about right, yes.

15 MR ASPINALL: What were you doing at Australian Airlines?

MR DIXON: I was doing both government and – government relations and marketing generally.

20 MR ASPINALL: And then you joined Ansett in, I think, 1990; is that right?

MR DIXON: That would be about right, yes.

25 MR ASPINALL: The same sort of work at Ansett, government relations and marketing?

MR DIXON: Yes, and I – I think when I went there, I was running their holiday division then.

30 MR ASPINALL: All right. And in 1994 you joined Qantas as the head of their commercial operations and you worked there for, I think, 14 years; is that right?

MR DIXON: It'd be about that.

35 MR ASPINALL: At some stage you became the CEO of Qantas; is that right? Do you remember when that was?

MR DIXON: About 2000, I think.

40 MR ASPINALL: And you were on the board of Qantas, weren't you, at some stage?

45 MR DIXON: I was on the board of Qantas – yes, I think the last two or three years of – of – no, sorry, I was on the board of Qantas for about two years, if I remember correctly, before I became the CEO and then I became CEO and you're managing director and CEO.

MR ASPINALL: So from about 1998 you would have been on the board of Qantas and then become the CEO and managing director in 2000. Is that right?

MR DIXON: I think that's about right, yes.

5

MR ASPINALL: And you then left Qantas in 2008 to come and after that you've, as we've discussed, been board director.

MR DIXON: Yes.

10

MR ASPINALL: And other than your role at Crown – it would have been Crown Limited to start with and Crown Resorts later, have you held any other directorships?

MR DIXON: I was on the board of Leighton Holdings. I've been on the board of Adslot Limited, a digital media company. Look, there could be others, I just don't remember.

15

MR ASPINALL: Were you ever on the board of PBL - - -

COMMISSIONER: Sorry, I missed that, I beg your pardon. Mr Dixon, I think you said you were on the board of Leighton Holdings and of - - -

20

MR ASPINALL: Adslot Limited.

MR DIXON: Adslot, A-d-s-l-o-t, Limited.

25

COMMISSIONER: Yes.

MR DIXON: A digital media company. And yes, PBL or CPH; I forget exactly their names now. They've changed around a bit. And Crown, of course. Do you mean remunerated boards or – you know, I was on – I was chairman of the Garvan Medical Research Foundation for about 10 years and the Indigenous Education Foundation, various things.

30

MR ASPINALL: Well, I have in my notes that you joined the board of Crown Resorts in July 2007. Would that be right? That's before you left Qantas.

35

MR DIXON: Yes, I was on the board of Leightons up until about then and then I think I joined the board of Crown or CPH or one of those entities associated with that company.

40

MR ASPINALL: And do you think you would have joined the board of PBL or CPH at the same time?

MR DIXON: Yes, without a doubt. I think that's – as a matter of fact, I think – I wasn't on the board of Crown back then, I think I was on the board of one of the CPH or PBL, whatever it was called.

45

MR ASPINALL: Because PBL at that time was the owner of Crown and the media interests, as I understand.

MR DIXON: Yes.

5

MR ASPINALL: And then PBL spun off or sold the casino interests. Do you recall that? Is that as you recall it? PBL sold the - - -

COMMISSIONER: Media assets?

10

MR ASPINALL: The media assets?

MR DIXON: Look, I understand, yes. I remember them selling.

15

MR ASPINALL: And then you moved to the board of Crown Resorts – or Crown Limited.

MR DIXON: Yes, certainly at some stage. I think that was – I forget the years.

20

MR ASPINALL: And you were on the board of Crown Resorts from July 2007 to October 2019, last year.

MR DIXON: That's right.

25

MR ASPINALL: I just wanted to run through some other duties you had at Crown. According to the annual report you were on the finance committee or the chair of the finance committee from 2008 to either 2017 or 2018. Does that sound right?

MR DIXON: It could be.

30

MR ASPINALL: We've had some difficulty working out what the finance committee actually did. It seems some years there were no meetings. Can you give us, as the chair, an overview of what its role was?

35

MR DIXON: Look, we generally just – any issue that came up to do with the general finances of Crown we looked at them. It was very, very much a – a committee that didn't have a – I mean, worked with the CFO and what have you.

40

MR ASPINALL: Was it involved in overseeing forecasts or that sort of thing, budgets?

MR DIXON: Not really. Not forecasts. I don't remember.

45

MR ASPINALL: And then we have you on the nomination and remuneration committee as a member from 2008 and the chair from April 2010; does that sound right?

MR DIXON: That sounds – look, if you say so.

MR ASPINALL: And you stayed on that committee until you retired from the board?

5

MR DIXON: Yes.

MR ASPINALL: You were also on the risk management committee. Mr Bell discussed that with you. According to the annual report you were on that – you were the chair of that from 2008 to 2019 when you retired. Does that sound right to you?

10

MR DIXON: Yes, it does.

MR ASPINALL: And you were also the chair of the Crown Sydney committee, as I understand it, from August 2018 to the time you retired.

15

MR DIXON: Well, yes, that was a committee that was just put up in the breach, if I remember correctly. It was just to – just have a closer scrutiny for a very short period of time of the developments in Sydney.

20

MR ASPINALL: Now, we've been through your work history, and it emerges from that that you had no casino experience when you were appointed. Did you receive any training in casino regulation or management when you joined the board?

MR DIXON: Not formal training. Obviously, I was taken around by the various executives over the time and shown all the workings of the place, but I don't remember, and I don't think at that time Crown had what I would call a formal induction into the board, not that I remember anyway.

25

MR ASPINALL: Right.

30

MR DIXON: Certainly, I didn't do one.

MR ASPINALL: Right. And can you tell us how you came to be on the board of Crown Resorts?

35

MR DIXON: James Packer asked me to come on the board, I think.

MR ASPINALL: And was that via PBL? So he would have asked you to join PBL and then you moved - - -

40

MR DIXON: Look, I would have thought so, I just don't remember the – a particular time. I – I don't know exactly.

MR ASPINALL: And at that time that you were asked by James to join the board, how long had you known Mr Packer?

45

MR DIXON: A few years. I had met him on a plane, as a matter of fact, with my wife, and that's about it. I knew his father, but not very well either.

5 MR ASPINALL: He had – or at least the Packer interests had been interested in a take private for Qantas; do you recall?

MR DIXON: There were some discussion, I think I do recall. I think James Strong was then CEO of Qantas and I – I think there was some discussion about it, but it never eventuated or went anywhere near it.

10 MR ASPINALL: So you met him on the plane and did you come to know him - - -

MR DIXON: That's James.

15 MR ASPINALL: Pardon?

MR DIXON: No, I just met him on the plane.

20 MR ASPINALL: Did you come to know him better during the take-private negotiations?

MR DIXON: No, no. I don't think I ever, ever discussed it with him. And I'm not even sure I discussed it with Kerry Packer. He rang me once or twice – in – in my whole life time: once to ask me why Qantas wanted to put James on the board. And I said that's a board matter. They don't – the CEOs don't do that. But my view is that give him some public company experience it would be probably good. And – I'm not even sure – look, I – about – whether Kerry Packer was really going to take – looking to take Qantas private. Maybe there was something there. I do know that he was thinking of starting up an airline or buying one of the carriers that were hanging around at the time – Compass or one of them – and – and he just mentioned that to me once.

35 MR ASPINALL: Now, in terms of James Packer joining the board of Qantas, do you know how that came about, whose recommendation that was done on?

MR DIXON: It would have been the board, someone from the board. Just to explain, with the Qantas situation, the CEO had no say. I was there on who came on the board. What you did have is they would ask you then, look, they wanted to bring so and so on to the board, which I think is the right way to do it, is there any real problem? I mean, would you – do you know the person? Could you work together? Or can't you work together for some reason.

MR ASPINALL: So at the – sorry. You go ahead.

45 MR DIXON: That's all right.

MR ASPINALL: So at the time James joined the Qantas board, you didn't know him in any particular way, you just met him on the plane; is that right?

MR DIXON: Look, no. No, I'd spoken to him somewhere along the line, you  
5 know, and I think he'd indicated to me that he felt that there was – that I was doing a  
good job, whatever I was doing. Look, the point about it is, look, I am a friend of  
James. I'm not a close friend: never been to his house; never been to my house;  
I've never had dinner with him on his own. I've had dinner with him at a couple of  
board meetings. I would be lucky to talk to James more than once every two years, if  
10 I remember correctly, and - - -

MR ASPINALL: Right.

MR DIXON: - - - I think there was – if there was anything there, it's – we're  
15 friendly, I think he liked some of the work I did. I admired what he was trying to do  
with Crown, no doubt about that, but I mean I – that's it.

MR ASPINALL: And when you were on the board of Qantas with him, did you  
20 come to know him better at that stage?

MR DIXON: Yes, but only at board meetings. He had strong views. If I remember  
correctly, he was on the board at around about the same time that there was a private  
equity bid for Qantas by Texas Pacific and a group of Australian financiers. But –  
and I think he was involved in that, but no – no more than any of the other directors I  
25 would have got to know.

MR ASPINALL: Now, that was the Australian airline partnership or something,  
wasn't it?

MR DIXON: No – yes, they might have called it something like that, yes. Yes.

MR ASPINALL: That was the Texas firm and Macquarie Bank and some others?

MR DIXON: Yes. Well, and – yes.  
35

MR ASPINALL: You understood the Packers to have an interest in that takeover  
bid?

MR DIXON: None at all. None at all.  
40

MR ASPINALL: Coming back to the concept of casino regulation, I asked you if  
you received any training when you joined. Did you subsequently receive any  
training in casino regulation and management?

MR DIXON: Casino management? No. I didn't get any training in casino  
45 management, no.

MR ASPINALL: And when you – prior to joining Crown and going on to the – to be the chair of the risk management committee, had you had any training in risk management?

5 MR DIXON: Well, certainly, I'd had a career in aviation to a point. I think risk management is top and centre, obviously, in aviation, so I had a lot of practical experience, I believe.

MR ASPINALL: Had you been on a risk management committee at Qantas?

10

MR DIXON: As the CEO, I would have been to all the committees.

MR ASPINALL: So, as CEO, you were ex officio on all the committees, is that correct?

15

MR DIXON: Yes, I would be there, if I remember correctly.

MR ASPINALL: So you would have attended the risk management committee meetings there at Qantas, would you?

20

MR DIXON: Yes. I would have, yes.

MR ASPINALL: And in terms of the way in which casinos were regulated, what was your understanding of that over your time?

25

MR DIXON: It was incredibly well-regulated. I always felt, as a matter of fact, a little bit like airlines, not in the same way, but heavily regulated; they needed to be. And we were – we had, I think, bodies in every state that we – that Crown worked in overlooking what we did. There was obviously a lot of liaison with those bodies in Western Australia and in New South Wales and in Victoria. Yes. I mean – and you had close contacts with them; not the board, but the management, yes.

30

MR ASPINALL: Did you understand the concept of suitability in terms of casino regulation?

35

MR DIXON: Suitability?

MR ASPINALL: Suitability.

40 MR DIXON: I know what suitability means, but do you mean in that particular - - -

MR ASPINALL: In the concept – in the nature of casino regulatory structure, the concept of suitability to obtain the licence.

45 MR DIXON: Yes, suitability to – suitability. Licence suitability, I understand, to probably be a board member on a thing. Yes, suitability for sure, yes.

MR ASPINALL: And you obviously did probity checks when you became a member of the board, and so on.

MR DIXON: I underwent them, you mean?

5

MR ASPINALL: Yes.

MR DIXON: Yes, I did.

10 MR ASPINALL: And so you'd aware that when – that the casino regulator is highly interested in the suitability of the licensee and also the people who are associated with the licensee?

MR DIXON: Yes.

15

MR ASPINALL: Can I just take you to – I mean, at the time you were on the risk management committee and the board, were you generally familiar with the Casino Control Act?

20 MR DIXON: Yes.

MR ASPINALL: And you would have read through at least the Victorian Act, wouldn't you?

25 MR DIXON: It would have been a while ago, yes.

MR ASPINALL: Can I just take you to INQ.070.001.1061. Exhibit A107, Commissioner.

30 COMMISSIONER: Thank you.

MR ASPINALL: Can you see that, Mr Dixon? I can have it enlarged for you.

MR DIXON: If you wouldn't mind. Thank you.

35

MR ASPINALL: If you could just blow up the top half of that page. And just scroll up a little. You see that's the Casino Control Act for New South Wales.

MR DIXON: Yes, yes, yes.

40

MR ASPINALL: Can I take you over – it's the current version, but this matters little for the question I'm going to ask – over to pinpoint 1068. And zoom in on the bottom section 12, please. See that section talks about the suitability of applicants and close associates of the applicants?

45

MR DIXON: Yes.

MR ASPINALL: And if we go over the page to 1069, do you see that one of the things that the authority – this is the New South Wales Act, but I can tell you that the Victorian act is in essentially the same terms – is at (f):

5           *the applicant has sufficient business ability to establish and maintain a successful casino.*

MR DIXON: Yes.

10 MR ASPINALL: And (g) that:

*any of those persons has business associations with any person, body or association to who, in the opinion of the authority, is not of good repute having regard to character, honesty and integrity or has undesirable or unsatisfactory financial sources.*

15

You see that?

