



**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**

**MONDAY, 27 JULY 2020  
AT 10.08 AM**

**Continued from 27.2.20**

**DAY 6**

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 S. ASPINALL as counsel assisting the Inquiry**

**MS R. ORR QC appears with MS C. HAMILTON-JEWELL for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited**

5 **MR J. STOLJAR SC appears with MS Z. HILLMAN for Melco Resorts & Entertainment Limited**

**MR A. D'ARVILLE appears for CPH Crown Holdings Pty Ltd**

10 COMMISSIONER: Yes. I'll take the appearances, please. Yes, Ms Sharp.

MS N. SHARP SC: Commissioner, my name is Sharp, and I appear with MR ASPINALL as your counsel assisting.

15 COMMISSIONER: Thank you. Yes. Other appearances. I think, Ms Orr, you appear for Crown; is that right?

MS SHARP: Commissioner, we appear to have some volume problems. May I suggest an adjournment.

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COMMISSIONER: No, no. That will be all right, Ms Sharp. It'll be sorted in a moment. Ms Orr appears for Crown and I think Mr Preston is in the wings to give evidence at the moment. We'll just pause for a moment. Technically speaking, what's the position? Yes. Now, Ms Orr, you appear for Crown.

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MR PRESTON: That's the same from my end, Commissioner. It's Josh Preston. I can only hear static. It's Josh Preston; I can only hear static as well.

COMMISSIONER: You can hear, Mr Preston, can you?

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MR PRESTON: I could hear Rowena, but I couldn't hear yourself, Commissioner.

COMMISSIONER: All right. Well, we'll just pause for a moment whilst we have the technology via Melbourne and Perth put in place securely for you, Mr Preston.

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Just pause there for a moment, thank you.

MS R. ORR QC: I'm sorry, Commissioner, I can't make out anything other than the static. I can hear the witness but nothing from the hearing.

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COMMISSIONER: All right. Thank you, Ms Orr. We'll attend to that shortly. And I think Mr Stoljar is in the background as well. Yes. Well, this is the resumption of the public hearings that took place in February this year in respect of the witnesses that were planned to be called but the Commission was, in fact, deferred until the 23<sup>rd</sup> of June when the Authority – the Independent Liquor and Gaming Authority directed that the hearings resume. The witnesses that were listed

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to give evidence at the time that the COVID-19 pandemic caused the deferral, the

same witnesses that were notified at that time, as I understand it, Ms Sharp; is that correct?

MS SHARP: Yes.

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COMMISSIONER: Yes. All right, then. And so we have today the first witness on that list being Mr Preston, as I understand it.

MS SHARP: That is so.

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COMMISSIONER: And Mr Preston is giving evidence remotely from Perth; is that correct?

MS SHARP: Yes, that is, Commissioner.

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COMMISSIONER: And Ms Orr, senior counsel, is appearing for Crown or for Mr Preston; is that right?

MS SHARP: That is so. Ms Orr appears by video link from Melbourne, Commissioner.

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COMMISSIONER: Yes. Thank you. And all other counsel are appearing remotely, and so I'll just take a short adjournment while that is organised. Thank you, Ms Sharp.

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MS SHARP: Thank you, Commissioner.

**ADJOURNED**

**[10.12 am]**

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**RESUMED**

**[10.34 am]**

35 COMMISSIONER: Yes. Thank you, Ms Sharp.

MS SHARP: Thank you for that short adjournment, Commissioner. I think the audio and visual facilities are working a little better.

40 COMMISSIONER: Thank you, Ms Sharp.

MS SHARP: As you've noted, Commissioner, this is a resumed hearing. Can I start by reminding you, Commissioner, where we are up to in the evidence. When the hearing was last before you, Commissioner, there were five lists of evidence  
45 tendered, being exhibits – what were called exhibits A through E, which are now before you. None of those documents were tendered on a confidential basis. It will be necessary, during the course of this hearing, to tender some documents, at least on

a confidential basis initially. And could I deal with some questions of documentary tender before I call our witness today, Mr Preston.

COMMISSIONER: Yes, of course.

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MS SHARP: Could you pardon me for one moment, Commissioner.

COMMISSIONER: I will just take the appearances now that we are in fact able to link ourselves to other jurisdictions. Ms Orr.

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MS ORR: Yes, Commissioner.

COMMISSIONER: You appear for Crown today; is that right?

15 MS ORR: Thank you, Commissioner, I appear with MS HAMILTON-JEWELL for Crown Resorts Limited and Crown Sydney Gaming Proprietary Limited. And I apologise, Commissioner; I was not able to hear any of the things that you said when we were last sitting. I could not hear any of that so I apologise if there was something important that was said in that bit.

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COMMISSIONER: I did refer to you, Ms Orr, as senior counsel for which I must apologise; you are of course one of Her Majesty's counsel.

MS ORR: Thank you Commissioner.

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COMMISSIONER: And it was, if I may say, mere machinery matters of getting the proceedings back on track after the deferral by the Authority in April 2020 because of the ramifications of the COVID-19 pandemic, noting that the proceedings today are as a result of the Authority resuming and asking us to resume our work on 23 June 2020. And so they were the matters to which I referred when you were absent at least in the audio sense.

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MS ORR: Thank you. I appreciate that indication.

35 COMMISSIONER: Yes, thank you, Ms Orr. You appear with Ms Hamilton-Jewell, thank you. Are there other appearances today?

MR J. STOLJAR SC: Stoljar is my name. I appear with MS HILLMAN for Melco Resorts.

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COMMISSIONER: Yes. Thank you, Mr Stoljar.

MR A. D'ARVILLE: And d'Arville is my name. I appear for CPH Crown Holdings Proprietary Limited.

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COMMISSIONER: I'm terribly sorry; I just missed your name.

MR D'ARVILLE: D'Arville.

COMMISSIONER: Mr d'Arville.

5 MR D'ARVILLE: Yes. Thank you.

COMMISSIONER: Thank you. Yes, Ms Sharp.

10 MS SHARP: Thank you, Commissioner. If I may start with some documentary tender.

COMMISSIONER: Yes, of course.

15 MS SHARP: As you would appreciate in an inquiry like this, documents have been served on a rolling basis. A large number of claims have been made for confidentiality with respect to those documents but what we propose to do is tender, as we did on the last occasion, the open documents which we have done by way of preparing three lists which should be before you, Commissioner, marked Exhibit List F, Exhibit List G and Exhibit List H.

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COMMISSIONER: Yes, all right. I will mark those documents exhibit F, G and H, each of the documents within the list having its own number. So exhibit F will be exhibit F1 to 101.

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**EXHIBIT #F EXHIBITS F1 TO F101**

30 COMMISSIONER: Exhibit G will be exhibit G1 to G7.

**EXHIBIT #G EXHIBITS G1 TO G7**

35 COMMISSIONER: And exhibit H will be exhibit H1 and H2.

**EXHIBIT #H EXHIBITS H1 AND H2**

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COMMISSIONER: Thank you, Ms Sharp.

45 MS SHARP: Thank you, Commissioner. There are then some lists of documents in respect of which claims for confidentiality were made. Some of those are no longer pressed. Various issues, I anticipate, will arise as the hearing moves on. In relation to Crown there are four – I beg your pardon, five such lists at the moment which I may refer to as Crown confidential list 1, Crown confidential list 2, Crown

confidential list 3, Crown confidential list 4 and Crown confidential list 5.  
Commissioner, I seek to tender the documents in those lists on a confidential basis at  
this stage. That is not to say that those who assist you, Commissioner, necessarily  
agree with the confidentiality claims but for convenience at this stage we will tender  
5 them confidentially.

