



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, 23 SEPTEMBER 2020
AT 10.03 AM**

Continued from 15.9.20

DAY 29

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

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

MR N. YOUNG QC appears with MS R. ORR QC and MS C. HAMILTON-JEWELL for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited

**MR D. BARNETT appears for CPH Crown Holdings Pty Ltd
MR J. STOLJAR SC appears with MS Z. HILLMAN for Melco Resorts & Entertainment Limited**

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COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Commissioner, the next witness should be Ms Manos, but before Ms Manos is called I'd like to tender some more documents.

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COMMISSIONER: Yes, of course.

MR ASPINALL: You should have on the bench a folder containing the proposed exhibit list for today. The first is an index with respect to tender material dated 14 September 2020, which we would like to tender as exhibit Y1 to Y43.

COMMISSIONER: Yes. I mark those documents exhibit Y1 to exhibit Y43.

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EXHIBIT #Y DOCUMENTS Y1 TO Y43 DATED 14/09/2020

COMMISSIONER: Thank you.

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MR ASPINALL: The second document is the first index of prospective tender material dated 16 September 2020, which we propose to tender as exhibits Z1 to Z13.

COMMISSIONER: Yes, I will mark those exhibits Z1 to exhibit Z13.

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EXHIBIT #Z DOCUMENTS Z1 TO Z13 DATED 16/09/2020

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COMMISSIONER: Thank you.

MR ASPINALL: The third document is the second index of prospective tender material dated 16 September 2020, which we propose to tender as exhibits AA1 to AA257

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COMMISSIONER: Yes, I will mark those as exhibits AA1 to AA257.

EXHIBIT #AA DOCUMENTS AA1 TO AA257 DATED 16/09/2020

COMMISSIONER: Thank you

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MR ASPINALL: The next document is the index of prospect tender material dated 22 September 2020, which we propose to tender as exhibits AB1 to AB32.

10 COMMISSIONER: Yes. Thank you, I'll mark those exhibits as exhibit AB1 to exhibit AB32.

EXHIBIT #AB DOCUMENTS AB1 TO AB32 DATED 22/09/2020

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MR ASPINALL: The next document is a further index of prospective tender material dated 22 September 2020, which we would like to tender as exhibits AC1 to AC26, please.

20 COMMISSIONER: Yes. Thank you. I'll mark those as exhibit AC1 to exhibit AC26.

EXHIBIT #AB DOCUMENTS AC1 TO AC26 DATED 22/09/2020

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MR ASPINALL: I am instructed that, behind tab 6 to 18 of the folder you have been provided with, are lists identified, to date, as Crown confidential lists 1 to 13.

30 COMMISSIONER: Yes.

MR ASPINALL: I wish to tender those documents – the documents in those lists as exhibits BA to BN for Nellie, noting that there is no exhibit BI, that is, Crown confidential list 1 will become exhibit BA; Crown confidential list will become exhibit BB, and so on

35 COMMISSIONER: Yes. And so far as those exhibits, they have the nomenclature of whether they're confidential or not on the list on the right-hand side, I see.

40 MR ASPINALL: Correct, in a column.

COMMISSIONER: Yes. Thank you very much. I'll mark those as exhibits BA to exhibit BN, noting that there is no exhibit BI.

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EXHIBIT #BA TO BN CROWN CONFIDENTIAL LISTS 1 TO 13

COMMISSIONER: Thank you.

MR ASPINALL: Thank you, Commissioner. Next, at tabs 19 to 31 of the folder are prospect exhibits CA to CN, being statements of directors, former directors or executives of Crown Resorts Limited, together with the documents referred to in those statements. I tender those documents in the list consistent with their markings as exhibits CA to CN, noting again there is no exhibit CI.

COMMISSIONER: Yes. Thank you Mr Aspinall. I'll mark those as exhibit CA to CN and I note that there is no exhibit CI.

EXHIBIT #CA TO CN PROSPECTIVE EXHIBITS CA TO CN, BEING STATEMENTS OF DIRECTORS, FORMER DIRECTORS OR EXECUTIVES OF CROWN RESORTS LIMITED, TOGETHER WITH DOCUMENTS REFERRED TO IN THOSE STATEMENTS

MR ASPINALL: Finally, Commissioner, I wish to tender an expert report translating an extract of the document, which is currently exhibit P16. I wish to tender the translation of that document as exhibit P16A, please.

COMMISSIONER: Yes. I'll mark that report as exhibit P16A.

EXHIBIT #P16A EXPERT REPORT TRANSLATING AN EXTRACT OF EXHIBIT P16

COMMISSIONER: Yes. Thank you, Mr Aspinall.

MR ASPINALL: Thank you, Commissioner. I call Mary Manos.

COMMISSIONER: Yes. Ms Manos, are you present? Ms Manos, would you prefer to take an oath or make an affirmation to give your evidence this morning?

<MARY MANOS, SWORN

[10.07 am]

40 <EXAMINATION BY MR ASPINALL

COMMISSIONER: Yes. Thank you. If you could just keep yourself a little closer to the microphone, I would be grateful, Ms Manos. Yes. Yes, Mr Aspinall.

MR ASPINALL: Ms Manos, I understand that you joined the Crown Group in 2007; is that correct?

MS MANOS: Yes, that's right

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MR ASPINALL: I wonder if you could give us a precis of your legal or work experience history up to that time, please.

MS MANOS: Sure. I started my career as a lawyer in the mergers and acquisition team at Clayton Utz. I was with Clayton Utz for about five years

10 MR ASPINALL: When did you commence at Clayton Utz; do you remember?

MS MANOS: 2001. I think it was March 2001, from memory

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MR ASPINALL: And you stayed there for five years, did you say?

MS MANOS: And – yes, about five years.

20 MR ASPINALL: Thank you.

MS MANOS: After that, I moved to Corrs Chambers Westgarth for about 18 months in a similar practice. And then I was asked to come and help Crown to implement the PBL demerger in 2007. I think it was the 15th of October 2007 when 25 I started. And I have been here ever since

MR ASPINALL: And in relation to the PBL demerger was something that Corrs or Clayton Utz had brought you into contact with; is that right?

30 MS MANOS: No, no. It was just timing. So it was the time when Crown Limited were setting up a head office as a publicly listed company. Michael Neilson had taken up the role of general counsel and he needed somebody to come in and assist him

35 MR ASPINALL: I see. Now, you started – I think your title when you started was senior legal counsel; is that correct?

40 MS MANOS: It's changed a little bit over the years. So it started, I think, as legal counsel and assistant company secretary. And then it moved to senior legal counsel and company secretary, I think.

MR ASPINALL: I see.

MS MANOS: And now, obviously, general counsel.

45

MR ASPINALL: It might assist us if you explain to us the way in which the legal departments or services of Crown Resorts and the various licensees were structured when you arrived, if you wouldn't mind, and how you fitted into that structure.

- 5 MS MANOS: Yes. So Crown Limited was a very different company at the time. It had its interests in Crown Melbourne and Crown Perth. It had a very large interest in Melco Crown, an interest in businesses in the UK and, over the years, some prospective interests in the US. Each of the businesses of Crown Melbourne and Perth had their own chief executive officer, chief financial officer and head of legal
- 10 and regulatory and the heads of legal and regulatory reported into the property-based CEOs. And there was a dotted line or, you know, communications up to the general counsel from the Australian businesses and then from the other interests that the company had around the world.
- 15 MR ASPINALL: So at the top of the legal tree, as it were, at that time, was the general counsel who was at Crown Limited; is that correct?

- MS MANOS: That's right. But the top of the legal functions in the businesses did not report, technically, to the general counsel. They reported to their CEOs, and their
- 20 CEOs reported to the Crown Limited CEO.

- MR ASPINALL: I see. And how has that changed since you joined Crown?
- MS MANOS: It hasn't actually changed too much. The main difference is that,
- 25 instead of having a single CEO for Crown Perth and for Crown Melbourne and respective positions, those positions have joined. So there's an Australian Resorts chief executive officer, Australian Resorts CEO and an Australian Resorts chief legal officer.
- 30 MR ASPINALL: Yes. And that's Mr Preston at the moment?

- MS MANOS: Mr Preston is the chief legal officer of Australian Resorts.
- MR ASPINALL: And you said when you joined there was a dotted line, whether it was used or not, between the various legal officers of the casinos up to the general counsel. Is there still a dotted line between Mr Preston up to you?
- 35
- MS MANOS: Yes. It's informal. We obviously talk a little bit, find out what's going on. And I – I attend the meetings of Crown Melbourne and Crown Perth and the executive committees below.
- 40

- MR ASPINALL: I see. Now, in terms of the current structure or the way in which the work is divided between you and Mr Preston, can you explain that to us, how that works at the moment?
- 45
- MS MANOS: Yes. I previously described this as Mr Preston being in charge of all operational legal matters and me being in charge of head office legal matters. So, for

example, I look after everything to do with the Stock Exchange compliance, group financing, and also company secretary. So I look after the board, any major projects, new licences, etcetera.

- 5 MR ASPINALL: Yes. And so in terms of the operational matters, you focus more upon the operations of the head company; is that correct?

MS MANOS: That would be right.

- 10 MR ASPINALL: And do you have any involvement in the operation or providing legal advice or services to the licensee beneath, or is that Mr Preston's domain?

MS MANOS: That's primarily Mr Preston.

- 15 MR ASPINALL: Yes. Now, I want to talk to you about your company secretariats. As I understand it, when you joined, or shortly after you joined, you became joint company secretary of the head company with Mr Neilson?

MS MANOS: Yes.

- 20 MR ASPINALL: And can you tell me was it the tradition at Crown that the general counsel would also be the company secretary of the head company?

MS MANOS: Yes.

- 25 MR ASPINALL: And so you joined in that position to assist Mr Neilson by dint of your legal position, I suppose, as I think you said legal counsel when you joined?

- 30 MS MANOS: I was the second company secretary. I believe that there was a similar regime that was in place at PBL. I'm not sure. But the idea, as I explained previously, was that occasionally the general counsel might take leave or be interstate or somewhere and there would be a second signatory to execute documents which had been previously approved by the board. It was a convenience, so well understood that the general counsel is the primary company secretary and I was a backup.

MR ASPINALL: And Mr Neilson, I think, left the organisation in 2017; is that correct?

- 40 MS MANOS: 30 June.

MR ASPINALL: Yes.

MS MANOS: That's right.

- 45

MR ASPINALL: Yes, and at that time I understand that you also took on some company secretariats of various subsidiaries of the head company in the group; is that right?

5 MS MANOS: That's correct.

MR ASPINALL: Now, one that has been mentioned in the Inquiry from time to time is Southbank Investments Pty Limited and Riverbank Investments Pty Limited.

10 MS MANOS: That's right. Every company that Michael Neilson was on as secretary, I replaced him.

15 MR ASPINALL: And again, the tradition in Crown had been that the company secretary would be by dint of that position also appointed as company – I'm sorry, the general counsel of Crown Resorts would, by dint of that position, also be the company secretary of the subsidiaries; is that right?

20 MS MANOS: Yes. The way that it worked was that for companies within the Crown Melbourne group, the head of legal would also be company secretary and they would be the primary secretary in the sense that they would prepare the papers, the minutes, etcetera. And the general counsel would be the secondary secretary for the same reasons that I described at the resorts level.

25 MR ASPINALL: And you accept, do you, that a company secretary with legal ground would be expected to raise legal issues in their role as company secretary with those various entities?

MS MANOS: Yes.

30 MR ASPINALL: And so in other words, where a company secretary such as yourself is also the general counsel, that places a higher duty upon them in respect of advising upon things like potentially misleading statements and other obligations that the company might have legally; do you agree with that?

35 MS MANOS: Yes, the general counsel should be advising the companies that they look after.

40 MR ASPINALL: And in terms of what you saw as your duties with respect to the subsidiaries in relation to, say, Southbank and Riverbank Investments Pty Limited, what did you understand your duties to be?

MS MANOS: Primarily secretarial duties.

45 MR ASPINALL: Do you accept that in that role you also had a compliance obligation with respect to those companies?

MS MANOS: I do not.

MR ASPINALL: You don't accept that?

MS MANOS: No, not a day-to-day compliance role. That was not within my - - -

5 MR ASPINALL: Why would that be?

MS MANOS: Because the general counsel role didn't apply to that Crown Melbourne or Crown Perth group of businesses. Remember I have two titles, as general counsel of Crown Resorts Limited and as company secretary. So as the sole
10 straight company secretary, secondary company secretary, I – I was not required to look after compliance matters for those subsidiaries.

MR ASPINALL: And who would you expect would be looking after compliance matters for those two companies?

15 MS MANOS: The compliance team for Crown Melbourne and Crown Perth.

MR ASPINALL: But you accept that as an officer of those companies – company secretary, you had independent duties to them or not?

20 MS MANOS: Well, I will explain it to you quite simply. All directors, all officers are entitled under the Corporations Act to delegate certain responsibilities and that is how corporate groups work. So except for the very limited activities that cannot be delegated such as solvency statements, signing of documents, etcetera, you're
25 entitled to effectively delegate all of those functions to the operations of the business.

MR ASPINALL: Is that what you understood you had done with respect to your company secretary duties in respect of Southbank and Riverbank?

30 MS MANOS: Well, I – I can't quite understand the duties that you think the company secretary actually has when it relates to compliance. But if I did have any, they were a matter that was being overseen by those groups.

35 MR ASPINALL: Well, I will just read to you from the Australian Institute of Company Directors' website in respect to company secretary compliance responsibilities. The website says:

The compliance duties of a company secretary would typically include understanding and ensuring the company complies with its statutory obligations, ensuring requirements of ASIC and other regulators are met including continuous disclosure.

Do you agree that that's a fair statement?

45 MS MANOS: Yes, I do.

MR ASPINALL: And do you agree that that – that's a duty which you, as company secretary, would have had towards Southbank and Riverbank?

MS MANOS: Yes, and which were met.

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MR ASPINALL: Sorry, I didn't hear that answer?

MS MANOS: I said yes, and which were met. Every year - - -

10 MR ASPINALL: I see.

MS MANOS: - - - the annual statement came in and was reviewed and forms 484 were lodged where appropriate changes needed to be made. No statutory accounts are required for that company. There was limited actions within that list you just 15 read that this company was required to perform.

MR ASPINALL: Just picking up on that question of whether statutory accounts are required for those companies, did you understand why they were not?

20 MS MANOS: Absolutely.

MR ASPINALL: What was that?

MS MANOS: It's a small proprietary company. It doesn't meet the test. It does not 25 meet the test of a large proprietary company under the Corporations Act. Therefore, is not required to prepare statutory accounts. But even if it were to have been required to as other companies within the group are, we are a company typical of other listed companies that has a deed of cross-guarantee in place and those entities, if they are party to that deed, are entitled to claim reporting relief.

30

MR ASPINALL: Do you know if they are parties to that deed?

MS MANOS: Riverbank and Southbank?

35 MR ASPINALL: Yes

MS MANOS: They are not. They are small proprietary companies. They do not 40 meet the statutory tests and therefore they are not required to be party to the deed nor claim reporting relief. They are exempt from the requirement to prepare statutory accounts.

MR ASPINALL: Yes, I was just wondering why you raised the deed of cross-guarantee when those companies aren't parties to it?

45 MS MANOS: So I wanted to explain to you that none of the companies within our group, regardless of their size or nature, are required to prepare stand-alone statutory accounts.

MR ASPINALL: And that, as you understand, is because Southbank and Riverbank didn't meet the revenue test; is that right?

5 MS MANOS: They need to meet two of the three tests and they didn't meet any of them.

MR ASPINALL: Which tests do you say they didn't meet, the revenue test?

10 MS MANOS: The revenue and assets and an employee test.

10 MR ASPINALL: Did you understand what their business was?

MS MANOS: I knew that they held some bank accounts.

15 MR ASPINALL: Did you know that large amounts of cash were transferred through them. They received that cash and then passed it on to the casino licensees?

MS MANOS: No.

20 MR ASPINALL: Were you aware of the amounts of money that they were receiving and passing on, on an annual basis?

MS MANOS: No, I did not.

25 MR ASPINALL: Have you found out since, recently?

MS MANOS: Yes, I have.

MR ASPINALL: And do you know how much it is?

30 MS MANOS: No, I can't quote the amounts, no. No.

MR ASPINALL: You know it's hundreds of millions of dollars, don't you?

35 MS MANOS: I will accept what you are telling me. I do not know. It's not – it's not my part of the business to look after. I don't have any intimate knowledge with those sorts of transactions at all.

MR ASPINALL: But you're still company secretary of those two entities?

40 MS MANOS: Yes, I file the annual returns - - -

MR ASPINALL: But you just told me - - -

45 MS MANOS: - - - and I conducted - - -

MR ASPINALL: You just told me that they didn't meet the test to be a large proprietary company but if what you told me is right, you don't know much about their financial situation; is that right?

5 MS MANOS: What I do, when I'm looking at the companies every year and assessing whether I need to join any new companies for the deed of cross-guarantees, I ask the team in finance to give me an assessment based on those three tests and if they come back and tell me that those tests are not met, then there's nothing more that I need to do.

10

MR ASPINALL: When you say "they come back", who are you relying upon in respect of that?

MS MANOS: The finance team.

15

MR ASPINALL: So you rely upon the finance team of Crown Resorts, is it, to tell you whether or not Southbank and Riverbank needed to lodge financial reports?

20

MS MANOS: I would rely on them to tell me whether the tests were met or not met and then I would make an assessment.

MR ASPINALL: I see. So when you tell me that they didn't meet the tests, you're really passing on the information to the finance team who told you; you hadn't made any independent inquiries about that?

25

MS MANOS: What further would you expect me to do other than ask the people who are in charge of the - - -

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COMMISSIONER: I think, Ms Manos, if you could just answer the question. And I think it's just that you didn't make any independent inquiries other than what you were told by the finance team?

MS MANOS: Okay. I just didn't understand what more independent than asking the finance team means.

35

MR ASPINALL: Ms Manos, are you aware that over the course of the inquiry, reference has been made to a memorandum prepared by an officer of the Hong Kong Jockey Club; were you aware of that?

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MS MANOS: Could you provide some more information?

MR ASPINALL: It was a memorandum prepared by a Martin Purbrick of the Hong Kong Jockey Club. It was referred to in various media stories, including Four Corners program in 2017; are you aware of that?

45

MS MANOS: I haven't seen any such report.

MR ASPINALL: I see. Can we look at CRL.638.001.0021. Can that be put up on the confidential link, please.

MS MANOS: Mr Aspinall, is there a hard copy of that document?

5

MR ASPINALL: I don't think there is, but it should appear on your screen.

MS MANOS: Okay. Yes, Mr Aspinall.

10 MR ASPINALL: Can you see that document?

MS MANOS: Yes.

MR ASPINALL: It's a memorandum to you from the brand committee members.

15

MS MANOS: Yes

MR ASPINALL: You see it refers to we having requested via Martin Purbrick?

20 MS MANOS: Yes.

MR ASPINALL: Does that refresh your memory as to the report that I'm referring to?

25 MS MANOS: No. The circumstances surrounding that I can give you, if you would like.

MR ASPINALL: Yes, if you would like to.

30 MS MANOS: The brand committee was very keen to find out as much information about Suncity and the media around the alleged banning of Suncity from the Hong Kong Jockey Club, and I believe that Ken Barton, via Betfair, had a line into the Hong Kong Jockey Club and he asked for the general counsel to contact me, so I wasn't actually involved in any of that exchange.

35

MR ASPINALL: I see. So in the second last paragraph where you say:

We have both requested both formally and now in writing that the counsel contact me –

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that was actually not you that had requested that; is that right?

MS MANOS: I – I believe it was an email through Ken via Betfair, from memory.

45 MR ASPINALL: I see.

MS MANOS: I would have to go and have a look.

MR ASPINALL: In terms of this contact with the Hong Kong Jockey Club, as far as you know, is this the first time in August 2019 that contact had been made with the Hong Kong Jockey Club in respect of this report, or the allegation?

5 MS MANOS: In fact, it was attempted contact; they refused to speak to us. And in answer to your question, I believe that was the case.

MR ASPINALL: All right. Thank you. When you say:

10 *We have requested both informally and now in writing –*

are you aware what the informal request was?

15 MS MANOS: I believe it was a telephone call, an initial telephone call and then – and then a return request but these were not things that I was – had the

MR ASPINALL: But as you understood it, the telephone call was not long before this memo; is that right?

20 MS MANOS: I believe that's how it happened, Mr Aspinall.

MR ASPINALL: All right. Now, are you aware that on 23 July last year, a journalist called Nick McKenzie wrote to officers at Crown seeking answers to various questions?

25

MS MANOS: Yes, I am.

MR ASPINALL: Pardon?

30 COMMISSIONER: Yes.

MR ASPINALL: Yes. And as I understand it - - -

MS MANOS: Yes.

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MR ASPINALL: - - - that email asking the questions came to your inbox on 24 July, the following day; does that sound right?

MS MANOS: Yes, it does.

40

MR ASPINALL: Now, there are a lot of questions – scores of them. Did you look at those questions at the time?

MS MANOS: I did have a look at them.

45

MR ASPINALL: I see.

MS MANOS: I scanned the list. There were very many.

MR ASPINALL: And what did you understand was going to happen in respect of the answering of those questions at that time?

5

MS MANOS: Well, all of those questions were about subject matter that, as I've explained to you, was not within my domain, and I understood that the teams who did have knowledge of those matters were – were considering – were considering the questions. I don't know exactly what they were doing but I knew they were

10 considering them.

MR ASPINALL: And in respect of the team, who was the team that you understood was taking care of it?

15 MS MANOS: Well, I knew that Barry Felstead and Josh Preston were having a look.

MR ASPINALL: Was that the team as you understood it?

20 MS MANOS: There were a number of people who were copied on – on that email, Mr Aspinall. I can't recall. So there was a level of involvement from various people. But the subject matter was within the domain of those two individuals.

25 MR ASPINALL: Yes, thank you. Well, I know that various people were on the email but I wanted to get your understanding of who the team who were looking at or dealing with it was. You say it's Mr Felstead and Mr Preston - - -

MS MANOS: And the people below them, obviously.

30 MR ASPINALL: Pardon?

MS MANOS: And the people who supported those positions as well.

MR ASPINALL: Supported them, yes. That's right.

35

MS MANOS: Yes.

40 MR ASPINALL: I just want to show you another email which is CRL.51.056.0052, if that could be brought up on the confidential link, please. That's exhibit CD6, Commissioner.

COMMISSIONER: Thank you very much.

MR ASPINALL: Do you have that, Ms Manos?

45

MS MANOS: Yes, I do.

MR ASPINALL: You see that's an email from you or the day after you received the media inquiry, which is 25 July, and you've written to the directors, and copied in there various executives.

5 MS MANOS: Yes, that's right.

MR ASPINALL: Now, you say that:

10 *We're on notice that the story will be aired on 60 minutes concerning Crown, China arrests and the company's relationship with junket operators. You know that you've received an extensive information request from Mr McKenzie.*

Do you see that in the second paragraph?

15 MS MANOS: Yes.

MR ASPINALL: You say:

20 *We are working on an appropriate response which is likely to note that given there is a class action being pursued against Crown in relation to the detentions which Crown is defending, it does not wish to comment on the matters in issue in that action. We will also consider if any further action is required depending upon the content of the story.*

25 Do you see that?

MS MANOS: Yes, I see that.

30 MR ASPINALL: Now, when you say "we are working on an appropriate response", you mean that in a corporate sense, do you, or were you actually working on a response yourself?

MS MANOS: In a corporate sense.

35 MR ASPINALL: I see.

MS MANOS: It wasn't me, otherwise I would have written "I".

40 MR ASPINALL: I see. Were you working in that sense with Mr Preston and Mr Felstead?

MS MANOS: Yes.