MR DIXON: Yes, I do.

20

MR ASPINALL: And just, for completeness, I can tell you that that's in – the same provisions are in section 9(f) of the Casino Control Act 1991. You can take that from me, Mr Dixon. Were you aware that these sort of tests were in the Act in terms of the suitability of the licensees?

25

MR DIXON: I – I understood the – word for word no, but, definitely, that that was a very high bar.

MR ASPINALL: And were you aware, when you were on the risk management committee, that this concept of having business associations with people who were not of good repute was one of the things in the Act that might go to the suitability of the licensee?

30

MR DIXON: Yes.

35

MR ASPINALL: And one of the things that has been discussed during the Inquiry – and Mr Bell raised it with you – was the issue of risk appetite. Do you remember those questions?

40 MR DIXON: Yes. Generally, yes.

MR ASPINALL: I think you agreed with Mr Bell that it was ultimately the board's responsibility to set risk appetites, but from the evidence that's been given to the Inquiry, it appears that no official statement of risk appetite in various areas was made until after the China arrests. Are you aware of that?

45

MR DIXON: No, I'm not aware of that. I mean, we had a – our risk management, we had a matrix where we looked at all the various possibilities of risk. We had material risk, high risk. And the board met on those particular issues and got advice to management on where they were sitting.

5

MR ASPINALL: One thing that the Inquiry has been considering is how people within the organisation would have been aware what the board's risk appetite for various matters was prior to the formalisation of that after the China arrests. Are you aware of that?

10

MR DIXON: I'm sorry. Can you repeat that question?

MR ASPINALL: One of the issues that has been raised in the Inquiry is how the rank and file employees, and even the senior executives of Crown, would have known, prior to the China arrests, what the appetite of the board – the risk appetite of the board – was in various areas of the business; you understand that?

15

MR DIXON: I understand it, but I – yes. What is the question?

MR ASPINALL: The question is, as the head of – chair of the risk committee, how did you understand that the average employee, or the rank and file employee, would know what Crown's risk appetite was in various areas of the business?

20

MR DIXON: Well, because they would have been advised by that by their managers – and I understand they were – about what – what's the right thing to do and what it's not to do. It comes through the culture of the company. It ranges, you know, obviously, proper ethical behaviour is, I think, words like that, but, I mean, Crown was – Crown, a great reputation in a lot of ways for how it conducts itself. And the employees are very, very good employees. I think, they – very, very supportive of what we were trying to do.

25

30

MR ASPINALL: When you joined the board did you have any training in anti-money laundering?

MR DIXON: I used to go and talk to the people about anti-money laundering. I knew it was one of the most important aspects of casinos and, indeed, hotels which I've had interests in for 20 years.

35

40

MR ASPINALL: All right.

MR DIXON: But no, we – to my knowledge, when I joined the board – that's to my knowledge – there was no formal training at Crown into those sorts of things. It was

---

MR ASPINALL: Right.

45

MR DIXON: --- learn on the job.

MR ASPINALL: Right. And in terms of the time you were there for the 12 years, did you receive any training before you left?

MR DIXON: No, except on the job.

5

MR ASPINALL: One of the things I wanted to show you was the Nom and Rem committee charter. That's CRL.717.001.0091. That example is AL25, Commissioner, but various iterations of this charter over the years are within that exhibit list.

10

COMMISSIONER: Thank you.

MR ASPINALL: I just picked this one at random, Mr Dixon. Do you see that one? We can go to the final page, 0095. Do you see that one is from February 2014?

15

MR DIXON: Yes.

MR ASPINALL: Going on that page to 4.1, do you see the frequency of the meetings is at least annually and additionally as required?

20

MR DIXON: Yes.

MR ASPINALL: During your tenure as the chair, how often did the risk committee meet in practice?

25

MR DIXON: The risk committee or the Noms committee? The risk committee?

MR ASPINALL: Sorry, the Nom and Rem committee.

30

MR DIXON: The Nom and Rem committee. Look, I don't know. As needed, I would have thought. It would have been at least annually, I would have thought, but as needed.

MR ASPINALL: At least annually. And what would you consider were examples where it was needed or required?

35

MR DIXON: Obviously to deal with remuneration issues and also to deal with board appointments or considerations.

40

MR ASPINALL: Now, in terms of the training that's received, if we could go to page 0093, do see at part 3 at the bottom it talks about the duties, responsibilities and powers of the committee? Do you see that?

MR DIXON: Yes.

45

MR ASPINALL: And do you see it says "the committee will", and then there's a colon, and if we go over the page to 0094, do you see (e)?

MR DIXON: Yes, I see that.

MR ASPINALL: It says:

5           *Consider implementing a plan for enhancing director competencies and ensure  
that an effective induction process is in place for new directors.*

Do you see that?

10       MR DIXON: Yes.

MR ASPINALL: And you understood that was – as the chair of this committee, that was one of the roles of it?

15       MR DIXON: Yes.

MR ASPINALL: And what steps – given that I think you just said that you understood that anti-money laundering was very important in the casino sphere, is that right? What steps did you take to consider implementing a plan to train directors and make sure they were competent to deal with anti-money laundering?  
20

MR DIXON: Most – nearly all of the directors were always given access to senior management, the relevant people involved in all these issues such as money laundering, whatever may come up, and we did it that way. As far as having particular programs, no. They were - - -  
25

MR ASPINALL: Just going back to the first part of your answer, I just wanted to explore with you what you meant by “We were always doing this”. What were you actually doing?  
30

MR DIXON: Well, when people came in they were – had access to, obviously – not obviously, but access to senior managers who would explain to them the various elements of the company, what they did, what they did, why this is so important, why that’s so important.  
35

MR ASPINALL: And what – in terms of the induction process, did you ensure that the induction process included some training in anti-money laundering?

MR DIXON: Not specific training, no.  
40

MR ASPINALL: And given it was important, why didn’t you do that?

MR DIXON: Well, it’s not a matter of why we did that; I thought our people were just as competent as anybody else to – to let them know and I also think that the individual directors, obviously with their own interests, check these things out as well, but certainly always available were our people, or the staff.  
45

MR ASPINALL: And what about any training in the concepts of casino management and the risks that casinos might face from infiltration by organised crime? Did you give the directors any training in that or induction?

5 MR DIXON: Specific training, no; once again, talking to the people who were on the job.

MR ASPINALL: I don't suppose that you would – would have been unaware of the fact that casinos were vulnerable to infiltration by organised crime, would you?  
10

MR DIXON: No, I – obviously I'm aware, yes.

MR ASPINALL: And you would have been aware of that for the – before you joined the board; is that right?  
15

MR DIXON: Yes, I would have been, I think.

MR ASPINALL: Did you ever do anything to check whether your fellow directors understood that?  
20

MR DIXON: What, personally?

MR ASPINALL: Yes, or as a committee?

25 MR DIXON: We made sure that they were able to have briefings whenever they needed them from the relevant people, and I do happen to believe that's just as good. That's on the job training, I know, but they're the people who are dealing with it.

MR ASPINALL: If you go down to 3.4 which is incentive plans. Do you see that  
30 part?

MR DIXON: Sorry?

MR ASPINALL: 3.4 on that page, 0094. Do you see that's another one of this  
35 committee's duties?

MR DIXON: Yes.

MR ASPINALL:  
40

*To review and recommend the board short-term incentive strategy for executive directors and relevant senior management.*

Do you see that?  
45

MR DIXON: Yes.

MR ASPINALL: And then also to deal with long-term incentive plans; the same group. In terms of who was relevant senior management, how did you work that out?

5 MR DIXON: Well, the structure was such in, say, Crown, it was obviously the chief executive and I remember when I was on the board of Crown, I think they had a structure that was three or four very senior managers and all – and then further underneath obviously it devolved down as the order goes down, the managers make their own decisions, but the review committee would have the chief executive talking to them about his direct or her direct reports and then further down the list that was not really a matter for the committee. A matter for the committee would be – go on.

10 MR ASPINALL: So do I understand it to be the case that in terms of who was relevant senior management, the committee left that to management to tell you, the committee, who they thought was relevant?

15 MR DIXON: The relevancy came from the structure. The structure was - - -

MR ASPINALL: Yes, but who set the structure?

20 MR DIXON: Well, the structure is set up by – approved by the board of the company, but usually it comes from the chief executive. Certainly, in my experience the chief executive would normally choose their structure that best suits what they think the company should be run and then they also have a big say in the remuneration and the conditions of that particular person. That's always been my experience.

25 MR ASPINALL: In terms of the China or VIP structure, you obviously were involved in setting the short-term and long-term incentive for Mr Felstead?

30 MR DIXON: Yes.

MR ASPINALL: What about for Mr O'Connor?

35 MR DIXON: No.

MR ASPINALL: What about for Mr Chen?

40 MR DIXON: No.

MR ASPINALL: Do you know who Mr Chen was?

MR DIXON: Yes. Well - - -

45 MR ASPINALL: In terms of the China situation the only person that you set the incentives for was Mr Felstead; is that right?

MR DIXON: That's right.

MR ASPINALL: Did you – as part of this board did you review or pay any attention or see the incentive plans which were organised for the people beneath Mr  
5 Felstead such as Mr O'Connor and Mr Chen?

MR DIXON: Not that I remember.

MR ASPINALL: As the chair of this committee did you give any consideration to  
10 the fact that there might be a conflict between short-term incentives and long-term incentives – tension?

MR DIXON: What was the last word?

15 MR ASPINALL: Tension.

MR DIXON: I think that is forever a problem in companies, the tension between short-term and long-term incentives. It's a matter for discussion, I think, in every remuneration committee and managing that is quite difficult. I also think it's hugely  
20 important that someone, in this case you mention Mr Felstead, that it's his job, not the job of the board, to decide the remuneration of people who are reporting to him.

MR ASPINALL: I raise it because you gave evidence to Mr Bell that you found it inexplicable that Mr Felstead didn't escalate risk issues to the risk committee or to  
25 the full board. Do you remember that?

MR DIXON: Yes, I know what I said, yes.

MR ASPINALL: I'm just wondering – I mean you were the two people who said it,  
30 but were you aware that Mr Felstead's incentives were related to the amount of remuneration he got from the VIP business?

MR DIXON: Look, I don't remember the full details, but I – I don't know of any remuneration arrangement at a very senior level. I'm not – I just don't mean in  
35 Crown, that doesn't relate to the success of their business. Whether that's right or wrong in these days, I don't know, but - - -

MR ASPINALL: Well, I'm just raising with you whether one of the explanations – obviously it's probably not just one – for why Mr Felstead might not be keen to pass  
40 on problems and risks that were emerging in China was because he was incentivised not to raise problems because if he did raise them the revenue from the VIP business might be affected.

MR DIXON: That would be a very short-term decision on his part, I would have  
45 thought. I mean, it's in his interests to – I think it was in Mr Felstead's interest to raise as many things as they could with the board. Of course, perhaps the board could have given him better advice or added advice.

MR ASPINALL: But do you accept that that may have been one of the explanations why Mr Felstead, in your view, inexplicably failed to pass up information to the risk committee?

5 MR DIXON: I think – look, it could be, but I think Mr Felstead’s view of passing things up that he had a very – I can only assume that he was making value judgments based on his long experience, and what have you, and whereas I think I said earlier he should have probably have made – should have been making critical judgments, in other words listening to exactly what was being done or told and saying “Look, we  
10 shouldn’t be there or we have to do this, we have to do that”. Value judgments are based, obviously, on your experience and sometimes that can get away from you.

MR ASPINALL: And in terms of incentive plans, did you give any consideration or  
15 implement any ideas that might incentivise people like Mr Felstead or other senior management to promote or comply with a culture of compliance, in other words to incentivise him to be compliant and to report things that were a problem?

MR DIXON: I think that goes with the job. I mean, the biggest job I think we do  
20 have is to hire people we’re very comfortable with. I mean comfortable in the sense we believe that they have a strong ethical base and – and know their job and you’ve got to let them get on and manage.

MR ASPINALL: If we go back to the previous page, to 0093. You see, 3.1 – if that  
25 could be enlarged again, please.

MR DIXON: Yes, I think so. Thank you.

MR ASPINALL: Can that be enlarged for Mr Dixon?

30 MR DIXON: That’s okay now.

MR ASPINALL: Yes. Thanks a lot. I just wanted to talk to you about two things, which is (b), it’s a:

35 *...selection procedure and make nomination recommendations to the board.*

Do you see that?

40 MR DIXON: Yes.

MR ASPINALL: We have now talked, in this Inquiry, to every board – current  
board member and some previous board members, and I think, without exception, they have all told us that they were invited to join the board by Mr Packer. Have you  
45 seen that evidence?

MR DIXON: No, I haven’t seen that.

MR ASPINALL: Do you know that to be the case?

MR DIXON: No, I don't, as a matter of fact.

5 MR ASPINALL: Can you tell me, as a practical matter, how nominations were actually received and from whom they were received by the nom and rem committee during your period? Were they mostly from Mr Packer?