May I indicate that Crown has indicated to us that it no longer presses a number of  
the confidentiality claims. If I propose to examine on any documents in these lists, I  
will indicate such to you, Commissioner, and you may wish to rule on such non-  
10 publication order applications as remain as the documents are presented.

COMMISSIONER: Yes. All right.

MS SHARP: I tender those five confidential lists, which I will call - - -  
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COMMISSIONER: Do you have them there?

MS SHARP: The lists are before you, Commissioner.

20 COMMISSIONER: Well, you may think they are.

MS SHARP: I had hoped they were before you, Commissioner. I will have them  
made available to you, Commissioner, and I will come back to that question of  
tender.

25 COMMISSIONER: Yes, thank you.

MS SHARP: I had also hoped that before you, Commissioner, would be a  
confidential list of Melco documents which I would call confidential Melco lists. I  
30 will come back to that as well as the Star confidential list.

COMMISSIONER: Yes.

MS SHARP: While we're waiting for that to happen - - -  
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COMMISSIONER: Well, you can come back to that a little later.

MS SHARP: Yes, thank you. In that event, may I call Joshua Robert Preston.

40 COMMISSIONER: Yes. Thank you. Mr Preston - - -

MS ORR: Excuse me, Commissioner. Could I make a point of clarification before  
the witness is called.

45 COMMISSIONER: In respect of the witness?

MS ORR: No, I'm sorry, in respect of confidentiality.

COMMISSIONER: We can adjourn that until we get to a point, I think, Ms Orr, wait until we get the list, I haven't got them before me.

5 MS ORR: No, I understand, Commissioner. I just wanted to make the point that there are no claims of confidentiality yet over any documents in lists 2 to 5. We have only made a limited number of confidentiality claims in relation to list 1. We have not yet had an opportunity to review the documents in lists 2 to 5 and on that basis, I understand that they are being tendered as confidential documents at this stage. But I just wanted to clarify that we have not yet made any application for any of those  
10 documents to be treated as confidential.

COMMISSIONER: No, I understand. Ms Sharp made it clear that she was just tendering it at this stage and I will hear in due course whatever I have to hear. Thank you, Ms Orr.

15 MS ORR: Thank you, Commissioner.

COMMISSIONER: Are you present there, Mr Preston?

20 MR PRESTON: I am, thank you, Commissioner.

COMMISSIONER: And would you tell me please, if you would prefer to take an oath on the Bible or make an affirmation?

25 MR PRESTON: An oath, thank you.

COMMISSIONER: Do you have a Bible with you?

MR PRESTON: I do.

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**<JOSHUA ROBERT PRESTON, SWORN**

**[10.42 am]**

35 **<EXAMINATION BY MS SHARP**

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

40 MS SHARP: Mr Preston, could you please tell this inquiry your full name?

MR PRESTON: Joshua Robert Preston.

MS SHARP: And your address is Crown Towers, Level 3, 8 Whiteman Street,  
45 Southbank in Victoria.

MR PRESTON: The business address, yes.

MS SHARP: And you are the chief legal officer, Australian Resorts at Crown Resorts Limited?

MR PRESTON: That's correct.

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MS SHARP: You have prepared two statements for this inquiry?

MR PRESTON: Yes, I have.

10 MS SHARP: The first of those statements is dated 20 February 2020?

MR PRESTON: That is correct.

15 MS SHARP: Are the contents of that statement true and correct to the best of your knowledge?

MR PRESTON: They are.

20 MS SHARP: Commissioner, may I interpolate here that this statement has gone into evidence as part of exhibit F – in the list in exhibit F and I will have the precise number turned up for you.

25 COMMISSIONER: Yes, that would be helpful, thank you Ms Sharp. Just before you proceed - - -

MS SHARP: It's exhibit 78.

30 COMMISSIONER: Exhibit F78. Ms Orr and Mr Preston, I should just indicate this: that as everyone now can be quite comfortable, this inquiry has the powers under the Royal Commission Act New South Wales 1923. Ms Orr, for the purposes of convenience and also practicality to ensure that the evidence flows, I would indicate to you that if, for any reason, there is an objection taken to any question under section 17 of the Royal Commissions Act then that can be noted. The appropriate way, I suggest to you, is to make an objection and ask me to note it and  
35 at the conclusion of the hearing, it would be appropriate for you and those assisting your team to identify those parts of the transcript over which objection is taken in respect of Mr Preston's answers should there be any, so that the protections provided by section 17(2) of the Royal Commissions Act will apply to Mr Preston. Ms Orr, is that understood?  
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45 MS ORR: Yes, it is, Commissioner. I understand you, Commissioner, to be referring to the privilege provisions in section 17 of the Royal Commissions Act. As you may know, Commissioner, the one confidentiality claim that we have made in relation to list 1 does include claims based on a small number of privileged documents and we have set out reasons in that written claim why we ask for that small number of privileged documents to be dealt with confidentially, including because although there is no formal waiver, once that material is made public, the

protections afforded by the privilege will evaporate and also because section 17(2) of the Royal Commissions Act which provides – it’s the corollary of the abrogation in 17(1) and provides protections for subsequent use of that evidence, does not apply in processes that do not constitute civil or criminal proceedings. And Crown is part of a  
5 number of regulatory processes that are on foot at the moment, in which it has rights – legal professional privilege rights. So, we are concerned that the hearing be conducted and the documents be used in a way that does not intrude on those rights that Crown has on those other processes and if the material is aired publicly, that will occur.

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COMMISSIONER: Let me go back to what I was saying. It’s in the process of Ms Sharp’s questioning of Mr Preston. I understand that there are some documents that will need to be handled in a manner that’s consistent with the approach that you have adopted or those assisting me have adopted. What I’m really alerting you to is if  
15 there’s something that Ms Sharp asks that you regard as possibly tending to incriminate Mr Preston or, alternatively, there’s a privilege claim - - -

MS ORR: I see. Yes.

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COMMISSIONER: - - - then it could be identified, so that the transcript can then be noted. So, that’s what I was referring to.

MS ORR: Yes.

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COMMISSIONER: All right, then. Thank you for that. We will move on. Yes. Ms Sharp. Yes.

MS SHARP: Mr Preston, you prepared a second statement for the purpose of this inquiry dated 6 March 2020; is that correct?

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MR PRESTON: That’s correct.

MS SHARP: And at the time you prepared that statement, you styled it a confidential statement; is that correct?

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MR PRESTON: That is correct.

MS SHARP: However, in recent days, Crown Resorts has withdrawn its claim to confidentiality over that statement; is that correct?

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MR PRESTON: Yes, that is correct, over large parts of it, if not all of it.

MS SHARP: So, the correct position now is that that statement may be made publicly available?

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MR PRESTON: That is correct.

MS SHARP: And may I note - - -

MS ORR: I'm sorry, Commissioner. I'm sorry, Commissioner, to interrupt but this is a claim for confidentiality made by Crown, not made by the witness. I am in a  
5 position to clarify that situation, which is the statement itself, no claim for confidentiality is pressed apart from parts of confidential annexure 3 that have been drawn to the commission's attention, and a redacted version, as I understand it, of confidential annexure 3 has been provided.

10 MS SHARP: That is so, Commissioner.

COMMISSIONER: Thank you.

MS SHARP: The statement but not the annexure is now publicly available; is that  
15 correct?

MR PRESTON: That is correct.

COMMISSIONER: Feel comfortable answering, Mr Preston, unless somebody  
20 interrupts.

MR PRESTON: Thank you, Commissioner. That is correct.