45 MR ASPINALL: And who had come up with the strategy that the appropriate response was, in effect, to just not comment on matters?

COMMISSIONER: On the class action.

MR ASPINALL: In the class action?

MS MANOS: I can't recall exactly who came up with that, but it was – it was appropriate that the company be mindful of the class actions and process around that

5 litigation.

MR ASPINALL: And with respect to the other allegations – so you've mentioned there the China arrests but also the company's relationship with junket operators, what was your view in respect of the appropriateness of the company responding to

10 those allegations at this time?

MS MANOS: They're related subject matters.

MR ASPINALL: My question emerges because as we see five days later, the strategy which was ultimately adopted by the board was to publish a full-page newspaper advertisement. Do you remember that?

MS MANOS: Yes, it was.

MR ASPINALL: And I'm wondering, in respect of your role as general counsel and company secretary, what advice you gave to the board in respect of the wisdom of doing that in respect of the situation where scores of questions have been asked by Mr McKenzie and that not very much time had elapsed to enable those allegations or questions to be answered in a fulsome way.

25

MS MANOS: You're asking me what my advice to the board was with respect to the advertisements?

MR ASPINALL: Well, in regard to the strategy that should be adopted in respect of responding to these allegations and the 60 Minutes story.

MS MANOS: My advice to the board was that a full-page ad was something that would be – should be approached with caution.

35

MR ASPINALL: Yes, and why was that, Ms Manos?

MS MANOS: For a few reasons. One was the length of time which they had decided – determined that they wanted to publish it within. But secondly, the board had published a full-page ad in the previous year, and certain events that arose from that experience which I felt warranted some caution the second time around.

MR ASPINALL: And with regard to who you expressed those concerns with, can you remember who that was?

45

MS MANOS: Board meeting.

MR ASPINALL: Sorry?

MS MANOS: In the board meeting, Mr Aspinall, to the full board.

MR ASPINALL: And so that would have been the board meeting where they ultimately decided that it should be prepared; is that right?

5

MS MANOS: That's correct.

MR ASPINALL: All right. Can I just show you another document, which is CRL.586.027.0698, if that could be brought up on the screen, please. That is on the confidential link only, please. That is exhibit AC5, Commissioner

10 COMMISSIONER: Thank you.

MR ASPINALL: Do you have that one, Ms Manos?

15

MS MANOS: Yes, I do, Mr Aspinall.

MR ASPINALL: You see that's an email from you – well, at the top anyway – to Mr Alexander?

20

MS MANOS: Yes.

MR ASPINALL: And then what you've written there is:

25

Karl –

and I assume that's Mr Bitar?

MS MANOS: That's right.

30

MR ASPINALL:

Just called me to tell me you have approved this and would like to send it to the board on your behalf.

35

MS MANOS: Yes.

MR ASPINALL: And what you're referring to, although it's not attached to this email, is a draft of the announcement to be made; is that right?

40

MS MANOS: That's correct.

MR ASPINALL: And the next paragraph is:

45

I have told Karl the same as I said to you, which is that I can review for language, but given they are running this, they need to ensure they have a

proper verification process in place which supports each of the statements made.

Do you see that?

5

MS MANOS: Yes, I do.

MR ASPINALL: Now, when you were talking about “they” in that sentence, who were you talking about?

10

MS MANOS: Karl and whoever he was conferring with to prepare this draft, because this was the first I had seen of this draft.

15

MR ASPINALL: I see. So did you understand that to be, again, Mr Preston and Mr Felstead or other people?

MS MANOS: I couldn’t be entirely sure, but Karl was the one who had sent this to me, whoever he was working with.

20

MR ASPINALL: I want to raise with you the question that arises or that you’ve posed in the second part of the sentence, which is the need to have a proper verification process in place. And, then, in the final paragraph, you’ve put:

Karl has undertaken to run this process.

25

Do you see?

MS MANOS: Yes.

30

MR ASPINALL: I’m just wondering, at this time, what Mr Bitar’s role at Crown was?

MS MANOS: Well, you have his title, but he – he looked after and assisted with government and media relations.

35

MR ASPINALL: I’m just wondering how you would have thought, as company secretary and general counsel, that Mr Bitar was an appropriate person to delegate the proper verification process in respect of the statements that was being made?

40

MS MANOS: You can coordinate a verification process. I had spoken to him over the telephone. And I had explained to him what I would expect to see. And he undertook to coordinate that process.

45

MR ASPINALL: But, in a sense, are you, here, saying, “Well, I have delegated to Karl, the verification process.” Is that the nature of what you’re saying?

MS MANOS: No, I didn't delegate it. No, I didn't delegate it, because it wasn't mine to verify. I explained to Karl what I would expect. And he undertook to coordinate that process.

5 MR ASPINALL: I'm just interested in the fact that you say that it wasn't your role, because you were the company secretary and general counsel of Crown Resorts at this time, weren't you?

MS MANOS: Yes, I was.

10 MR ASPINALL: And I think you agreed with me earlier that, in that role, you accepted that understanding and ensuring the company complied with its statutory obligations, ensuring the requirements of ASIC and other regulators are met, including continuous disclosure, fell into your domain; is that right?

15 MS MANOS: Yes.

MR ASPINALL: So, in respect of the idea that Crown is going to be – Crown Resorts, I assume – is going to be issuing a statement which responds to various
20 quite serious allegations that have been made, why wouldn't it be within your scope of duties to ensure a proper verification process was in place?

MS MANOS: Well, I felt that I was satisfying my duties by explaining the verification process needed to take place, and what that would normally look like.
25 But, as I said in this email, the subject matter of the advertisement was not subject matter which I could actually verify.

MR ASPINALL: But you saw the need for it to be properly verified, of course, because you've said that?

30 MS MANOS: Absolutely. So that is – that is very important.

MR ASPINALL: I'm just wondering how, in the scheme of things, you could have thought that Mr Bitar was the appropriate person to run that process?

35 MS MANOS: Well, Mr Bitar was working very closely with a senior partner at an external legal firm and closely with the CEO and the chief legal officer of Australian Resorts, and they were the ones who had the closest connection to the subject matter.
40 So it's far more appropriate that that group of people turn their minds to this than me, because all I could do was look at the language.

MR ASPINALL: Yes. I'm just wondering why, in the circumstances, you didn't ask the lawyer involved, or a lawyer, to undertake that role rather than Mr Bitar? You seem now to be saying that you thought he was liaising with those people; is that right?

MS MANOS: He absolutely was. He – he forwarded the draft of the advertisement from external legal counsel. He was the touch-point or coordinator. So I didn't need to independently go to the team of people that he was working with.

5 MR ASPINALL: Do you accept that - - -

MS MANOS: I explained what I – sorry.

10 MR ASPINALL: Do you accept, now, that you should have done that: gone directly to the people that you were actually relying upon?

MS MANOS: Not necessarily.

MR ASPINALL: When you say “not necessarily”, what do you mean?

15 MS MANOS: If there is a project coordinator, be they a lawyer or another person – they might be a banker – that person can very easily coordinate a verification process.

20 MR ASPINALL: I'm just a bit – I don't want to labour this point. I'm just a bit confused why, in circumstances where you had a lawyer and Mr Preston, who is also a lawyer, available to speak to you directly, why you would accept an undertaking from Mr Bitar that he would run the process?

25 MS MANOS: Because he was in close contact. I hadn't been speaking to the external lawyer. He had been speaking to the external lawyer. And he was coordinating the process. And I was very comfortable that the message would be conveyed.

30 MR ASPINALL: But as general counsel and the person responsible for ensuring, in effect, that obligations, including that continuous disclosure obligations are met, why didn't you speak to the lawyer directly?

35 MS MANOS: Well, we ultimately did. Ultimately, later that day, Mr Bitar convened a conference at which all of those people were present, including myself, and we went through the advertisements, line by line, and heard everybody's contributions to that draft.

40 MR ASPINALL: Yes. And how did they satisfy you that there was a proper verification process in place which supported each of the statements made in the advertisement?

45 MS MANOS: Through the inquiries that they had made. So, as I said, we sat there around the table and we went through every line and those who didn't have subject matter experience asked questions. And answers were provided by Mr Preston and Mr Felstead. And amendments were made to the advertisement based on that line-by-line analysis.

COMMISSIONER: So is this right deny you didn't expect Mr Bitar to have subject matter experience, or did you?

MS MANOS: No, no. I just expected him to coordinate it, which he so did.

5

COMMISSIONER: Yes. And so you were the - - -

MS MANOS: He put the diary entry in - - -

10 COMMISSIONER: You were looking to him to manage the process as opposed to make factual contributions to it; is that right, Ms Manos?

MS MANOS: That's right, Commissioner

15 COMMISSIONER: Thank you. Although I understand that he may have had some experience – is this right, did he have some experience in assisting the company in relation to the detention of the employees in China or not?

MS MANOS: Yes, he did.

20

COMMISSIONER: I see. But that was in his role as the government media communications man, was it?

MS MANOS: That's right

25

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

MR ASPINALL: Thank you, Commissioner. Now, if we could have a look at it new document, it's CRL.501.011.4479. If that could be shown in the confidential link, please. That is exhibit EG8, Commissioner.

COMMISSIONER: Thank you.

MR ASPINALL: Have you seen that one, Ms Manos?

35

COMMISSIONER: That's on your screen, is it? You're smiling.

MS MANOS: Apologies for the typo in the second paragraph. It should have been "have" not "are"

40

COMMISSIONER: That's all right.

MR ASPINALL: Now, in this email, you're circulating the full page ad for review by the board; is that correct?

45

MS MANOS: That's right.

MR ASPINALL: And was this the email that was ultimately – was this the announcement that was ultimately sent to the Stock Exchange or some other document?

5 MS MANOS: It was another iteration. So if you look at the time, that was sent relatively promptly post receiving it, the first draft from Karl, and then, a little later, there was that verification round table process - - -

MR ASPINALL: I see.

10 MS MANOS: - - - that was undertaken.

MR ASPINALL: Right.

15 MS MANOS: And then a combination of feedback from directors and further edits. So I think the final draft only settled later in the afternoon, from memory.

MR ASPINALL: Yes. Now, in terms of the timing there, 11.11 for this email on the 31st of July, am I right this thinking that the verification conference or round
20 table, I think, as you called it, happened after this; is that correct?

MS MANOS: It's in the diary for 1 pm.

MR ASPINALL: 1 pm. I see.

25 MS MANOS: It was in the diary for 1 pm, Mr Aspinall.

MR ASPINALL: Do you remember if that was kept?

30 MS MANOS: Yes.

MR ASPINALL: All right.

MS MANOS: I was there.

35 MR ASPINALL: So after this email had gone out, you then went and verified the process with the external lawyer and Mr Preston; is that right?

40 MS MANOS: With a group of people. So if you recall – you'll recall that the board had resolved that this advertisement be released within 48 hours. There was an initial draft. The intention was to get the draft to the board as quickly as possible so that they could have a look at it and provide some feedback and, in the meantime, I noted there that it was subject to verification. At 1 o'clock there was this conference, and there were separate responses received from directors through the day.

45

MR ASPINALL: All right. If we could look at a new document now, it's from about an hour later. It's CRL.627.001.2194. That's on the confidential link only, please. And that is exhibit CB-13, Commissioner.

5 COMMISSIONER: Thank you.

MR ASPINALL: Do you have that one, Ms Manos?

MS MANOS: Yes, I do.

10 MR ASPINALL: In printing it, something seems to have happened where the Crown Resorts logo has gone over the name.

MS MANOS: That's okay.

15 MR ASPINALL: But you can take it from me that – do you understand that?

MS MANOS: Yes. That's okay.

20 MR ASPINALL: You can take it it's an email from Mr Nick Toscano, who's a journalist, relating to Riverbank and Southbank Investments; do you see that?

MS MANOS: Yes, I do.

25 MR ASPINALL: Do you remember reading that at the time?

MS MANOS: I've seen it since. I remember seeing it at the time. I do think I remember seeing it.

30 MR ASPINALL: So at the time you're preparing this full page ad, or the team were preparing the full page ad, Mr Toscano now puts another piece of information before you which raises concerns directly about Riverbank and Southbank; do you see that?

MS MANOS: Yes.

35 MR ASPINALL: Now, I wanted to know, in respect of what was happening with the advertisement at that time, what effect, if any, this new information had upon your view of what should happen?

40 MS MANOS: It didn't really have any influence on – on my impression because, as I said to you, all of these matters, as a package, were not within my sphere.

MR ASPINALL: What concerns me in respect of that answer is that you would have known by this time that you were the company secretary of Southbank and Riverbank; wouldn't you?

45 MS MANOS: Yes. Yes.

MR ASPINALL: And, do you see, this email is raising very serious allegations about multiple organised crime entities using the accounts of those entities to deposit proceeds of crime.

5 MS MANOS: Yes.

MR ASPINALL: And governance issues:

10 *What governance did Crown executives on the board of directors apply to these activities to mitigate the obvious risk that criminal money would be deposited into these accounts?*

COMMISSIONER: Do you see that?

15 MS MANOS: Board of directors? Yes.

MR ASPINALL: Yes. But, looking at the email, they seem to be referring to the board of directors of those companies, don't they – or Mr Toscano does?

20 MS MANOS: Possibly, yes.

MR ASPINALL: So my question is, receiving this in your dual role as legal counsel – as general counsel and company secretary of Riverbank and Southbank Investments, don't you think you should have taken some actions to find out whether 25 these allegations were true?

MS MANOS: So I'm just company secretary of Riverbank and Southbank. I'm not their legal or general counsel, but

30 MR ASPINALL: Yes, but, as I understood, you agreed with me earlier with the statement from the Australian Institute of Company Directors that your obligation included, as company secretary, understanding and ensuring the company complies with its statutory obligations, ensuring requirements of ASIC and other regulators are met, including continuous disclosure. Do you remember that?

35 MS MANOS: Yes, that's right.

MR ASPINALL: So I'm wondering how you can resile from the proposition that 40 you had some responsibility in regards to finding out whether these allegations were true for Southbank and Riverbank?

MS MANOS: Well, I knew that others were looking at these. This is part of the package that was being looked at by the business. It was not being ignored. It was actively being considered by the persons in the business that had the knowledge and 45 the facts to be able to make a contribution.

MR ASPINALL: But, in terms of this allegation, it's only just come in at this point; it's 12.25. So, you see, what could you have known about what investigations had been made in respect of these allegations on the 31st of July?

5 MS MANOS: I – I don't know what - - -

COMMISSIONER: Well, what's being put to you, Ms Manos, is the process that you've put in place with Mr Bitar and others had already commenced, and this is just come in to you, and you're being asked, effectively, well, what would you have
10 known they were doing about these allegations, because these appear to be a little later. So that was the purpose of the question.

MS MANOS: Okay. Well, I didn't know, specifically, what was being done, but I do know that the email was sent to a group of people, including the ones who were
15 looking after the content of the ad. Does that make sense?

MR ASPINALL: I see. I think I see. So I think the answer to my question might have been that, because this email with the media inquiries were sent to other people, you assumed that they, rather than you, would look after the question of investigating
20 and finding out whether they were true or not; is that right?

MS MANOS: Yes, that's right. Consistent with the division of responsibilities for matters within the company.

25 MR ASPINALL: If we go to a new document which is CRL.501.025.6929. That is confidential link only, please. That is exhibit CG10, Commissioner.

COMMISSIONER: Thank you.

30 MS MANOS: Yes, I have it, Mr Aspinall.

MR ASPINALL: You see that's an email from your assistant, Ms Harris.

MS MANOS: Yes.

35 MR ASPINALL: And you see – you are welcome to look down further the page; operator, if you could just take Ms Manos through. It's in relation to the finalisation of the full-page ad. Do you see that?

40 MS MANOS: Yes, I do.

MR ASPINALL: Now, do you see that in the second page, of the top email, Ms Harris has expressed a view that we consider that this placed on the ASX platform which we will do now:

45

We consider it appropriate that this be placed on the ASX platform.

Do you see that?

COMMISSIONER: Operator, can you move to the second page, please. Yes, thank you.

5

MR ASPINALL: Do you see that Ms Manos?

MS MANOS: Yes, I can.

10 MR ASPINALL: And can you tell me why – well, firstly, when Ms Harris says “we”, is she expressing the view of herself and you?

MS MANOS: Yes.

15 MR ASPINALL: And can you tell me why you considered at least that it was appropriate that this full-page advertisement be placed on the ASX platform?

MS MANOS: Yes, I can. And I will have to do so by reference to a couple of other events that had happened that week, if that's okay with you?

20

MR ASPINALL: Of course. Take all the time you like.

MS MANOS: So a brief chronology; we had the program that was aired on the Sunday night. And then on the Monday morning, given the media activity, I had suggested that it might be appropriate for the company to put a holding statement on the platform, mindful of the false market provisions of the listing rules. What ended up happening was that a media statement was prepared and released on the Monday. On the Tuesday, the ASX had contacted me in relation to the media and I believe there had been a price impact as well. In consultation with the ASX, the media statement was then converted into an ASX announcement and placed on the platform. And that same day the company received a price query. So that it was required to confirm that it had no material price sensitive information to disclose to the market to explain the movement in the price.

35 So we were in the territory of the ASX being concerned that statements were given to the media before being given to it and the potential for price movement based on false market aspects. So fast forward to two days later, the company was about to release another public statement. It was assessed or considered not materially price sensitive information but for following that earlier pattern, seemed prudent to get ahead of the curve and make sure that we gave it to ASX before we gave it to anyone else. And before I did that, I actually checked with my principal listing rule external advisers whether that would be a good idea and had that confirmed.

40
45 And the only reason why Lauren Harris sent this email instead of me is because at 5.35 on that day I was in transit. I had called her. I had effectively dictated this email for her to send on my behalf.

MR ASPINALL: Right. And I just wanted to raise with you the difficulty that an outsider might see with the position that you were in at this point which was that as you told me before, this was all prepared in a relatively short period of time.

5 MS MANOS: Yes.

MR ASPINALL: And you had concerns that it might not be a good idea to put out something so quickly, didn't you?

10 MS MANOS: I – I did.

MR ASPINALL: And you told me that you expressed those concerns to the board.

MS MANOS: Yes, I did.

15 MR ASPINALL: And the board, obviously, did not accept that recommendation because they decided to publish it anyway?

MS MANOS: Yes.

20 MR ASPINALL: And in those circumstances, were you confident that all the statements made in the advertisement were correct?

MS MANOS: I could never be confident that all of the statements made in the
25 advertisement were correct. I – I did my very best to explain to those involved in the process the standard that would be expected, and I participated in a verification process that was conducted as quickly and as thoroughly as possible within the timeframe. The board of directors ultimately signed off on this advertisement. So I had in my hands a board-approved advertisement which I felt confident, given that
30 background as well, that I could put on the platform.

MR ASPINALL: Yes, and I understand, as you explain it, that there had been some query whether this advertisement might have a material effect on the share price; is that a correct - - -

35 MS MANOS: I was never looking at it from that perspective; I was looking at it from the perspective of the prior circumstances that I spoke to you about, that is, a full-page ad was published and that there was a media frenzy and a false market arose, then I could find myself in trouble with ASX. So better to give the
40 information to ASX first and then you're relatively protected.

MR ASPINALL: Well, you might be, but in terms of an outsider, they might say, well, you have this document which you advised against, in effect, to the board and they decided to publish it in any event, aren't you upping the ante by then sending
45 this document to the Stock Exchange in circumstances where the Stock Exchange is entitled to expect that it's all correct.

MR YOUNG: Commissioner, I object to the question.

COMMISSIONER: Yes, that is rejected.

5 MR ASPINALL: Are you there, Ms Manos.

COMMISSIONER: Yes, that question is rejected and ask the next one, please.

10 MR ASPINALL: I can't see you. Ms Manos – yes, the question that I wanted to ask you was, in circumstances where you had expressed concerns to the board whether or not it was wise to publish this advertisement, were you not concerned that it should not be sent to the ASX?

15 MS MANOS: It is open to the board to make decisions based on advice or their own experience or otherwise. They made a decision. There was a process. They signed off on the advertisement. I had no hesitation in placing it on the platform. It was not materially price sensitive and if anybody – to go to the page on our ASX platform, the ASX did not mark it as price sensitive. So in ASX's opinion it had no influence on the purchaser of ordinary shares, but it was important to be there, from 20 my perspective, to ensure we had no false market issues.

MR ASPINALL: But in terms of the message which lodging an advertisement with the ASX might send, would you not accept that it adds a degree of solemnity to the emphasis which the company gives to the advertisement?

25 MS MANOS: No more so than placing full-page advertisements in national media.

MR ASPINALL: I see. Can we look at INQ.100.010.0895, which can go to the live stream; it's exhibit A for apple, 219.

30 COMMISSIONER: Thank you.

MR ASPINALL: If you could just go to the next page. Do you see that's a ASX media release, 31 July 2019?

35 MS MANOS: Yes, but just – I recognise it but just so you know, it's so small that it's illegible.

40 MR ASPINALL: I see. Perhaps the operator could enlarge it for you. Do you see that?

COMMISSIONER: Do you see it on the screen now, Ms Manos?

MS MANOS: Yes.

45 MR ASPINALL: It's apparently at tab 1 of your bundle, if you'd like a hard copy, Ms Manos.

MS MANOS: Yes.

MR ASPINALL: I'm just wanting to confirm with you that this is the advertisement that we have been talking about in relation to the email that we were just looking at
5 where Ms Harris and yourself considered it appropriate to be placed upon the ASX platform.

MS MANOS: That's the one.

10 MR ASPINALL: I see. Can we now look at INQ.100.010 – just before I leave that document, do you have anything you'd like to raise? INQ.100.010.0092, which is exhibit F65, Commissioner.

COMMISSIONER: Thank you.

15 MR ASPINALL: Are you able to read that Ms Manos, or do you need it enlarged?

MS MANOS: I don't have any documents on my screen, I'm sorry.

20 MR ASPINALL: We will fix that for you. Operator, can you show that. That is a public document so it can be shown to the live stream. This is at tab 27 of your bundle, Ms Manos, if you would like to look at a hard copy.

25 MS MANOS: Yes, I think it's the same. It's just got slightly different text under the Today's Top Stories.

MR ASPINALL: It might have been printed out with a different ad underneath. The text of the advertisement starts:

30 *Drug traffickers have used two private companies.*

Does that accord with your version?

MS MANOS: That's right.

35 MR ASPINALL: Now, do you see this newspaper story is dated 5 August 2019?

MS MANOS: Yes.

40 MR ASPINALL: And it makes allegations, if you turn over to 0092, that drug traffickers and money laundering funds have flowed into the bank accounts of Southbank Investments and Riverbank Investments between 2012 and 2016; do you see that?

45 MS MANOS: Yes.

MR ASPINALL: And going down to two paragraphs down the page it says:

In a separate incident in early 2017 a Crown bank account was used to send money to a drug trafficker.

Do you see that?

5

MS MANOS: Yes, I do.

MR ASPINALL: Now, in terms of your secretaryship of Southbank and Riverbank, would you agree that those allegations represented a clear and present danger to the companies as well as the Crown Group itself?

10 MS MANOS: That's very much a concern.

MR ASPINALL: And did you read these allegations at the time?

15

MS MANOS: I – I read most of the media. There was quite a lot of it. So, yes.

MR ASPINALL: Yes. And in your role as either general counsel or company secretary of Southbank and Riverbank, did you do anything in respect of these 20 allegations?

MS MANOS: No, I didn't do anything in particular because, as I've said now on a few occasions, there was a division of labour. So the people who were looking after these matters were the people who were responsible for those businesses.

25

MR ASPINALL: Yes. And so in terms of the discussions you had with anyone, did you discuss it with them or was it just an understanding in your mind that others were looking after it and investigating this?