10 MR DIXON: Look, people were recommended by other people a lot and – and I must say I never assumed that people being recommended were necessarily as a result of James Packer recommending them. So I, the more recent ones, I wouldn't have even known whether James knew Toni Korsanos. I wouldn't know if - - -

15 MR ASPINALL: So, I mean, he rang - - -

MR DIXON: - - - if he knew Jane Halton. He certainly knew me; John Alexander. But I don't think that was – I'm – I'm – I am surprised to hear that they, Toni Korsanos and Jane Halton were recommended by James. I certainly didn't – I didn't have any idea of that.

20 MR ASPINALL: I see. And in terms of the – I think we showed Mr Demetriou an email between Ms Manos and the CPH representatives, which came back to say CPH, despite the independence issues, supports the appointment of Korsanos. Are you saying that, as the chair of the committee who was making the recommendations to the board, you weren't aware that CPH were supportive of Ms Korsanos' appointment?

MR DIXON: Were? Sorry. Were what?

30 MR ASPINALL: You weren't aware that CPH was supporting that nomination?

MR DIXON: Well, I'm assuming they would have been supporting it, because I think, if I remember correctly, everybody on the board supported it, but I – I don't, in any way, know that the initial recommendation for – that her candidacy was first raised by CPH directors. No, I had no idea of that.

40 MR ASPINALL: It just – I mean, I can't take it any further, but it just does seem quite strange that each director that we asked said they were asked to join the board by James Packer. You - - -

MR DIXON: No, I – I – I am surprised myself if that was the case. As I said, I had – and I can't see any reason why someone like Jane Halton, or, indeed, Toni, would – would need the recommendation of James. I mean, to me, there's not many more eminent people in Australia than Jane Halton. I mean, her record stands for itself.

45 MR ASPINALL: And when we come – sorry. And when we come to the practicalities of you sitting as the Nom and Rem committee, when an applicant is put

before you or someone to be considered, is it just – where do you receive that from?  
Where did you receive it from?

MR DIXON: That's a very good question.

5

COMMISSIONER: He sometimes does that, Mr Dixon.

MR DIXON: Sorry.

10 MR ASPINALL: It's a fluke.

COMMISSIONER: He sometimes does that, Mr Dixon.

15 MR DIXON: They came – it may well have been John Alexander. It may – as the  
CEO at the time, it may be myself. I don't know. I can't remember a particular case  
where I've said, look, so and so may be a good board member. You know, there are  
processes, but within Australia and the very small gene pool we have here, I do really  
think that many of the nominations come from people who have worked with, trust  
and feel that the person is very competent. And I don't think that is, in itself, a – a  
20 bad process.

MR ASPINALL: If we look down, now, at (c) of 3.1, do you see that the task of  
this committee was to develop succession plans? You see that?

25 MR DIXON: Yes.

MR ASPINALL: What we have observed, in speaking to the directors past and  
present, is that a lot of those directors served on this board for quite a long time;  
agree with that?

30

MR DIXON: Yes. Including myself, yes.

MR ASPINALL: Including yourself. I'm just wondering what you did as a  
committee in terms of addressing that issue which is dealt with in (c).

35

MR DIXON: Well, I suppose that is implying that longevity has its own issues. I –  
I don't necessarily think that's the case and I don't think - - -

40 MR ASPINALL: Speaking – speaking from your own point of view, you were on  
the board for 12 years, I think, and you were the chair of these two very important  
committees: risk management and nom and rem for nine or 10 years.

MR DIXON: Yes.

45 MR ASPINALL: Don't you think, in terms of succession plan, that's not a good  
thing, that there should be a faster turnover of people?

MR DIXON: No, I don't, as a matter of fact.

COMMISSIONER: You mean as chair?

5 MR DIXON: And I'll say way, because there is a – a view in Australia that gets a  
lot of currency that CEOs shouldn't be around – so, I'm talking CEOs, now, for  
about five – more than five years. Some of the most successful ones have been  
around for a long, long time, and I think it's particular cases. And most of the people  
on the Crown board, yes, I think have been there a while, but their experience is  
10 invaluable in a lot of ways. Not just, I mean, in casinos, but I mean experience or  
their life experience.

COMMISSIONER: You made the point about CEOs being only around for five  
years. Do I apprehend that you're suggesting that that's a modern approach to things  
15 which may not be of advantage?

MR DIXON: I – look, I think it depends obviously on the individual,  
Commissioner. But I – I don't think there shouldn't be – there should be any  
arbitrary thing: well, you've been on the board – if you're running a company for  
20 five to six years, you know, you somehow got too close to the issue, or something  
like that. My successor at Qantas, as a matter of fact, I think, is now close to being  
11 years, and does an outstanding job.

COMMISSIONER: I see. Thank you.  
25

MR ASPINALL: So do I take it from the answers you've given us that you don't  
see any need to change anything, in terms of succession plans, at Crown?

MR DIXON: I didn't say I didn't see any need. I mean, everything can have a need  
30 at some stage or another. What I did say is I think that the quality of the board has  
been consistently quite high.

MR ASPINALL: Isn't one of the risks of having a longstanding group of people on  
the board, who have served for the same long period, that they tend to start to think  
35 the same way and you don't get the new ideas that might benefit the board as a  
whole?

MR DIXON: Without a doubt that's a possibility, but then you lose their experience  
which is also just as .....  
40

MR ASPINALL: But, in terms of developing succession plans, at (c), what did this  
committee actually do?

MR DIXON: The committee is always looking, and was, and often discussed so and  
45 so would be a good board member, if they come up. I don't think there's – I don't  
think there's any particular way that one can judge and get a succession for a board,  
if you know what I mean. I mean, when you've got a board position or you feel –

you ask someone to move on, you've still got to go and find someone. There are – you can go to a search company, who will be only telling me the same things if you used your own expertise or you spoke to other people. I mean, this is not – it's not like an executive, which, I think, is totally different. You expect senior executives, CEOs, to develop a succession plan to make sure that if someone falls over or something happens that someone can take their job. I don't think that applies, really, to a board.

COMMISSIONER: Yes. You mentioned a little earlier, Mr Dixon, what you described as a small gene pool. Do you remember saying that?

MR DIXON: Yes.

COMMISSIONER: Could you tell me what you mean by that in respect of appointment of directors?

MR DIXON: I mean that – well, there's a very big business community in Australia and it's not a very big country. You know, it – as far as the size of the country, it really – and the wealth of the country and where it sits in various aspects of wealth and business and that, there's – you know, we're not – we haven't got – we're not inundated with a lot of people who would be suitable. There's a lot of people out there and there's a lot more diversity coming up now, but I think that it's not a big gene pool. And I don't think that's – what's the word – I think that's amplified by the fact that there are – in Australia, there's a lot of board members who are on multiple boards.

COMMISSIONER: Yes. It's the same people going on to multiple boards that seems to be the position, but that's because, I presume, they are invited to do so rather than by application. Would that be right?

MR DIXON: Yes. I think that is mainly the case. But I would hope that most of the invitations are because people regard them as being suitable for the board and – but I think – I'd agree, certainly, that it's – I think it's harder to break into the board regime in Australia than it is maybe some other places.

COMMISSIONER: And the point that Mr Aspinall raised with you about the like-minded people being on the board and having similar thought processes, I suppose, if you have a great experience on a lot of public companies – and I'm not suggesting that that's in any way a bad thing – but there is a question of how one refreshes or expands that gene pool. Do you have any observations about that?

MR DIXON: No. I think that's important. And I think that just developments in society is making sure that's improving right now, I think, when it comes to diversity, ethnic, gender, I think we're getting more of that. There's more agitation of it. I don't see that as a bad thing. I'm suggesting it.

COMMISSIONER: So when you said a small gene pool, that's something in the past or is it present?

5 MR DIXON: Look, I think it's becoming in the past and – and I could say that perhaps it is time that a lot more people are given the opportunity.

COMMISSIONER: That can only happen by invitation, as I understand what you're saying to me.

10 MR DIXON: No, not just by invitation. People – many people are not too shy in putting their hand up and saying, "Have a look at me," and look, I am – and, also, there are quite a lot of search companies out there who have people on – on their books that they recommend and suggest to people, and that happens. It happens quite often. You know, I have had people – search companies – call me over the  
15 years and say look, he's got so and so here would be very good.

COMMISSIONER: I see. Yes. I'm sorry to interrupt, Mr Aspinall.

20 MR ASPINALL: One thing that also stands out about the directors that were appointed during your period is that none of them seem to have any particular experience in the gaming industry. Do you see at (c) - - -

COMMISSIONER: Ms Korsanos is an exception - - -

25 MR ASPINALL: Except for Ms Korsanos. Do you see in (c) it talks about:

*Maintaining appropriate experience, expertise and diversity.*

30 MR DIXON: Yes. That doesn't mean the expertise. It may not be expertise necessarily in gaming, and that particularly is a phrase I used before would be a small gene pool, particularly in Australia at the level you would want, but I think the diversity on the board of Crown is quite – we've got very – we've got an eminent doctor, very eminent businessmen in advertising and what have you. We've got one of the most eminent public servants in Australia, a senior executive who ran a major  
35 media company in Australia. I mean, these people, I think, are capable of putting themselves on to other – into other situations.

40 MR ASPINALL: I just wanted to ask you more generally about the risk committee going to that now. The risk committee charter is exhibit M67 and that's INQ.010.003.0451. That can be brought up on the screen for you, Mr Dixon.

MR DIXON: Okay.

45 MR ASPINALL: If you don't have a paper copy.

MR DIXON: They're just trying to find one, but yes. Thank you.

MR ASPINALL: We've just picked one from 2014, as you can see from 0455.

MR DIXON: Yes, I have it.

5 MR ASPINALL: If we go to 0454.

MR DIXON: Yes.

10 MR ASPINALL: And we drill down to 4.1.

MR DIXON: Yes.

15 MR ASPINALL: Do you see that the frequency of meetings mandated by this charter is only twice a year?

MR DIXON: Yes.

MR ASPINALL: In practice, how often did the risk committee meet?

20 MR DIXON: Look, I can't remember. It wasn't always twice a year. We met more frequently. We also, if I remember correctly, had meetings when we thought there was a necessity.

25 MR ASPINALL: You see, one thing that might be thought is that for a casino like Crown which is so large and had so many different arms in Australia and internationally, for the risk committee to only meet twice a year seems very infrequent. What do you say to that?

30 MR DIXON: Well, certainly the board itself met up to 10 times a year, if I remember correctly, and committees are an acquired taste in some ways. I mean, the board should be the one, the major – full board and almost everything that comes up on major issues go to the full board at any rate, so I – I personally think these things are covered by the frequency and the length and time and what have you of full board meetings. And that's not to say that the committees shouldn't be there, but to  
35 say that I don't think that's a particular concern.

40 MR ASPINALL: Well, going back to the inexplicable failure of Mr Felstead or others to pass on the risks that were sitting down in China that the risk committee didn't know of, isn't one possible explanation that the risk committee just wasn't active or inquisitive enough in finding out what was actually going on within the organisation?

MR CRAIG: I object, Commissioner.

45 COMMISSIONER: Yes.

MR CRAIG: Commissioner, my learned friend's questions have proceeded on the basis of a minimum requirement recorded in the charter. Now, the number of occasions on which the risk - - -

5 COMMISSIONER: I don't think so. I don't think so. I think he can ask it generally without the premise and I think he's able to do that.

MR CRAIG: In my respectful submission, Commissioner, if the proposition is the risk committee met infrequently, my learned friend should put, based on the annual  
10 report, how often the risk committee actually did meet in any given period.

COMMISSIONER: Well, Mr Dixon just said that he met more frequently, you see, so the evidence is albeit that the policy says it met – it was required to meet twice a year, Mr Dixon indicated to me in his evidence that it met more frequently. Now, the  
15 fact is that Mr Aspinall is free to ask is it the case that there was not enough curiosity and not enough looking to see what was happening by this committee, whether it met twice a year or more. I'm going to allow the question. Yes, Mr Aspinall.

MR CRAIG: Thank you, Commissioner.  
20

COMMISSIONER: Thank you.

MR ASPINALL: Are you there, Mr Dixon?

25 MR DIXON: Yes. Can you repeat the question?

COMMISSIONER: Put it again, please.

MR ASPINALL: What do you think of the proposition that one of the reasons that  
30 might explain why the risks that were sitting within the VIP business did not make it to the risk committee was either that the risk committee was too inactive or not inquisitive enough to find out what was actually going on in the business?

MR DIXON: No, I don't think that, but I also would say that Mr Felstead attended  
35 every major board meeting – full meeting of the board and would have stayed for that whole board meeting except when it went into in-camera. That's so – as I said, I think I feel quite strongly that the board were asking those questions, we were asking the questions when we didn't like – well, I think the answers were not good enough now with hindsight but - - -

40

MR ASPINALL: Yes, that might be right, but in terms of risk structure, isn't putting all your eggs into the Mr Felstead reporting it basket in itself a risk? Because there was always a risk that Mr Felstead might not be frank with you, wasn't there?

45 MR DIXON: Well, if you start from that premise as a board member, I really believe you're heading up the wrong path. I mean, one of the biggest things, whether there's a failure here or not, of hiring executives, and particularly CEOs, is that

they're going to be trustworthy, going to have the integrity and knowledge to do their jobs, and Crown particularly had a narrow structure. There wasn't the eight or 10 executives reporting to the CEO. There was about three people and they had, and the board had access to them all the time. We discussed over the years China issues and  
5 all the others, but it was as much with the full board as a committee.