MS SHARP: And, Commissioner, this document presently appears in Crown  
25 confidential list 1 at tab 96.

COMMISSIONER: Thank you very much, Ms Sharp.

MS SHARP: I now wish to ask you some background questions, if I may, Mr  
30 Preston. You were a lawyer when you started your legal career at Phillips Fox for about 10 years - - -

MR PRESTON: That's correct.

35 MS SHARP: - - - ending in 2006?

MR PRESTON: That's correct. Yes.

MS SHARP: What was your field of expertise while you were at Phillips Fox?  
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MR PRESTON: Best described as general commercial practice in areas of property law, general contractual, some liquor licensing, a range of administrative type law, general fields.

45 MS SHARP: You then commenced working at Crown Perth in September 2006?

MR PRESTON: Yes. That's correct.

MS SHARP: Who was your employing entity when you commenced?

MR PRESTON: Burswood Resort Management Limited.

5 MS SHARP: That is the licensee for what I will call Crown Perth?

MR PRESTON: No. The licensee is Burswood Nominees Limited. Burswood Resort Management Limited is the employee company as a result of the State agreement structure when the casino licence was first granted.

10

MS SHARP: Now, at the time you commenced at Crown Perth, you held the position of general manager, legal and compliance?

MR PRESTON: Indeed, yes.

15

MS SHARP: What were your principal responsibilities in that position?

MR PRESTON: Responsibility for the legal functions at what was then known as Burswood Entertainment Complex, now known as Crown Perth, together with responsibility for the compliance area as well. They were the main functions.

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MS SHARP: And may we take it this responsibility was specific to Crown Perth and did not extend to Crown Melbourne?

25 MR PRESTON: That is correct.

MS SHARP: Now, in your February statement at paragraph 7, you say that you moved into the role of executive general manager, legal services at Crown Perth in January of 2007. How did your role change when you moved to that position?

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MR PRESTON: Firstly, it resulted in me forming part of the Executive team at Crown Perth. It also resulted in the expansion of my responsibilities to include responsible gaming risk and audit, ultimately, security and surveillance. And so, it was an expansion of the responsibilities across the – across the business.

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MS SHARP: Thank you. Mr Preston, could you pardon me for a moment. Could I make it clear to the operators not to pull up any documents on any screen unless I ask you to. Thank you.

40 Mr Preston, could I take you to paragraph 3 of your statement, and I am not asking for this to be called up on the screen. It's correct, isn't it, that you also hold the position of co-company secretary at Crown Melbourne Limited?

MR PRESTON: That's correct.

45

MS SHARP: And now, is that the holder of the licence in Crown Melbourne, the casino licence?

MR PRESTON: That's correct. Yes.

MS SHARP: And you are the co-company secretary of Burswood Nominees Limited?

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MR PRESTON: That is correct.

MS SHARP: And that's the entity that holds the casino licence at Crown Perth, as you've indicated?

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MR PRESTON: Yes.

MS SHARP: And you're also the co-company secretary at Crown Sydney Gaming Proprietary Limited?

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MR PRESTON: That is correct.

MS SHARP: And that is the entity that holds the new casino licence or the restricted gaming licence in Sydney?

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MR PRESTON: That's correct.

MS SHARP: Are you also a company secretary for Riverbank Investments Proprietary Limited?

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MR PRESTON: I'm a co-company secretary of Riverbank Investments, yes.

MS SHARP: But that's not mentioned in your statement?

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MR PRESTON: No, it's not.

MS SHARP: And you are also a secretary for Southbank Investments Proprietary Limited?

35

MR PRESTON: Yes, I'm a co-company secretary of Southbank Investments as well.

MS SHARP: Again, not mentioned in your statement.

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MR PRESTON: That's correct; like various other company secretary roles through the Crown Group.

MS SHARP: How long have you held the position of company secretary in Riverbank Investments Proprietary Limited?

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MR PRESTON: As I recall, since approximately 2014.

MS SHARP: And how about Southbank Investments Proprietary Limited?

MR PRESTON: Approximately mid '17.

5 MS SHARP: And is it correct that Riverbank sits under the corporate structure at Crown Perth while Southbank Investments sits under the corporate structure in Crown Melbourne?

MR PRESTON: That is correct.

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MS SHARP: Now, it was on 1 March 2017 that you started in your current role as the chief legal officer of Australian Resorts; correct?

MR PRESTON: That's correct.

15

MS SHARP: And who has been your employing entity since that time?

MR PRESTON: I still sit within the employee entity of Burswood Resort Management Limited.

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MS SHARP: But it's correct since assuming that position your responsibilities have extended to Crown Melbourne?

MR PRESTON: That is correct.

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MS SHARP: And, indeed, they also now extend to Crown Sydney?

MR PRESTON: That's correct.

30 MS SHARP: Could you please tell this inquiry what your responsibilities are in the position of chief legal officer?

MR PRESTON: Certainly. Responsibility for – across the Australian properties, the Australian operations with respect to the legal function, risk and audit, regulatory  
35 compliance, anti-money laundering and responsible service of gaming.

MS SHARP: You say that you have responsibilities for the Australian operations. Now, Crown did have overseas operations until a point in 2016, is it?

40 MR PRESTON: Sorry, I just lost you there, Ms Sharp.

MS SHARP: You say you have responsibility for the Australian operations of Crown. It's right that Crown also – I will put a different question. Crown also has operations overseas, does it not?

45

MR PRESTON: Limited now. Crown Aspinalls in London.

MS SHARP: And do you have any responsibilities for those operations?

MR PRESTON: No, no direct responsibilities. People within my team have direct responsibilities as it follows historical arrangements.

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COMMISSIONER: That's in respect of Crown Aspinalls in London?

MR PRESTON: That's correct, Commissioner.

10 COMMISSIONER: Thank you.

MS SHARP: And you have responsibilities for anti-money laundering and counterterrorism financing at both Crown Perth and Crown Melbourne?

15 MR PRESTON: I do.

MS SHARP: You also have responsibility for security and surveillance functions at Crown Perth?

20 MR PRESTON: That's correct.

MS SHARP: What about at Crown Melbourne?

25 MR PRESTON: No, I do not.

MS SHARP: And is it proposed that you will have anti-money laundering, I will call that AML responsibilities, at Crown Sydney when it comes online?

30 MR PRESTON: Yes, that's correct.

MS SHARP: And what about responsibility for security and surveillance when Crown Sydney comes online?

35 MR PRESTON: No, I will not.

MS SHARP: You say at paragraph 10 of your statement, your February statement, that part of your role as the chief legal officer has been harmonising and centralising the compliance frameworks at Crown Melbourne and Crown Perth. Can you explain what the key steps are that you have taken here?

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MR PRESTON: Certainly. When I commenced in the role early to mid '17, I had guidance to come in and review the structures in place, to identify any opportunities for enhancement, and I put a lens over Melbourne and Perth at the same time to see where we could remove any inconsistencies, look towards alignment. The properties had operated largely in isolation in a lot of areas and compliance was one where I thought there was an opportunity to bring them together so we could have a central

45

aligned platform to manage compliance and a key step was making sure we had a group function.

5 So an appointment of a group general manager to oversee that area with the technical skills to implement a business-wide compliance framework that was consistent across Melbourne and Perth and also with one eye on Sydney to have the platform centralised for Melbourne and Perth and then to roll into Sydney, have the right systems in place to support the centralised platform, and have the right resourcing framework and identification of particular roles to support the function of that  
10 compliance framework.

MS SHARP: Now, you were appointed as Crown Perth's designated anti-money laundering compliance officer in November 2007, weren't you?