30

MS MANOS: Well, we had a subcommittee of the board that was in place at about this time, and that subcommittee was meeting, I think, two times a week, at which all of those representatives were present. So these were subject matters which were raised twice a week, effectively.

35

MR ASPINALL: But you weren't going to these meetings, I take it?

MS MANOS: No, I was there. Of course, I was there.

40 MR ASPINALL: I see. One question that – I don't know if you followed the evidence that has emerged at the inquiry in respect of these companies, have you?

MS MANOS: Some of it. As much as I possibly can while doing my day job.

45 MR ASPINALL: Well, one question that emerges at least notionally is in circumstances where the newspaper had made allegations that money had flowed into bank accounts of the two companies, why it appears that nobody actually went and had a look at those bank accounts? It seems an obvious thing to do, doesn't it?

MS MANOS: I think that's probably right.

MR ASPINALL: Do you remember that issue being considered at these subcommittees that you went to?

5

MS MANOS: I don't have any recollection of – of that.

MR ASPINALL: In retrospect, with the benefit of hindsight, do you consider that there was anything, as company secretary, more that you should have done in respect 10 of these allegations?

MS MANOS: Well, I couldn't go and look at the bank accounts myself.

MR ASPINALL: Was there a reason why you couldn't do that?

15

MS MANOS: Well, access to them.

MR ASPINALL: Pardon?

20 MS MANOS: I have no access to any bank accounts, Mr Aspinall.

MR ASPINALL: Wouldn't the company secretary of those companies have access to its bank accounts?

25 MS MANOS: I – I – it wouldn't have been in my contemplation then or even now to get down on my hands and knees and look through printed bank statements. I don't think that that is something that you would expect of the company secretary. If – if you're asking whether more questions might have been asked, possibly more questions could have been asked. But I – I don't think I would be going through 30 boxes of dusty bank statements.

COMMISSIONER: Why not?

35 MS MANOS: I don't have the – the expertise to be able to analyse them in any way. I'm – I'm – that's not my – my area.

COMMISSIONER: I see.

MS MANOS: What would I be looking for?

40

COMMISSIONER: Well, surely somebody should have said, "For goodness sake let's get hold of these accounts. The corporation's reputation is being sullied in the press on a daily basis. Let's see if the accounts have anything suspicious in them." Surely that must have been a question that was raised or should be raised in your 45 mind today?

MS MANOS: I accept that.

COMMISSIONER: So when you said to me a little while ago that you wouldn't get down on your hands and knees and look into the dusty bank accounts, this is the very thing that should have happened surely?

5 MS MANOS: Well, I said I could have asked more questions with the benefit of hindsight but Mr Aspinall was asking me whether I would personally be looking at the bank accounts and I said that I don't think that I would in any circumstance.

10 COMMISSIONER: But as a lawyer, as a strategist, surely for the company's sake, when you have an allegation that you have allowed laundering of money through this corporation and you've got the accounts, you've got the chairman of the company as a director, you've got yourself as the company secretary, wouldn't you say "Show me where this has or hasn't happened." It's a simple thing, isn't it, Ms Manos?

15 MS MANOS: With the benefit of hindsight, it absolutely makes sense to have asked that question.

20 COMMISSIONER: And what worries me is that there is the need for this process to bring you to the point that you've just agreed with. You see, I don't understand how this couldn't have been the first step taken by this company, to look at the transactions in the very accounts that were the subject of what appears to be quite an appalling allegation. Do you know how that happened, why someone didn't look at the accounts?

25 MS MANOS: I'm not sure, Commissioner.

COMMISSIONER: All right.

MS MANOS: I'm not sure.

30 COMMISSIONER: Yes. You referred to a previous experience with an advertisement and the press storm that happened afterwards. Was that in relation to the question regarding the poker machine manipulation?

35 MS MANOS: That's right.

COMMISSIONER: Yes, I see. Yes, Mr Aspinall.

40 MR ASPINALL: Ms Manos, in respect of Southbank and Riverbank, are you aware that on an annual basis there's a need to consider whether they're solvent?

MS MANOS: Yes.

MR ASPINALL: And how does that occur?

45 MS MANOS: Each of the subsidiaries within the group have a review date. They're all aligned. It is a period post year end and post the audit and publication of

the group accounts, and every subsidiary must, within two months of that review date, pass a solvency statement. And so at some time after that review date, resolutions are prepared for each of the, I think, 69 members of Australian subsidiaries, and presented to the directors of each of those companies. They
5 generally hold contemporaneous meetings on account of the volume and the limited subject matter and by reference to the group position they will pass a solvency resolution.

MR ASPINALL: I see. So somewhere within the records of Crown there would be
10 for both those entities an annual solvency statement which is signed by the directors; is that right?

MS MANOS: Yes, once a year, you will have a meeting of the directors to consider primarily two things. One is the solvency position, and they formally dispense with
15 the need to hold an annual general meeting - - -

MR ASPINALL: Yes, thank you.

MS MANOS: - - - which they are entitled to do.

20 MR ASPINALL: Thank you. I have nothing further, Commissioner.

COMMISSIONER: Yes, thank you. Ms Manos, can I just see if Mr Young has anything to ask of you. Yes, Mr Young, anything?

25 MR YOUNG: Nothing from me, Commissioner.

COMMISSIONER: Thank you. Mr Stoljar?

30 MR STOLJAR: Good morning, Commissioner.

COMMISSIONER: Yes, do you have any questions of Ms Manos?

MR STOLJAR: I do not. Thank you, Commissioner.

35 COMMISSIONER: And Mr Barnett, are there any questions of Ms Manos?

MR BARNETT: No, Commissioner. Thank you.

40 COMMISSIONER: Ms Manos, can I just ask you a couple of things on that previous evidence you gave about the advertisement that had caused the media storm and your concern in relation to the process that was gone through last year in relation to this advertisement. Weighing up the need for the company to respond to the serious allegations and to try to control things, I presume you just do your best to give the board advice but it's a matter for the board whether it takes your advice in
45 the end. Is that how you saw it?

MS MANOS: I think that's right, Commissioner. And the board had serious concerns for the reputation of the business, the employees, wanting to act quickly, and my advice was just one aspect of the matters that they considered in coming up with their decision.

5

COMMISSIONER: And presumably the consciousness of the board at all times, both Melbourne, Perth and Resorts, presumably is that they have to remain suitable to hold their licences to operate the casino at the core of their business, I presume?

10 MS MANOS: Yes, absolutely.

COMMISSIONER: And you're very much aware of those issues, I presume?

MS MANOS: Yes.

15

COMMISSIONER: And in the circumstances of these allegations, you would have accepted that these – if parts of these or all of these allegations were true, it would go to the core of their suitability?

20 MS MANOS: It would be an aspect that would need to be taken into account. The suitability test is a long one and financial stability, etcetera, but it would certainly be an element that would need to be considered.

25 COMMISSIONER: That's the aspect of the statutory requirement to assess the integrity of the licensee and its close associates?

MS MANOS: Yes, you cannot be awarded a gaming licence unless you are deemed suitable by reference to the tests in the state-based legislation.

30 COMMISSIONER: And you're very much assisting Crown over the years in respect of that aspect of their operations, I presume?

MS MANOS: I have completed a number of probity forms, Commissioner, in my time, yes.

35

COMMISSIONER: Yes. And so looking to the question of integrity, these allegations that erupted last year, of course, would affect all of that?

MS MANOS: It would certainly be an aspect to consider.

40

COMMISSIONER: Yes. Is there anything that you would like me to hear from you in addition to that which you have given evidence about?

MS MANOS: Not at the moment, Commissioner. I think I'm okay. Thank you for offering, though.

45 COMMISSIONER: Yes, thank you, Ms Manos. Anything further, Mr Aspinall?

MR ASPINALL: No, Commissioner.

COMMISSIONER: Yes, Ms Manos, thank you very much. As I've said to others. That's the completion of your evidence. If there is any need to recall you – I don't
5 anticipate there will be, but if there is any need, the lawyers will be contacted; do you understand that?

MS MANOS: Yes, I do.

10 COMMISSIONER: Yes. Thank you.

<**THE WITNESS WITHDREW**

[11.28 am]

15

COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Commissioner, the next witness is Mr Barton. I understand we may need a short adjournment.

20

COMMISSIONER: All right, then. Yes, I will take a short adjournment whilst Mr Barton is made available to give evidence. Thank you.

25

ADJOURNED

[11.28 am]

RESUMED

[11.38 am]

30

COMMISSIONER: Yes, Mr Barton. Thank you. Mr Barton, would you prefer to make an oath or an affirmation to give your evidence?

35

<**KENNETH McRAE BARTON, SWORN**

[11.39 am]

<**EXAMINATION BY MR BELL**

40

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

MR BELL: Mr Barton, could you please state your full name.

45 MR BARTON: Kenneth McRae Barton.

MR BELL: Your business address is known to those assisting the inquiry. Would you please state your occupation?

5 MR BARTON: I'm the chief executive officer and managing director of Crown Resorts.

MR BELL: And were you the chief financial officer of Crown Resorts from March 2010 until January this year?

10 MR BARTON: Yes, was. And I did have a second title, as well, from February 2017?

MR BELL: And what was that?

15 MR BARTON: Chief executive officer of Crown Digital.

MR BELL: You were appointed as the CEO of Crown Resorts in January of this year; is that correct?

20 MR BARTON: That's correct.

MR BELL: And you've been a director of Crown Sydney Gaming Proprietary Limited since 2013?

25 MR BARTON: That's correct.

MR BELL: And that's the company which is the licensee of the Barangaroo restricted gaming facility; is that correct?

30 MR BARTON: That's correct.

MR BELL: And have you been approved by the Independent Liquor and Gaming Authority as a licensee?

35 MR BARTON: Yes, I have.

MR BELL: Now, can we look at exhibit AA31. It's on the confidential list, CRL.512.002.0034.

40 MR BARTON: Do you have a tab reference for that, Mr Bell?

MR BELL: Yes. It's exhibit AA, tab 31. Now, do you see that these are the minutes of the meeting of the board of directors of Crown Resorts Limited held on the 15th of June 2016, which you attended by invitation?

45

MR BARTON: Yes.

MR BELL: And if we could look at page – the page ending in .0037, in the top right-hand corner.

MR BARTON: Yes.

5

MR BELL: Do you see that one of the items of business referred to in the minutes of the meeting was the CPH services agreement?

MR BARTON: Yes, I see that.

10

MR BELL: And which the board resolved to approve at that meeting; is that correct?

MR BARTON: Yes, that's correct.

15

MR BELL: Now, can I ask you to look at exhibit O44, it's on the confidential link CRL.525.001.0001.

MR BARTON: Again, a tab reference for that one, Mr Bell?

20

MR BELL: Yes. It's exhibit O, tab 44.

COMMISSIONER: Yes.

25

MR BARTON: Yes. Thank you, Mr Bell.

MR BELL: So do you see that this is the services agreement that was entered into at that time?

30

MR BARTON: Yes. Yes, I see that.

COMMISSIONER: That's the 1st of July '16, is it?

MR BELL: Yes.

35

MR BARTON: That's correct.

MR BELL: And, Mr Barton, were you involved in the negotiation of that agreement at the time?

40

MR BARTON: I had some part in it, Mr Bell, but wasn't the lead negotiator of that agreement.

MR BELL: And did you understand that one of the purposes of the agreement was to require Crown Resorts to pay CPH for services provided by certain CPH executives to Crown Resorts?

MR BARTON: Yes. I agree with that.

MR BELL: And if I could ask you to look at clause 14.4, which is at the page ending in .0017.

5

MR BARTON: Yes, I see that.

MR BELL: You understood, I take it, that this agreement made provision for CPH and certain CPH executives to be provided with confidential information of Crown
10 Resorts in the circumstances set out in this clause?

MR BARTON: Yes, I see that.

MR BELL: And that those circumstances included the provision of information for
15 the purposes of allowing CPH executives to provide services to Crown Resorts?

MR BARTON: Yes, I see that.

MR BELL: And if I could ask you to look at exhibit AA32, exhibit AA, tab 32,
20 which is INQ.010.005.0027.

MR BARTON: Yes. I've got that.

MR BELL: Do you see that's a Crown Resorts ASX media release dated 15 June
25 2016?

MR BARTON: Yes, I see that.

MR BELL: And if I could ask you to look at page .0030.

30

MR BARTON: Yes.

MR BELL: Do you see that, among other things, the announcement referred to the fact that Crown Resorts independent directors had approved a services agreement
35 with CPH under which Crown Resorts would be able to request services to be provided by key CPH executives at certain rates?

MR BARTON: Yes.

40

MR BELL: And I take it that you were aware of this announcement at the time?

MR BARTON: Yes.

45

MR BELL: And if I could ask you to look at the 2019 Crown Resorts annual report, which is exhibit AA183, CRL.506.006.2777.

MR BARTON: Which tab was that? Sorry, Mr Bell?

MR BELL: Yes, it's - - -

COMMISSIONER: Exhibit AA, tab 183.

5 MR BARTON: Yes, I have that, Mr Bell.

MR BELL: So if I could ask you to turn to page 123 of the report, which is the page ending in .2901.

10 MR BARTON: Yes, I have that.

MR BELL: Do you see there that, at note 26 to the accounts, it discloses that an amount of \$3.5 million was paid during the 2019 financial year in accordance with the services agreement in addition to corporate secretarial and administrative services?

15 MR BARTON: Yes, I see that.

MR BELL: And I take it that there were notes to similar effect, though perhaps for different amounts, in the 2017 and 2018 annual accounts?

20 MR BARTON: Yes. Yes, that would have been the case.

25 MR BELL: Now, could I ask you to look at exhibit Y, tab 7. It's on the confidential list, CRL.501.050.8325. It should be on the confidential link.

MR BARTON: Yes, I see that, Mr Bell.

30 MR BELL: Do you see this is a letter which Mr Johnston, in his capacity as a director of CPH, wrote to you on behalf of Crown Resorts on the 23rd of August 2018?

MR BARTON: Yes. Yes, I see that.

35 MR BELL: And do you see that Mr Johnston pointed out in the letter that Mr Packer had resigned as a director of both Crown Resorts and CPH, in the first sentence?

MR BARTON: Yes. And this company, yes.

40 MR BELL: Yes. And that, in order to permit Crown Resorts to continue to provide its confidential information to Mr Packer in those circumstances, Mr Johnston considered that an amendment to the services agreement was required?

45 MR BARTON: Yes, I see that.

MR BELL: And do you see that, in this letter, he proposed a new clause 14.4D, which acknowledged that Mr Packer had resigned from Crown Resorts and CPH boards?

5 MR BARTON: Yes.

MR BELL: But which also acknowledged that he remained the controlling shareholder of CPH which, effectively, was the controlling shareholder of Crown Resorts?

10

MR BARTON: Yes.

MR BELL: And I take it that you understood that the effect of the amendment for the services agreement which Mr Johnston was proposing would be to permit Crown
15 Resorts to continue to provide Mr Packer with confidential information of Crown Resorts notwithstanding that he was no longer a director of Crown Resorts or CPH?

MR BARTON: Yes, that was what was proposed.

20

MR BELL: Now, could I ask you to look at the next tab, exhibit Y8, it's on the confidential link CRL.501.034.9912.

MR BARTON: Yes, I have that.

25

MR BELL: Do you see – thank you. And do you see, Mr Barton, the minutes of the meeting of the nomination and remuneration committee of Crown Resorts on 19 September 2018, which you and Mr Johnston attended by invitation?

MR BARTON: Yes.

30

MR BELL: And if I could ask you to look at the page ending in .9914, one of the items of business was the controlling shareholder protocol.

MR BARTON: Yes.

35

MR BELL: And if you could look at page .9915, you see that the minutes record that the committee proposed that, rather than amending the services agreement, it would be preferable for a standalone controlling shareholder protocol to be established which didn't link sharing of information with the provision of services.

40

MR BARTON: Yes. Yes, I see that.

MR BELL: And do you see that the committee, on this occasion, authorised management to negotiate any changes to the draft controlling shareholder protocol for presentation to the committee for review and approval?

45
MR BARTON: Yes. Yes, I see that.

MR BELL: So, by this time, you were aware that the proposal to amend the services agreement had now become a proposal for a standalone controlling shareholder protocol?

5 MR BARTON: Yes. Yes, I agree.

MR BELL: Which would permit the provision of information to Mr Packer without it being linked to the provision of services, for the services agreement?

10 MR BARTON: Yes.

MR BELL: Now, if I could ask you to look in this volume to exhibit Y tab 6, which is on the confidential link at CRL.506.006.5500. You see that these are the minutes of a meeting of board of directors of Crown Resorts on the 31st of October 2018, 15 which you attended by invitation?

MR BARTON: Yes. Yes, I see that.

20 MR BELL: And if I could ask you to look at the page ending in .5509, do you see that the business of the meeting included the controlling shareholder protocol?

MR BARTON: Yes.

25 MR BELL: And do you see that the minutes record that Ms Manos told the board, in essence, that the purpose of the controlling shareholder protocol was to permit Crown Resorts to provide its confidential information to Mr Packer?

MR BARTON: Yes, I see that.

30 MR BELL: Yes. And did you see that, at this meeting, the board of Crown Resorts resolved that the controlling shareholder protocol be signed?

MR BARTON: Yes, be approved and adopted by the company and authorising directors to, yes, to execute the document.

35 MR BELL: Yes. Now, if I could ask you to look at the controlling shareholder protocol, it's in this volume at exhibit Y, tab 5. It's on the confidential link at CRL.509.014.8430.

40 MR BARTON: Yes.

MR BELL: You see that it's dated the 31st of October 2018?

MR BARTON: Yes. Yes, I see that.

45 MR BELL: And I take it you were familiar with the terms of this document at the time that it was entered into?

MR BARTON: I had some familiarity. Yes.

MR BELL: Yes. And do you see that, in clause 1.2, at page .8431, it describes the purpose of the protocol being to establish a general guide for the sharing of

5 information by the board of Crown Resorts and the management of Crown Resorts with CPH and its ultimate owner, James Packer?

MR BARTON: Yes, I see that.

10 MR BELL: And if I could ask you to look at clause 1.5 on that page, do you see that it provided that, to the extent that the protocol dealt with the provision by Crown Resorts of confidential information to Mr Packer, the protocol prevailed to the extent of any inconsistency with clause 14 of the services agreement?

15 MR BARTON: Yes, I see that clause.

MR BELL: And apart from the provision of information to Mr Packer, do you see that clause 2 purports to permit the directors of Crown Resorts to act in the interests of CPH in certain circumstances?

20 MR BARTON: Yes, where to do so would be in the interests of the company or its shareholders as a whole.

25 MR BELL: Yes. And if you look at clause 2.10, on page .8433, do you see that it authorised certain persons, including directors and officers of Crown Resorts and key management personnel, to share confidential information with Mr Packer?

MR BARTON: Yes. Yes, I see that.

30 MR BELL: Now, you were aware that after this protocol was entered into on 31 October 2018 that a number of senior executives of Crown Resorts regularly provided confidential information to Mr Packer under the authority of the protocol?

35 MR BARTON: I certainly provided information on a regular basis. Others may have provided on an occasional basis.

MR BELL: But so far as you were concerned, you understood you were providing that information to Mr Packer under the authority of the protocol, I take it?

40 MR BARTON: Yes, that's correct.

MR BELL: And if I can ask you to look at - - -

MR BARTON: Sorry, Mr Bell, I just lost your audio.

45 COMMISSIONER: He just lost your audio.

MR BELL: Can you hear me now?

MR BARTON: Yes, I can hear you now, Mr Bell.

5 MR BELL: Now, could I ask you to look at exhibit AA, tab 64. It's on the confidential link and I will give the reference in a moment. It's CRL.501.032.3035.

MR BARTON: Yes, I have that.

10 MR BELL: And you're aware, I take it, that those assisting this Inquiry issued a summons to Crown Resorts Limited in respect of communications made pursuant to the controlling shareholder protocol?

MR BARTON: Not specifically but I accept that.

15 MR BELL: In any event, do you see that this document shows that on 1 November 2018 you've provided financial information to Mr Packer and others about the daily earnings of Crown Resorts before income tax, depreciation and amortisation?

20 MR BARTON: Yes, I see that.

MR BELL: And if you look at the next tab, exhibit AA, tab 65; on the confidential link it's CRL.501.032.3036.

25 MR BARTON: Yes.

MR BELL: Do you see the document which you attach to your email was a daily EBITDA report comparing theoretical against actual and also reporting on VIP turnover?

30 MR BARTON: Yes, yes.

MR BELL: And in this volume if you could look at exhibit AA, tab 66, confidential link at CRL.501.040.3354. Do you see that on the 3rd of November 2018 you sent 35 Mr Packer and others the daily EBITDA report for 2 November 2018.

MR BARTON: Yes.

40 MR BELL: And if you look at exhibit AA, tab 68, on the confidential link at CRL.501.053.2336, you see that on 3 November you sent Mr Packer and others some financial results for October 2018?

MR BARTON: Yes, that's the October 2018 flash results.

45 MR BELL: Right. And is it the case that prior to the commencement of the controlling shareholder protocol, you were providing information of a similar nature to these emails to Mr Packer?

MR BARTON: Not immediately prior to October but in past years this information did go to Mr Packer.

5 MR BELL: I see. So I take it by that you mean that in past years it had gone to Mr Packer under the authority of the services agreement, but that after he resigned from CPH there was an interregnum when he didn't receive the information until the protocol had been signed; is that correct?

10 MR BARTON: Well, in periods where he was a director of Crown he would have received it, and in periods where it was – he was not a director but a part of the CPH organisation under the confidentiality arrangements in the services agreement.

15 MR BELL: Yes, thank you. And whilst you were the chief executive officer of Crown Resorts in the period after 31 October 2018, you provided - - -

MR BARTON:

MR BELL: Sorry?

20 MR BARTON: I was chief financial officer, not chief executive officer, Mr Bell.

MR BELL: I do apologise; I will start again. Whilst you were the chief financial officer of Crown Resorts in the period after 31 October 2018, you provided financial information concerning Crown Resorts to Mr Packer on almost a daily basis; is that correct?

MR BARTON: That's correct.

30 MR BELL: And you did so because you understood that your authority to do so came from the controlling shareholder protocol?

MR BARTON: That's correct.

35 MR BELL: And if you missed providing financial information to Mr Packer on a particular day, he would often ask you where the information was, wouldn't he?

MR BARTON: We were quite regular with getting the reports out. There weren't many instances where we didn't but if we didn't get a report out and he was interested in seeing it that day he would normally ask for it, yes.

40 MR BELL: And so if I could ask you to look at exhibit AA, tab 105.

MR BARTON: Is that the one ending in 1765, Mr Bell?

45 MR BELL: It should be exhibit AA, tab 105.

MR BARTON: Yes, I think I have that.

MR BELL: It's on the confidential link. That's CRL.501.058.1765.

COMMISSIONER: Yes.

5 MR BELL: Do you see that on 26 April 2019 Mr Packer told you he hadn't received yesterday's daily report?

MR BARTON: Yes. Yes, I see that.

10 MR BELL: And you replied that it was Anzac Day and there was a shutdown in the IT systems; do you see that?

MR BARTON: It's normally the two days in the year where we shut down the casino.

15 MR BELL: Now, in the period after 31 October 2018, you weren't just providing information to Mr Packer. He was also giving you instructions, wasn't he?

20 MR BARTON: Mostly it was requests for information, Mr Bell. I don't recall too many instructions.

MR BELL: Well, can we look at exhibit AA, tab 72. It is on the confidential link CRL.501.062.4997.

25 MR BARTON: Yes, I see that.

MR BELL: Do you see these are emails that you exchanged with Mr Packer on 23 November 2018?