MR ASPINALL: But coming back to my question about the structure, isn't it implicitly dangerous from a risk perspective to make Mr Felstead or any one person the hinge between the organisation and the risk committee structure, because if that  
10 one link fails, the whole structure doesn't work. Do you accept that?

MR DIXON: No, I don't necessarily accept that.

MR ASPINALL: And you say that I'm heading up the wrong tree, but isn't your  
15 evidence, in fact, that Mr Felstead did not inform you of risks that he should have?

MR DIXON: Look, I – I agree totally with that and I've said that, and this particular one has broken down, but I – I don't think because one thing has broken down or one particular case has broken down that it's necessary to change the whole structure of  
20 business in Australia or wherever it is.

COMMISSIONER: Mr Dixon, I appreciate you indicating candidly that you couldn't offer any explanation or give any insights as to how the failure occurred. I understand that. But one of the things, to be fair to Mr Felstead, is that it appears  
25 throughout the time that Mr James Packer was the chairman of the board and had an interest in Macau and the operations of the VIP in Macau, Mr Felstead and Mr Packer were communicating what seems to be quite constantly. You understand that?

30 MR DIXON: I do now.

COMMISSIONER: And I presume that you may not have been aware of that. Is that right?

35 MR DIXON: I wasn't aware of it.

COMMISSIONER: And so on the one hand you have a senior executive for management, such as Mr Felstead, who has got access to the chairman of the board, and there are numerous emails going back and forth in respect of the numbers and  
40 how things are travelling, and you have, on one view of it, a reporting line to the chairman. Do you understand that?

MR DIXON: I do now, yes.

45 COMMISSIONER: And Mr Johnston, who was providing services under the services agreement as a CPH executive to Crown, also attended meetings in respect of the VIP business on which Mr Felstead – or on the committees on which Mr

Felstead served and he too was being given information by Mr Felstead. You understand that?

MR DIXON: Yes, I do now.

5

COMMISSIONER: And so Mr Felstead had provided information to Mr Johnston on the one hand, to Mr Packer on the other, and here we are criticising him in one way for failing to tell the board things and yet he's communicating with a chairman and a senior director. So it's a little more complicated, I think, than going down the wrong path. Do you accept that?

10

MR DIXON: No, I accept that totally, as a matter of fact. I – and I don't think this is all on Mr Felstead's head, but I still think no matter what there was a lot of things that could have been elevated to the board and to the committees by Mr Felstead and I find it hard why he didn't want to share it with us at any rate because, as I said before, perhaps we could have even helped and added value.

15

COMMISSIONER: Well, Mr Felstead has taken responsibility for a lot of the matters, but he has indicated, and may I say quite fairly, that he did tell Mr Johnston things and the communications with Mr Packer are clear in the emails, numerous as they are. So if you have a structure where you have CPH executives providing services, and effectively getting down to management level and dealing with them, and then having a person in management expected to communicate to a wider board, then you need to have clear lines of responsibility to tell them do that, don't you?

20

MR DIXON: Yes, and I understand Mr Felstead's dilemma in what he was doing, but it certainly wasn't known to me and I suspect the other board members that – that Michael Johnston, a very good executive, was heavily involved and going to these meetings. I mean - - -

25

COMMISSIONER: Yes. To be fair to Mr Johnston - - -

30

MR DIXON: It's not the normal thing – I'm sorry.

COMMISSIONER: Yes, I'm sorry, Mr Dixon. To be fair to Mr Johnston, he indicated that he went to the meetings at the outset in one particular year and his attendance at the meetings dropped off a little later, but certainly he was heavily involved at the beginning of the VIP – at the request of Mr Packer, you understand.

35

MR DIXON: I do now.

40

COMMISSIONER: Yes. And so we have a structure that looks on one view of it as though Mr Packer was running the VIP side of things, effectively, or very interested in it with Mr Felstead working very hard, as you put it on the ground, and the rest of the board not knowing of these shocking risks. Do you understand that?

45

MR DIXON: Yes, I do. I think I've conceded that, but - - -

COMMISSIONER: Yes.

MR DIXON: - - - I did not know that there were these other forms of communication. Put it this way, I don't think I've ever communicated with Mr  
5 Packer or with Mr Johnston on any issue like this on the board.

COMMISSIONER: Yes.

MR DIXON: Because I – I just think that was the way we did it was we dealt with  
10 the board.

COMMISSIONER: I see. Mr Dixon, I'm just going to take a break for the luncheon adjournment. How long do you need, Mr Aspinall?

15 MR ASPINALL: Until 2.

COMMISSIONER: Yes, all right then. I will adjourn now until 2 pm, Mr Dixon.

MR DIXON: Thank you.  
20

**ADJOURNED** **[12.59 am]**

25 **RESUMED** **[1.59 pm]**

COMMISSIONER: Yes, thank you, Mr Aspinall.

30 MR ASPINALL: Thank you, Commissioner. Mr Dixon, can you hear me? Can you hear me, Mr Dixon? I think you can hear me now, Mr Dixon?

MR DIXON: Yes, I can.

35 MR ASPINALL: Thank you. Your counsel, Mr Craig, has asked me to clarify one issue from what we were discussing before lunch. I asked you about who approached the directors who were appointed to the board and you remember I said the evidence was that Mr Packer had approached them?

40 MR DIXON: Yes.

MR ASPINALL: And you said that you didn't know that, but Mr Craig has asked me to clarify a couple of directors with you, and I might show you  
45 CPH.001.326.0797 which is exhibit AJ44. This, Mr Dixon, is an email that I showed to Mr Demetriou but it concerns the independence issue for Ms Korsanos which I discussed with him. Do you remember that issue?

MR DIXON: Yes.

MR ASPINALL: If you look at the top email on this page which we could just ask  
the operator to blow up, you see Ms Manos is raising the independence issue  
5 regarding Ms Korsanos and then Mr Jalland - - -

MR DIXON: Yes.

MR ASPINALL: Mr Jalland is telling Ms Manos and Mr Johnston:  
10

*Mary, I have discussed with James that Tony would not be independent –  
and so forth –*

15 *CPH believe Toni has extremely strong credentials for the Crown Resorts  
board and we are prepared to support her nomination.*

Do you see that?

20 MR DIXON: Yes, I do.

MR ASPINALL: So the evidence seems to be that Mr Alexander was the one who  
initially approached Ms Korsanos, but it seems from this email that Mr Packer was  
asked whether he supported her appointment. Do you see that?  
25

MR DIXON: Yes, I do.

MR ASPINALL: And it's said that CPH supports her nomination. Now, just  
stopping there, do you say as part of the nom and rem committee that you didn't  
30 know that Mr Packer or CPH were supporting Ms Korsanos?

MR DIXON: No, I didn't say that, I just – I think what I said was that I didn't know  
that James – the inference I got from your question was that James Packer had said  
"Look, I want so and so on the board" and I definitely didn't know that. And to tell  
35 you the truth, that far back I do not remember right now where Toni's nomination  
came from, but it appears to – I can see that now. Although I can't see where – it  
came from John Alexander, is it?

MR ASPINALL: I think you can take it from me that she told the Inquiry that Mr  
40 Alexander had been the one who had reached out - - -

MR DIXON: Okay. No, that's okay. No, I understand that.

MR ASPINALL: In terms of when you're sitting on the nom and rem committee is  
45 the fact that CPH supported her nomination is not something that would have been  
raised with the committee; is that right?

MR DIXON: No, not at all.

MR ASPINALL: And in terms of Ms Halton, I can tell you that Ms Halton was not asked who approached her, but if I could show you this document,  
5 SJH.500.001.0537. I tender this as exhibit AL30, please.

COMMISSIONER: Yes, I will mark it as exhibit AL30.

10 **EXHIBIT #AL30 EMAIL BETWEEN MS HALTON AND MR PACKER**

MR ASPINALL: Do you see that's an email between Ms Halton and Mr Packer?

15 COMMISSIONER: I think if you look at the bottom half of the page - - -

MR ASPINALL: Do you see that's an email between Mr - - -

MR DIXON: Yes.  
20

MR ASPINALL: Ms Halton and Mr Packer. If we look at the bottom of the page, going over to the next page please, operator, there's an email on 15 November. Can you read that? Mr Packer says:

25 *Hi Jane, I was wanting to say how much I hope you join the Crown board –*  
and so on.

MR DIXON: I'm just reading it now. Thank you. Yes, I've read that. Yes.  
30

MR ASPINALL: And so I wanted to just clarify although Ms Halton had not given evidence on who actually approached her, it seems from this email you would accept that Mr Packer did say to her that he hoped she would join the Crown board. Do you accept that?  
35

MR DIXON: I accept that, but I still don't know now where the original recommendation came from unless it happened by osmosis or something.

MR ASPINALL: Yes. I was just clarifying that issue with you, at the behest of  
40 your counsel.

MR DIXON: Okay. I understand. Thank you. Thank you.

MR ASPINALL: Thank you. Now, moving on to junkets, if we could just go back  
45 to INQ.010.003.0451, which is the risk committee charter which is exhibit M67 again, Commissioner. If we go to 0453 and blow up 3.1, please; you see the first task there is identifying areas of significant business risk or exposure.

MR DIXON: Yes.

MR ASPINALL: And I just wanted to ask you in terms of – we're going to talk about two new topics which are junkets and money laundering. I was just wanting to  
5 check with you that as a member of the risk committee you did at all times identify that dealing with junkets was a significant business risk or exposure?

MR DIXON: Look, as I think I said before, I believe junkets are a part of casino business operations around the world, and I felt that it was quite okay for Crown to  
10 deal with them. Obviously, it would be contingent on them being of good repute. Dealing with anything to do with money and bringing people in and what have you, obviously has some risk attached.

MR ASPINALL: Well, my question is really more in terms of the – whether or not  
15 at any time during your tenure on the risk committee you identified dealing with junkets as a significant business risk or exposure or not. I - - -

MR DIXON: Look, it was obviously discussed, but I cannot remember, but I don't  
20 remember us saying, look, junkets are a danger to our viability or our reputation or anything like that.

MR ASPINALL: Okay.

MR DIXON: My assumption – things changed a little bit, I think, but – was that  
25 they were a legitimate part of doing business and that one has no right to assume that everybody – people doing junkets are in some way tied up with what is now being alleged, I suppose, which is criminal elements, and also – look, I should say that we, obviously, as I think I said earlier, are very, very heavily regulated and any of the junkets I believe we were dealing with were – would have been known to and  
30 scrutinised, I would have thought, by the various regulatory authorities. It's a partnership.

MR ASPINALL: What about money laundering? Did you identify that as a  
35 significant business risk or exposure?

MR DIXON: I think it is always a significant risk, money laundering, particularly for the community. I believe people should pay taxes.

MR ASPINALL: To the average person coming into a casino business without any  
40 previous experience in that world, you wouldn't have a great familiarity with what a junket was, I presume, when you joined; is that right?

MR DIXON: You're talking about myself? No, I don't – I don't think so. I – I  
45 don't think it was top of mind, like many things you learn as you go along a little bit, but – but I'd certainly heard of them. I mean you read about them somewhere.

MR ASPINALL: Yes. And over time did you come to understand what they were?

MR DIXON: Yes.

MR ASPINALL: And when did you – can you give me a timeline when that started to come to you?

5

MR DIXON: No, I can't. It'd be - - -

MR ASPINALL: Just over time.

10 MR DIXON: It would have evolved.

MR ASPINALL: Now, one thing that's been raised a few times during the Inquiry is that, in 2014 and in 2017, the ABC Four Corners program showed programs which suggested that there were problems with junkets that originated, particularly in  
15 Macau, and suggested that they might have links with organised crime, in particular, triads. Are you aware of that evidence?

MR DIXON: Well, has that been evidence in this Inquiry?

20 MR ASPINALL: Yes.

MR DIXON: No, I'm not aware of it. No, I – as I – I haven't been watching this. I haven't had .....

25 MR ASPINALL: That's fine. And in terms of those programs, do you remember whether you watched them at the time they aired?

MR DIXON: Sorry. What years were they?

30 MR ASPINALL: One was in 2014, it was called High Rollers – High Risk? That was before the China arrests.

MR DIXON: Yes. And with the second – look, I – look, I don't know. I mean, it's very hard for anybody to go back and say did I watch a – a television program on the  
35 ABC back in 2014 or whenever.

MR ASPINALL: All right.

40 MR DIXON: But I certainly would say that I was watching more television back then than I've been watching in the last few years. Yes.

MR ASPINALL: I think that's probably true of all of us, Mr Dixon. But what I might do now is show you a clip, or a couple of clips, from that show, which was from 2014. If the first video is INQ.800.001.001. And, Commissioner, this is the  
45 video which accompanies the transcript which is exhibit A144.

COMMISSIONER: Thank you.

MR ASPINALL: Could that be shown on the live feed, please?

COMMISSIONER: Yes. Yes, that will be shown to you, Mr Dixon. Won't be long.

5

MR DIXON: Thanks. Thank you, Commissioner.

**VIDEO SHOWN**

10

MR ASPINALL: ..... please, operator. Were you able to see that and hear that, Mr Dixon?