15 MR PRESTON: Yes, I was.

MS SHARP: And you were appointed to that same position, that is, compliance officer, at Crown Melbourne in May 2017?

20 MR PRESTON: That is correct.

MS SHARP: Who held that position, that is compliance officer for anti-money laundering, at Crown Melbourne before you did?

25 MR PRESTON: Debra Tegoni, who was the executive general manager of legal and regulatory services at Crown Melbourne.

MS SHARP: Is she still there?

30 MR PRESTON: No. Debra resigned, and there was a management restructure where the role – my new role started at that point in time.

MS SHARP: But taking the fact that you've been the anti-money laundering compliance officer at Crown Perth since 2007 means that you've had experience  
35 with the anti-money laundering framework for around 13 years?

MR PRESTON: That's correct.

40 MS SHARP: In that time, have you received any specialised training in anti-money laundering or counterterrorism financing?

MR PRESTON: Well, certainly I received a range of engagement with AUSTRAC and relevant authorities pertaining to anti-money laundering. I have attended various education sessions over the years pertaining to anti-money laundering. I was part of  
45 the original project team with the Australian Casinos Association to develop the initial program when the AML/CTF Act was first being commissioned, and was part of that team to settle off the AML/CTF program for the industry generally and from

that point in time remaining engaged directly with AUSTRAC, law enforcement agencies and regulators pertaining to AML would be how I would describe my experience and training.

5 MS SHARP: You have told us a little bit about your experience, but I asked you about any specialised training. Do you have any specialised training in anti-money laundering or counterterrorism financing?

MR PRESTON: In terms of qualifications?

10

MS SHARP: Yes.

MR PRESTON: I'm not qualified as an AML practitioner.

15 MS SHARP: And have you received - - -

MR PRESTON: And there's no requirement for qualifications.

MS SHARP: Have you received any specialised training in anti-money laundering or counterterrorism financing?

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MR PRESTON: As I indicated, I have participated in a number of education training sessions related to anti-money laundering and counterterrorism financing over the years.

25

MS SHARP: Are you a member of the Association of Certified Anti-Money Laundering Specialists?

MR PRESTON: No, I'm not.

30

MS SHARP: Are you able to tell this inquiry whether anybody else within Crown Resorts – and I will include there the Melbourne and Perth arms – is a member of the Association of Certified Anti-Money Laundering Specialists?

35 MR PRESTON: Yes, we do have an individual.

MS SHARP: And who is that, please?

MR PRESTON: It's the group general manager of anti-money laundering, Nick Stokes.

40

MS SHARP: And is there anybody else or is that the only person?

MR PRESTON: He's the only current person.

45

MS SHARP: Could you please describe the level of your expertise with the Australian anti-money laundering framework?

MR PRESTON: Well, as I indicated, the anti-money laundering framework was historically under the Financial Transactions Reports Act, and then it really took hold in '96 with the coming into being of the Anti-Money Laundering and Counterterrorism Financing Act. And my experience really started at that point in time, which was working with the casinos group to develop the AML program and, ultimately, the commissioning of that program, the approval of that program and my experience has comprised the management of that program over some 13 years is that point in time.

10 MS SHARP: So would you describe yourself as having expertise in the anti-money laundering framework?

MR PRESTON: I would describe myself as being experienced in the framework and having a level of expertise with the framework particularly in the casino industry.

MS SHARP: And you, as a lawyer, you're familiar with the various provisions of the Anti-Money Laundering Act of 2006?

20 MR PRESTON: Yes, I've got working knowledge of the relevant legislation.

MS SHARP: And with the 2007 rules?

MR PRESTON: That's correct.

25 MS SHARP: It's right that you're also part of the commissioning team for Crown Sydney?

MR PRESTON: That's correct.

30 MS SHARP: And what's your role there, Mr Preston?

MR PRESTON: My role there is managing the relevant regulatory approvals pertaining to the necessary regulatory arrangements required for the opening of the casino.

MS SHARP: Any other responsibility?

MR PRESTON: Over the legal function as well, so pertaining to legal matters associated with operational areas of the casino and, as I said, the regulatory side of it as well, which includes – sorry, the – which includes the development of the risk profile for Crown Sydney, and the compliance framework and the other responsibilities that I have for the group.

45 MS SHARP: And how long have you been part of the commissioning team for Crown Sydney?

MR PRESTON: Since most probably towards the end of '17 when we started to look at it from a regulatory perspective with engagement with Liquor and Gaming New South Wales to develop the internal controls; it might have been late '17 or some time in '18. And then obviously involvement has been escalating as we get  
5 closer to the date of opening.

MS SHARP: I just wanted, if I could, to confirm some details with you in relation to Crown's joint venture arrangements with Melco International Development Limited, if I could. Of course, you've been working at Crown Perth since 2006;  
10 right?

MR PRESTON: That's correct.

MS SHARP: So at the time you started at Crown Perth, there was a joint venture on foot between Crown and Melco?  
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MR PRESTON: Yes.

MS SHARP: And, in fact, that joint venture had first formed in late 2004?  
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MR PRESTON: I understand that's right, that's before my time but I understand that was the approximate time of the relationship starting.

MS SHARP: And it was by reason of this joint venture that Melco Crown Entertainment Limited came into existence. You understand that?  
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MR PRESTON: I understand that's – to be true, yes.

MS SHARP: But by May of 2017, Crown had completely divested itself of an interest in Melco Crown?  
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MR PRESTON: I think that's the ballpark date, yes.

MS SHARP: But in any event there were around 13 years where Crown had an interest in Melco Crown?  
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MR PRESTON: That's correct.

MS SHARP: And Melco Crown, of course, operated casinos in Macau?  
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MR PRESTON: They did, indeed, and they still do, through Melco.

MS SHARP: Yes. And the first one I understand that was opened was Altira, which was formerly known as Crown Melco in May of 2007?  
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MR PRESTON: I believe that's right.

MS SHARP: And then City of Dreams opened in June of 2009?

MR PRESTON: Yes.

5 MS SHARP: And then Studio City came online in around October 2015?

MR PRESTON: That's correct.

10 MS SHARP: And is it right that in addition to that, City of Dreams in Manila commenced in February 2015?

MR PRESTON: I think that's about the date, yes.

15 MS SHARP: And Crown, of course, had an interest in that casino?

MR PRESTON: Yes, they did.

20 MS SHARP: What, if any, responsibilities did you have towards these Macau and this Philippines casino while Crown held an interest in these casinos?

MR PRESTON: I didn't have any responsibility.

25 MS SHARP: So at all times you were only working with Perth operations or with Australian operations?

MR PRESTON: Perth operations up until early '17, and then Perth and Melbourne.

30 MS SHARP: But may we take it that because Crown had an interest in these casinos in Macau, in your position at Crown Perth and later as the chief legal officer, you did take an interest in how those casinos in Macau were operating?

MR PRESTON: I took an interest, but it was not an interest related to responsibilities. It was a general interest; that's as high as I'd put it.

35 MS SHARP: Well, it's right that a number of junkets that operated in the Macau casinos in which Crown had an interest also operated at Crown Perth?

40 MR PRESTON: I couldn't say with clarity in terms of which ones did or did not. The operations in Macau are often through a corporatized entity which is different to the arrangements that exist pertaining to Perth. Certainly, there were people who had relationships with Macau operators in the corporatized sense that operated in Perth.

45 MS SHARP: Just so we understand, when you had responsibilities solely relating to Crown Perth, is it correct that some of your responsibilities did relate to junkets?