30 MR BARTON: Yes, I see that.

MR BELL: Mr Packer said to you that he knew Mike had spoken to you about preparing a downside plan for him. Mike was a reference to Mr Michael Johnston, I take it?

35 MR BARTON: Yes, I agree with that.

MR BELL: And Mr Packer said that he didn't believe your financial year forecast and was sick of always missing budgets. Do you see that?

40 MR BARTON: Yes, I see that.

MR BELL: And he asked you to prepare something for him that he could bank, and look at the net debt level through a conservative downside prism; do you see that?

45 MR BARTON: Yes, I see that.

MR BELL: You said you had spoken to Mr Johnston and that you would put together a full plan with a conservative downside scenario for him?

MR BARTON: Yes. Yes.

5

MR BELL: And if I could ask you to look at exhibit AA, tab 78, which is in the confidential link at CRL.501.067.0863.

MR BARTON: Yes.

10

MR BELL: You see that on 5 December 2018 Mr Packer emailed you again asking when you were going to have the downside plan for him.

MR BARTON: Yes, I see that.

15

MR BELL: And you replied that you had a version of the plan that you would take to Mr Johnston and Mr Alexander the next day. Do you see that?

MR BARTON: Yes.

20

MR BELL: And that you would be able to give it to Mr Packer the following night or at the latest on the weekend; do you see that?

MR BARTON: Yes.

25

MR BELL: And if I could ask you to look at exhibit AA, tab 81, which is in the confidential link at CRL.501.058.0890. You see that on 8 December 2018 Mr Packer asked you again when you would have the two new plans for him?

30

MR BARTON: Yes, I see that.

MR BELL: And if you look at exhibit AA, tab 82, on the confidential link at CRL.501.026.7313, do you see that on the evening of 7 December, Australian time, you sent Mr Packer the updated financial forecasts?

35

MR BARTON: Yes, I see that.

MR BELL: And Mr Packer said to you he "hoped that we can achieve this". Do you see that?

40

MR BARTON: Yes.

MR BELL: If I could ask you to look at exhibit AA tab 93, which is in the confidential link at CRL.501.059.7562, you see that on 12 February 2019 Mr Packer asked you to prepare financial plans that went out to financial year 2022?

MR BARTON: Yes.

MR BELL: And he asked you to make it conservative as he was getting angry with always missing out plans?

MR BARTON: Yes.

5

MR BELL: And if I could ask you to look at exhibit AB, tab 32; on the confidential link that's CRL.501.032.9065.

10 COMMISSIONER: There is a problem with the camera; I think Mr Barton might have muted his camera. So if you can just click on that, Mr Barton, if you can hear me so that we can bring you back. There we are. Thank you very much, Mr Barton. Now, Mr Barton, can you hear us? And we need you to de-mute your audio as well, please. Yes, Mr Barton, can you hear us now? Operator, what's the position? All right. Perhaps those assisting Mr Barton might help him unmute what has happened
15 with his video link.

MS ORR: Commissioner, we will attempt to assist but Mr Barton is not showing as muted for audio at my end, if that is of any assistance. It may be a different problem, but we will attempt to assist.

20

COMMISSIONER: All right. Thank you. Mr Barton, can you hear us yet? No. Do you need a break to fix it, operator? Yes, I will just adjourn shortly whilst the technology is attended to.

25

ADJOURNED

[12.08 pm]

RESUMED

[12.12 pm]

30

COMMISSIONER: Yes. Thank you. Mr Barton, can you hear us now?

MR BARTON: I can. Apologies, Commissioner. I'm not sure what happened
35 there.

COMMISSIONER: That's all right. Yes, that's all right, Mr Barton. Yes, Mr Bell.

40 MR BELL: Mr Barton, do you have in front of you exhibit AB32 on the confidential link CRL.501.032.9065?

MR BARTON: I don't believe I've got a hard copy, but if that could go up on the screen?

45 MR BELL: Can you see it on the screen?

MR BARTON: Yes, I can, Mr Bell.

MR BELL: And do you see that, on 28 February 2019, you provided a full reforecast for the balance of financial year 2019 to Mr Packer?

5 MR BARTON: I can see the top of that email, but it looks familiar. I agree with that.

10 MR BELL: Yes. Can you show the whole page please, operator. Do you see that, on the 28th of February you provided a full reforecast for the balance of financial year 2019 to Mr Packer?

10 MR BARTON: Yes, I see that.

15 MR BELL: And you said you – thank you. And you said that you were in the process of preparing a forecast for financial year '22, third-last paragraph.

15 MR BARTON: Yes, I see that.

20 MR BELL: And Mr Packer replied to you saying he thought you all had your heads in the sand this year?

20 MR BARTON: Yes, I see that.

MR BELL: He said he was sick of never meeting the plans; do you see that?

25 MR BARTON: Yes, I see that.

MR BELL: And he said to make sure, for your own sake, we achieve the 2020 plan. Do you see that.

30 MR BARTON: Yes, I see that.

MR BELL: And then he sent a follow-up email indicating that wasn't just for you, but for everyone. Do you see that?

35 MR BARTON: Yes, I see that.

MR BELL: Did you understand Mr Packer was implying that if the financial year 2020 plan wasn't achieved, your job might be at risk?

40 MR BARTON: I'm not sure I took it that way, Mr Bell. But he was making clear that he was looking for a plan that was achievable for fiscal year '20.

MR BELL: And if I could ask you to look at exhibit AA, tab 109.

45 MR BARTON: Yes, I have that, Mr Bell.

MR BELL: Which is on the confidential link at CRL.501.008.6079. And do you see that, on the 3rd of May 2019, Mr Packer asked you if you had a forward financial forecast that you believed in yet.

5 MR BARTON: Yes, I see that.

MR BELL: And that he was only interested until the end of 2022.

10 MR BARTON: Yes.

MR BELL: And you replied to him, telling him when you could provide him with an agreed plan with full financial information for financial year 2022.

15 MR BARTON: Yes.

MR BELL: And if you look at exhibit AA, tab 214, which is on the confidential link at CRL.568.028.6822, in September 2019, you were still – I'm sorry.

MR BARTON: Yes, I have that.

20 MR BELL: Do you see – thank you. And do you see that, in September 2019, you were still continuing to send daily EBITDA reports to Mr Packer?

MR BARTON: Yes.

25 MR BELL: Now, you attended the Crown Resorts Limited annual general meeting on the 23rd of October 2019; is that correct?

MR BARTON: Yes, I did.

30 MR BELL: And during the meeting you answered some questions from shareholders?

MR BARTON: Yes, I did.

35 MR BELL: I would like you to listen to this excerpt from the recording of the 2019 annual shareholders' meeting. Would you please play INQ.700.001.0018. INQ.700.001.0018.

40

RECORDING PLAYED

45 MR BELL: Mr Barton, that was you who answered the question from the shareholder, wasn't it?

MR BARTON: Yes, it was, Mr Bell.

MR BELL: And could I ask you to look at the transcript of the meeting, exhibit AA, tab 218, which is INQ.010.006.0312.

MR BARTON: Yes.

5

MR BELL: You will see that the question and answer we just heard starts at the bottom of page 8 and goes to the top of page 9 of the transcript, being the pages ending in the numbers .0319 and .0320.

10 MR BARTON: Yes, I see that.

MR BELL: And the question starting at the bottom of point 0319 is from Mr Stephen Mayne, which he said was a question for the independent directors. Do you see that?

15

MR BARTON: Yes, I see that.

MR BELL: And it was a question which focused, specifically, on communications with Mr Packer. Do you see that?

20

MR BARTON: Yes, I see that.

MR BELL: He asked if Mr Packer was getting access to company documents. Do you see that?

25

MR BARTON: Yes, I see that.

MR BELL: He asked whether Mr Packer was getting selectively briefed. Do you see that?

30

MR BARTON: Yes, I see that.

MR BELL: And he asked whether Mr Packer got special treatment. Do you see that?

35

MR BARTON: Yes, I see that.

MR BELL: Or whether Mr Packer was treated just like any other shareholder. Do you see that?

40

MR BARTON: Yes. Yes, I see that.

MR BELL: Now, if you look at the next page, .0320, you see that you interceded to answer that question which had been asked of the independent directors?

45

MR BARTON: Yes. I – I offered the chairman that I could make an initial comment on that.

MR BELL: And you referred to the services provided by CPH to Crown?

MR BARTON: Yes. I prefaced the question with a comment that it's in the context of Crown's broader relationship with CPH.

5

MR BELL: Yes. And you said that, in order to fulfil those services, information is provided to CPH; do you see that?

MR BARTON: Yes. Yes, I see that.

10

MR BELL: And you said that this had been disclosed for many years in the accounts; do you see that?

MR BARTON: Yes, I see that.

15

MR BELL: So your answer dealt only with the services agreement and did not refer at all to the controlling shareholder protocol which permitted confidential information to be provided to Mr Packer; correct?

20 MR BARTON: That's correct.

MR BELL: You hadn't forgotten about the controlling shareholder protocol when you chose to answer this question, had you?

25 MR BARTON: No. No, Mr Bell.

MR BELL: You deliberately misled the shareholders of Crown Resorts, Mr Barton, by failing to inform them about the controlling shareholder protocol when a direct question was asked.

30

MR BARTON: I asked – I answered the question, Mr Bell, and gave it the context that it was in a broader relationship in the broader context of CPH. The question, as I interpreted it, was directed to what information does our major shareholder get, being Mr Packer. I think people would generally accept that Mr Packer and CPH are both the parties who are a major shareholder and, in answering that question, I had regard to information which I knew was in the public domain, and knew was not subject to restrictions on disclosure, unlike the controlling shareholder protocol.

40 MR BELL: You deliberately misled the shareholders of Crown Resorts by failing to inform them about the controlling shareholder protocol, when a direct question was asked. That is the case, isn't it?

45 MR BARTON: No. No, Mr Bell. The question was directed to the information-sharing, and I answered it to the best I could based on information which was not subject to confidentiality restrictions.

MR BELL: You had been providing Mr Packer on, practically, a daily basis with confidential information of Crown which you knew, or understood, was authorised under the controlling shareholder protocol; correct?

5 MR BARTON: That's correct.

MR BELL: And the question that was asked of the independent directors was specifically focused on information provided to Mr Packer; correct?

10 MR BARTON: That's correct.

MR BELL: And you knew that Mr Packer was not entitled to information under the services agreement because he'd ceased to be a director of Crown Resorts and CPH; correct?

15

MR BARTON: Yes, which is why I answered the question in the context of CPH's relationship.

20 MR BELL: If you were concerned that the protocol was confidential, you could have truthfully said that you couldn't answer the question because of confidentiality restrictions, couldn't you?

25 MR BARTON: I could have answered it that way. I was attempting to be helpful to Mr Mayne to indicate that information was shared with CPH and – and trying to be helpful in giving him some context, the basis of the information-sharing.

MR BELL: Knowing what you knew about the controlling shareholding protocol and the extent to which you provided Mr Packer with information under it, I suggest to you that you gave a deliberately misleading response to the shareholders.

30

MR BARTON: I was trying to be helpful, Mr Bell, in indicating to Mr Mayne and the AGM that there were information sharing arrangements with CPH, and providing information to the extent I could, based on publicly available information.

35 MR BELL: Mr Mayne – you knew that Mr Mayne wasn't asking questions about information provided to CPH. He was focusing, specifically, on information provided to Mr Packer; that's the case, isn't it?

MR BARTON: That was the question he asked. Yes.

40

MR BELL: And the question that he posed was for the independent directors, which you interceded to answer; correct?

MR BARTON: That's correct.

45

MR BELL: Do you accept that you made a serious error of judgment in the way in which you chose to answer that question?

MR BARTON: No, I do not, Mr Bell.

COMMISSIONER: Why didn't you just tell him the truth, that you had been providing information to Mr Packer?

5

MR BARTON: Well, there's a confidentiality restriction in the controlling shareholder protocol.

COMMISSIONER: But that's about the document itself, isn't it?

10

MR BARTON: Yes, that's true.

COMMISSIONER: So couldn't you just say to him, in truth, "Yes, of course, I'm briefing Mr Packer on a daily basis."

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MR BARTON: Yes, that would have been a more complete answer, Commissioner.

COMMISSIONER: Well, it would have been a true one, wouldn't it?

20

MR BARTON: And it would have been a true answer, yes, Commissioner.

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

MR BELL: You tell this inquiry that you chose maintaining the perceived confidentiality of the arrangements with Mr Packer over telling the shareholders the truth?

30 MR BARTON: I gave the shareholders an indication of the existence of information-sharing regimes without being complete in answering the question in relation to Mr Packer.

MR BELL: Can you look at exhibit AA, tab 255, please. Do you see that this is the current Crown Resorts code of conduct, effective July 2020?

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MR BARTON: Yes, I see that.

MR BELL: And if you look at page ending in .0348 - - -

MR BARTON: Yes.

40

MR BELL: - - - you see this is a message to Crown Resorts employees from you, as the chief executive officer?

MR BARTON: Yes, I see that.

45

MR BELL: And you see, in the second last paragraph of your message, you say:

At Crown, we are committed to delivering our services lawfully, ethically and responsibly. It's imperative for our employees to do the right thing and act in accordance with our legal and regulatory framework.

5 Do you see that?

MR BARTON: Yes, I see that.

10 MR BELL: If you could turn to the next page, .0349, do you see clause 1.1 of the protocol provides:

It is imperative that our services are carried out lawfully, ethically, honestly and responsibly and with the highest standards of integrity and professionalism.

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Do you see that?

MR BARTON: Yes, I see that.

20 MR BELL: Do you say that you answered the question from the shareholder at the annual general meeting of Crown Resorts ethically and honestly?

MR BARTON: It was honest, Mr Bell.

25 MR BELL: Do you say it was ethical to not disclose the fact that you were providing information to Mr Packer on, practically, a daily basis under a controlling shareholder protocol in his favour?

30 MR BARTON: Again, I tried to provide an answer to the question on the basis of publicly available information and give Mr Mayne an indication of the fact that information was shared with a major shareholder.

MR BELL: I suggest that you fell well short of the standard of acting ethically and honestly, Mr Barton; do you agree?

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MR BARTON: No. I don't agree with that, Mr Bell.

MR BELL: No further questions.

40 COMMISSIONER: Was there any sensitivity about telling Mr Mayne that you were dealing with Mr Packer?

45 MR BARTON: No, Commissioner. That would have been an answer I could have given. And given I could – I could talk about CPH and answer the question in that context, it was open to Mr Mayne to ask a further question. But, in hindsight, I could have easily answered the question to say that Mr Packer also gets information directly.

COMMISSIONER: Yes. And I think it was obvious that Mr Mayne was interested not in the broader question that you chose to address, but, certainly, in the individual, for whatever reason - - -

5 MR BARTON: Yes.

COMMISSIONER: - - - he wanted to know whether you were briefing Mr Packer in a way that he wasn't briefed; that was his complaint, wasn't it?

10 MR BARTON: Yes, it was.

COMMISSIONER: Because he was alleging that you weren't communicating with the shareholders in an open way. You were only doing it on the ASX platform, and he had to search for the material. Do you recall that?

15 MR BARTON: Yes. Yes.

COMMISSIONER: And so he was not advised of the reality of the obvious communications in the circumstances where, I think, if you had your time again, you 20 would have told him the truth?

MR BARTON: Yes. I would have said Mr Packer gets it as well.

COMMISSIONER: Yes. Yes, Ms Sharp, I think.

25 MS SHARP: Yes. Commissioner, with your leave, I will now ask some questions.

COMMISSIONER: Yes, of course.

30 **<EXAMINATION BY MS SHARP** [12.29 pm]

MS SHARP: Mr Barton, may we take it that you're aware that one of the key 35 objectives in section 4A of the Casino Control Act New South Wales is ensuring that the management and the operation of a casino remain free from criminal influence or exploitation?

MR BARTON: I'm not specifically familiar with 4A, but I understand the concept 40 you've described, Ms Sharp.

MS SHARP: And you accept that the reason for that concept is because casinos are vulnerable to infiltration by organised crime?

45 MR BARTON: Yes, I agree with that.

MS SHARP: And may we take it, for as long as you have worked at Crown, you have been aware of that vulnerability?

5 MR BARTON: To varying degrees, Ms Sharp. Certainly not initially, but over time I would have gained that awareness.

MS SHARP: Is it your evidence that you, when you commenced working at Crown, were not aware that casinos were vulnerable to infiltration by organised crime?

10 MR BARTON: I had no prior experience in the industry, Ms Sharp, when I joined. So that knowledge wasn't immediately obvious to me, but I have gained it over time.

MS SHARP: It became apparent to you fairly quickly, did it?

15 MR BARTON: I wouldn't say fairly quickly, Ms Sharp.

MS SHARP: You accept, don't you, that casinos are vulnerable to money laundering?

20 MR BARTON: Yes. Yes, I accept that.

MS SHARP: And it's correct that you have always been aware of that vulnerability during your time at Crown?

25 MR BARTON: Again, I wouldn't say always but I've acquired that expectation or understanding over time.

MS SHARP: You've had that understanding for some years, have you not?

30 MR BARTON: Yes, for some years, I would say.

MS SHARP: Do you accept that there is a significant risk that junket operators may have associations with organised crime?

35 MR BARTON: I'm not sure I would characterise it as a significant risk, but I agree there's a risk.

MS SHARP: Well, how would you characterise that risk, please, Mr Barton?

40 MR BARTON: I think it's – there's always the potential for criminal elements to find their way into the casino. And the junkets in particular, given the nature of their operations and where their customers come from, is a greater risk than other parts of the operation.

45 MS SHARP: Now, you recently commissioned Deloitte to do a report on junket due diligence for Crown?

MR BARTON: That's correct.

MS SHARP: You're aware, aren't you, that Deloitte characterised relationships with junket operators as potentially high-risk business relationships?

5

MR BARTON: That sounds right.

MS SHARP: And you accept that that is in fact the case?

10 MR BARTON: It's certainly a higher risk than other customers; I agree with that.

MS SHARP: Well, do you accept that there is a significant risk that junket operators may have associations with organised crime?

15 MR BARTON: I don't have enough knowledge of the relationships junkets have to say that's a significant risk, but I agree it's a risk.

MS SHARP: Mr Barton, are you telling us that after – I withdraw that. You've, I understand, followed the evidence of this Inquiry fairly closely?

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MR BARTON: Yes, I have, Ms Sharp.

MS SHARP: You have sought to absorb the learnings of the evidence of this Inquiry?

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MR BARTON: Yes, I have, Ms Sharp.

MS SHARP: Are you really suggesting that after hearing all that evidence, you don't accept that there is a significant risk that junket operators may have 30 associations with organised crime?

MR BARTON: I think there is definitely a risk. Whether I would characterise it as significant, I haven't done enough due diligence on my own to be able to determine that.

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MS SHARP: Mr Barton, isn't the very essence of a proper risk management framework appropriately characterising the risk in the first place?

MR BARTON: Yes, I agree with that.

40

MS SHARP: How do you characterise the risk of junket operators having associations with organised crime?

MR BARTON: How do I characterise it – I'm sorry, what was the question, Ms 45 Sharp?

COMMISSIONER: What level of risk would you characterise it?

MR BARTON: Yes, certainly, I think the entry point of risk with junkets starts off as high. We have to accept that they're high risk when we start the relationship.

MS SHARP: And have you known this the entire time you have worked with

5 Crown?

MR BARTON: My historical role didn't involve extensive interaction with the VIP business which is the operating unit that has the significant relationship with junkets. So in past years, it was not a part of the business I had a lot of involvement in.

10

MS SHARP: But you were the chief financial officer for the business for many years, weren't you?

MR BARTON: Yes, I was.

15

MS SHARP: And you were aware at all times that a very significant proportion of Crown's overall revenue came from the VIP business?

MR BARTON: Yes, it's a proportion; it's not the major proportion but it is a

20 significant part of the business.

MS SHARP: It would be fair to say around 25 per cent; would you agree with that?

MR BARTON: It's – it has been around 20 per cent, perhaps as high as 25 per cent

25 but – in terms of revenue, but a lower proportion in terms of its contribution to our profits.

MS SHARP: And surely you understood, given that contribution that VIP made to the overall revenue of Crown, that junkets were important in deriving that revenue?

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MR BARTON: Yes, I agree with that.

MS SHARP: And surely you endeavoured to ascertain some understanding of how junkets operated so you understood how this revenue was derived?

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MR BARTON: I had some understanding of the components of the revenue in the VIP business but not a lot of understanding of the detailed operational aspects of the business.

40

MS SHARP: When do you say you became aware for the first time that junket operators present the kinds of risks that we have just discussed?

MR BARTON: My – my interaction with the VIP business around their junket business units wasn't extensive until quite recently, Ms Sharp.

45

MS SHARP: Well I'm not asking about your interaction with the VIP national business, I'm asking about your understanding of the risks that junkets present. When did you reach that understanding you've just told us about?

5 MR BARTON: Yes, I think over the last 12 months we've seen a lot of information come to us around junkets.

MS SHARP: And do I take it from that, that prior to the last 12 months you did not understand the risks that junket operators presented in terms of links with organised
10 crime?

MR BARTON: Certainly not a deep understanding of those potential risks.

MS SHARP: Do you agree that it is notorious that a number of major junket
15 operators in Macau have links with organised crime?

MR BARTON: Yes, that's certainly been suggested through various sources of information and publications; I agree with that.

20 MS SHARP: So you agree that that is the case?

MR BARTON: I agree it's – it's – I think the word is notorious, so I think it is – it is notorious that that is the case.

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

MR BARTON: Really, again, over the same time period, that these – the connections have been more heavily publicised.

30 MS SHARP: Now, given the vulnerability of casinos to money laundering, what steps have you, firstly, as chief financial officer, and more latterly as the chief executive officer, taken to familiarise yourself with the means by which money laundering can occur at casinos?

35 MR BARTON: Certainly not in my time as the chief financial officer but over the last nine months, since January, I've made money laundering much more of a topic of interest. And in fact, it's one of the areas that I've focused on in terms of overall improvement opportunities for the organisation and have presented on a number of occasions in recent times to the board around some areas of potential improvement,
40 particularly in the money laundering area. And I've introduced a project or a number of projects. There's eight separate work streams we're working on to improve - - -

MS SHARP: Mr Barton, I will give you the opportunity to tell us what improvements you have recently suggested but my question was rather different and it's this: what steps have you taken to familiarise yourself with the means by which money may be laundered at casinos?

MR BARTON: I've spent time with our AML team. I've understood about the AML processes, the – our joint program. I've spent time with the team on their training programs, and have worked with some external consultants on developing some proposals to do some work on reviewing and suggesting improvements to our

5 AML processes.

MS SHARP: Do you have any specific training in anti-money laundering?

MR BARTON: No, I do not.

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MS SHARP: I take it you have no specialist qualifications in anti-money laundering and counterterrorism financing?

MR BARTON: No, I do not.

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MS SHARP: Is it correct that the directors of the Crown Resorts board have no training in anti-money laundering?

MR BARTON: I wouldn't say no training. Crown does have online training

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available which covers a range of areas, including AML. So online training is available to all employees. I've done that training and the directors are scheduled to do that training as well. I'm not sure at what stage - - -

MS SHARP: Well, if I can stop you there, Mr Barton. My question was what

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training the directors did have. You have referred to some training that they will have. What training have they had in anti-money laundering?

MR BARTON: Yes, and as I was finishing that question, I'm not sure at what status their training is up to. Some may have done it by now. I don't know what the

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current status is.

MS SHARP: So to the best of your knowledge is it the case that they have done no training in anti-money laundering?

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MR BARTON: They may have in previous roles. Some of the directors may have had exposure to AML training outside of Crown. But as it relates to Crown, the only training that I'm aware of is that they're progressively being introduced to our internal AML training program.