15 MR DIXON: Sorry?

MR ASPINALL: Were you able to see and hear that?

20 MR DIXON: Yes, I could. Yes. Thank you.

MR ASPINALL: I'd just like to show you a second one now, which is INQ.800.001.0012, and that's, again, a clip from transcript at A144, Commissioner.

25 COMMISSIONER: That's High Roller – High Risk?

25

MR ASPINALL: High Roller – High Risk? A second clip.

COMMISSIONER: Yes. All right. Yes. All right.

30

**VIDEO SHOWN**

35 MR ASPINALL: That video there, were you able to see and hear that, Mr Dixon?

35

MR DIXON: Yes.

MR ASPINALL: I would just like to show you, now, a little bit more of the transcript of that show, which is at INQ.100.010.0956, which is exhibit A144.

40

COMMISSIONER: Thank you.

45 MR ASPINALL: If that could go on the live feed. If we have a look at page 0963. And we just look at the middle third of the page, do you see Linton Besser, in about the middle of the page, Mr Dixon, says:

5 *There are others too. The mega VIP business Neptune has included the Ocean Star junket which is operated in Packer's huge City of Dreams resort. Neptune is highly controversial, because one of its backers is Cheung Chi Tai. Though he has never been charged, he was named as recently as 2011 in the Hong Kong High Court as a triad boss and mastermind in a murder conspiracy. Charlie Choi is one of Chung Chi Tai's fellow investors in the Neptune VIP business.*

10 You could take that down now. Would you have seen that at the time do you think, Mr Dixon?

MR DIXON: Seen the transcript? Is that on the same – the transcript from the program?

15 MR ASPINALL: Yes. It's all from – it's all from the same program.

MR DIXON: No. I certainly – I don't remember seeing it. No.

20 MR ASPINALL: Right. But it seems that someone - - -

MR DIXON: What year was it?

MR ASPINALL: 2014.

25 MR DIXON: Is that was '14. Yes. Sorry.

MR ASPINALL: So before the arrests in China.

30 MR DIXON: Yes.

MR ASPINALL: But do you see that someone at Crown must have been asked questions, because the program itself responded to some of the allegations which the ABC – or questions which ABC had put to them.

35 MR DIXON: Crown responded to some of them?

MR ASPINALL: Yes. Do you remember there was a section where they discussed Crown's response - - -

40 MR DIXON: No, no. I saw that just then. Yes, I did.

MR ASPINALL: But is it your recollection that you didn't know about this program?

45 MR DIXON: No. I didn't know about the program. I can't certainly remember.

MR ASPINALL: And your recollection is that you didn't have any part in the response that was sent out?

5 MR DIXON: No, I wouldn't have had part of the response; that would be a management issue. You know, I'm surprised if – it probably didn't come to the board, but I can't guarantee you it didn't, or it wasn't discussed. I mean, I'm sorry, but it's six years ago, and it's just being put to me now.

10 MR ASPINALL: Yes. I just wanted to discuss with you, from a risk perspective, how it can be that the national broadcaster can broadcast an hour-long show which makes allegations which relate specifically to Crown, and which Crown apparently responded to, including links to organised crime allegations and links to people who are violent, and it cannot have come to the attention of the head of the risk committee at Crown: you.

15 MR DIXON: I don't remember is what I said. I don't remember it coming to the – but I would have, I imagine, having – if it did, being assured by people, in the statement they made, that they refuted, I think, most of that. But look, I'm sorry, but, in a way, I don't spend all my time reading newspapers and watching television and believing what I see or – or read. I mean, there's a certain amount of scepticism  
20 about some of these things need to be taken, and I think that was evident, although, we got some of our response wrong in the reply we made to the allegations that have basically started your Inquiry. I think there were real errors of fact in that, as well, the other way. So – but I would imagine, and I would if – I don't remember it – but  
25 something like that should certainly have been brought up or, if I'd seen it, or other members of the committee or the board had seen it, I'm quite sure they would have asked questions.

30 MR ASPINALL: But, you see, the problem you identify in respect of the China arrests was that management hadn't raised it with you and there was no way you could know yourself what was happening in China without management telling you. Is that a fair summary of your evidence?

35 MR DIXON: Well, it's – it's a loose summary of it, yes, or it's a summary of it. Yes. I mean, I just don't know how else, unless we establish some way – which I think is just not on – of having board members going out on their own and making inquiries about that. I will start from my first premise: you hire management, you trust them, you make sure they're of high integrity, and you then deal with the various issues that they bring to you. And if there's some that they don't bring to  
40 you and you find out about it, obviously, you try and do something.

MR ASPINALL: But here we've got a situation where the national broadcaster is telling the world that they have – that Crown may be dealing with people with links to organised crime and apparently no-one on the risk committee – well, at least not  
45 you – recall that happening. That seems extraordinary, doesn't it? Even if management didn't tell you.

MR DIXON: Well, I – you know, with all due respect, I'd challenge that the national broadcaster in Australia putting a program that's telling the world – I think – I don't know what the number of people who saw the program. It might be – my idea may be a couple of hundred thousand people. I'm not saying that's not  
5 important; I just don't know what their ratings are. But as I said, Crown has been subject to so many allegations, many of them not correct, some of them obviously are correct, but we'd be doing nothing else but investigating these things.

MR ASPINALL: Well, I can tell you that the evidence that has emerged through the  
10 Inquiry tends to support the fact that the allegations that they made were correct, at least in respect of some of the junkets that Crown was dealing with.

MR DIXON: From what I've seen coming out of the Inquiry I would concede that,  
15 yes.

MR ASPINALL: And so – but we don't need to go to the 2017 version of the Four  
20 Corners report, but I can tell you and you can assume that it again makes similar allegations in respect to the links of the junkets to organised crime. Can you assume that?

MR DIXON: Yes. Look, I understand what you're saying, but – and I will go back  
– I'll probably keep repeating myself, but we are – well, we were when I was on the board of Qantas – sorry – Crown repeatedly, repeatedly checked and regulated and I'm assuming if we saw it the regulators must have seen it. Their people would have  
25 asked questions and it would have been dealt with, I would have assumed, in the way they always deal with these things is whatever arrangements the management of the day has with the regulator of that day. That's not an unreasonable proposition either.

MR ASPINALL: But don't you think as the – as a director of Crown Resorts and as  
30 a chair of the risk management committee it was part of your duty to make sure you were abreast of allegations made on the ABC on two occasions over three years?

MR DIXON: As I said, I may well have been told about them and you saw our  
35 response. I just cannot see how – I could maybe hop on a plane and go up to Macau and find out what I could do with some investigation – I'm not being funny, I mean there is a key to this in the sense that, you know, roles must be adhered to. We did not get enough information; I concede that straight away.

MR ASPINALL: Yes, but wouldn't you, in the face of these allegations – it seems  
40 obvious that you should have recorded or made sure that the allegations were false, shouldn't you?

MR DIXON: I'm not even sure, as I told you, whether I saw the program. And I  
45 really do not necessarily believe that something that comes from the ABC or in other television stations or on newspapers in Australia or in other countries immediately should ring alarm bells. The media's reputation and accuracy is not that good. I'm not saying it's bad. They play a very important role, but - - -

COMMISSIONER: One of the problems I think Crown faced was that these allegations have dogged the company from 2014, 2017, 2019, all very similar and it turns out in many respects correct, you see, and so what Mr Aspinall is exploring with you is the steps that could be taken even if one doesn't trust the media, if they keep doing it - - -

MR DIXON: I didn't say - - -

COMMISSIONER: No, I understand. Even if they keep doing it you surely must say, well, it's about time we had a closer look at this. That's the proposition. Do you agree with that or not?

MR DIXON: Yes, I do, and I think on numerous occasions, or on many occasions we got assurances from senior executives that in no way were we in any way helping to push money laundering, that our – our operations were absolutely clean.

COMMISSIONER: Yes.

MR DIXON: And that from their investigations, and indeed it must be from the investigations of some of the other regulatory bodies, that they were not proven or they were not correct. I mean, I know there's a very big grey area between allegations proven and allegations not proven and there is a responsibility to make sure you've – you're reasonably confident that they're not true.

COMMISSIONER: Yes. Yes, Mr Aspinall.

MR ASPINALL: And in terms of who you thought would be making that assessment of whether or not someone suitable to deal with the junket, who did you think was actually doing that?

MR DIXON: Well, in any company I've been involved in it would be the CEO and his senior executives with carriage for that particular part of the business.

MR ASPINALL: And what test did you understand they would – they were to apply in deciding whether or not someone was suitable to be dealing with this?

MR DIXON: I'm afraid I couldn't be telling the CEO of a company or a senior executives how they go about their business except in certain ways that we would expect, but how – how they did it, did they talk to the regulator, did they try and talk to individuals, did they talk to other operators, it's entirely up to them. I mean, what I'm saying is I – we don't sit down there on committees and on boards and tell CEOs and senior executives how to do their business or how to go about their operation.

COMMISSIONER: I don't think that was the question. I think the question was did you understand who was making the appointment or choosing to deal with the junkets and I presume you assumed it was the CEO and management.

MR DIXON: Yes. Exactly.

COMMISSIONER: Yes.

5 MR DIXON: And - - -

COMMISSIONER: Yes.

10 MR DIXON: And in conjunction with the regulators because, as I said earlier, Commissioner, they would have been seeing the same programs that that would have caused alerts and the police and - - -

COMMISSIONER: Yes.

15 MR DIXON: - - - everybody else.

20 COMMISSIONER: Yes, I think some – although Crown didn't operate in Queensland where junkets are effectively approved, but both in Melbourne and Western Australia, in Perth I think there's some communication between those regulators; is that right?

25 MR DIXON: Well, there would be, and also – I mean every day there's communications between various businesses and law enforcement across a wide range, whether it's state law enforcement or national law enforcement. Other companies I've been involved in have always had that relationship and it's one that you expect to take part in.

30 COMMISSIONER: Yes, you must understand that it is Crown that's the subject of this Inquiry. I'm not suggesting that money laundering stops at the borders or stops at the businesses. It's obvious that if it's in one casino, it's more probably than not in another and I accept that, Mr Dixon. It's been made clear to me that it is a problem across an industry which needs to be taken care of by the relevant regulators, and I understand your proposition. Yes, Mr Aspinall.

35 MR ASPINALL: Moving now to money laundering, Mr Dixon, considerable time of the Inquiry has been spent looking at the company Southbank Investments Pty Limited and Riverbank Investments Pty Limited. Are you aware of that?

40 MR DIXON: I'm aware of what I've seen and what I've read.

45 MR ASPINALL: Yes. And just going back to what you knew before – well, I'll rephrase that. I withdraw that. Allegations were made in the Fairfax press in early August last year that money laundering had occurred through those accounts – through bank accounts of those companies. Are you aware of that?

MR DIXON: Yes - - -

MR ASPINALL: That was just a month before you left the board.

MR DIXON: Yes, I don't know a lot about that.

5 MR ASPINALL: I was just wanting to ask you, before those allegations were raised, did you know of the existence of those companies or what they did?

MR DIXON: No, not to my knowledge, no.

10 MR ASPINALL: And you weren't aware of any attempts by banks or indications by banks that they wanted to close them?

MR DIXON: No, I was not.

15 MR ASPINALL: I just wanted to show you this email which is CRL.653.001.6113 which is exhibit AL1.

COMMISSIONER: Thank you.

20 MR ASPINALL: On the confidential link, please, operator.

MR DIXON: Yes, I've got that in front of me now.

MR ASPINALL: Yes, I'm just waiting for it myself.

25

MR DIXON: Okay.

MR ASPINALL: CRL.653.001.6113.

30 MR DIXON: Yes.

MR ASPINALL: Exhibit AL1. Do you have a hardcopy, Mr Dixon.

MR DIXON: I do, yes, Mr Aspinall.

35

MR ASPINALL: I will just see if I can get a copy for the Commissioner.

COMMISSIONER: That's all right. You proceed, Mr Aspinall.

40 MR ASPINALL: If we look over at 6114 at the top right-hand corner you see the page ending 6114?

MR DIXON: The next one, yes.

45 MR ASPINALL: Yes. You see that's an email from an officer at the – an agent at the Australian Federal Police?

MR DIXON: Yes, I do.

MR ASPINALL: To people at Crown?

5 MR DIXON: Yes, I can see that. Yes.

MR ASPINALL: Actually, to the manager of compliance reporting at Crown Melbourne?

10 MR DIXON: Yes.

MR ASPINALL: And it's 11 January 2016?

MR DIXON: Yes.

15

MR ASPINALL: And part of the email says:

20 *In late December we arrested and charged two Malaysian nationals with proceeds of crime offences at their hotel room with multiple deposit slips for the following account.*

Do you see that?

MR DIXON: Yes.

25

MR ASPINALL: And they said:

*We know that the account is for Southbank Investments Pty Limited.*

30 Do you see that?

MR DIXON: Yes, I can see that.

MR ASPINALL:

35

*And we are wondering if you could link the reference to a particular business that holds the membership.*

MR DIXON: Yes.

40

MR ASPINALL: Now, were you ever made aware of this communication from the AFP?

MR DIXON: No.