MR PRESTON: My responsibilities related to, as I explained, the legal framework and risk and compliance and anti-money laundering. But they do not relate to

approvals of junkets. That was a function that was performed out of the Melbourne business. That was the function that was centralised out of that part of the business at that stage.

5 MS SHARP: I see. So was responsibility for compliance of junkets with various laws always the responsibility of Crown Melbourne rather than Crown Perth?

MR PRESTON: No, no. The responsibility regarding compliance with laws, particularly if they were state-based laws, so a junket operator operating in the State  
10 of Western Australia, that would fall within the Perth remit. And junket operators were approved by the regulator until, I think, approximately 2010 in Western Australia, and there was internal controls related to the way junkets operated in Perth and we had responsibility in Perth for that, for the purpose of approving a junket operator.

15 MS SHARP: And when you say “we had responsibilities for that” do you mean that you, in your position, had responsibilities for that?

MR PRESTON: Well, I had responsibilities to the extent that they were captured in  
20 the specific regulatory compliance area but there was also obligations pertaining to transactions with cage, there was responsibilities with security surveillance from a compliance perspective, which I was responsible for. So there was wide responsibilities that junkets subject to over the engagement of that business and I had responsibility for a number of those.

25 MS SHARP: All right. And you did know by virtue of those responsibilities that a number of junkets that operated in Crown Perth were junkets that also operated in Crown Melco casinos in Macau?

30 MR PRESTON: As I said, a lot of the junkets that operated in Perth – or all the junkets that operated in Perth bar one – one rare example, were individuals. Junkets – the majority of the junkets that were operating in Macau, as I now understand it, were company junket operators. Just for clarity, I’m just trying to make the point that – sorry.

35 MS SHARP: You’re making the point, aren’t you, Mr Preston, that the precise legal entity that constituted the junket may have differed as between Macau and as between Crown Perth. Is that right?

40 MR PRESTON: That’s – that’s exactly the point, Ms Sharp.

MS SHARP: All right. But let me just test it this way: you would accept that a Suncity junket operated in Crown Perth, would you not?

45 MR PRESTON: I would accept that Alvin Chau Cheok Wa who was the junket operator operated at Crown Perth, and obviously Chau Cheok Wa is the principal of the Suncity group.

MS SHARP: All right. And everybody at Crown Perth referred to that junket as the Suncity junket; right?

5 MR PRESTON: I can't talk for everybody. I know that there is reference to Alvin Chau Cheok Wa's junket being often referred to as Suncity.

MS SHARP: I'm just asking you personally, is it right – I withdraw that. Did you know Mr Wa's junket as the Suncity junket?

10 MR PRESTON: I knew that that was a name that was referred to as his junket but from a Perth perspective my view was that he was Alvin Chau Cheok Wa.

MS SHARP: All right. You knew he was the Suncity junket in Macau as well?

15 MR PRESTON: I understand that he was the principal of the Suncity junket in Macau, yes.

MS SHARP: But you might not be able to say who the precise junket operator was in Macau?  
20

MR PRESTON: I did not know the exact name at the time, no.

MS SHARP: Right. But you did know this: there was a Suncity junket in Macau and there was a Suncity junket in Crown Perth?  
25

MR PRESTON: Well, not the precisely same operations. There was an Alvin Chau Cheok Wa junket operating in Crown Perth.

MS SHARP: Was there a Suncity room in Perth while you worked principally for Crown Perth?  
30

MR PRESTON: No, there was not.

MS SHARP: Was there a Suncity room at Crown Melbourne?  
35

MR PRESTON: There was, yes.

MS SHARP: Now, there was never – Suncity was never a junket operator, as such, in Crown Melbourne, was it?  
40

MR PRESTON: There is no junket operator Suncity in Melbourne. It's – again, I'm not trying to be difficult, it's Alvin Chau Cheok Wa is the junket operator who is the approved operator and the name of the room is Suncity as a designated almost trade name for them.  
45

MS SHARP: All right. So there was a well-established connection between Mr Wa's junket and the name Suncity?

MR PRESTON: Yes.

MS SHARP: During the time you've worked with Crown, have you been to Macau?

5

MR PRESTON: I've been there once, yes.

MS SHARP: And while you were there, did you go into any casinos?

10 MR PRESTON: I did.

MS SHARP: Which ones?

15 MR PRESTON: I went to a number. I went to – I recall City of Dreams, Altira. I went to Win. I went to Galaxy and also Venetian, if I recall correctly.

MS SHARP: Did you go into any of the - - -

20 MR PRESTON: .....

MS SHARP: Did you go into any of the VIP salons in those casinos?

MR PRESTON: I did.

25 MS SHARP: In all of those casinos?

MR PRESTON: No. I didn't go into ..... casinos.

30 MS SHARP: So, which casinos did you go into the VIP rooms?

MR PRESTON: Predominantly Altira.

MS SHARP: And when was that, that you went there?

35 MR PRESTON: I've referred to it in my statement. It was some years ago now. It would have been seven, eight years ago, some – some years.

40 MS SHARP: Have you ever been – I withdraw that. Have you ever had any dealings with the Macau casino regulator, which people commonly refer to as the DICJ?

MR PRESTON: No direct dealings. No.

45 MS SHARP: Have you ever been to Mainland China?

MR PRESTON: No, I have not.

MS SHARP: At any time while you've worked with Crown, have you had any role at all in relation to the marketing activities of Crown employees in Mainland China?

MR PRESTON: No, I have not.

5

MS SHARP: Can you tell us from the legal perspective who it was within Crown who had responsibilities in relation to Crown's operations in Mainland China?

MR PRESTON: Barry Felstead, the CEO of Australian Resorts, was responsible for the international business.

10

MS SHARP: Is he a lawyer?

MR PRESTON: No, he's not.

15

MS SHARP: So, you're the chief legal officer of Australian Resorts. Who was the senior legal officer with responsibility for Crown's operations in Mainland China?

MR PRESTON: Well, I can't say in that I had little to do with the China operation. I will say – sorry, Ms Sharp – in terms of your earlier question, I did – I did spend some small amount of time with Michael Chen, who was the head of the international team based overseas, pertaining to regulatory related matters in Perth. So, I did have some role with respect to Mr Chen in terms of informing him of the regulatory arrangements in Perth, if I recall, when he first started .....

20

MS SHARP: Would that have been in around 2014, 2015? Can you give us a timeframe?

MR PRESTON: I'm sorry. I would hate to guess. I can't recall.

25

MS SHARP: So, you dealt with Mr Chen back then. Subsequent to the arrest and detention of Crown employees in Mainland China, did you have dealings with Mr Chen after that?

MR PRESTON: I've had some dealings with Mr Chen. Yes.

30

MS SHARP: And why is that?

MR PRESTON: They were related to the current investigation and an ongoing class action matter.

35

MS SHARP: And how regularly have you consulted with Mr Chen for those matters?

MR PRESTON: I wouldn't use the term "regular". I would suggest I've spoken to Mr Chen regarding regulatory investigation most probably 10 times and most

40

45

probably with a class action, maybe – maybe about that many times as well, either with Mr Chen or through his legal representatives.

5 MS SHARP: When was the last time you were in contact with Mr Chen?

MR PRESTON: Not recently. I don't think I've spoken to Mr Chen for possibly 12 months, maybe a bit less.

10 MS SHARP: I just want to return to some questions I asked you earlier. You've said that one of your responsibilities in your current role of chief legal officer has been in relation to compliance and risk. In the course of discharging those responsibilities, have you looked into the question of whether there was a lawyer at Crown overseeing Crown Resorts activities in marketing in Mainland China?