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MS SHARP: But as the chief executive officer of Crown Resorts you are not in a position to indicate whether any of the directors of Crown Resorts have at this stage had any training in anti-money laundering?

MR BARTON: I don't have knowledge of that at the moment, no.

45

MS SHARP: You say at paragraph 59 of your third statement that prior to November 2017 Crown's anti-money laundering team comprised two full-time dedicated anti-money laundering employees. Who were they?

5 MR BARTON: That was Mr Scott Howell in Melbourne, and his counterpart in Perth, and I don't recall her name at the moment.

MS SHARP: Now, Ms Lane was the group general manager of anti-money laundering

10 MR BARTON: I'm sorry, I lost the end of that question.

MS SHARP: Ms Lane, until her departure from Crown, was the group general manager of anti-money laundering, wasn't she?

15 MR BARTON: Yes, that's correct.

MS SHARP: Right. But you haven't counted her when you've spoken of the two full-time employees?

20 MR BARTON: I think the time period you were referring to was before 2017 and Ms Lane was employed after that time.

COMMISSIONER: Where was she employed before that?

25 MR BARTON: She was employed in various entities that related to CPH, Commissioner. Originally Consolidated Media Holdings and then later I think she was working for Consolidated Press Holdings as a legal counsel.

30 COMMISSIONER: I see. So the Ms Lane who is listed in the services agreement is the same person that we're referring to?

MR BARTON: That's correct, when she was working for CPH.

35 COMMISSIONER: I see. Yes.

MS SHARP: Now, your third statement refers to a board paper that you prepared on 10 September 2020. Could I take you to that board paper. It's a confidential document, I'm told, so just to the confidential screen, please. It's

40 CRL.695.001.0004. Now, it's right, isn't it, Mr Barton, that what you do in appendix A, which is at pinpoint 0018, is make some observations on this Inquiry to date.

MR BARTON: Yes, that's correct.

45 MS SHARP: And if we take you over to 0019, please - - -

MR BARTON: I'm not sure I've got that document, Ms Sharp, but I do have a copy of that paper so if you could just give me the page reference on the document.

MS SHARP: Yes, could I take you to page 16 please, Mr Barton.

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MR BARTON: Yes, I have that. Yes, I've got that.

MS SHARP: Now, these are observations you have made after carefully following the evidence given during this Inquiry; is that correct?

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MR BARTON: That's correct.

MS SHARP: And one of those observations is that there have been multiple structured transactions in the Riverbank and Southbank accounts.

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MR BARTON: Yes.

MS SHARP: And that, of course, is that the structuring is an indicia of money laundering; would you agree?

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MR BARTON: Yes, I would agree with that.

MS SHARP: Another observation you make is the practice of aggregation of the transactions by the cage in Melbourne and Perth?

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MR BARTON: Yes.

MS SHARP: And you agree, do you, that that indicates that there has been a level of failure with the transaction monitoring program?

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MR BARTON: Yes, that was certainly human error that was introduced into the process for entering data into the SYCO system, yes.

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MS SHARP: All right. We will come back to that. You also raise a point that there is a concern with third party transfers. What's that concern please, Mr Barton?

MR BARTON: So there are times when our customers, particularly a junket operator, would have funds in our account which would be part of our financial arrangements with them, for their gambling activities. At the conclusion of a program, those funds are dealt with to the junket operator and typically they would be returned to whatever his account is. But there have been instances where the operator may ask that those funds be transferred to a third party and - - -

MS SHARP: And what's the problem with that happening?

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MR BARTON: Well, what we want to make sure is that the funds aren't being transferred to a party who doesn't have a relationship with the operator, and that we

understand that it's going to a counterparty who doesn't present us with any – any reputational risk.

5 MS SHARP: So do you agree that one of the issues with third party transfers is they give rise to a risk of money laundering?

MR BARTON: It potentially does do that. Typically, if it's a bank to bank transfer it's less of an issue, but certainly it does present a risk.

10 MS SHARP: And another observation you make relates to cash dealings outside the cage. This is a reference to what occurred in the Suncity room at Crown Melbourne, is it?

MR BARTON: Yes. Yes, that's right, in their cash desk, yes.

15 MS SHARP: And what happened was that Suncity had a cash desk in that room from early 2014; do you agree with that?

MR BARTON: I don't recall the date, but I don't disagree with that.

20 MS SHARP: And that arrangement only terminated in around August of last year?

MR BARTON: I think that's right, yes.

25 MS SHARP: And do you agree that the problem with that arrangement was that Crown had very little visibility over the transactions that were occurring at the Suncity cash desk?

MR BARTON: Yes, I agree with that.

30 MS SHARP: And that introduced a significant risk that money could be laundered in that cash desk and Crown would not detect it?

MR BARTON: It certainly creates a risk of money laundering.

35 MS SHARP: Each of these observations you've identified under the AML Specific Issues heading, would you agree that they were serious shortcomings on the part of Crown?

40 MR BARTON: They were certainly shortcomings. And in some cases, yes, historically, there were serious shortcomings particularly in the structured transactions in 2015.

45 MS SHARP: Now, you've identified under the heading AML General Issues a number of things; is it fair to say these are matters where you see there could be room for improvement?

MR BARTON: Yes, I do.

MS SHARP: And that's because you have identified deficiencies in the past?

5 MR BARTON: Some of them are opportunities for improvement. Some of them reflect deficiencies in the past.

MS SHARP: One of the things you say here is the AML team has been under-resourced. Do you accept that's a deficiency?

10 MR BARTON: It's certainly an area that we need to improve. I wouldn't necessarily say it has been a deficiency but it's certainly something which, given the – what my expectations are about improvements in the area, I think that's something that is definitely an area that we need to look at improving.

15 MS SHARP: I will just quibble with that language a little bit. You do say here that it's under-resourced; doesn't that necessarily mean you identified a deficiency?

20 MR BARTON: It's certainly an issue. And I think deficiency is a term that can be used in that case.

MS SHARP: Now, another deficiency, if you will agree with me, was that the AML function had been highly manual?

25 MR BARTON: Yes, that could be described as a deficiency.

MS SHARP: Another deficiency related to reporting and transparency because there were not direct reporting lines to the board in relation to AML issues.

30 MR BARTON: Yes.

MS SHARP: And another deficiency was in relation to the leadership from senior management and the board in relation to AML issues.

35 MR BARTON: Yes, I agree with that.

MS SHARP: The last point you make on page 16 is:

Reporting alone is not sufficient when it comes to money laundering.

40 Why is that, Mr Barton?

MR BARTON: Well, I think, historically, we've worked on the premise that if we meet our obligations to the agencies – and in this case, particularly AUSTRAC – that that is our requirement. And my view is that in addition to meeting our reporting obligations, I believe we need to use information that we gather through the AML process as part of our consideration of the relationship we have with customers. If

we do see that there are continual reporting of issues to AUSTRAC, that should be an indicator to us that it's appropriate for us to revisit our relationship with that customer.

5 MS SHARP: One of the points you make in your third statement is that:

Crown needs to be more proactive in relation to anti-money laundering.

What do you mean by being more proactive?

10 MR BARTON: So I think there are some areas where we've got the ability to do a much more extensive job at identifying potential risk areas. And as you've mentioned, we've got a highly manual process. One of the areas that we can improve on is getting better access to data, better oversight of data and using
15 technology as a way of better understanding the relationship between the various sources of data that we have. So one of our major projects is to look at gathering information from our casino management system which has information about patrons and customers, incorporating information we get from other sources, incorporating information from our banks and using technology as a way of
20 identifying potential vulnerabilities or risks by having much more sophisticated data analytics capability.

MS SHARP: Is it fair to say that in the past Crown has focused on reporting and has not been proactive in terms of preventing money laundering?

25 MR BARTON: I would agree that our focus has been on reporting and compliance rather than prevention or looking at relationships with customers; I would agree with that.

30 MS SHARP: And how significant do you rate this matter as being?

MR BARTON: I think it's – it's critical. I think it's critical, and we need to do a lot of things and there are some things we can do immediately to significantly reduce, as you say, to work on the prevention of money laundering rather than reporting it. And
35 we've got a series of actions and – and principally at the moment we're working actively to reduce, for example, any potential for patrons to deposit cash into our bank accounts. I've seen that as a significant vulnerability and it's not - - -

40 MS SHARP: I will come back to that, if I may, Mr Barton. You've said that it is critical. Does that mean that you accept that the failure to be proactive in the past was a critical failure on the part of Crown?

45 MR BARTON: No, no. But I see it as something that needs to be considered immediately, particularly while we're in a time when we've got the opportunity to improve our systems when particularly our major casinos are not operating.

MS SHARP: I just want to understand that in your position as the chief executive officer of Crown Resorts, how significant a problem do you say it was that Crown was not being proactive in relation to preventing money laundering?

5 MR BARTON: I think at a base level, that we've got our compliance processes to address our regulatory obligations was the critical starting point. I think the ability to go beyond that and be very proactive at eliminating the risk of money laundering before we encounter it, I think that is something that is something that is incumbent on us to do and it is something I think we have the capability to do over time.

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MS SHARP: At paragraph 16 of your third statement, you say that:

Permitting patrons to deposit cash into our bank accounts creates a particular vulnerability.

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Why is that?

MR BARTON: Yes, so our systems and controls are largely focused on activities within the casinos. So most of the transactions with our patrons occurs at the cage and the benefit of transactions at the cage is that people have to present themselves physically and we've got security and surveillance to interrogate any of the individuals who come to transact with us through the cage. And also, it's the – it's the place where some of our systems are very good at tracking information. The issue with our bank accounts is that it's possible for people, and it remains possible for people, to deposit cash into our bank accounts without us having any direct visibility of that.

So to the extent we can eliminate the potential for cash deposits into remote branches of our bank account and focus cash transactions to those that only occur at the cage where we have better controls and disciplines, I think that actually helps us focus our resources on the area where we can do well and eliminates the potential risk and issues around tracking deposits – cash deposits from patrons, the potential for, as you mentioned, structuring and all the risks that come with transactions in our bank account that we have no control over.

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MS SHARP: Mr Barton, when did you first realise that permitting patrons to deposit cash into Crown bank accounts created a particular vulnerability?

MR BARTON: I think I've seen in recent times that over the last six or 12 months that that cash deposits is something that does create additional risks, risks that we don't need to take on. And over that time, I think I've seen that there are opportunities for us to reduce that exposure.

MS SHARP: Wasn't this always a very obvious risk, Mr Barton?

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MR BARTON: Cash deposits into our bank account; yes, I think that's always been a risk.

MS SHARP: And you've always recognised it as one during your tenure at Crown?

MR BARTON: I would say I've got a greater recognition of it now but over time I've seen instances where that does present a risk as well.

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MS SHARP: It's correct, isn't it, that Crown has recently put an end to telegraphic transfers to third parties?

MR BARTON: Subject to a very stringent approval process.

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MS SHARP: So in certain cases Crown will still permit telegraphic transfers to third parties?

MR BARTON: Yes. Yes, provided it's approved by the CEO of Australian
15 Resorts.

MS SHARP: When did you first become aware that telegraphic transfers to third parties presented a money laundering risk?

20 MR BARTON: Well, the issue of third party transfers I think was addressed by my colleagues, Mr Felstead and Mr Preston towards the end of last year.

MS SHARP: So when did you first become aware of it being a risk, Mr Barton?

25 MR BARTON: Well, I was given information about that process improvement and at that time it was explained that there are particular risks around third-party transfers.

MS SHARP: So you only became aware of the risk last year; is that right?

30

MR BARTON: Yes, that's right.

MS SHARP: Wasn't this a fairly obvious risk, Mr Barton?

35 MR BARTON: The risk of transfers between bank accounts from one domestic bank to another domestic bank on the face of it doesn't present a risk as a transaction; that's a fairly normal transaction. But the risk of it going to a counterparty where we don't have the ability to do due diligence on the counterparty, that presents a risk.

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MS SHARP: I see you've repeated reference in your statement and in various emails to patron accounts that are controlled by Crown. What do you mean when you refer to patron accounts?

45 MR BARTON: Well, there will be two types of patron accounts, one would be patron deposit accounts at the bank. So we do have accounts with banks where we direct patrons to deposit funds. We also have, in our casino management system,

accounts that we keep in the name of the patron. So the patron will have, within our database, a series of information fields that would be collecting information about that patron. So if they deposit cash or make any deposit into our bank account that's recorded against that patron account. And any time they transact with us through the cage and draw down chips or take any other transaction with us, then that would be recorded in that patron account as well, as well as other information about the patron.

MS SHARP: Is it right that you sometimes refer to particular bank accounts as being patron accounts.

MR BARTON: Well, I'd call those patron deposit accounts as distinct from patron accounts in our casino management system.

MS SHARP: Perhaps I will just take you to paragraph 39A of your third statement, if I can, so we can clarify this. At 39A, you speak of a thorough review of the Riverbank account and other patron accounts.

MR BARTON: Yes.

MS SHARP: Now, you agree that in this context, a patron account is a bank account?

MR BARTON: Yes, that would be a patron deposit account, that's right.

MS SHARP: So is it your evidence that when you refer to patron accounts in the sense of bank accounts, you're referring to accounts into which patrons can make deposits?

MR BARTON: That's right.

MS SHARP: Commissioner, I see the time.

COMMISSIONER: Yes, thank you, Ms Sharp. Mr Barton, we're going to have a luncheon break now and so I will ask you to return a little before 2 so that we can ensure that all the technological connections are working, and so I will adjourn for the luncheon adjournment. Thank you.

MR BARTON: Thank you, Commissioner.

ADJOURNED

[1.01 pm]

RESUMED

[2.00 pm]

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

MS SHARP: Mr Barton, could I take you to a document, please. It's exhibit CB14 and it's confidential, so I will just have it on the confidential feed, please. It's CRL.563.002.4035.

5 MR BARTON: I don't think I have a hard copy of that, Ms Sharp, if you could put it on the screen.

MS SHARP: Yes, is it appearing on the screen for you now, Mr Barton?

10 MR BARTON: Yes, it is.

MS SHARP: And you will agree that's a memorandum from Mr Joshua Preston to Mr Felstead – I beg your pardon, to Mr Johnston, dated 4 August 2019?

15 MR BARTON: To Mr Johnston and Mr Carr.

MS SHARP: Yes. And you've seen a copy of this before?

MR BARTON: Yes, I have.

20 MS SHARP: Could I take you, please, to pinpoint reference 4042. And could I just direct your attention to the heading towards the bottom of the page Question, and what is being conveyed there is how many debits and credits have moved through the various Riverbank and Southbank accounts in the previous 12 months.

25 MR BARTON: Yes, I see Southbank on the screen.

MS SHARP: Yes. And in relation to that particular Southbank account, you would agree that around – there are about \$320 million in debits and then around \$320 million in credits in that last 12-month period?

MR BARTON: Yes, I agree with that.

30 MS SHARP: So you would agree that massive amounts of money moved through the Riverbank and the Southbank accounts each year?

MR BARTON: \$320 million is a significant amount of money but in the context of our group, it's less than 10 per cent of our revenues.

40 MS SHARP: But on any view, it remains a massive amount of money?

MR BARTON: It's a large amount of money.

COMMISSIONER: So what is the usual revenue?

45 MR BARTON: Back when we were operating, Commissioner, in 2019 our total revenues were about \$3.2 billion.

COMMISSIONER: So this – if you go over the page it's more than 300, but if you look at the total in just one small account, 320 million is a significant amount, you agree; yes?

5 MR BARTON: Yes, I agree.

COMMISSIONER: Yes, Ms Sharp.

MS SHARP: And I can show you the next page, if I can, so you can see what's
10 moved through the other accounts.

MR BARTON: Yes, I see those.

MS SHARP: Now, the position today is that Riverbank Investments Proprietary
15 Limited and Southbank Investments Proprietary Limited no longer operate any bank
accounts?

MR BARTON: That's correct.

20 MS SHARP: And is it correct that Crown is going to take steps to deregister these
companies?

MR BARTON: Yes, we are.

25 MS SHARP: Now, Mr Barton, you've had the opportunity to reflect on what I'm
about to ask you. What were the problems with the Riverbank and the Southbank
accounts from an anti-money laundering perspective?

30 MR BARTON: Well, firstly, there was the naming of those accounts. So having a
bank account in the name of the casino provides complete transparency for anybody
who is reviewing transactions to see the counterparty to those transactions, and so
having an account in the name of a subsidiary with investments has the potential to
make the review or scrutiny of those accounts more challenging.

35 MS SHARP: Is that the only problem that existed with those accounts from an anti-
money laundering perspective?

40 MR BARTON: Well, there's also – given that the AML reporting entities were
different to those – to those companies, it meant that there potentially was a risk that
to the extent there was designated services being provided that the systems might not
capture transactions. Although there were controls in place to make sure that
happened, it would be preferable not to have accounts in subsidiaries other than the
actual AML reporting entity.

45 MS SHARP: Were there any other problems with the Riverbank and Southbank
accounts from an anti-money laundering perspective?

MR BARTON: There were transactions going through those accounts but probably not because they were specifically Riverbank and Southbank. If your question is what particular issues arise from Riverbank and Southbank, those would be the two that I would refer to.

5

MS SHARP: Isn't the biggest problem with these accounts that they may have facilitated money laundering over the years?

10 MR BARTON: We certainly saw, in '2014 and '15, particularly in the Riverbank accounts, there were a series of structured transactions that went through that account. And it did go through the Riverbank account but, equally, if we had been operating a Crown Perth account that could have happened in the Crown Perth account as well.

15 MS SHARP: So I will ask my question again: isn't the biggest problem with these accounts the fact that they may have facilitated money laundering?

20 MR BARTON: Historically, the fact that there were structured transactions going through the account, I agree that's a problem with those particular accounts.

COMMISSIONER: Why did you say 2015; do you not think that it continued into 2016?

25 MR BARTON: Commissioner, I did take a look at the transactions that went through those accounts subsequent to 2015. So I've done a review of the Riverbank and Southbank accounts and the transactions that went through those accounts. The number of – and particularly with a focus on cash deposits under \$10,000, and they dropped substantially over the periods after 2015. In - - -

30 COMMISSIONER: It was still occurring in 2016, wasn't it?

MR BARTON: Yes, they were, Commissioner. By 2017 in Riverbank there was only \$26,000.

35 COMMISSIONER: Just pause. You see, you put 2015 in the answer to Ms Sharp which is why I asked you about it, and you also put it in the board paper. But it is the case that the reality is that it continued in, albeit subsiding, into 2016, didn't it?

40 MR BARTON: Yes, that's correct, Commissioner.

COMMISSIONER: And so for clarity and care and caution, it's appropriate to deal with it. Yes, Ms Sharp.

45 MS SHARP: Isn't one of the biggest problems with these accounts that they may have facilitated money laundering over the years?

MR BARTON: Yes, that's definitely a problem with it, yes.

COMMISSIONER: I think he said yes.

MS SHARP: Now, you have been a director of Riverbank since August of 2014?

5 MR BARTON: That's correct.

MS SHARP: And you were a director of the Southbank company since June of 2017?

10 MR BARTON: That's correct.

MS SHARP: Now, at all times while you have been a director of these two companies, have you been aware that neither of these companies were reporting entities for the purpose of the Anti-Money Laundering Act?

15 MR BARTON: I am aware of that now, yes.

MS SHARP: Now, my question was at all times since you have been a director of these companies?

20 MR BARTON: I wasn't aware that it wasn't a reporting entity when I joined the boards of those companies.

25 MS SHARP: And when did you first become aware that these companies were not reporting entities?

30 MR BARTON: That would have been more recently when I've been looking at the roles of the subsidiary accounts and the reporting entity accounts and the distinction between the reporting entities under the AML program and the subsidiaries, so quite recently.

MS SHARP: Isn't that a fairly significant piece of information that you weren't aware of for a long time while you were the directors of these two companies?

35 MR BARTON: It is a significant piece of information, I agree.

MS SHARP: Well, because the only purpose of these two companies was to operate these bank accounts, wasn't it?

40 MR BARTON: That's correct.

MS SHARP: And you were a director of both of these companies. How do you account for the fact that you weren't aware that they weren't reporting entities?

45 MR BARTON: Well, the operation and management of those accounts was being done through the business unit and with the financial and other teams. Theirs was the responsibility for the management and operation of those accounts.

MS SHARP: Do you accept that it reflects poorly on your own diligence as a director in relation to these companies that you weren't aware they were not reporting entities until recently?

5 MR BARTON: Well, as a director, I do have the – the ability to rely on expert resources within the organisation to conduct services and provide services to the entities that I'm a director of.

MS SHARP: So is the answer “no”?

10 MR BARTON: The answer is “no”.

MS SHARP: Were you aware that Riverbank was not part of Crown Perth's designated business group for the purpose of the Crown Perth anti-money laundering
15 compliance program?

MR BARTON: I am aware that's the case.

MS SHARP: When did you first become aware that was the case?

20 MR BARTON: In recent times, when I've looked at the AML reporting framework.

MS SHARP: And, just to be clear, how recently?

25 MR BARTON: Over the last six months.

MS SHARP: And this is the case, notwithstanding that you are a, or you were, or have been a director of Riverbank since August 2014, and you were the CFO of Crown Resorts for the entire period.

30 MR BARTON: That's correct.

MS SHARP: And may we take it that you were not aware, until very recently, that Southbank was not part of Crown Melbourne's designated business group for the
35 purpose of Crown Melbourne's AML compliance program?

MR BARTON: Yes, that's correct.

MS SHARP: Now, you do agree, don't you, that it's not every day that a bank decides to close accounts operated by a publicly listed company?

MR BARTON: Yes. I agree with that.

MS SHARP: You agree, don't you, that if a bank decides to close an account operated by a publicly listed company, it's generally because the bank has a very serious concern about the operation of that account?

MR BARTON: That could be one reason. There are other reasons, potentially, if the bank, for example, takes a view that it doesn't want to participate in a particular industry segment. So there are – there may be other reasons why a bank may choose to cease a relationship beyond specific issues with an identity.

5

MS SHARP: You refer, in your third statement, to ANZ taking the decision to close the Riverbank account in 2014. However, you haven't referred, in your statement, to the fact that HSBC had previously closed those same accounts in 2013. Is there some reason for that?

10

MR BARTON: I wasn't aware of the accounts that HSBC operated in 2013. That's only material I've seen through the course of preparing for this – this Inquiry.

15

MS SHARP: But you were aware, as you were preparing your statement, weren't you, that HSBC had closed the Riverbank and the Southbank accounts in 2013?

MR BARTON: Yes. I was aware of that.

MS SHARP: So by the time the ANZ closed the Riverbank accounts in 2014, this was the second time a bank had closed those same accounts; do you agree?

MR BARTON: That's correct.

MS SHARP: Is it your evidence that when you dealt with ANZ in 2014 you were not aware, in 2013, that Riverbank had closed – I beg your pardon – that HSBC had closed the Riverbank accounts?

MR BARTON: No. I wasn't aware of that at the time.

30

MS SHARP: And no one within Crown made you aware of that fact?

MR BARTON: No.

MS SHARP: Do you consider that was an important piece of information for you to have had at the time you were dealing with ANZ?

MR BARTON: It could have been relevant to the discussions with ANZ. I agree.

MS SHARP: Well, do you think, now you know about the closures, it probably was relevant to the discussions you had with ANZ in 2014?

MR BARTON: I think, in relation to HSBC, the reasons that they closed the accounts are different to the reasons that ANZ closed the accounts. HSBC closed their accounts in 2012 and 2013 for the reason I mentioned previously, that they were looking to exit the gaming sector globally, and it wasn't anything to do with Crown, specifically.

MS SHARP: Now, it's right, isn't it, that you were involved in negotiations with ANZ in 2014 about the closure of the Riverbank accounts because you were responsible for managing the relationship with ANZ?