45

MR ASPINALL: But it fairly clearly indicates to Crown that money laundering has probably occurred in these accounts, doesn't it?

MR DIXON: That's one take-out from it, yes, certainly.

MR ASPINALL: And you would agree that it's something that was very important because it meant that as early as January 2016 Crown was on notice that these  
5 accounts were being used by people to deal with the proceeds of crime as far as the AFP was concerned.

MR DIXON: Well, they had certainly charged them - - -

10 MR CRAIG: I object, Commissioner.

COMMISSIONER: Yes, Mr Craig.

MR CRAIG: My learned friend has put the question on a basis that suggests the  
15 accounts in question here are involving the dealings with the proceeds of crime.

COMMISSIONER: Yes, that's what he put.

MR CRAIG: Yes. That, in my respectful submission, is not a reading of the email.  
20 That's an interpretation he's putting on it.

COMMISSIONER: Yes.

MR CRAIG: And so in fairness to Mr Dixon, it should – he should be shown the  
25 text of the email and the predicate of the question ought to be removed and the question asked in a fairer way such as might it indicate, or in another way that's more neutral rather than suggesting that these accounts have been the subject of the dealings of proceeds of crime when in my submission the document doesn't establish a foundation for the question.

30 COMMISSIONER: Mr Craig, I think Mr Dixon said that that would be one reading of it and understood that there were maybe others. Mr Aspinall, do you want to address me on your question or do you want to ask another one; what's the position?

35 MR ASPINALL: I can ask another one.

COMMISSIONER: Yes, all right.

MR ASPINALL: Mr Dixon, you agree, would you, that this – the communication  
40 from the AFP raises serious concerns that criminals were using the Southbank Investments accounts for nefarious purposes, and probably money laundering, and that Crown was made aware of that as early as January 2016. Do you agree with that?

45 MR DIXON: It certainly indicates that the AFP made a charge against someone, or people. Yes, certainly it does.

MR ASPINALL: And if we go over the page to 6115, do you see the AFP are saying:

5           *This urgent request relates to possible offences under section 400.4 of the Criminal Code.*

MR DIXON: Yes.

10       MR ASPINALL: I can tell you that that section is the section that deals effectively with money laundering. You can take that from me. But in any event, what I wanted to ask you to confirm is that this was never brought to your attention and whether you agree that it clearly should have been brought to your attention is clear as head of the risk – or chair of the risk committee.

15       MR DIXON: It wasn't brought to my attention, but obviously I'm – have no knowledge of where it all ended up. In other words - - -

20       MR ASPINALL: But you agree even if it went no further that should have been brought to your attention as the chair of the risk committee.

MR DIXON: Yes, though I'm not sure how many communications these people were having, but the fact they had been charged I think is an indication that one should be concerned about it, yes.

25       MR ASPINALL: And what I wanted to raise with you is this is another example, isn't it, of an area where a risk that's sitting within the organisation – or potentially sitting within the organisation doesn't make it to the risk committee.

30       COMMISSIONER: Yes?

MR DIXON: Yes.

35       MR ASPINALL: And we might think that if in one area that were so it could be an isolated problem, but aren't we seeing in terms of the way in which this works across the organisation a systemic problem of issues that are important not making it to the risk committee? Would you agree with that?

40       MR DIXON: Well, look, in a general sense these things did make it to the risk committee, that we were being assured and people were saying we're dealing with junkets that are absolutely clean; they're not criminal organisations. We don't deal with ones that are criminal organisations. If we find out they are criminal organisations we assure you that we do not, you know, proceed with that. I – as I said once again, there's only so much time in a day; the managers have got to manage and they're obviously making judgments on these things as well.

45

COMMISSIONER: I think from what you've just said to me you don't accept the proposition put to you by Mr Aspinall, but you're suggesting to me that the risk committee was misinformed.

5 MR DIXON: It wasn't informed is one way of putting it, not misinformed necessarily, but obviously not given all the information that I feel would be useful for a committee to make a decision; is it getting to a stage where we must do something or ask for something be done.

10 COMMISSIONER: Mr Aspinall's proposition is because he's discussed with you both junkets and these money laundering aspects and the failure to notify you of the existence of Riverbank and Southbank, it would seem to be more of a systemic problem than a one-off and asks you to agree with that.

15 MR DIXON: Yes, I agree that it's becoming clearer that it was a systemic problem, but what is the problem? Is it a systemic problem of non-reporting up? I mean what is the specific – I mean obviously there's a problem.

COMMISSIONER: Yes.

20

MR DIXON: We weren't getting enough information and we could have expected it, but were people making value judgments?

COMMISSIONER: I think the consequences were so grave in China that - - -

25

MR DIXON: Yes.

COMMISSIONER: - - - it called for a clear blow torch to the abdomen at that time to have a look, I would think, wouldn't you?

30

MR DIXON: Yes, I would agree with that.

COMMISSIONER: Yes. Yes, Mr Aspinall?

35 MR ASPINALL: Can we now look at the advertisement, which is INQ.100.010.0895, which is exhibit CJ29. And if we go – that's the cover sheet there for the ASX release, Mr Dixon, but the substantive ad is at the next page.

COMMISSIONER: Yes.

40

MR DIXON: They're just trying to get it.

MR ASPINALL: Remember this? Remember this?

45 MR DIXON: It's up the top here. Sorry.

MR ASPINALL: Yes.

COMMISSIONER: Did you want a particular part enlarged?

MR ASPINALL: I just wanted to ask you generally, were you in favour of publishing an ad in this form?

5

MR DIXON: Yes.

MR ASPINALL: And do you recall Ms Manos cautioning the board against that course?

10

MR DIXON: Ms Manos could have been one. I – I think, initially, in the discussions it was not a uniform decision. I think people certainly raised some concerns. I don't know what they were. Mary could have for sure; Mary Manos.

15 MR ASPINALL: If we look at the first two paragraphs:

*Setting the record straight in the face of a deceitful campaign against Crown.*

You see the words there are very strong language: a vehement denial; agree?

20

MR DIXON: Yes, I do.

MR ASPINALL: And can you tell me why you were in favour of signing the vehement language?

25

MR DIXON: Because I thought the articles, as I said to you before – I didn't watch the television, but I thought the articles were absolutely – were very – very strong against Crown and, also, as an ex-journalist, I felt there was just no balance in it at all by any stretch of the imagination. No-one seems to remember that Crown has won so many awards for its employment policies, for its diversity, both, you know, its ethnic diversity, its indigenous programs, disability programs. I mean, they're not small things. It all goes to what I think somebody mentioned before, the culture of the company. So I thought that, you know, these exaggerations and, indeed, some of them were absolute falsehoods and wrong, just presented a very unbalanced picture of Crown, and that was my reason, because I also believe very strongly that if you leave a vacuum they will keep filling it.

30

35

MR ASPINALL: And in terms of your decision to support this strong language, was that also supported by your understanding, as the chair of the risk committee, that no one had raised any of these problems with you and – over the course of the years?

40

MR DIXON: Look, that obviously would have been a part of my thinking, but I think the best – previous part of my thinking was the strong rebuttal of these that we got from the team that we put together and came back to us and told us that these were absolutely unsubstantiated; that would have been, at that time, would have been the strongest motivation.

45

MR ASPINALL: Sorry. Who told you that?

MR DIXON: No. I said that would have been, at the time, the strongest motivation,  
that we had a group of people – I think, if I remember correctly, probably four or five  
5 people, all with – or should have had intimate knowledge of all these allegations.  
And they came back and said, with the help of outside lawyers as well, that this is  
what we think. This is not correct, and no matter what - - -

MR ASPINALL: And you – sorry. You go ahead.  
10

MR DIXON: I was about to say there were wrong information in it and, you know,  
quite sort of blatantly wrong, so - - -

MR ASPINALL: You've not watched all the evidence of the Inquiry, but looking  
15 back on it now do you see that this advertisement contains several errors?

MR DIXON: Yes, on both sides. No. Sorry. The advertisement? Yes, without a  
doubt, and – you know, and, look, with a little bit more time to consider it, and all the  
rest of it, as I said before, hindsight is wonderful, I probably would not have made it  
20 so strong, but – but I – but I did support it at the time and I know that some people  
had misgivings about it, but I did support it.

MR ASPINALL: At one paragraph that I'd like to take you to, in particular, is the  
paragraph just before visa processing.  
25

MR DIXON: Yes.

MR ASPINALL: You see that's a paragraph which Ms Coonan, yesterday, resiled  
from and said in her view, in effect, it should not have been published, because it was  
30 not consistent with the values that she thought Crown should have. Do you agree  
with that?

MR DIXON: Yes. I think it would have been better if we had not got down to that.  
Yes.  
35

MR ASPINALL: And did you make any attempt to oppose including that sort of  
attack on Ms Jiang?

MR DIXON: No.  
40

MR ASPINALL: I'm going to leave that. Mr Dixon, you were aware that there was  
a services agreement with CPH during your time on - - -

MR DIXON: Yes. Yes, I was. Yes.  
45

MR ASPINALL: And you're aware that once Mr Packer left the board there was a proposal at least tomorrow to modify the services agreement to – so that information could be provided to Mr Packer under that agreement.

5 MR DIXON: Yes, I think it was in addition to the other agreement. Yes.

MR ASPINALL: Yes. I just wanted to show you CRL.501.082.7022, exhibit AL29. And we might look – it's an email that's been sent to you and mister – and a gentleman from MinterEllison to Ms Manos in September 2018.

10

MR DIXON: Yes.

MR ASPINALL: Do you see - - -

15 COMMISSIONER: I think it's – is this 7022, is it?

MR ASPINALL: 7022. Do you see your name there in the “to” section?

COMMISSIONER: At the very top, Mr Dixon.

20

MR ASPINALL: At the very top. Your Bigpond address.

MR DIXON: I'm sorry. You'll have to - - -

25 COMMISSIONER: Yes, it's up the top.

MR DIXON: Yes.

30 MR ASPINALL: You can see that even though it doesn't say it in the heading, the text below shows that it's from Ms Manos.

MR DIXON: Yes.

MR ASPINALL:

35

*Barton, Geoff, see proposal from CPH for our consideration.*

MR DIXON: Yes.

40 MR ASPINALL: You see, I just wanted to invite your attention to the next email down that starts “Hi Mary” and ends with “kind regards, Gary”.

MR DIXON: Yes.

45 MR ASPINALL: Can you just have a read of that and let me know when you're done reading?

MR DIXON: Yes. I don't know all the initials of people referring to, but, yes, I've read it.

5 MR ASPINALL: Yes. Well, what I just wanted to suggest to you is, when we look at this, what you can see Gary, and if you look down a little bit further down the page, operator, you can see that Gary's from Ashurst. Ashurst seem to be CPHs solicitors. But if we go back up we see the proposal here from Gary is to modify - - -

10 MR CRAIG: Commissioner, I object.

COMMISSIONER: Yes.

15 MR ASPINALL: This is a privileged communication. And if my learned friend could perhaps exercise some care in the way in which he's asking the question, the privilege could be preserved.

MR ASPINALL: Well - - -

20 MR CRAIG: .....

MR ASPINALL: - - - this email concerns modification to the service agreement that was never made and, in any event, Crown has indicated, I think, that they're not going to proceed with this. So, in my submission, I - the utility in preserving this privilege is spent unless Mr Craig wants to say something.

25 MR CRAIG: My instructions are that the claim for privilege remains, Commissioner. My learned friend can put his question by directing Mr Dixon's attention to a paragraph. He doesn't need to read out the proposed - - -

30 COMMISSIONER: Mr Craig - Mr Craig, I don't know that this is anything to do with the class action. That's right, isn't it?

MR ASPINALL: Yes, that's right.

35 MR CRAIG: No, it's not.

40 COMMISSIONER: And so what Mr Aspinall will do is to just ask questions carefully, as he always does. But I'm not concerned that there's any problem, so far, but if you want to object to a question when it comes up, please do so, Mr Craig. I'm sure you will.

MR CRAIG: Thank you, Commissioner.

45 COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Mr Dixon, do you accept that the gist of this email is that modifications can be made to the service agreement so that there's no longer any specific reference to Mr Packer?

5 MR DIXON: It appears that way.

MR ASPINALL: And my question to you is this, was it a conscious decision to try and obscure the fact that Mr Packer was getting this information?

10 MR DIXON: I do not believe so.

MR ASPINALL: Because when we then look at the controlling shareholder protocol – do you remember that?

15 MR DIXON: Yes.

MR ASPINALL: That was also a confidential protocol that no-one outside the arrangement could be told about; agree with that?

20 COMMISSIONER: As you understood it.

MR ASPINALL: As you understood it.

25 MR DIXON: Yes. I – I'm not sure whether – who could be told about it. I mean, confidentiality has a lot of .....

30 MR ASPINALL: My question to you is this: various directors have told us that they saw the benefit of that protocol as being that Mr Packer had useful and good insights which he could give to the company which would benefit it as long as he was able to get confidential information. Are you aware of that sort of evidence?

MR DIXON: Do you mean in exchange?

35 MR ASPINALL: Yes. Well, from their point – and I'm paraphrasing them – the benefit to Crown of entering into the controlling shareholder protocol was because, over the years, Mr Packer had had great ideas which had benefited the company and if – if the company continued to provide – be able to provide confidential information to Mr Packer, they could continue to get the benefit of those great ideas.