15 MR PRESTON: The lawyers who played a role over the journey in terms of engagement with international marketing or the VIP team were predominantly Debra Tegoni and I can't say exactly what role she played over that period of time. And the general counsel at the time was Michael Neilson and, again, I can't say what role he specifically played as I was not really involved in the business at that point in time in  
20 that part of the business.

MS SHARP: I understand you weren't involved in that part of the business at the time but isn't it correct that you are involved in some way now in looking into aspects of that business at the time?  
25

MS ORR: Commissioner, could I interject. Excuse me. Could I interject because I fear that we are traversing material that the inquiry has accepted is privileged, which is privileged because of the class action that is on foot in relation to the detentions in China. I have waited quite a while before interjecting but I now feel that we are  
30 getting to a point where we are about to traverse the substance of legal advice given in connection with that proceeding.

COMMISSIONER: All right.

35 MS SHARP: Commissioner, I wish to be clear, I'm not in any way interested in what legal advice may or may not have been given. I wish to know who were the legal officers from Crown that had a role in overseeing Crown Resorts' operations in Mainland China in the period 2014 to October 2016.

40 COMMISSIONER: Yes, you may proceed.

MS ORR: And might I interject again to say that question has been asked and answered multiple times. Ms Tegoni and Mr Neilson are the names that Mr Preston gave when that question was asked on the last occasion.  
45

COMMISSIONER: Ms Orr, just pause there. Ms Sharp.

MS SHARP: I will just ask one follow-up question, if I may.

COMMISSIONER: Yes, of course.

5 MS SHARP: Mr Preston, to your knowledge, were any other legal officers involved in operations in Mainland China in the period 2014 to 2016 in addition to Ms Tegoni and Mr Neilson?

10 MR PRESTON: I'm un – I'm unsure whether any of the legal officers within Crown were supporting the functions being performed by Ms Tegoni and Mr Neilson and, again, I'm unsure exactly what role they played.

15 MS SHARP: Are you aware as to whether Crown Resorts or its relevant subsidiaries operating in Mainland China held any licences, permissions or authorisations from the Chinese authorities to conduct marketing activities in China in the period 2014 to October 2016?

20 MR PRESTON: No. I'm not aware if they held any licences or authorisations to market in China.

MS SHARP: Is it correct that you accompanied Mr Jason O'Connor to an interview conducted by the Victorian regulator in relation to the China arrests?

25 MR PRESTON: That is correct.

MS SHARP: Did you accompany any other witnesses interviewed by the Victorian regulator to the interviews?

30 MR PRESTON: I did.

MS SHARP: Who were they, please?

MR PRESTON: Mr Rowen Craigie, Mr Barry Felstead and Ms Jane Pan.

35 MS SHARP: I want to move now to ask you about the media allegations, the subject of this inquiry. I will take you firstly to a transcript of a 60 Minutes program that was aired in late July 2019. Now, this is a public exhibit. Commissioner, it's exhibit F63. I will call up this transcript and this can be fed to the live stream. It is INQ.100.010.914.

40 COMMISSIONER: Thank you.

MS SHARP: 0914.

45 COMMISSIONER: 0914.

MS SHARP: And, Mr Preston, I will just wait for that to be brought up in the screen. I will just repeat that number for the benefit of the operator. INQ.100.010.0914. Pardon me. The number has been replaced, INQ.010.006.1074. I will read out the number again, INQ.100.010.1074.

5

MS ORR: Excuse me, Commissioner. To assist the witness while that document is being called up, the witness has a copy of that document behind tab 63 in the folders of publicly available material that have been prepared for him.

10 COMMISSIONER: Thank you, Ms Orr. Yes. Ms Sharp, you may proceed.

MS SHARP: Thank you. In that event, regretfully, the document is not available. I trust it will be uploaded shortly. While that is occurring, I will take you, Mr Preston, to certain extracts of what was broadcast by 60 Minutes. If you have regard to the first page, Mr Preston, in the introductory remarks, it was observed:

15

*We've obtained - - -*

MS ORR: I'm sorry to interrupt. I don't think the witness has yet found the document, so perhaps if he could just be given a moment to find the document at tab 63 in his folders of publicly available materials, that might assist him with these questions. Perhaps he could confirm when he has found it.

20

MR PRESTON: Thank you, Ms Orr. I have now located it. Thank you.

25

MS SHARP: Mr Preston, at the first page, top row, there is an introductory section that says:

30

*We have obtained tens of thousands of documents from inside Crown's corporate headquarters. They show a lust for profits, show an arrogant culture where almost anything, including courting people with ties to the criminal underworld, was not only allowed but encouraged.*

And you understand that one of the key allegations made during this program was that Crown Resorts was partnering with junket operators connected with the criminal underworld; is that correct?

35

MR PRESTON: Can I just ask exactly where you were pointing to in the transcript, Ms Sharp? I couldn't – I missed where you were at.

40

MS SHARP: If you have regard to the very first page of the transcript.

MR PRESTON: Sorry, I've found it. I've got it at entry 12.

45 MS SHARP: Thank you.

MR PRESTON: Sorry about that. Can I get you to just repeat the question, please?

MS SHARP: Yes. Do you understand that one of the key allegations being made in this broadcast was that Crown Resorts was partnering with junket operators with connections to the criminal underworld?

5 MR PRESTON: Yes. I understand that that was one of the key allegations.

MS SHARP: Do you understand that it was also alleged that in arranging for – I will withdraw that. I see the document is now available. If I may take a moment, Commissioner.

10

COMMISSIONER: Of course.

MS SHARP: Can I take you to the second page of that document, Mr Preston, about halfway down at line – you see there's a number 29?

15

MR PRESTON: Yes.

MS SHARP: And do you see the journalist, Nick McKenzie, is there recording or stating the question:

20

*Do you think Crown exposed its Chinese staff to danger?*

Now, do you understand that one of the key allegations made in this broadcast was that Crown had exposed its Chinese staff to danger?

25

MR PRESTON: I understand that was one of the allegations. Yes.

MS SHARP: And could I take you, please, Mr Preston, to page 4 of that document. I withdraw that. Do you understand the allegation was also made that Crown executives devised plans to circumvent Chinese gambling laws?

30

MR PRESTON: I understand that that was one of the allegations. Yes.

MS SHARP: And do you understand that a further allegation made, and I will read this to you, is that:

35

*Junket middlemen not only find Chinese VIPs for Crown, but lure them to Australia by arranging luxury travel and millions in gambling credit and they do whatever it takes to collect bad debts.*

40

MS ORR: For the witness's benefit, Commissioner - - -

MR PRESTON: Sorry - - -

45 MS ORR: - - - would Ms Sharp mind pointing out which part of the document - - -

COMMISSIONER: I think he has answered the question, Ms Orr. You just spoke over him, I'm terribly sorry. Sorry, Mr Preston, what did you say?

5 MR PRESTON: I was just going to ask Ms Sharp, can she point me to the passage she's reading from, if that's okay. I've got the document on the screen and a hard copy in front of me.

COMMISSIONER: Yes. All right.

10 MS SHARP: Yes, thank you. It's – if I could take you, please, to the entry at number 133. You will see there are columns that are numbered.

COMMISSIONER: Yes, there it is.

15 MS SHARP: And do you see that reference, Mr Preston:

*These junket middlemen –*

and so on.

20

MR PRESTON: Yes, I see the reference. That was a reference that was made during the course of the program, yes.

25 MS SHARP: And you understood, and I should have asked you, you did watch this broadcast at the time it was broadcast for the first time?