5 MR BARTON: That's correct.

MS SHARP: At that time, were you responsible for managing the relationship between all of the banks with which Crown did business?

10 MR BARTON: Only the banks that we dealt with in relation to the areas that I had responsibility for, which was largely around funding, balance sheet management, capital structure. So not – not all banks where there are no capital markets or sort of corporate level responsibilities.

15 MS SHARP: You do agree that ANZ made Crown and you, in particular, aware that it had detected structuring in the Riverbank accounts in 2014?

MR BARTON: Yes. I agree with that.

20 MS SHARP: And you understood, at that time, that structuring was a form of money laundering?

25 MR BARTON: Well, I understand that structuring is a potential indicator of money laundering, but, as I understand it, money laundering has other prerequisites before it could be demonstrated to be money laundering.

MS SHARP: I put that question badly. I will put it again. You did understand, in 2014, that structuring was an indicia that money laundering could be occurring?

30 MR BARTON: Yes. Yes, I agree with that.

MS SHARP: So you do agree that, in 2014, you were aware that ANZ was concerned about the prospect of money laundering in the Riverbank accounts?

35 MR BARTON: It was certainly concerned about that structuring – and I don't know, specifically, what they took from that – but, presumably, the structuring was, as you say, an indicator of money laundering.

40 MS SHARP: You will agree that one of the questions that ANZ raised with you in 2014 was why patrons were able to deposit money into the Riverbank account rather than directly into a Crown operated account?

MR BARTON: I know there was a series of questions that ANZ asked. I'm not sure if that was one of the specific questions.

45

MS SHARP: And do you agree that one of the questions ANZ asked was why the word “investments” appeared all in the company name Riverbank Investments Proprietary Limited?

5 MR BARTON: Yes. I agree that was a question they asked.

MS SHARP: Did you reflect on that question at the time?

MR BARTON: No, I did not, at the time.

10 MS SHARP: Why was that?

MR BARTON: It didn’t occur to me, at the time, that the naming convention of a company would create a greater risk of exposure to the company for money laundering at the time.

15 MS SHARP: You met with ANZ three times, in 2014, about the continuing operation of these accounts, didn’t you?

20 MR BARTON: I met with them on at least two occasions; it’s possibly three.

MS SHARP: Is it correct that, during those meetings, you did discuss with ANZ the prospect of money laundering occurring through those accounts?

25 MR BARTON: Yes, particularly, at the March meeting, where we involved our AML team.

MS SHARP: And do you agree the reason why ANZ wished to close these accounts was because of concerns it held about money laundering?

30 MR BARTON: Certainly, concerns about the structuring of certain transactions. Yes.

MS SHARP: Well, it was concerns about money laundering, wasn’t it?

35 MR BARTON: I’m not sure if they specifically raised money laundering as the topic, but, certainly, they raised issues around a series of sub-threshold transactions going through the bank at the time.

40 MS SHARP: But isn’t it natural that the only reason they would be concerned about structuring of transactions was if they had a concern about money laundering?

MR BARTON: Yes. That would be an indicator that money laundering, potentially, is going on.

45 MS SHARP: Well, you knew at the time, didn’t you, that ANZs concern was with money laundering in these accounts, didn’t you?

MR BARTON: As I said, they didn't raise that specifically, but given that they were looking at structuring of transactions, and that's an indicator of money laundering, I would agree money laundering would have been one of their concerns.

5 MS SHARP: Mr Barton, just let me confirm this: in your statement, you say that you met three times with ANZ, in 2014, about them closing these accounts – I want to be very clear – are you saying that ANZ did not directly raise with you a concern about money laundering in these accounts?

10 MR BARTON: I don't recall if they specifically raised money laundering. They certainly raised the issue of structuring of transactions in the account.

MS SHARP: And you agree that they'd only raise structuring concerns if they were, ultimately, concerned about money laundering?

15 MR BARTON: Yes. I agree with that.

MS SHARP: Could I show you a document, CRL.557.001.0803 on the confidential screen, please. This is exhibit CB22.

20 COMMISSIONER: Yes.

MS SHARP: Now, can you see there's an email from Travis Costin at the top?

25 MR BARTON: Yes, I can't quite read it, but I see it's an email from Travis Costin.

MS SHARP: I will have that top half of the email enlarged, if I could. Now, you are not a party to this email, but you are aware that Mr Costin was responsible for the day-to-day management of these accounts or the relationships with the banks.

30 MR BARTON: Yes, the day-to-day relationships, but not the management of the accounts.

MS SHARP: And can you see in that second line, it says:

35 *ANZ have already shut down our Southbank Investment accounts in Australia due to AML concerns.*

MR BARTON: Yes, I see that.

40 MS SHARP: Now, you're not in any doubt that that is the reason that ANZ shut down the accounts, are you?

45 MR BARTON: No, I'm – I'm sure that Mr Costin has portrayed accurately his understanding of those reasons.

MS SHARP: Well, it must have been a serious matter to you at the time, as the chief financial officer of this publicly listed company, that a bank was shutting down accounts because of concerns about money laundering?

5 MR BARTON: Yes. Yes, I agree.

MS SHARP: And that was a concern you held at the time?

10 MR BARTON: At the time I – I had some concerns but not – not nearly enough concern about the – the impact of that – that information.

MS SHARP: Why not?

15 MR BARTON: Partly because the – the AML function was one that was outside of my area of responsibility. My involvement in this came about through the relationship with the bank more broadly, and the – the administration of the accounts and the management of the money laundering functions was outside of my area of responsibility.

20 MS SHARP: Can I take you, please, to paragraph 32 of your third statement. That's exhibit CB1, and it's CRL.697.001.0033 and I will have this brought up on the live feed. It's paragraph 32 at pinpoint 0037.

MR BARTON: Yes.

25 MS SHARP: So you refer at paragraph 32 to having a meeting with Mr Birch from the ANZ on 27 March - - -

30 COMMISSIONER: 27 February, I'm sorry.

MR BARTON: 27 March.

35 MS SHARP: 27 March 2014. One of the matters you note is that this was a broader meeting attended by executives with responsibility for AML matters and there you refer to Mr Preston who, at the time, was the AML compliance officer at Perth and Ms Debra Tegoni who was the AML compliance officer at Crown Melbourne. Did these two AML compliance officers not draw to your specific attention the importance of acting in ways that would prevent the occurrence of money laundering in these accounts?

40 MR BARTON: I think at the time their focus was on meeting our reporting requirements and I think certainly the culture of the organisation has been around meeting our AML compliance obligations rather than looking at - - -

45 COMMISSIONER: Would you just be so kind – would you be kind enough. I will ask Ms Sharp to ask you the question again. Yes, please, Ms Sharp.

MS SHARP: Didn't the two AML compliance officers draw to your specific attention the gravity of the concern with the prospect of money laundering in these accounts?

5 MR BARTON: Not that I recall.

MS SHARP: Does that say something to you about their commitment to a culture of compliance in relation to anti-money laundering?

10 MR BARTON: I think it says something about a culture which was compliance-oriented rather than risk-oriented.

MS SHARP: Well, let's unpack that statement. Isn't it right that at the end of the day the objective is to stop money laundering happening?

15 MR BARTON: I agree with that.

MS SHARP: Well, how does your answer respond to that proposition?

20 MR BARTON: Yes, I think that's an area that we need to improve, which is not just looking at complying with our obligations but being more proactive to try and prevent money laundering.

MS SHARP: And is this a realisation that you've only recently developed?

25 MR BARTON: Certainly, it has been a focus of mine more recently.

MS SHARP: So this is only a realisation that you recently developed?

30 MR BARTON: In relation to money – yes.

MS SHARP: Now, you would agree that ANZ did close the Riverbank accounts in July of 2014?

35 MR BARTON: Yes, I agree with that.

MS SHARP: And you will agree that you were made aware of that closure at the time?

40 MR BARTON: Yes, I was.

MS SHARP: Do you agree that there was no review of the ANZ Riverbank accounts at that time to check for unusual transactions?

45 MR BARTON: Certainly, I'm not aware of any review that was done at the time.

MS SHARP: Do you agree that that was an oversight?

MR BARTON: Yes, I agree with that.

MS SHARP: So you agree that that was a significant oversight?

5 MR BARTON: I agree if I had my time again and looked at that, I would have taken a different view, but I agree it's a significant oversight.

10 MS SHARP: And it's correct that following these account closures by ANZ, no adjustments were made to the anti-money laundering controls in the Riverbank or the Southbank accounts?

MR BARTON: Not – not to my knowledge.

MS SHARP: Again, is that an oversight?

15 MR BARTON: Yes, I agree that is.

MS SHARP: And that's a significant oversight, is it?

20 MR BARTON: Yes, I agree it is.

MS SHARP: Can I show you a document, please, Mr Barton. This is exhibit CB11. It's to be brought up on the confidential screen. CRL.557.001.0807. Now, I will have the bottom half of this document enlarged so you could see it; you can see it, 25 Mr Barton. Do you see that it's an email from Mr Costin dated 29 April 2014 into which you are copied?

MR BARTON: Yes, I see that.

30 MS SHARP: And could I draw your attention, please, to the second – I beg your pardon, the first paragraph you see it's recorded there that:

Ken and I had a meeting with our relationship manager this afternoon.

35 You agree that's a reference to you?

MR BARTON: Yes, I agree.

MS SHARP: And in the next paragraph it is stated that:

40 *ANZ has advised that they will be closing the Asian patron deposit accounts for Southbank Investments in Hong Kong and Singapore.*

MR BARTON: Yes, I agree with that.

45 MS SHARP: Why did they close those accounts at that time?

5 MR BARTON: The explanation they gave was that the accounts were being very rarely used, only on small number of occasions, and that because the maintenance of those accounts was quite expensive, it was not profitable for them to continue to operate those accounts and they asked if we could close them and redirect patrons to deposit money straight into our accounts in Australia rather than through the Hong Kong account.

10 MS SHARP: And you will see in that second last paragraph, it's recorded that you were surprised by the decision to close the Southbank accounts in Asia?

MR BARTON: Yes.

MS SHARP: And it's recorded:

15 *Ken stressed the importance of the accounts to our VIP team.*

Is that right; did you do that with the bank?

20 MR BARTON: Yes. Yes, I did.

MS SHARP: Why were those accounts important to the VIP team?

25 MR BARTON: Even though they were used occasionally for certain customers, it was an important facilitate to have for them to deposit funds in – in Hong Kong. If they had cheques to deposit, or other instruments, that was a convenient service for them. And the VIP team was keen to have that service available.

30 MS SHARP: So your evidence is that, even though they were under-utilised accounts, they were important accounts?

35 MR BARTON: Yes, because there would have been some customers who valued those accounts.

MS SHARP: Did ANZ express any concerns, at all, with you at that time, in relation to the risk of money laundering in those overseas patron accounts?

MR BARTON: No, not at the time.

40 MS SHARP: It is the case, isn't it, that the Riverbank company resolved to open new patron accounts in Macau with the Bank of China in 2017?

MR BARTON: Yes. There was a resolution to do that.

45 MS SHARP: Did that end up going ahead, by the way?

MR BARTON: No, it did not.

MS SHARP: Why – you, of course, were a director at that time and were party to the circulating resolution to open those new accounts.

MR BARTON: Yes.

5

MS SHARP: Can I ask you this: why did you decide to open those accounts in view of the fact that ANZ had closed down those accounts?

10 MR BARTON: We were having broader discussions with the Bank of China in Macau at the time. And they indicated they might be open to doing a range of investment and other opportunities to work with us. And one of those things was, potentially, having another deposit account. And my view has been it's always helpful to have multiple relationships with banks to have deposit accounts to make sure we've got a wide range of – of counterparties to work with.

15

MS SHARP: Do you have the same view about patron deposit accounts overseas today?

MR BARTON: No. I don't think we need patron deposit accounts overseas.

20

MS SHARP: So your view has changed?

MR BARTON: Yes.

25

COMMISSIONER: And why is that?

30 MR BARTON: Commissioner, I think it's important we have a very finite number of accounts that we operate. Having bank accounts in overseas jurisdictions adds potential risk. And having single bank accounts in Australia with one – one party means we've got much better control over the transactions going through our accounts.

COMMISSIONER: Thank you.

35

MS SHARP: Mr Barton, at paragraph 49 of your third statement, you say that you have now been made aware that ASB closed the Southbank account in New Zealand in March of 2019. And you also say that you don't recall being made aware of that closure at the time. Now, wasn't that closure made on the basis of ASBs concerns about the risk of money laundering in that account?

40

MR BARTON: Yes, it was.

MS SHARP: Isn't this precisely the sort of matter that ought to have been drawn to your attention as a director of Southbank?

45

MR BARTON: Yes. I agree, it should have.

MS SHARP: And in your capacity as the then-CFO of Crown Resorts?

MR BARTON: Certainly, that would have been something that should have been brought to my attention.

5

MS SHARP: So it follows, does it not, that it was an oversight that these matters were not drawn to your attention?

MR BARTON: Yes. I agree.

10

MS SHARP: Did you have any role in managing the relationship with ASB?

MR BARTON: Not directly, but it was a subsidiary of CBA.

15

MS SHARP: Were you made aware, in October of 2018, that ASB was seeking assurances from Southbank about the accounts complying with anti-money laundering requirements?

MR BARTON: No, I was not.

20

MS SHARP: Can I take you, please, to an email. It can go on to the live feed. It's exhibit BK26, CRL.605.016.7050. And do you see that there is an email from Mr Costin, dated the 2nd – I beg your pardon. There's an email from Mr Costin dated the 2nd of October 2018?

25

MR BARTON: Yes.

MS SHARP: And do you agree, having reviewed that email, that ASB was seeking assurances about compliance of this account with money laundering requirements?

30

MR BARTON: Yes, I see that.

MS SHARP: But you say this was not a matter drawn to your attention at the time?

35

MR BARTON: Not at the time. No.

MS SHARP: Are you able to tell us, once ASB closed the accounts, was the risk management committee of Crown Melbourne made aware of this?

40

MR BARTON: No, it wasn't.

MS SHARP: And was the risk management committee of Crown Resorts made aware of this?

45

MR BARTON: No, it wasn't.

MS SHARP: Are they oversights?

MR BARTON: I believe they are. Yes.

MS SHARP: Were there risk management committee of either of those companies made aware of ANZs closure of the Riverbank accounts in 2014?

5

MR BARTON: No, they were not.

MS SHARP: Is that an oversight?

10 MR BARTON: Yes, it is.

MS SHARP: Can I take you, please, to another document. Again, it can go on the live feed. It's exhibit BK20, CRL.605.016.4017. And can I draw your attention, please, to the email from Louise Lane to Travis Costin on the 5th of February 2019?

15

MR BARTON: Yes, I see that.

MS SHARP: And do you see that what Ms Lane is recording is that, this time, CBA has met with her and Mr Costin:

20

...regarding the AML program and how we review daily transactions for the Southbank investments.

MR BARTON: Yes, I see that.

25

MS SHARP: Were you made aware of that meeting at the time?

MR BARTON: No, I wasn't.

30 MS SHARP: And you will see that, of course, Louise Lane was the group general manager for AML at Crown Resorts.

MR BARTON: Yes, that's right.

35 MS SHARP: Is it of concern to you that, as group general manager of AML, she did not make you aware of her meeting at that time?

MR BARTON: Yes. Yes, I agree.

40 MS SHARP: And are you aware that she was seeking to persuade CBA to maintain the accounts?

MR BARTON: I'm sure that was the objective. It's not clear from the email, but I don't disagree that's the objective.

45

MS SHARP: Do you have any comment on the fact that it was the group general manager of AML at Crown Resorts who was seeking to persuade CBA to keep these accounts open?

5 MR BARTON: Well, I think she would have played a part in working with CBA to demonstrate the strength of our AML compliance programs.

MS SHARP: So you don't have any comment on the group general manager of anti-money laundering seeking to persuade CBA to keep these accounts open?

10 MR BARTON: No. I think that is a concern. I think it's a concern that a compliance person would be looking to try and project the desires of the business unit to keep the account open. So I think that's – that's something of a concern about the role of the compliance officer in this – in this instance.

15 COMMISSIONER: Did you tell me that Ms Lane was also a lawyer, or did I misunderstand you?

MR BARTON: Yes, Commissioner, she's a lawyer.

20 COMMISSIONER: Right. But she's no longer with Crown; is that right?

MR BARTON: No. She left Crown last year, Commissioner.

25 COMMISSIONER: And where did she go to?

MR BARTON: I think she went to the – Racing Victoria or one of the racing bodies in Victoria as their – I think, their chief legal officer.

30 COMMISSIONER: Thank you. Yes, Ms Sharp.

MS SHARP: Now, a little further along in the chronology, you say, in your third statement, at paragraph 42, that you were made aware on the 31st of July 2019, that the media intended to run an article about the Riverbank and the Southbank accounts.

35 MR BARTON: Yes, that's correct.

MS SHARP: And, of course, an article was published in early August 2019 about those accounts.

40 MR BARTON: Yes, that's correct.

MS SHARP: We will come back to that. But what you say, at paragraph 45 of your statement, is that, on the 27th of August 2019, you attended a meeting with CBA to discuss the Riverbank and the Southbank accounts.

45 MR BARTON: Yes, that's correct.

MS SHARP: Why did you attend that meeting?

MR BARTON: Again, CBA was one of our major relationship banks. They provide balance sheet and other financial support to us. And I have a relationship with them in that capacity. And I would have been invited to this meeting, from a relationship perspective.

MS SHARP: And you said that CBA is the parent of ASB bank?

10 MR BARTON: Yes, that's my understanding. Yes.

MS SHARP: Is it your evidence that you were not made aware, prior to this 27 August meeting, that ASB had closed down one of these accounts because of money laundering concerns?

15 MR BARTON: That's correct.

MS SHARP: Was that an oversight?

20 MR BARTON: Yes, I agree it was.

MS SHARP: Now, can I take you to paragraph 45 of your third statement and what you say about five lines down is:

25 *At this meeting, CBA representatives said that The Age article had raised red flags and that an investigation of the accounts had identified information in relation to transactions in the accounts that they could not share with Crown.*

And you also say that:

30 *As a result, they wish to obtain a better understanding of Crown's AML controls.*

MR BARTON: Yes, that's right.

35 MS SHARP: Now, while CBA said they could not tell you about the transactions that they had concerns with, did you form the conclusion, at that time, that CBA thought there was evidence of money laundering in those accounts?

40 MR BARTON: I think they definitely would have had concerns about the potential for money laundering in those accounts. I agree with that.

MS SHARP: But I'm asking about you. Did you draw the conclusion that they had found information in the accounts suggestive of money laundering?

45 MR BARTON: Yes. I would have drawn that conclusion.

MS SHARP: So that's the conclusion you drew after there had been an exposé in the media about money being laundered in the Southbank and Riverbank accounts?

MR BARTON: That's correct.

5

MS SHARP: And that was a conclusion you draw some years after you were made aware that ANZ had decided to close the Riverbank accounts?

MR BARTON: Yes, that's right.

10

MS SHARP: By the time of this meeting with CBA, weren't you on high alert about the risk of money laundering occurring in the Riverbank and the Southbank accounts?

15 MR BARTON: Yes, that was certainly a risk. I agree.

MS SHARP: Well, weren't you on high alert about that risk?

MR BARTON: Certainly the – the article and CBAs meeting with us but us on – 20 certainly, on alert that that was a risk.

MS SHARP: High alert?

MR BARTON: Should have been high alert. Yes.

25

MS SHARP: Well, was it?

MR BARTON: Certainly, it was a significant issue. I'm not sure I would characterise it as we were on high alert.

30

COMMISSIONER: It doesn't sound like it to me, Mr Barton.

MR BARTON: No, I agree, Commissioner.

35 COMMISSIONER: Yes.

MS SHARP: Now, on the 4th of October 2019, you were told by the CBA that it wanted to close these accounts; correct?

40 MR BARTON: That's correct.

MS SHARP: You also say at 46 – paragraph 46 of your statement, and I will quote:

45 *CBA did not disclose the specific reasons as to why they had decided to close the accounts.*

Surely, you had a view about why they wished to close the accounts at that time?

MR BARTON: Yes. Yes, I – I did.

MS SHARP: And that view – well, I'll withdraw that. Was that view that they were concerned about money laundering in those accounts?

5

MR BARTON: I think that, certainly, would have been one of the concerns. I think also reputational risk with the media coverage as well. I think both of those were concerns.

10 MS SHARP: But, definitely, by this time, that is, the 4th of August 2019, you knew that CBA was concerned about money laundering in these accounts?

MR BARTON: Yes. Sorry. Ms Sharp, was that the 4th of October 2019?

15 MS SHARP: Yes.

MR BARTON: Yes.

MS SHARP: Now, I want to go back to what happened in the wash-up of ANZ closing the accounts in 2014. What you say, at paragraph 36 of your statement, is that you asked Mr Costin to inform those responsible for patron relationships that patrons should be told to stop making multiple in-branch cash deposits below the threshold. Isn't that just an instruction to stop structuring deposits?

25 MR BARTON: Yes, that was – that was the intention of the instruction.

MS SHARP: Well, wouldn't a better instruction have been, "Don't make cash deposits"?

30 MR BARTON: That would have been a better instruction, at the time, I agree.

MS SHARP: Because, really, you're not condemning the making of cash deposits, but the structuring of them to avoid reporting thresholds; do you see?

35 MR BARTON: Yes.

MS SHARP: Now, at paragraph 39 of your statement, you say that, with the benefit of hindsight, you now consider that the steps Crown took in response to the ANZ notification in January of 2014, to be inadequate; correct?

40

MR BARTON: Correct.

MS SHARP: And you then identify, in paragraph 39, a series of matters that the response should have included, and the first thing you identify is a thorough review of the Riverbank account and other patron accounts controlled by Crown Perth and Crown Melbourne. Can you tell us why didn't that happen at the time?

MR BARTON: There's no good reason it didn't happen at the time. This was a matter that was, ultimately, brought to the attention of the AML compliance team. But,, to my knowledge, that wasn't done. And I think it should have been done at the time.

5

MS SHARP: The next thing you say is there should have been an immediate escalation to Mr Preston and Ms Tegoni, as the relevant AML compliance officers for each property. But they were aware of this matter, weren't they, because they came to the meeting with - - -

10

MR BARTON: Yes, that was about a month and a half later.

MS SHARP: Well, they were aware – they were on notice that the ANZ was wishing to close the accounts; correct?

15

MR BARTON: Certainly, as late as the 24th of March, but, possibly, some time earlier.

MS SHARP: So they were on clear knowledge of the ANZs concerns by that time?

20

MR BARTON: Yes, they were.

MS SHARP: Do you really think that escalating the matter to them would have made any difference?

25

MR BARTON: If I had enforced the importance of it to them, it may have caused them to be more proactive, but, certainly, should have been something I could have done to escalate it in their mind.

30

MS SHARP: And you then indicate that the matter ought to have been raised with Crown's then-CEO, Mr Craigie. May we take it from that, that the matter was not so escalated at the time?

MR BARTON: Not that I can recall.

35

MS SHARP: And one of the other matters you indicate here, at subparagraph (f), is that you should have instructed Promontory in a more specific and detailed manner in the anti-money laundering report you commissioned from them at the time.

40

MR BARTON: Yes, that's right.

MS SHARP: We will come back to look at that. Now, can I go back to the notification you received on 31 July 2019 that the media were about to publish allegations about the Southbank and Riverbank accounts. And let me take you to a document; it's exhibit CB13, CRL.627.001.2194. This is a confidential document that should only be brought up on the confidential link.

MR BARTON: Yes, I don't have that document on my screen, Ms Sharp but maybe if there's a binder reference.