40 MR DIXON: I don't think I saw it that way, but I – I certainly was very supportive of having a – the benefit of James' experience and, indeed, expertise or vision for Crown. I think it was very important.

45 MR ASPINALL: So, to your mind, how would you express your – what you saw as the benefit of entering into that protocol with Mr Packer?

MR DIXON: With Mr Packer? Well, I see the benefit that James, who's a huge shareholder in the company, has a big interest in it, if we can get any benefit from James giving us advice on things, I think that's quite useful.

5 MR ASPINALL: Yes. Okay. But my question – and the tension that seems to be is that if this was such a benefit to Crown, wouldn't it be something you'd want to tell the shareholders about, so that they would know that Crown was able to get the benefit of Mr Packer's ideas?

10 MR DIXON: No, not necessarily. And, you know, I live in the – well, we all live in the real world. I think any shareholder in Crown who saw that someone owned over 30 per cent, maybe over 40 per cent then, I'm not sure, would have a big interest in Crown ..... and would – would freely give their opinion.

15 MR ASPINALL: But my question is why - - -

COMMISSIONER: Just a minute.

MR ASPINALL: Sorry.

20

COMMISSIONER: Mr Dixon, you proceed so I can hear what you say. I'm sorry, I missed it.

MR DIXON: I lost my train of thought. Sorry.

25

COMMISSIONER: I think you were saying that any shareholder - - -

MR DIXON: Yes. Well, excuse me. Yes. What I was saying was that I think any shareholder in Crown, when you've got a 30 or 40 per cent or more shareholder  
30 there, would feel that that shareholder would have some impact on the running of the company and that their views would be absolutely beneficial.

COMMISSIONER: Yes, thank you.

35 MR DIXON: And – but I think that would assume they're getting that. I don't think it would have to be spelled out. I think they would assume that some who owns that sort of money would have an opinion – owns that much of the company would have an opinion and – and quite legitimately can express their opinion.

40 COMMISSIONER: Yes. I understand. Yes, Mr Aspinall.

MR ASPINALL: Yes, but why go to the trouble of making it confidential?

MR DIXON: I don't know if that was a big trouble.

45

MR ASPINALL: Well, why keep it from the shareholders? If you think that they think that they would – that Mr Packer would get that information anyway, then why try and obscure it from them?

5 MR DIXON: I – well, I think that’s an obscure point, really, with respect.

MR ASPINALL: But can you give me the reason, from your perspective, that you thought it should be confidential?

10 MR DIXON: No, I don’t – no, I – no, look, I – I don’t ..... one way or the other it did matter.

MR ASPINALL: Can I take you to this message which is CPH.001.650.0052 which is exhibit AL3.

15

MR DIXON: Excuse my language. Yes, I’ve got it up.

MR ASPINALL: You see that’s a text, I think, from you to Mr Craigie in December 2016.

20

MR DIXON: It does surprise me. I don’t usually send texts like that, but - - -

MR ASPINALL: And you said:

25

*Rowen if you’re not watching 7.30 Report, get it on iview. Usual set of dickheads, Mayne, etcetera, but gives some idea where all things could head in the next week. Geoff.*

I think you’ve misspelled your name.

30

MR DIXON: .....

MR ASPINALL: I mean, we could go to the 7.30 Report, but isn’t this sort of email, this approach to Mr Mayne as being a dickhead, indicative of a culture which, effectively, if anyone starts asking questions, closes ranks and doesn’t want to hear anything against the company?

35

MR DIXON: No look, I don’t think that. I mean, I – I’m allowed to get – I forget the program. I think the program was on Sydney; I’m not sure, but I really don’t remember it. But I – I think we’re allowed to vent our frustrations as well. I mean, Stephen’s a regular, if I remember correctly, at all the AGMs, asks all the same questions, and not just from board members frustrated, other members – other shareholders would get frustrated, but I’m allowed to be frustrated occasionally.

40

MR ASPINALL: But isn’t it the same sort of attitude that you expressed in terms of what the ABC had said earlier, that well, you know, the media make all sorts of allegations, but who am I to look at them; I don’t have to believe them.

45

MR DIXON: No, well, I don't either. I don't think anybody has. I – look, as I said earlier, I've got a lot of respect for the media. They do a wonderful job, but I don't have to sit there and be a cheerleader for them.

5 MR ASPINALL: I just want to play you the same audio recording that I've played of the independent – the other independent directors at the time which was from the AGM where Mr Mayne asks the question, and that's INQ.700.001.0018, and that's a transcript of the AGM which is AA218, Commissioner.

10 COMMISSIONER: Thank you.

MR ASPINALL: 0018.

COMMISSIONER: Won't be long, Mr Dixon. It's coming up now.

15

MR DIXON: Okay. Thank you. Are you going to play it, or do you want me to read it?

MR ASPINALL: I hope that I'm going to play it.

20

COMMISSIONER: No, is this the video? I think it's just an audio, Mr Dixon.

MR ASPINALL: It's an audio recording, Mr Dixon.

25 MR DIXON: Thank you.

MR ASPINALL: We will just fiddle with the technology and try again.

30 COMMISSIONER: Is this of the annual general meeting last year? Yes, it's an audio of part of the annual general meeting when Mr Mayne asks a question, Mr Dixon.

MR DIXON: Thank you.

35

**RECORDING PLAYED**

MR ASPINALL: Did you hear that, Mr Dixon?

40

MR DIXON: Yes, I did, Commissioner.

MR ASPINALL: You can see how Mr Mayne had addressed the question to the independent directors of which you were one?

45

MR DIXON: Yes. Yes.

MR ASPINALL: And do you see how Mr Barton, in effect, has not given the whole truth in answering the question; would you agree with that?

5 MR DIXON: What – what truth didn't he – what was the lie?

MR ASPINALL: Mr Mayne asked if there was a special protocol with respect to information being provided to Mr Packer, and Mr Barton referred to the services agreement which allowed information to be provided to CPH, you see?

10 MR DIXON: Yes.

MR ASPINALL: But the truth was that there was a special protocol for Mr Packer and you knew it. Isn't that right?

15 MR DIXON: He probably should – he probably should have answered on both accounts that we had a protocol, yes.

MR ASPINALL: I'm just wondering why as an independent director you didn't get up and tell Mr Mayne that.  
20

MR DIXON: I wasn't – well, first of all, probably – I think I was there – it was the last AGM, was it? I think I attended.

MR ASPINALL: Yes. Correct.  
25

MR DIXON: I didn't think it was that bad of an answer at the end of the day. I mean, he was – he didn't quite specify straight out that there is an independent protocol, but that was no secret.

30 MR ASPINALL: But - - -

MR DIXON: Well, I never tried to keep it a secret. I don't know what the contents were but I never tried to hide from anybody that we had a protocol in place that enabled the major shareholder, you know, to receive some information which he  
35 would normally receive from the two directors on the board. I mean, it's almost, you know – one assumes that the two directors on the board are working for the boards a whole – for the company as a whole, but are also working for – well, not working for, but looking after the interests of their employer, but with the company in mind, and obviously the overall benefit of the company is in line with the benefit of all  
40 shareholders.

COMMISSIONER: I presume had you known that if Mr Packer and his co-directors, Mr Johnston and Mr Jalland were thinking of transacting with Melco with selling the shares in Crown, you would have wanted that protocol to be suspended by  
45 – or during the time that that transaction occurred.

MR DIXON: Yes.

COMMISSIONER: And you were prevented from doing so by not being told about the transaction, I presume.

MR DIXON: That's exactly right.

5

COMMISSIONER: And one of the reasons that you would want it suspended, apart from whatever burden might be upon those directors to be careful with what they're publishing to third parties is that you would want to protect Crown from the reputation of giving away confidential information to a person who is trading in its shares. You would agree with that?

10

MR DIXON: I certainly agree with that and for the betterment of the other shareholders as well.

COMMISSIONER: Yes. And so there are aspects – I understand that you say that you were never wanting to keep secret the protocol arrangement, but what goes with it is at least some candour with the person who has the benefit of the protocol telling you what they're up to in respect of trading shares. You would understand that?

15

MR DIXON: Yes, I do.

20

COMMISSIONER: And when you found out about the Melco transaction, do you recall whether there was any discussion about the protocol and how it was working at that time?

25

MR DIXON: Commissioner, I don't recall specifics.

COMMISSIONER: Yes.

MR DIXON: There were – I think I would have spoken to some of the other independent board members about certain concerns, concerns about not knowing anything about it - - -

30

COMMISSIONER: Yes.

35

MR DIXON: I'm not sure, but if I remember correctly, I was wondering about the price, whether it was beneficial to – would not be a negative, I should say, to existing shareholders.

COMMISSIONER: Yes, I understand. Yes. Thank you.

40

MR ASPINALL: Mr Dixon, I just wanted to raise one last issue with you which is a governance issue. You're aware there was a book called Price of Fortune which is about Mr Packer?

45

COMMISSIONER: Written by Mr Kitney.

MR DIXON: Damon Kitney, yes.

COMMISSIONER: Yes.

5 MR ASPINALL: At page 278 there's a section which is said to have come from you, a quote. I don't know if it's true or not, but I will read it to you and ask you about it. It's:

10 *While governance experts have often taken the view that the primary role of directors in a company with a major shareholder like Packer is to look after the interests of smaller retail investors, Dixon stresses the wishes of the owner can't be ignored.*

And then it says, to quote you:

15 *"Whilst it is hugely important to look after the minority as shareholders, for want of a better word, it is also very, very important to consider the issues put up by someone who owns such a huge stake in a company", he says. "I don't agree with the view that when you are a 47 per cent shareholder you have to stand and fight the battle for the rest of them. We do have battles occasionally, not many. This is very much a company that came out of the Packer family. That is important to remember."*

Is that an accurate quote of what you said, do you think?

25

MR DIXON: Well, I've never known Damon to be quoting me inaccurately so, yes, I would stand by that.

30 MR ASPINALL: You may not remember, but can you give me some background as to why you think it's important to remember that this is very much a company that came out of the Packer family?

MR DIXON: I think that part of it is just a – a statement. I've always felt, and not just to do with Crown and its situation, that – and I do regard independent  
35 shareholders, I'm obviously – investments I have, I'm a small – I should say, investor, and I think you've got to be looked after, but I think – I think I've said that there quite strongly, that visionaries, people who start these places, people who stay with the places, drive them for a long, long time, should never be subjected to, you know, not being listened to properly and knowing what's going on. It's – to me it's  
40 an overall benefit to all the shareholders. It could be different to – in some companies, but I never saw it there. I suppose my only disappointment in all – most of this is they didn't tell us they were going to sell to Melco.

MR ASPINALL: I have no further questions, Commissioner.

45

COMMISSIONER: Thank you, Mr Aspinall. Mr Craig, do you have any questions by way of clarification for Mr Dixon?

MR CRAIG: Yes, only one, thank you, Commissioner.

COMMISSIONER: Yes. Yes, Mr Craig.

5

<EXAMINATION BY MR CRAIG

[3.14 pm]

MR CRAIG: Thank you. Mr Dixon, before lunch you gave evidence to the effect  
10 that you did not read – did not watch the 60 Minutes program - - -

MR DIXON: .....

MR CRAIG: - - - because, I think, as you said you weren't a big TV watcher. Do  
15 you recall giving that answer?

MR DIXON: Yes. Well, I'm not a big TV watcher, I get occasions.

MR CRAIG: And did you read a transcript of the program?  
20

MR DIXON: Look, I think I read a transcript as well as read most of the  
newspapers. I'm nearly sure I did read a transcript and I'm not sure where I got from  
because I was interested, but there are just personal reasons why I don't watch  
television.

25

MR CRAIG: Thank you. Commissioner, no further questions.

COMMISSIONER: Yes, thank you. Mr O'Brien, anything?

30 MR O'BRIEN: Nothing from me. Thank you, Commissioner.

COMMISSIONER: Thank you. And Ms Case?

MS CASE: No, nothing. Thank you, Commissioner.  
35

COMMISSIONER: Yes, thank you. Mr Dixon, can I just ask you about the post  
China arrests request by Mr Brazil who told us that he asked for a review of what had  
gone wrong. Do you remember him asking for that?

40 MR DIXON: Look, I – I – it is something I read that he said in this Inquiry is one of  
the things I did read, and I think I do remember, but it certainly sounded like him. In  
other words - - -

COMMISSIONER: It sounded like him?  
45

MR DIXON: Yes, he said he thumped the table and certainly he's never backward.

COMMISSIONER: I see. So that powerful request, as I'm understanding what you're telling me, it didn't happen, and I've been advised by your chairman, or your former colleague, Ms Coonan, that there was advice in respect of that and that was the reason why that didn't happen. Is that also your understanding as to why it didn't happen while you were on the board?

MR DIXON: I understand. I knew about that. I thought generally – I would add something to that. I also knew that the Victorian authorities were in the midst of a major investigation which we were working very closely with, I understood, and that – look, and we still had a lot of cleaning up to do.

COMMISSIONER: Yes.