MR PRESTON: I did.

30 MS SHARP: And you understood the allegation being made there was that these junkets do whatever it takes to collect bad debts?

35 MR PRESTON: Well, I took it as a comment being made through – and I can't recall who was making it, I note there that it was voice over, but it was commentary made, yes.

MS SHARP: And then could I take you over the page to the row commencing at 145.

40 MR PRESTON: Yes.

MS SHARP: And you will read that at this point in the broadcast reference was made to Roman Quaedvlieg and it was asserted that he had spent decades targeting international money laundering and organised crime rings. A little bit further down, you will see at 148, journalist Nick McKenzie says:

45

*His target was a triad known as The Company which remains the most powerful drug trafficking syndicate in the world and that for more than 10*

*years it has been shipping billions of dollars worth of ice and cocaine into Australia.*

5 And, of course, you understood at the time that a very large drug trafficking organisation had been identified, known or described here as The Company; correct?

MR PRESTON: That's what the transcript says and what they talked to on the program, yes.

10 MS SHARP: And after watching this program, you were also aware an allegation was being made that a man named Roy Moo had laundered money at Crown Melbourne on behalf of this organisation called The Company?

15 MR PRESTON: I was only aware of that as a result of this program, yes – of that allegation.

MS SHARP: That was the first time you became aware of that allegation?

20 MR PRESTON: That's correct.

MS SHARP: I might just, rather than me summarising the allegations being put, I might just play you a little bit of the footage from this broadcast, if I might. Could I now call up, this is directed to the operator – could I now call up, please, document that can go to the live feed INQ.800.001.0007, and could you queue it, please, to 25 220:

#### **VIDEO SHOWN**

30 MS SHARP: Pause it there. Do you understand the allegation, Mr Preston, being made at this point was that Crown Resorts was wilfully blind or recklessly indifferent to junket operators having underworld ties?

35 MR PRESTON: I understand that that was the commentary being made by media, yes.

MS SHARP: Can I continue playing from that point.

40

#### **VIDEO SHOWN**

45 MS SHARP: Mr Preston, let me take you to the transcript of what Mr Quaedvlieg said at this point as I do wish to ask you some questions about it.

MS ORR: Excuse me, I'm sorry to interrupt. We have lost Ms Sharp. We don't have an image of her. I suspect the same is for Mr Preston. We have an image of the Commissioner but no image of Ms Sharp at present. That has now been fixed. Thank you.

5

COMMISSIONER: Much more preferable. Yes, Ms Sharp, please proceed.

MS SHARP: Could I return you to the document, the transcript, and could I take your attention, please, Mr Preston to the entry at line 182. Now, what we saw Mr Quaedvlieg saying before the video was cut is that:

10

*Crown is a proxy financial services entity.*

Do you see that?

15

MR PRESTON: I do.

MS SHARP: And he says:

20 *But when you look at the risk profile of the individuals that Crown was dealing with and the exposure that it has to some of the criminality and the money laundering activity we talked about, in my view, that obligates Crown to have high levels of due diligence.*

25 And if I can put it like this: did you understand the proposition to be that because Crown was dealing with certain high-risk individuals, it needed to have high levels of due diligence?

30 MR PRESTON: It goes without saying that we have due diligence and the level of due diligence depends on the level of risk the business is taking on by engaging with particular patrons and activities.

35 MS SHARP: Yes, and did you understand the allegation being made here was that if Crown deals with high-risk individuals, it needs to have high levels of due diligence?

40 MR PRESTON: Well, like I said, depending on the nature of the patron, if they're high risk, then there is appropriate levels of due diligence that accompanies it which is not just Crown's due diligence; it's due diligence associated with the broader environment as well. All those things are taken into account.

45 MS SHARP: Mr Preston, I just wanted to ask you about your understanding of what the allegation was. I'm suggesting to you the nub of the allegation was that if Crown is to deal with high-risk individuals, it needs to have high levels of due diligence. Did you understand that allegation was being made at the time?

MR PRESTON: Yes, I understand that's what Mr Quaedvlieg was saying, yes.

MS SHARP: And if we continue to what Mr – or what the voice over is recorded as saying at 183, it states:

5 *Crown's so-called due diligence is barely evident in its confidential company files.*

Now, did you understand at the time the allegation was being made that Crown had low levels of due diligence in view of the level of risk that individuals it dealt with posed?

10

MR PRESTON: I understood that that is the allegation based on whatever company records – whoever the voiceover is referring to.

MS SHARP: And if I could take you a little further in the transcript, if we could go to 194. You see the voiceover is recorded as reporting:

15

*Crown has also jumped into bed with the Melbourne brothel boss with links to alleged sex trafficking. As well as running his prostitution business Simon Pan is also one of Crown's junket operators.*

20

Now, you understood, did you not, that it was alleged that Crown had a commercial relationship with Simon Pan who had connections to human trafficking?

MR PRESTON: All I can say is I can understand the language used and what is being alleged, yes.

25

MS SHARP: And if I take you to line 201, the broadcast went on:

30 *But Simon Pan is small fry compared to Crown's most dubious business partner, an international criminal fugitive and Chinese Communist Party aligned figure, meet the man they called Mr Chinatown.*

And then you will agree that a fellow by the name of Tom Zhou was identified here?

MR PRESTON: That's correct, Ms Sharp.

35

MS SHARP: And you understood that to be a reference to the Chinatown junket at the time, did you not?

MR PRESTON: A reference to what I now understand was referred to as a Chinatown junket but there was no junket approved in the name of Chinatown, it was reference to individuals who were junket operators that used the name Chinatown.

40

MS SHARP: Thank you for clarifying that, Mr Preston. Now, you would agree that very serious allegations were made against Crown Resorts in the 60 Minute broadcast?

45

MR PRESTON: Yes, I agree.

MS SHARP: What this broadcast was doing was calling into question the people that Crown had business relationships with. Do you agree?

5

MR PRESTON: Yes.

MS SHARP: That, so far as this program was concerned with junkets, that was the allegation being put, wasn't it?

10

MR PRESTON: That was one of the allegations, yes.

MS SHARP: Now, do you agree that it does matter who Crown Resorts decides to do business with?

15

MR PRESTON: Yes, it does.

MS SHARP: And why is that?

20 MR PRESTON: Well, Crown takes its responsibilities very seriously, and understanding who we're doing business with and making appropriate decisions related to those persons is an important part of our business which is detailed and, unfortunately, the media allegations didn't take into account any of the relevant due diligence matters that are considered pertaining to patrons, whether they be casual  
25 patrons or whether they be high profile VIP patrons, but I do agree that it's an important part.

MS SHARP: And certainly, I will give you the opportunity to explain to this inquiry what those due diligence arrangements consist of. But for now, would you agree that  
30 who Crown Resorts does business with matters in terms of Crown Resorts or its subsidiary entities' casino licences?

MR PRESTON: I'm not sure I understand the question, Ms Sharp. Can you repeat it, please?

35

MS SHARP: I will put it a different way, I'm sorry, Mr Preston. Do you agree that the propriety of individuals with whom Crown does business matters for the purpose of its casino licences?

40 MR PRESTON: Well, I think what matters is the frameworks that support how we make a decision on who to do business with and, obviously, exactly who we do business with does have relevance. But it's not in isolation in terms of an individual.

45 COMMISSIONER: Ms Sharp is not suggesting isolationism. Ms Sharp is simply asking you whether you agree with the proposition the propriety of people that you do business with matters in respect of maintaining your casino licences.

MR PRESTON: Pardon me, Commissioner; it obviously does matter, yes.