COMMISSIONER: It will be fed through to you, hopefully, Mr Barton.

5

MR BARTON: Thank you, Commissioner. I have it now, yes.

COMMISSIONER: Yes. If you can just enlarge the content of it. Yes, thank you.

10 MS SHARP: Now, you will agree that you are named here as a recipient of this email?

MR BARTON: Yes, I see that.

15 MS SHARP: And this was a time at which you were still the CFO of Crown Resorts?

MR BARTON: That's correct, yes.

20 MS SHARP: And you were also a director of both Southbank and Riverbank?

MR BARTON: Yes, that's correct.

25 MS SHARP: What steps did you take at the time you received this email in relation to these allegations?

MR BARTON: Nothing immediately, but my understanding was that this matter was being referred to Mr Preston who, at that time, was the AML compliance officer for both Melbourne and Perth.

30

MS SHARP: Did you tell anyone at the time that ANZ had shut down the Riverbank accounts in 2014?

MR BARTON: I didn't raise that with anybody, no.

35

MS SHARP: Didn't you think that was relevant?

MR BARTON: Well, the person who was dealing with the matter, Mr Preston, was – was aware that those accounts had been closed in 2014.

40

MS SHARP: Did you actually talk to him about these allegations at the time?

MR BARTON: No, I didn't.

45 MS SHARP: So you actually had no idea if Mr Preston was doing anything about these allegations?

MR BARTON: Well, I subsequently received a copy of a memorandum that Mr Preston prepared in – in relation to these allegations.

MS SHARP: And that's a memorandum of 4 August that I took you to just after
5 lunch?

MR BARTON: That's correct.

MS SHARP: So was that the first time you became aware that Mr Preston was
10 doing anything in relation to these allegations?

MR BARTON: I may have been aware he was responding to the ad but that's the first document I saw in relation to these allegations.

15 MS SHARP: Did you make anyone aware that from the beginning of 2019, CBA had been in discussions with Crown about closing the Southbank and Riverbank accounts?

MR BARTON: From July 2019?

20 MS SHARP: Well, it was in early 2019 that CBA initiated discussions with Crown about closing these accounts, wasn't it?

MR BARTON: Yes, that I think was with Ms Lane, but I wasn't aware of those
25 conversations.

MS SHARP: So just let me confirm this. Although – and to be clear, we are talking in a period before the allegations made by The Age newspaper in August - - -

30 MR BARTON: Yes.

MS SHARP: - - - about Southbank and Riverbank. Are you saying that you weren't aware that in early 2019 CBA was discussing with Ms Lane the prospect of closing the Southbank and the Riverbank accounts?

35 MR BARTON: That's correct.

MS SHARP: Shouldn't you have been made aware of that?

40 MR BARTON: I agree; I should have been.

MS SHARP: Now, when did you first become aware that Riverbank, the company, and Southbank, the company, were not reporting entities for the purposes of the Anti-Money Laundering Act?

45 MR BARTON: Yes, I think that was quite – quite recent, in the last six to nine months.

MS SHARP: Do you agree that because they are not reporting entities, they are not subject to reporting obligations under the AML/CTF Act?

5 MR BARTON: I'm not an expert at the AML/CTF Act so I probably aren't in a position to interpret how it would apply to those entities.

MS SHARP: Well, you do understand, don't you, that if you're not a reporting entity you don't have to report to AUSTRAC?

10 MR BARTON: That's correct, I agree with that.

MS SHARP: Can I take you, please, to one of these media articles that came out on 5 August. This is exhibit F65. You referred to it in your statement, Mr Barton. It's INQ.100.010.0092 and this can be brought up on the live feed.

15 MR BARTON: I'm not sure we have got a hard copy so, yes, if I could see it on the feed.

MS SHARP: Do you have that now, Mr Barton?

20 MR BARTON: Not yet, Ms Sharp. I see it's on a different screen; yes, I see it.

MS SHARP: I just want to make sure you've got the 5 August 2019 article entitled Crown Investment Companies Were Used to Launder Drug Funds?

25 MR BARTON: Yes, I see that.

30 MS SHARP: Could I take you, please, to pinpoint 0094, and could I take your attention, please, to the second paragraph from the bottom. It says – to give you the context, this is a statement provided by Crown Resorts in response to questions. And the quote is:

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

35 Now, that's not correct, is it?

MR BARTON: No, it's not correct.

40 MS SHARP: It's entirely incorrect, isn't it?

MR BARTON: That's right.

MS SHARP: And that's because Southbank and Riverbank aren't reporting entities.

45 MR BARTON: That's correct.

MS SHARP: Did you have any involvement in the preparation of this response to those media questions?

MR BARTON: No, I didn't see it before it was released to the media.

5

MS SHARP: Does it concern you that this misleading response was given just last year in relation to those media questions?

MR BARTON: Yes, I agree that's a concern.

10

MS SHARP: Are you able to identify who did prepare that response?

MR BARTON: I – I believe it was a combination of Mr Preston and – and others who were on a chain of emails I think I saw after the release, which included Mr

15

Johnston.

MS SHARP: When did you first become aware that this misleading statement had been made in the press?

20

MR BARTON: I first saw that – that quote after it had been released to the media, just after - - -

MS SHARP: At the time it was released, were you aware that it was misleading?

25

MR BARTON: Well, no, I – I wouldn't have interpreted the – the subtlety or the issue of Southbank and Riverbank not being part of our AML reporting obligations. That wouldn't have been something I was conscious of at the time.

30

MS SHARP: So is today the first time you've become conscious of the fact that a misleading statement was made to the press about these accounts?

MR BARTON: No. No, I think over the last few months I've become more familiar with these AML/CTF requirements and have been aware for some time that Riverbank and Southbank aren't part of our reporting obligations.

35

MS SHARP: In your capacity as CEO, have you taken any steps to correct those misleading statements made to the press?

MR BARTON: No, I have not.

40

MS SHARP: And why is that?

MR BARTON: These were some time ago. There's – I haven't seen the opportunity or the reason to go back and correct that but I understand how that would have been a good thing to have done.

MS SHARP: Now, Mr Preston gave evidence to this inquiry that the Southbank and the Riverbank accounts were monitored for AML purposes in the same way as bank accounts held directly in the names of Crown Melbourne and Crown Perth. Is that a view you agree with?

5 MR BARTON: It's not quite the same way, but there are processes that do capture, from my understanding, deposits into those accounts. When they were open – obviously, they're closed now – but there were processes that captured information from the bank statements of the Riverbank and Southbank accounts and had that 10 information fed into our SYCO system. And the SYCO system was the basis for our AML compliance monitoring.

MS SHARP: So do you agree with Mr Preston's evidence that the Southbank and Riverbank accounts were monitored for AML purposes in the same way as Crown's 15 own accounts were?

MR BARTON: No. No, it's slightly different, in that those accounts aren't in the reporting entity, but the reporting entity does collect information from deposits in those accounts for its own reporting.

20 MS SHARP: Are you aware that AUSTRAC queried with Crown why – excuse me – Southbank and Riverbank were not reporting entities?

MR BARTON: I heard that through the course of this Inquiry. Yes.

25 MS SHARP: Is that the first time you became aware of that?

MR BARTON: Yes, that's right.

30 MS SHARP: Are you able to – are you aware – I withdraw that. Are you aware that Crown resisted registering Southbank and Riverbank as reporting entities under the AML Act?

35 MR BARTON: I'm not aware that there was a resistance of – of becoming reporting entities. I'm not aware of that. No.

MS SHARP: Do you agree that would be inconsistent with an AML compliance culture for Crown to resist registering Riverbank and Southbank as reporting entities?

40 MR BARTON: If there was an ability under the AML Act to make them a reporting entity, that would seem to be a prudent thing to do. I agree.

45 MS SHARP: Can I take you to another document. It's confidential, so it will need to come up on the confidential screen. It's exhibit BM7. And I'll have it brought up for you, Mr Barton. It's CRL.605.016.6611.

MR BARTON: Have you got a binder and tab reference, Ms Sharp?

MS SHARP: Not for this one, I'm afraid.

5 MR BARTON: No. Okay. No, that's fine.

MS SHARP: It was – it was previously Crown confidential list 1, tab 7, if that helps.

10 MR BARTON: That's okay. I've got it on the screen; that's fine.

MS SHARP: Now, can I take you, please, to the bottom half of this. It's an email from Mr Costin of the 4th of October 2019.

15 MR BARTON: Yes, I see that.

MS SHARP: And it reports – yes. So:

20 *Ken and I had a meeting with the Commonwealth Bank and that's where they gave notice of closing Southbank and Riverbank.*

And then it states:

25 *We are working with our relationship banks to attempt to open new patron accounts in addition to those currently held with ANZ.*

Now, is it right that, at a time when ANZ had closed the Riverbank accounts, CBA had closed the Riverbank and the Southbank accounts, and there had been allegations in the media that Southbank and Riverbank had been used to money-launder, you

30 were still persisting with an attempt to open new patron accounts with banks?

MR BARTON: That's right. Although, not necessarily with – in this case, not with Southbank and Riverbank.

35 MS SHARP: But wasn't your evidence earlier today that you wished to shed some of these patron accounts?

MR BARTON: That's the – the offshore accounts. But I think, in this case, with the risk of losing our only relationship bank, it was prudent to have potential 40 alternative transaction banking partners in the event we did lose the – the relationship with ANZ.

MS SHARP: Were you seeking to open new patron accounts in the name of Southbank and Riverbank at this time, Mr Barton?

45 MR BARTON: No. I don't believe so.

MS SHARP: You don't need to look at your email to answer that question.

MR BARTON: No. I don't believe so.

5 MS SHARP: Can I take you to another document. I'm told this is a public document. This is exhibit BK25. It's CRL.605.016.6849. Now, can I take you to pinpoint 6850, please. And this is on – this can go on the live feed. Now, could I draw your attention please, Mr Barton, to an email from Roland Theiler of the 8th of April this year.

10

MR BARTON: Yes, I have that.

MS SHARP: What Mr Theiler says is this:

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

Now, let me ask you this: isn't this a suggestion to avoid anti-money laundering
20 reporting requirements in Australia?

MR BARTON: I don't know what was behind that – that request. I certainly didn't see it at the time. And when I saw it in this material, I thought that was a totally inappropriate thing to do. It didn't proceed. But I don't know if there was – what
25 the implications would be, from a money laundering perspective, of an account in Hong Kong. I don't know how that would work.

MS SHARP: So this is about five months ago that this email is sent. What does this say about an anti-money laundering compliance culture at Crown, Mr Barton?

30

MR BARTON: Yes. I – I absolutely agree that that is an inappropriate email to send. And when I saw that email, I thought it was – it was not something that I would condone. And I've spoken to some of the people in that chain about that email.

35

MS SHARP: The people in this chain are some of the very senior executives at Crown, aren't they?

MR BARTON: They are senior executives at Crown; that's right.

40

MS SHARP: Now, you say, if I can go to paragraph 53 - - -

COMMISSIONER: What exhibit – what exhibit was that?

45 MS SHARP: That was exhibit BK25, Commissioner.

COMMISSIONER: Thank you.

MS SHARP: Mr Barton, you say, at paragraph 53, of your third statement that:

With the benefit of hindsight, Crown should have been more proactive in its response to the article published in The Age on 6 August 2019 concerning Southbank and Riverbank. Crown should have undertaken a comprehensive review of the Southbank and Riverbank accounts to ascertain whether and, if so, to what extent, these accounts may have been used to launder money.

Now, has that review happened?

10

MR BARTON: There's been some analysis done on the transactions through that account, in the period up till 2019, to determine whether there was a series of sub-threshold transactions, similar to the ANZ issue. And it's identified that that was not extensive through the period up until 2019.

15

MS SHARP: So you've done a review for structuring, have you?

MR BARTON: That's correct.

20

MS SHARP: Was that a comprehensive review?

MR BARTON: It went through every transaction through the two accounts in the period up until December 2019. Yes, it was.

25

MS SHARP: Now, are you aware of evidence before this Inquiry that shows that there are some unusual entries recorded in the Southbank and Riverbank accounts in terms of identifying the purpose of transactions. For example, there was one that said house purchase?

30

MR BARTON: I'm not familiar with that.

MS SHARP: So may we take it that there has not been a review of the Southbank and Riverbank accounts to look at whether there have been any instances of possible money laundering save with respect to the structuring?

35

MR BARTON: Yes, that's correct.

40

MS SHARP: So there hasn't – while you say that with the benefit of hindsight, Crown should have been more proactive by undertaking a comprehensive review of the Southbank and Riverbank accounts to ascertain whether and to what extent these accounts may have been used to launder money, that comprehensive review has not happened?

MR BARTON: That's correct.

45

MS SHARP: So you tell us of a step that Crown ought to have taken which it still has not taken?

MR BARTON: That's right.

MS SHARP: Can I take you now to the annual report for Crown Resorts for 2019.

This is exhibit A195. I will have it brought up to you on the screen and it can go to the public feed. It's INQ.010.002.0573. And could I take you, please, Mr Barton, to pinpoint 0698. I am taking you to the notes to the financial statements and I will just have the top half of that document enlarged so you can read it. Now, significant controlled entities and those that are party to a deed of cross-guarantees are set out there. Riverbank and Southbank are not identified amongst these entities. Are you able to say why?

MR BARTON: Well, the entities that the parties to the deed of cross-guarantee are typically added to get relief from filing separate statutory accounts. And so those entities that get added to the cross-guarantee are those that would normally qualify as a large company and have to lodge separate accounts. For those entities that are not entities that meet the requirements of lodging separate financial statements, we typically don't add those to the deed of cross-guarantee and so they're not part of these – this group of entities.

MS SHARP: Were there bank accounts statements of Southbank or Riverbank ever audited in any way?

MR BARTON: Not specifically although bank statements and bank accounts are part of the normal financial statutory audit each year.

MS SHARP: Are you able to say whether these statements were audited?

MR BARTON: There would have been audit processes that would have looked at the bank accounts and bank reconciliations. But what the specific procedures were in reviewing the individual statements, I'm not familiar with.

MS SHARP: But you have been the CFO of this organisation for quite some time, but you still say you're not familiar with that.

MR BARTON: Not the specific audit.

MS SHARP: Now, it's right, isn't it, that after the detentions in China in October 2016, Crown Resorts conducted a review of its junkets in VIP business?

MR BARTON: I understand that's the case, yes.

MS SHARP: And that review was conducted in late 2016, early 2017?

MR BARTON: Yes, that's right.

MS SHARP: And for the purpose of conducting that review, a group called the VIP operations team was convened?

MR BARTON: I'm not familiar with that team. I know there was a review being done on the VIP business after 2016.

MS SHARP: And would you participate in that review from time to time?

5

MR BARTON: No.

MS SHARP: Can I take you to a document, this is a confidential document, if it can be brought up confidentially, it's CRL.613.001.0018.

10

COMMISSIONER: Is that an exhibit?

MS SHARP: Yes, it is, sorry Commissioner, it's exhibit BJ164.

15

COMMISSIONER: Thank you.

MS SHARP: You will note this first page; it's headed VIP Operations Meeting.

MR BARTON: Yes, I see that.

20

MS SHARP: I want to take you to the last page in this collection, if I can. This is pinpoint 0078. Now, you will see it's headed China Issues, 9 November 2016?

MR BARTON: I don't see that, sorry.

25

MS SHARP: I will just have that enlarged. Could I direct your attention to the top of the document, Mr Barton.

MR BARTON: Yes, I see. Yes, I see.

30

MS SHARP: Yes. And would you agree that this would appear to be records of a meeting that took place on 9 November 2016?

MR BARTON: Yes, I see that.

35

MS SHARP: And the reference to KB; is that a reference to you?

MR BARTON: It could be me or it could be Karl Bitar, I'm not sure. Given the subject matter, I suggest it's probably more likely Karl Bitar, Ms Sharp.

40

MS SHARP: Thank you. I will just take you to some matters in here to see whether you were aware of them in that case. Do you see under the heading Funds Transfers?

MR BARTON: Yes, I see that.

45

MS SHARP: Can I take you to – there's another sub-heading City of Dreams.

MR BARTON: Yes, I see that.

MS SHARP: What it states there:

5 *Over the last few years, COD –*

City of Dreams –

10 *...have provided a service to us to allow our customers to use City of Dreams, Macau and Manila, to deposit cash and other casino chips to facilitate debt repayment and front moneys.*

Were you aware of that facility?

15 MR BARTON: I understood we had relationships with Melco Crown at the time. I wasn't aware of the specifics of the detailed transactions, but I was aware that our teams did talk with the debt collection and the credit teams in Macau.

20 MS SHARP: But were you aware that there was an arrangement whereby junket operators and patrons could deposit money in the accounts of City of Dreams in Macau and in Manila?

MR BARTON: No. No.

25 MS SHARP: If you look a little bit further – and you say that notwithstanding that you're the CFO of this organisation or you were at that time?

MR BARTON: Yes.

30 MS SHARP: And you say that now that you are the CEO of this organisation?

MR BARTON: Yes, I am.

35 MS SHARP: For the purpose of reviewing your anti-money laundering framework, have you looked at what arrangements were in existence in recent years?

40 MR BARTON: We haven't done a detailed historical analysis of – of historical AML practices. I think that's something that we need to do, although a lot of these arrangements are no longer in place. So the Southbank/Riverbank has gone. We have no longer any relationship with Melco Crown. So as a priority, my focus is on arrangements that will serve us in the future. But I think it's an appropriate thing for us to do at some time to look back and see if there are things that happened in the past that we should learn from.

45 MS SHARP: Well, perhaps if we look a little bit further down this document, do you see it says:

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

- 5 That is, money could be deposited in Manila or in Macau and funds could then be released to patrons in Australia; you understand that?

MR BARTON: Yes, I see that.

- 10 MS SHARP: And if the customer lost at Crown, the funds would be sent by telegraphic transfer from City of Dreams to a Crown bank account. But if the customer won at Crown, City of Dreams would return the funds to the depositor. Now, do you understand that this arrangement may have had the consequence that reporting obligations under the AML Act were not triggered in Australia?

- 15 MR BARTON: If there was no threshold transaction, that wouldn't trigger a reporting obligation. I agree with that.

COMMISSIONER: I don't think it's just the threshold transaction. It's just the whole arrangement that Ms Sharp is referring you to.

- 20 MR BARTON: Yes. I agree, Commissioner. It may have been a suspicious matter, but it certainly wouldn't have, on the face of it, triggered a threshold transaction report.

- 25 MS SHARP: So this – this arrangement seems to disclose no concern at all with the prospect that money laundering may take place with these depositing arrangements.

MR BARTON: I'm not – I'm not familiar with the way these transactions worked or how that would have interacted with the money laundering program.

- 30 COMMISSIONER: Well, let's – let's assume a depositor in Manila puts in 100,000 or 200,000 and then someone in Sydney – sorry – someone in Melbourne plays and loses 80 per cent of that, but there's a remaining 20 per cent that they want back. Once they get it back, it's cleaned, isn't it?

- 35 MR BARTON: Yes, that's right.

COMMISSIONER: So it's a simple process, if you look at it that way. I know it's not so simple, but - - -

- 40 MR BARTON: Yes.

COMMISSIONER: - - - that's the banal way in which these people operate.

- 45 MR BARTON: It could work that way. I agree.

COMMISSIONER: So that would – that would accommodate such a process, wouldn't it?

MR BARTON: Yes, it would.

5

COMMISSIONER: Yes. All right.

MS SHARP: And I take it, Mr Barton, that you're not able to explain to us how Crown could satisfy itself as to the identity of the person making the deposit in
10 Manila or in Macau?

MR BARTON: No. There would need to be a patron identified for the deposit, but we wouldn't necessarily know if that patron was the same person that deposited the money. I agree with that.

15

MS SHARP: And you're not in a position to tell us whether Crown gave consideration as to whether this arrangement amounted to a remittance arrangement for the purpose of the Anti-Money Laundering Act?

20 MR BARTON: I'm not an expert at the money laundering Act so I don't know if that would qualify. I don't know.

MS SHARP: Can I take you – appreciating what you're saying about your doubt that you were a party to this meeting – can I take you to minutes of another meeting.
25 And I can indicate it does not appear you were party to that, but I wanted to ask you a question about the discussion there. Could I take you to pinpoint 0031 to start with, in this same document.

30 COMMISSIONER: While that is coming up – you mentioned Crown Melco, Mr Barton, when you were taken to City of Dreams. Do I assume that, because something was being done, or arrangements were being made with the casino that was operated by Crown Melco, you, from at least that time, would have had more comfort. Is that what you understand from you mentioning that or - - -

35 MR BARTON: No. No, Commissioner, not more comfort. Just that there may have been a more cooperative relationship to deal with - - -

COMMISSIONER: I see.

40 MR BARTON: - - - credit collection and other things.

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

MS SHARP: Could I take you, please, Mr Barton, to pinpoint 0031. You can take it from me these are more minutes of the VIP operations team. Have you got that document in front of you?

MR BARTON: I'm not sure I do, Commissioner – Ms Sharp. Sorry.

COMMISSIONER: The document is headed Chan, C-h-a-n.

5 MR BARTON: I see that. Yes. I have that on the screen. Yes.

MS SHARP: And could I just ask you to have a look, please, at item number 4 in red., right at the bottom. it says:

10 *Josh –*

that would appear to be Josh Preston –

to proceed to review Guardforce Macau, cash delivery to Australia.

15 And then could I take you to pinpoint 0028.

MR BARTON: Yes.

20 MS SHARP: And, about point 3 of the way down, there's a heading Guardforce Macau, Door-to-door Cash Delivery Service. And then - - -

MR BARTON: Yes, I see that.

25 MS SHARP: Are you able to tell us what the inquiry was in relation to Guardforce Macau?

MR BARTON: No. I'm – I'm not familiar with an organisation called Guardforce Macau.

30 MS SHARP: Did you have any understanding that there was a proposal to deliver cash door-to-door?

MR BARTON: No. I'm not aware of any such proposal.

35 MS SHARP: Does that concern you, in any way, from an anti-money laundering perspective?

MR BARTON: Absolutely.

40 MS SHARP: Could I just show you the - - -

COMMISSIONER: Can I just ask you about the balance of that sentence.

45 MR BARTON: The door-to-door cash delivery service, Commissioner?

COMMISSIONER: Yes. What do you understand the balance to mean?

MR BARTON: It looks like they charge some fee for the transportation of cash.

COMMISSIONER: Not a bad fee, is it?

5 MR BARTON: Quite expensive for, seemingly, being on a plane.

COMMISSIONER: What was the – what was the conversion rate at about that time in '17?

10 MR BARTON: It was, typically, about seven or eight to one.

COMMISSIONER: That's not a bad earner, is it?

MR BARTON: No.

15 COMMISSIONER: 50,000. I mean, if you are going to run around the country with cash, I suppose, you're going to be at risk.

MR BARTON: Yes. thousand. Yes.

20 COMMISSIONER: But that's - - -

MR BARTON: Yes.

25 COMMISSIONER: That entry is rather alarming, isn't it?

MR BARTON: Very concerning.

COMMISSIONER: Yes.

30 MS SHARP: Can I just draw your attention to the participants at this meeting, please, Mr Barton. If you just have a look at the top. It says that this meeting occurred on 4 May 2017. Do you accept that the participants at this meeting were Michael Johnston.

35 MR BARTON: Yes.

MS SHARP: Barry Felstead, Roland Theiler - - -

40 MR BARTON: Yes.

MS SHARP: - - - Jacinta Maguire and Joshua Preston?

45 MR BARTON: That would – that would be consistent with the people who I'd expect to be at a meeting like that. Yes.

MS SHARP: And Joshua Preston was, or remains, the AML compliance officer?

MR BARTON: Yes, he is.