MR DIXON: But that was one of the primary legal reasons, but I think there were other reasons too. Our people were pretty busy, and we had other inquiries going on.

COMMISSIONER: Yes, I understand. Thank you, Mr Dixon. Mr Dixon, I understand that there's been quite a deal of inconvenience to you. Can I thank you for making yourself available and I hope that the process has been more convenient in the long run for you so that you don't have to attend to any written statements and the like. As I've said to others, and perhaps I will emphasise it even more for you, I doubt very much that we will have to recall you at all and thank you very much.

MR DIXON: And thank you very much for your consideration. I appreciate it.

COMMISSIONER: Yes, thank you, Mr Dixon. We can terminate the link to Mr Dixon. Thank you very much.

30 <THE WITNESS WITHDREW [3.17 pm]

COMMISSIONER: Yes, Mr Aspinall.

35 MR ASPINALL: Thank you, Commissioner. That concludes the oral evidence of the Crown directors save for Mr Robert Rankin in respect of whom I tender two exhibits to be marked exhibit RR1, publicly available, and RR2, publicly available. Commissioner, as you know Mr Rankin was the chairman of Crown Resorts between August 2015 and January 2016 and he remained as a director until June 2017. In  
40 July 2020 those assisting the Inquiry ascertained that Mr Rankin had been overseas for some time and was located in England. As can be seen from exhibit RR1, although Mr Rankin has been requested to do so by those assisting the Inquiry, in correspondence since July 2020 he has, through his solicitors, firstly, refused to answer any questions posed to him in writing, secondly, refused to accept service  
45 outside the jurisdiction of a summons to give evidence to this Inquiry and, thirdly, refused to give evidence consensually from a remote location.

Commissioner, Mr Rankin, through his lawyers, contended this Inquiry did not have the power to validly serve a summons on him in England. I can indicate that irrespective of the correctness or otherwise of that contention, as a matter of practicality it would not have been possible to serve Mr Rankin with a summons to give evidence.

As you will see from exhibit RR2 this is because from at least 15 January 2020 the foreign process section of the Royal Courts of Justice of England and Wales which acts as the central authority under The Hague Service Convention, relevantly, in respect of the convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters, notified The Hague Conference on Private International Law that, as a result of the COVID-19 outbreak, the process for service of judicial and extrajudicial documents under The Hague Service Convention have been suspended and, as you will see, that remains the position with no indication of any anticipated date for this suspension to be lifted.

On the 16 September 2020, Mr Rankin’s lawyers advised the Inquiry, without specificity, that he intends to be in Europe for an extended period of time. Notwithstanding all of this, Mr Rankin, through his lawyers, contends that he has “an entitlement as a matter of natural justice” to respond to “adverse comment” about him or in respect of his role as chairman of Crown Resorts.

Commissioner, Mr Rankin has been aware – made aware that adverse comment may well be made in respect of his unwillingness to assist the Inquiry and/or provide any information or evidence to it in circumstances where an explanation would be expected. Matters that call for explanation by Mr Rankin included, at the very least, but is certainly not limited to the following: firstly, his knowledge and/or perception of the risks to Crown staff in China during the period February 2015 to October 2016; secondly, the circumstances and matters that prompted him to advise management and executive staff of Crown on the 24 June 2015 the company should be on “high alert” against the risk of Crown staff in China being arrested by the Chinese authorities; thirdly, steps he took to follow-up putting the company on such high alert; fourthly, the steps he took, or he failed to take, to advise his co-directors on the Crown board of the need for the company to be on high alert against such risk, and the reasons for taking or not taking such steps; finally, his knowledge of and discussions with others, including Mr Packer, about the threat Mr Packer made to a businessman in November 2015 in emails into which Mr Rankin was copied.

Commissioner, in the absence of such explanations, it is open to find: firstly, that Mr Rankin failed, without justifiable reason, to notify his colleagues on the Crown board for his concerns of the staff in China; secondly, that Mr Rankin failed without justifiable reason to follow up on his notification to place the company on high alert, and failed to enable the Crown board to implement appropriate mechanisms to protect the staff in China from the risk of arrest; and thirdly, that Mr Rankin failed,

without justifiable reason, to notify his colleagues on the Crown board of the serious threats made by Mr Packer in November 2015.

5 In those circumstances, you may determine to recommend to the Independent Liquor  
and Gaming Authority that it consider referring Mr Rankin to ASIC for investigation  
of possible breaches of section 180 of the Corporations Act 2001 on the basis that,  
firstly, Mr Rankin, as the chairman of a public company, failed in his obligations of  
due care and diligence to alert the full board of the need to elevate its concerns for its  
10 staff in China to a significant risk and to act accordingly to protect them from arrest  
by the Chinese authorities; secondly, Mr Rankin, as the chairman of a public  
company, failed in his obligations of due care and diligence to advise the full board  
of the serious threat that had been made by one of its co-directors, Mr Packer.  
Exhibits - - -

15 COMMISSIONER: I shall mark them exhibit RR1 and RR2.

**EXHIBIT #RR1 CORRESPONDENCE BETWEEN THOSE ASSISTING THE  
INQUIRY AND MR RANKIN'S SOLICITORS BEGINNING JULY 2020**

20

COMMISSIONER: In respect of RR2, the notification to which you've referred, by  
the Royal Courts of Justice of England and Wales in respect of the suspension of the  
process of – or the service of process overseas, that seems to be in this document  
25 from the 15th of April 2020; is that correct?

MR ASPINALL: Yes, Commissioner.

COMMISSIONER: And that is in continuous – it's continuing to be suspended, that  
30 process; is that correct?

MR ASPINALL: Yes.

COMMISSIONER: Yes, that's RR2.  
35

**EXHIBIT #RR2 NOTIFICATION BY THE ROYAL COURTS OF JUSTICE  
OF ENGLAND AND WALES UNDER THE HAGUE SERVICE  
CONVENTION OF THE SUSPENSION OF SERVICE OVERSEAS DATED  
40 15/04/2020**

COMMISSIONER: And in respect of the background that you've just given me and  
also what you've said in relation to the possible determination, that will have to be  
45 taken into account with all the evidence. And I understand what you've said, Mr  
Aspinall. Thank you.

MR ASPINALL: May it please, Commissioner.

COMMISSIONER: There's one matter that I wanted to raise, Mr Craig, if I may. This may be a convenient time. There's a letter from your instructors, Mr Craig, to  
5 those assisting me of last evening at 9.15 pm. It's a letter that I wanted to raise with you, because it refers to a couple of things that I think are relevant to be discussed. One is that it refers to acknowledgment of some processes of informing myself privately and a request for any material and some reference to procedural fairness. Can I just remind you, if I may, Mr Craig, so that you can assist those instructing  
10 you, that on the 21st of January 2020, when these proceedings were opened – when this Inquiry was opened – I indicated, at line 19 and following, that there was ongoing and productive communications with state, national and international casino regulators, and that was occurring concurrently with the establishment of the information database for which I recorded the Inquiry's cooperation with those  
15 agencies. That process will continue. It is unnecessary to state that everything that will be done, in terms of Crown, will be procedurally fair. If there are any matters that affect your client, Mr Craig, you can be sure, without writing letters or letting them write letters to us late at night, that everything that we do has a consciousness of being procedurally fair to Crown. So you can accept that from me. And I don't  
20 wish to have those assisting me have to write back in those terms.

The other matter that is raised in the letter, or one of the other matters raised in the letter, relates to the part B of the Terms of Reference. I should indicate that it's  
25 appropriate for Crown to please provide me with any – those assisting me, of course – with any written submissions on any aspect of those matters. There have been received written submissions from other entities who also operate casinos. And I'm hoping to get some leave from those operators, if they haven't given it to us yet, to provide a written submission, even if it's redacted, to Crown. I'm grateful for any  
30 submissions in respect of part B as it is rather a large question. But I should indicate that your solicitors suggested that there was no specific evidence in respect of identifying domestic and international best practice in this letter late last night.

Can I just remind those assisting you, or instructing you, Mr Craig, that there's  
35 evidence – it went over about a week in February, commencing on 24 February 2020, and it related to a number of important matters from international experts from all over the world. There was reference to the Nevada Gaming Control Board, the regulator in Macau, the regulator in Singapore and Japan, the Massachusetts Gaming Commission, the New Jersey Gaming Commission, the Nevada Gaming Commission and the Nevada Gaming Control Board. There was an analysis of the modernisation  
40 review of the regulation in New South Wales: that was an analysis that went to some detail by someone you've just seen currently on that video, Professor I. Nelson Rose. And there was also reference to the British Columbia and some short reference to the Hong Kong Monetary Authority. In addition to that there is the American Gaming Association Best Practice that has been tendered, and numerous exhibits to which I  
45 can refer you, Mr Craig, to assist those who are assisting you or instructing you. They are exhibits B4, B9, B10 to 12, C1, D1 and following.

This all arises, I think, because there may be some concern that there haven't been materials provided. But, really, what I'm wanting to do is to try to get what the chairman of Crown said, at page 4493 of the transcript, to have a cooperative approach to things, and I want to endorse what Ms Coonan said. And to receive a letter at quarter past 9 last evening with the conclusion that, in the interim, your client's reserving its rights, I really don't understand what that meant. And so I do not think that adversarial correspondence helps anyone, particularly Crown, and particularly those assisting me. So if that could cease, I'd be grateful for your assistance in that regard, Mr Craig.

10 What will happen is that Ms Webb will be called on Friday. And I understand the documents that may be referred to will have – either will be or has been sent across to your solicitors. That will, of course, deal with the New South Wales regulatory approach and other materials that relate to the things that are already in evidence, including those countries to which I've just made reference.

I also should draw your attention to the guidelines for this Inquiry, which suggest that, if it be the case – and should I just remind you also that all of the witnesses, the international experts, who were called to assist the Inquiry in part B of the Terms of Reference throughout that week in February, were not asked any questions by anyone other than those assisting me – but should the reflection be that you wish to put before the Inquiry any matter, then I could recommend to you a reading of the procedural guidelines for that purpose. And so, Mr Craig, I seek your assistance on this occasion. And I'd be very grateful for it if you could assist.

25 MR CRAIG: Certainly. And can I thank the Commissioner for your indications. Can I say this on behalf of Crown and its legal representatives: we are here, as Ms Coonan said to you, to cooperate and assist the Inquiry. And I apologise for the late hour at which the letter was sent and for the need for the Inquiry - - -

30 COMMISSIONER: I think that might have been an earlier one than usual, but - - -

MR CRAIG: Commissioner, might I say this: you've obviously identified a number of matters for reflection and consideration. Should - - -

35 COMMISSIONER: Thank you.

MR CRAIG: - - - Crown consider any matters require further communication with the Inquiry, we will obviously do that in the spirit of cooperation to which you have referred.

40 COMMISSIONER: Yes. I think there's a very good line of communication between Mr Sullivan and Mr Ward by telephonic communication which I think should continue. It works perfectly, Mr Craig, and it's very professional.

45 MR CRAIG: Thank you, Commissioner.

COMMISSIONER: Now, can I just deal with one other matter, which both your solicitors and those instructing Mr O'Brien have been interested in, and, of course, they should be, and that's to do with submissions. Can I indicate more detail can be provided, but I have in mind this process that on the 4th of November, which is  
5 today fortnight, my counsel assisting will address me in final submissions orally. They will commence on the 4th of November. Should there be any documentary material that will supplement their oral submissions, that will, of course, be provided to those who have been granted leave to appear. And I think that's all I'll say for the moment and we will continue on from the 4th of November, and I think probably all  
10 I need say is that. And then, on Friday, when we resume for the evidence of Ms Webb, then further matters can be raised then, I think, Mr Craig, if that can be taken on board. I think you've muted yourself, Mr Craig.

MR CRAIG: Thank you, Commissioner. I've been good at that so far.  
15

COMMISSIONER: Yes, that's all right.

MR CRAIG: Commissioner, can I perhaps raise just one matter.

20 COMMISSIONER: Yes, of course.

MR CRAIG: And perhaps it can be ventilated further on Friday.

COMMISSIONER: Yes.  
25

MR CRAIG: At this juncture, unfortunately, Crown's senior council representatives that have had the conduct of the matter throughout the year are unavailable in the weeks of 2 November and 9 November. Perhaps that's a matter that can be the subject of further discussion between Mr Ward and Mr O'Sullivan between now and  
30 Friday, such that the logistical difficulty that's created might be overcome - - -

COMMISSIONER: Yes.

MR CRAIG: - - - and the Inquiry's work not impeded.  
35

COMMISSIONER: Yes. But can I just, through you, then, Mr Craig, burden you with some more requirements for assistance, and it's this - - -

MR CRAIG: Certainly.  
40

COMMISSIONER: - - - everyone understands the very tight timeframe now. There's only a matter of weeks left for me to get my report to the Authority and the pressures, as you would understand, are very, very great. And so whatever Ms Orr and Mr Young, I presume, to whom you're referring, can do to free themselves up to  
45 be with us, I would be most grateful. I'll adjourn until 10 on Friday.

MR CRAIG: Thank you, Commissioner.

COMMISSIONER: Thank you, Mr Craig.

**MATTER ADJOURNED at 2.35 pm UNTIL FRIDAY, 23 OCTOBER 2020**

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