MS SHARP: They're all very – one – well, one of them is a director and the rest of them are very senior executives at Crown Resorts; do you agree?

5

MR BARTON: Yes, I agree.

MS SHARP: Could I, please, return you to these minutes at .0078. And, again, under the heading Funds Transfers. This time, can I take you to the entry under the 10 heading Bank of China Macau Branch.

MR BARTON: Yes.

MS SHARP: And it's noted that:

15

Star has a Bank of China account in Macau. Our customers have asked why we do not have such an account to facilitate debt repayments and front money deposits. As such, we have been progressing in opening account and have received all the documentation requirements.

20

Now, this was the proposal that ended up being the subject of the circulating resolution for Riverbanks – Riverbank, isn't it?

MR BARTON: Yes, that would be the same arrangement. Yes.

25

MS SHARP: Does this raise money laundering concerns, at all?

MR BARTON: Well, the transaction didn't proceed. Or the account opening didn't proceed, but, if it had, I don't know what arrangements would have been in place to monitor the deposits into the – into a Bank of China account in Macau.

30

MS SHARP: And, in fairness to you, I should draw your attention to the fact that this particular minute says that the proposal has been put on hold at the request of Crown legal, but you can take it from me that further minutes of meetings showed 35 that the proposal was reignited some time later. Can I take you, also, to pinpoint 0037.

MR BARTON: Is there a tab number for that?

40

COMMISSIONER: It's on the screen now, Mr Barton.

MR BARTON: Yes, yes.

MS SHARP: And could I take your attention, please, Mr Barton, to heading 2: Cash Collection in Macau, Phil Gapin/Suncity Proposals.

MR BARTON: Yes.

MS SHARP: Now, there's a reference to Suncity there. Then can I take your attention, please, to pinpoint 0026. There's another reference to Suncity; do you have that document in front of you: It says:

5 *Temporary deposit of funds by customers until Macau bank account is open.*

MR BARTON: I see it on the screen.

10 MS SHARP: Are you able to assist us in understanding what the Suncity account was all about?

MR BARTON: No, no I can't help you on that, sorry.

15 MS SHARP: And that's the case even though at that time, that is in May 2017, you were the CFO of Crown Resorts?

MR BARTON: That's correct.

20 MS SHARP: Just while we're on the topic of the Suncity Room, you'll agree, won't you, that the unusual feature in that room was that Suncity was permitted to operate its own cash desk?

MR BARTON: That was something that existed with Suncity at the time, yes.

25 MS SHARP: Were you aware of that arrangement at the time it was made?

MR BARTON: No. No, I wasn't.

30 MS SHARP: Of course, Suncity at that time was one of Crown's largest and most profitable junket operators?

MR BARTON: It has been, I'm not sure if in 2017 it was, but certainly I would say it has been one of our biggest junket operators, yes.

35 MS SHARP: But you're saying that as CFO, in 2014, you weren't aware of the cash desk arrangement?

MR BARTON: Not in 2014, no.

40 MS SHARP: When did you become aware of the cash desk arrangement?

MR BARTON: As I've seen material come through this Inquiry.

MS SHARP: So what, only this year you have become aware of that?

45

MR BARTON: I think I may have been aware last year because there were some issues that surfaced through the course of last year, I think, that caused the cash desk to be closed.

- 5 MS SHARP: Was that issue the broadcast of what's become known as the blue cooler bag footage in October of last year on national TV?

MR BARTON: Yes that – that could have been the time, yes.

- 10 MS SHARP: Are you aware now that the cash desk was not considered to be a designated service, so Crown Resorts had no reporting obligations under the Anti-Money Laundering Act in respect of transactions taking place there?

MR BARTON: Yes, yes.

15

MS ORR: I object.

COMMISSIONER: Yes, Ms Orr.

- 20 MS ORR: Considered by who? That was a very imprecise question but unfortunately it has been answered by the witness.

COMMISSIONER: I think it's not unfortunate, but I understand your objection. I think it may be considered to be a designated service so Crown Resorts, in their own mind, I think, may have taken the view that they didn't have to report it. But I do understand there's other evidence that - - -

MS ORR: Yes. Yes.

- 30 COMMISSIONER: - - - that I have listened to.

MS ORR: Just to be clear, I don't mean it was unfortunate that the answer was given. It's just very difficult to make objections at a point in time. That's all I meant by that, Commissioner.

35

COMMISSIONER: I see. Yes.

- 40 MS ORR: But it is because there is other evidence and that question was framed in a way that did not acknowledge that. That was the purpose of the objection. I won't press it any further.

COMMISSIONER: You see, even if I go to the other evidence where – and I assume that there was a view that it was a reporting entity and reports were made – I'm going to assume that everything happened as it might have happened if somebody was a reporting entity – the irresistible conclusion is that nothing works. This went on for years. So it's very troubling because even if – even if the reports were made, and I will assume in your favour, not your favour, Ms Orr but the

company's favour that reports were made when they didn't have to be made, that this went on from '13, '14, '15, '16 through to '19 and nobody – and now Mr Barton is seeing things for the first time in this Inquiry. How on earth a regulator would know what's happening. This is what is troubling me. So there has to be some more

5 transparency because this, in effect, has really reached the debacle level.

And I don't know, I will be very interested to hear from you in due course, but it is very, very troubling. I mean, Mr Barton has made a lot of concessions but at the moment it is just extraordinarily troubling. And I don't think he will disagree with

10 me.

MR BARTON: I agree, Commissioner.

COMMISSIONER: Yes, all right. Thank you, Mr Barton. Yes, Ms Sharp.

15

MS SHARP: Mr Barton, are you aware now that in 2017 AUSTRAC requested Crown Resorts to file suspicious matter reports if it saw suspicious matters occurring in the Suncity Room?

20 MR BARTON: I'm not aware of that, no.

MS SHARP: I will ask you in the period from 2014 to the time that AUSTRAC made its request in 2017, isn't it right that in the Suncity room, Crown turned a blind eye to the prospect of money laundering taking place at that cash desk?

25

MR BARTON: I'm not – I'm not familiar with what the activities were at the cash desk in that period.

30

MS SHARP: But you're the CEO of this organisation and you're coming here today to explain to this Inquiry why, firstly, you were suitable to remain a close associate of the Sydney licensee and, secondly, why Crown Resorts is suitable to remain a close associate of the Sydney licensee. Do you understand?

MR BARTON: I understand that.

35

MS SHARP: But you can't tell us today whether it's right or wrong that Crown Resorts turned a blind eye to money laundering taking place at the cash desk in the Suncity Room in the period 2014 to 2017?

40 MR BARTON: I'm not familiar with what took place in that cash desk at that time.

MS SHARP: Well, isn't that one of the core media allegations, that Crown Resorts turned a blind eye to money laundering taking place?

45 MR BARTON: That's certainly one of the allegations, I agree.

MS SHARP: Well, why haven't you taken steps to understand what happened in the Suncity Room in that period?

5 MR BARTON: Well, we've basically said that from – from now or from some time recently there will be no transactions that take place outside of the cage in the casino. So the only movement of cash that will occur is movement of cash that takes place through the cage where we've got all of the right disciplines around surveillance, scrutiny and the recording of the transactions. So it's an issue, but we've dealt with it going forward. I don't disagree we need to go back and look at the history. But
10 dealing with the problem now and making sure it doesn't occur again, that's what we have done.

MS SHARP: Do you agree that the – I withdraw that. Do you agree that at the heart of the AML/CTF compliance program lies the transaction monitoring program?

15 MR BARTON: Yes, I agree.

MS SHARP: Do you accept that this inquiry has recently uncovered significant gaps in the transaction monitoring program insofar as the review of Crown operated
20 bank accounts is concerned?

MR BARTON: I'm aware of the issue of aggregation which has been identified.

25 MS SHARP: Are you aware that Mr Preston originally – and Mr Preston, of course, is the AML compliance officer – that he originally told this Inquiry on 31 July that while Southbank and Riverbank were not reporting entities for the purpose of anti-money laundering legislation, they were nevertheless subject of the Crown Melbourne and Crown Perth AML compliance programs?

30 MR BARTON: Yes, I agree with that.

MS SHARP: And are you aware that he told this Inquiry that the AML teams at Crown Melbourne and Crown Perth respectively, monitored the bank accounts of Southbank and Riverbank?

35 MR BARTON: I'm not sure about that specific statement.

40 MS SHARP: Well, that's what he told this Inquiry. I will give you a reference: it's transcript page 592 at lines 1 to 3. If you accept for the moment that's what he told this Inquiry, it was wrong, wasn't it?

MR BARTON: Yes, they – the AML team monitor the output from SYCO, not the underlying bank statement; that's correct.

45 MS SHARP: And the problem that has now been detected, Mr Barton, is that the cage team in Crown Perth and the cage team and the credit team in Crown Melbourne, when they did review the bank accounts aggregated the total deposits in

favour of particular patrons and only entered those aggregated amounts into the SYCO system.

MR BARTON: I agree that has been identified as an issue, yes.

5

MS SHARP: And the AML team only monitored the SYCO reports so they had no visibility of what was happening in the actual accounts in relation to deposit patterns.

MR BARTON: If the data around the underlying transactions wasn't input into

10 SYCO then the AML team wouldn't have had access to that information.

MS SHARP: And this has been detected as being a problem in the Riverbank accounts; do you agree?

15 MR BARTON: Yes, I agree.

MS SHARP: And also in the Southbank accounts; do you agree?

MR BARTON: I understand that review is underway.

20

MS SHARP: But you agree the problem has also been detected in the Southbank accounts?

MR BARTON: Yes, it has.

25

MS SHARP: And do you agree that the problem has also been detected in bank accounts in respect of which Crown held them directly?

MR BARTON: Again, I understand that review is underway, but I think there are indicators that the same issue existed there as well.

30 MS SHARP: This is a significant gap in the application of the transaction monitoring program, isn't it?

35 MR BARTON: Yes, it is.

MS SHARP: And Mr Stokes gave evidence – and Mr Stokes is the group manager of AML these days at Crown – he told this Inquiry there are multiple opportunities where that problem could have been detected back in 2013 and 2014 but, 40 unfortunately, there was an oversight and it wasn't detected. Do you agree with that opinion?

MR BARTON: I don't know about the first part. I haven't done any analysis to determine whether there were indicators of that – of that issue. But I respect Mr 45 Stokes' opinion.

MS SHARP: Well, certainly when you became involved in 2014 in your negotiations with ANZ Bank, there were indications that there was a structuring problem in the Riverbank accounts?

5 MR BARTON: Yes, I agree.

MS SHARP: But I think you've already agreed that no one at the time did a review of what was happening in those accounts?

10 MR BARTON: Yes, I agree.

COMMISSIONER: I suppose the word "oversight" gives the impression that something should have, in the usual course of things, happened and it did not. You'd agree with that description?

15 MR BARTON: Yes. Yes, I agree.

20 COMMISSIONER: But what I see is there wasn't the usual course of things in much of what you have been questioned about and it was somewhat hit and miss; do you agree with that?

MR BARTON: Yes, I agree, Commissioner; there needs to be a lot more work on the process of getting information into our AML team's hands.

25 COMMISSIONER: And one of the problems that faces a regulator is accepting from an applicant or a person who holds a licence their word with confidence that something will change. You understand that?

MR BARTON: I absolutely agree, Commissioner.

30 COMMISSIONER: And the only way to – well one of the ways to judge that is to see what has happened over the years when things have been said to regulators and that seems to be a problem for your company, does it not, because the regulators have been assured of things and when you scratch the surface, as the team here has 35 done, it doesn't seem as though the regulators have received an assurance with which they could be confident. Would you agree with that?

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

40 COMMISSIONER: And that part of it is obviously troubling you very much, is it not, Mr Barton?

MR BARTON: It absolutely is, Commissioner.

45 COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Mr Barton, this Inquiry was told by Mr Preston that the cage at both Crown Melbourne and Crown Perth was supposed to monitor the bank accounts for AML; do you agree with that?

5 MR BARTON: I'm sorry, Ms Sharp, you just broke up at the end there.

MS SHARP: Did you know that Mr Preston told this Inquiry that the cage at Crown Melbourne and the cage at Crown Perth were supposed to monitor banks for anti-money laundering purposes?

10 MR BARTON: Yes. Yes, I'm aware of that.

15 MS SHARP: Are you aware that the transaction monitoring programs in both the Crown Perth AML compliance policy and the Crown Melbourne AML compliance policy make absolutely no mention of the Crown – sorry, the cage monitoring individual bank accounts for AML purposes?

MR BARTON: Yes.

20 MS SHARP: Doesn't that make Mr Preston's account rather unlikely?

MR BARTON: My own belief is that we all have a responsibility around AML. Now, the specific responsibility for monitoring transactions falls to the AML team who get the information out of SYCO. But I would like to think that anybody who is 25 scrutinising transactions also has a role to play, even if it's not a formal role.

MS SHARP: But the transaction monitoring programs for both Crown Melbourne and Crown Perth made no mention of the cage staff reviewing these bank account statements for AML purposes?

30 MR BARTON: Yes, I would agree it wasn't a formal procedure.

MS SHARP: Now, can I take you back to that memorandum of 4 August where we started after lunch. That's a confidential one, CRL.563.002.4035. It's exhibit CB14.

35 COMMISSIONER: Thank you.

MR BARTON: I might need it on the screen, if that's okay.

40 MS SHARP: Yes, I will have it brought up on the confidential screen, please. Now, this is the memorandum that Mr Preston wrote to Mr Johnston and others on 4 August last year. Could I take your attention, please, to pinpoint 4043, and can I take you to the heading at the bottom of that page Who Manages the Southbank and the Riverbank Accounts.

45 MR BARTON: Yes.

MS SHARP: And do you see the statement of Mr Preston there:

Cage have no real responsibility with respect to the bank accounts other than verifying a deposit into the bank account and allocating funds.

5

MR BARTON: Yes, I see that.

MS SHARP: Now, do you agree that that statement is quite different to the evidence he gave this Inquiry that cage in Melbourne and Perth were responsible for monitoring the bank accounts for anti-money laundering purposes?

10 MR BARTON: I agree it's not their primary responsibility. I think we all have a role but it wouldn't be their primary responsibility.

15 MS SHARP: Well, is it concerning to you in any way that Crown's AML officer is telling this Inquiry one thing, which is that the cage were responsible for monitoring these accounts for anti-money laundering purposes, but is telling a director of Crown Resorts in this memo that cage have no real responsibility with respect to the bank accounts?

20

MR BARTON: I agree there's an inconsistency there.

MS SHARP: And it's an inconsistency on the part of the AML compliance officer.

25

MR BARTON: Yes.

MS SHARP: Who is supposed to be the champion of AML compliance at Crown Resorts.

30

MR BARTON: Yes.

MS SHARP: Now, can I ask you some questions about Crown's commissioning of external and independent reviews. Firstly, as a matter of general principle, do you accept that the answer you get depends upon the question that you ask?

35

MR BARTON: I think, as a general proposition, yes. I agree with that.

MS SHARP: And would you also agree that if you want good guidance you need to ask the right questions in the first place?

40

MR BARTON: Yes, I agree.

MS SHARP: Do you also agree that there is a difference between obtaining export – expert reviews to use defensively and obtaining them to use proactively?

45

MR BARTON: I'm not sure of the different uses of them, but I'll – I will accept that – that reports can sometimes be used for both purposes and, sometimes, they may be specifically for one or the other.

- 5 MS SHARP: Well, you do agree that there's a difference between obtaining a report to use it somewhere else to confirm that you're doing the right thing, and obtaining a report to engage in a genuine understanding of how your processes can be improved?

MR BARTON: Well, in some cases it could be the same report.

- 10 COMMISSIONER: Yes. Fair enough.

MS SHARP: One of the expert reviews you refer to commissioning back in 2014 is that of Promontory, which you say was commissioned in the wake of ANZ closing
15 the Riverbank accounts; is that right?

MR BARTON: That's – well, it was commissioned before they closed the accounts, but it was after we were notified that they intended to close the account.

- 20 MS SHARP: What you say, at paragraph 39(f), of your statement is that:

With the benefit of hindsight, Crown should have instructed Promontory in a more and specific detailed manner.

- 25 What do you mean?

MR BARTON: Well, the specific issue that ANZ raised was around structuring of transactions in the Riverbank account, and a specific direction to Promontory to look into that particular issue, would have given us a much better insight at the time, I believe, about the issues with the Riverbank account.
30

MS SHARP: So is it right that you were the one who commissioned this report?

MR BARTON: Yes, that's correct.

- 35 MS SHARP: Why, exactly, did you Commission it?

MR BARTON: Well, two reasons: one is I wanted to get assurance myself around the robustness of our – of our AML processes; but, also, I was concerned about our relationship with ANZ, and I wanted to give ANZ some comfort that we had good processes, as well.
40

MS SHARP: So is this an example of using an expert review for a defensive purpose?

45 MR BARTON: I think it was to give me comfort, but also, certainly, as well, to reassure ANZ, which you could characterise as a defensive purpose.

MS SHARP: You will agree that the Promontory report makes absolutely no mention of the Southbank or the Riverbank accounts?

MR BARTON: Yes. I agree with that.

5

MS SHARP: Was Promontory ever told about the existence of the Riverbank and the Southbank accounts?

10 MR BARTON: I don't know, specifically. They did conduct interviews with all of our Melbourne-based AML team. So it may have been in discussions with them. But I didn't – I didn't discuss it with Promontory.

15 MS SHARP: When you talk about all of your AML team, wasn't that team just Scott Howell at that time?

15

MR BARTON: And the AML compliance officer, Ms Tegoni.

20 MS SHARP: But you can't tell us now – well, you were the one who commissioned the report; correct?

20

MR BARTON: That's right.

25 MS SHARP: But you can't tell us whether Promontory was told about Southbank or Riverbank?

25

MR BARTON: No. I can't tell you that.

30 MS SHARP: But the very reason why you commissioned this report was to give yourself some assurance about compliance with AML because of the concerns that ANZ raised with respect to the Riverbank accounts?

MR BARTON: Yes, that's correct.

35 MS SHARP: Well, wouldn't the prudent thing be to have expressly drawn the attention of Promontory to the existence of the Riverbank and Southbank accounts?

MR BARTON: That would have been beneficial to have done at the time. I agree.

40 MS SHARP: Tell me, the fact that that report makes absolutely no mention of those accounts, does that suggest to you that it's most likely that Promontory was not told about those accounts?

MR BARTON: I – I can't comment on whether they were or they weren't. It's – it's possible they were, but there's no assurance from the report that they were.

45

MS SHARP: But can I just take you to that report for a moment. It's a confidential document. It's exhibit CB12. And I'll just bring it up on the confidential screen,

please. It's CRL.501.057.5323. And you have now got the September 2014 report before you, Mr Barton?

MR BARTON: Yes, I do.

5

MS SHARP: Could I take your attention, please, to pinpoint 5348.

MR BARTON: Yes, I have that.

10 MS SHARP: And could I take your attention, please, to paragraph 5.1.1.

MR BARTON: Yes.

MS SHARP: You see it says:

15

SMRs are a manual process - - -

MR BARTON: Yes.

20 MS SHARP:

- - - and, generally, the outcome of monitoring or other activity performed by the CTRM.

25 MR BARTON: Yes, I see that.

MS SHARP: Now, you can take it from me that the CTRM is the cash transaction report manager.

30 MR BARTON: Yes.

MS SHARP: And you know – you know, don't you, that that was Scott Howell?

MR BARTON: Yes.

35

MS SHARP: So what this report is telling us is that the drawing up of – well, I withdraw that. SMRs are a manual process and it's an outcome of monitoring by the CTRM, that is, Scott Howell.

40 MR BARTON: Yes.

MS SHARP: Now, Mr Howell has given evidence to this Inquiry; did you know that?

45 MR BARTON: Yes, I'm aware of that.

MS SHARP: Now, he told this inquiry, at page 2150, that he had no role in monitoring the actual bank account statements. Did you know that?

5 MR BARTON: I didn't follow all of his – his questioning, but I would accept his statement.

10 MS SHARP: All right. Well, given that evidence to this Inquiry, and that this report said that SMRs are the outcome of monitoring by him, do you agree that this report has missed the point that the accounts – the bank account statements were not being monitored for AML purposes?

MR BARTON: Sorry. Sorry, Ms Sharp, you broke up then for a second.

15 MS SHARP: I will put it again, Mr Barton. Given that Mr Howell told this Inquiry that he had no role in monitoring the actual bank account statements - - -

MR BARTON: Yes.

20 MS SHARP: - - - and given that this report says that SMRs are an outcome of monitoring by Scott Howell, it follows that this report has missed the fact that there was no monitoring of the bank account statements.

25 MR BARTON: Yes. There's – there's a reliance on the bank statement information finding its way, properly, into the SYCO system to enable Mr Howell to do his job properly.

MS SHARP: Now, if I take you over the page, to pinpoint 5349, would you agree that a number of criticisms are made, in the paragraph appearing under 5.2.2, of transaction monitoring at Crown?

30 MR BARTON: There's certainly observations. I'm not sure they'd necessarily rise to the level of criticisms.

35 MS SHARP: Well, one observation is that the cash transaction reporting monitoring activity is completely manual.

MR BARTON: That's an observation, yes.

40 MS SHARP: And that Promontory did not observe any documentation with regard to the approach used to perform this monitoring.

MR BARTON: Yes, I see that.

MS SHARP: And towards the bottom of that paragraph:

45

Without such procedures and documentation, the transaction monitoring process seems to depend largely on the CTRMs experience with AML issues and familiarity with Crown Melbourne's business.

5 MR BARTON: Yes, yes, it highlights the reliance on an individual.

MS SHARP: And that matter was, of course, highlighted to you when you received this report back in 2014?

10 MR BARTON: Yes, that was in the report, yes.

MS SHARP: But none of that changed in the period 2014 to 2019, did it?

15 MR BARTON: There were additional resources added in 2017. The team – the team increased in 2017, then it increased again in 2019.

MS SHARP: But the transaction monitoring activity remained completely manual in that period?

20 MR BARTON: Yes, it did.

MS SHARP: And there remained no documentation with regard to the approach to be used in performing the monitoring?

25 MR BARTON: No, it relied on Mr Howell's expertise.

COMMISSIONER: You've worked in other public companies, I understand; is that right?

30 MR BARTON: I have, Commissioner.

COMMISSIONER: Yes, and it's extraordinary, isn't it, just to put all your eggs in Mr Howell's basket?

35 MR BARTON: It creates a significant risk with one individual and a manual process, I agree.

COMMISSIONER: Have you seen it elsewhere?

40 MR BARTON: I do see it from time to time but generally the task is to try and identify those and improve them and take away that risk.

COMMISSIONER: Yes, Ms Sharp.

45 MS SHARP: How could this report by Promontory that you commissioned in 2014 give any comfort at all that money laundering was not occurring in the Southbank or Riverbank accounts?

MR BARTON: It relies on the analysis that information was being entered from those bank statements into the SYCO system and that Mr Howell was doing his job properly. So there are some assumptions there that you have to make to get comfort that the monitoring system was working.

5

MS SHARP: Commissioner, I'm about to move to a new topic. Would this be a convenient time?

10 COMMISSIONER: It would, Ms Sharp, thank you. Mr Barton, I'm afraid I will have to ask you to return again tomorrow morning.

MR BARTON: Not a problem, Commissioner.

15 COMMISSIONER: Thank you very much. If you could join us again a little earlier than 10 o'clock so we can make sure the technology is all working for you. And I will adjourn until 10 o'clock tomorrow.

MR BARTON: Thank you, Commissioner.

20 COMMISSIONER: Thank you.

<THE WITNESS WITHDREW

[4.03 pm]

25

**MATTER ADJOURNED at 4.03 pm UNTIL
THURSDAY, 24 SEPTEMBER 2020**

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