COMMISSIONER: Yes, of course. Yes, Ms Sharp.

5 MS SHARP: I will just take you to consider the context of the restricted gaming  
licence that has been granted in New South Wales, if I may, and in that regard, I  
wanted to show you a provision of the Casino Control Act of 1992 in New South  
Wales. This is a document I would like to put on to the live feed and which,  
Commissioner, you will find as exhibit A109 and which has the document number  
10 INQ.070.001.1061.

COMMISSIONER: Thank you.

15 MS SHARP: And Mr Preston, can I give you a moment to get the Casino Control  
Act to hand. You will see it, has it come up on your screen; you have got it in hard  
copy?

MR PRESTON: It might take me a bit of time to track it down in hard copy, but I  
can see it on the screen.

20

MS SHARP: Terrific. Could I take you to pinpoint reference, point 1069 and what  
I want to show you, Mr Preston, is section 13A of the Casino Control Act, and what  
you will see, if I could highlight section 13A, thank you, is that subsection (1)  
provides that:

25

*The authority must not grant an application for a restricted gaming licence  
unless it is satisfied that the approved applicant –*

and so on –

30

*...is a suitable person to be concerned in or associated with the management  
and operation of the Barangaroo restricted gaming facility.*

And then you will see that subsection (2) says:

35

*For that purpose, the Authority is required to consider a number of matters.*

And the matter that I wish to draw to your attention, Mr Preston, appears on the next  
page at subparagraph (g), and one of those relevant considerations is:

40

*Any of those persons has any business association –*

and any of those persons, that's the – relevantly includes the licence holder or the  
applicant for a licence –

45

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

5 Now, looking at that, Mr Preston, would you agree that it matters very much who Crown does business with from the perspective of its casino licence in Sydney?

MR PRESTON: It does.

10 MS SHARP: And you would also be aware – and there's no need for me to take you to this, but that one of the primary objects of the Casino Control Act in New South Wales is to ensure that the management and the operation of a casino remain free from criminal influence or exploitation?

15 MR PRESTON: Yes, I am aware.

MS SHARP: Now, when did you become aware that this story that I've just taken you to was about to break; that being in the 60 Minutes broadcast?

20 MR PRESTON: As I recall, I was overseas at the time, I think it might have been the 23<sup>rd</sup>, possibly.

COMMISSIONER: July?

25 MR PRESTON: Approximately the 23<sup>rd</sup>.

MS SHARP: And how did you become aware of that?

30 MR PRESTON: So a number of days before that. I got a call from the Melbourne office indicating that a journalist had posed a number of questions to Crown regarding a number of allegations.

MS SHARP: And which journalist was that?

35 MR PRESTON: It came through from Nick McKenzie.

MS SHARP: And how many questions were posed to Crown?

40 MR PRESTON: I recall there was approximately 50, maybe more. I can't recall exactly. There were a number.

MS SHARP: And may we take it that once you were made aware of that, you familiarised yourself with the nature of those questions?

45 MR PRESTON: Well, I took steps to make inquiries about the various questions as a result of the wide-ranging nature of them, as a result of the historical nature of a very good portion of them, and also a lot of them were entirely unfamiliar to me.

And so I made inquiries and had – I had my team look into the allegations to provide me with information so I could fully understand them, as best I could at the time.

5 MS SHARP: And were you looking into these questions because you were the person responsible for providing a response?

10 MR PRESTON: No. No, I was looking at them so I could inform myself and inform the business and then for the purpose of determining what form of a response, if any, was to be made.

MS SHARP: And you mentioned that you arranged for certain people in your team to look into the allegations. Who were these people you arranged to look into these allegations?

15 MR PRESTON: If I recall, I originally sent the list of questions through to one of my senior lawyers in the Melbourne team, to then explore with other relevant departments, to obtain as much information as she could get to assist me.

20 MS SHARP: And who was that senior lawyer?

MR PRESTON: Jan Williamson.

MS SHARP: And is she the senior legal counsel at Crown Melbourne?

25 MR PRESTON: She is.

MS SHARP: Was there anybody else you arranged to undertake inquiries on your behalf?

30 MR PRESTON: Look, as I recall, I would have spoken to a number of people about the questions and about the information that was coming in so I could understand it, so I could ensure that I had enough information to be in a position to understand the nature of the questions. So I would have spoken to people, no doubt, in the compliance team, in the anti-money laundering team, most probably in the gaming  
35 team. I can't recall specifically.

MS SHARP: To the best that you can recall, who did you speak to in the compliance team?

40 MR PRESTON: I would have spoken to Michelle Fielding who is the group general manager of regulatory and compliance.

MS SHARP: Anyone else in the compliance team?

45 MR PRESTON: Possibly, but it would have been mainly through the senior member of that team.

MS SHARP: And those conversations with Ms – or that speaking to with Ms Fielding, was that something you did in person or over the phone or by way of email exchange?

5 MR PRESTON: I can't recall but it definitely would have been over the phone. I was travelling at the time and I was trying to gather as much information as I could. And as I recall, I was in Perth at the time; I wasn't in Melbourne at that point.

10 MS SHARP: You mentioned you spoke with people from the AML team, who was that? Who were they?

MR PRESTON: It would have been Louise Lane, who was the group general manager of anti-money laundering at the time.

15 MS SHARP: Anyone else?

MR PRESTON: And I would have spoken to – most probably would have spoken to Adam Sutherland as well who is the senior manager in the AML team.

20 MS SHARP: And I think you mentioned you spoke to people - - -

MR PRESTON: And I – sorry, I just lost you there, Ms Sharp.

25 MS SHARP: Yes, I'm sorry, Mr Preston, I think I cut across you when you were saying who else you spoke to so perhaps you could tell us who else you spoke to?

MR PRESTON: Yes, I can't recall – I can't recall specifically who I spoke to, but it could have been someone in the gaming environment, if they had any information for us as well. But I can't recall who I would have spoken to at that stage.

30 MS SHARP: Sorry, when you say the gaming environment, what do you mean?

MR PRESTON: Most probably I might have spoken to Xavier Walsh who is the chief operating officer at Melbourne if he had any input, but I would suggest that largely the conversations would have been had by staff who I had instructed to gather as much information as they could, and we were reacting pretty quickly to get briefed and then inform – inform management and others as to what our position was and what we understood by these allegations. Because, as I said, there were a lot of them and they were wide-ranging in terms of date range and detail.

40 MS SHARP: But have you identified the key people with whom you personally dealt with at Crown about these allegations?

MR PRESTON: In terms of getting the information?

45 MS SHARP: Yes.

MR PRESTON: I would have spoken to Barry Felstead at length about them.

MS SHARP: And he, of course, is the CEO of Australian Resorts?

5 MR PRESTON: That's correct.

MS SHARP: And you've gone through a list of names now; is there anybody else you spoke to?

10 MR PRESTON: Craig Walsh. I did speak to Craig Walsh who is our executive director of security and surveillance. I remember speaking to Craig about the security side.

MS SHARP: And what steps did you take once you had spoken to these people?

15 MR PRESTON: Well, they were to feed information back into a central location which was largely being coordinated by Jan Williamson and who provided me with the necessary information so I could prepare a briefing note on the relevant – the relevant information that we had at the time which largely focused – and just – which  
20 largely distilled down to the points that were being made through the course of this 60 Minutes program.

MS SHARP: And who were you preparing the briefing note for?

25 MR PRESTON: Ultimately, prepared a paper for the Crown Resorts board.

MS SHARP: And were you aware as to whether the Crown Board was provided with your briefing paper?

30 MR PRESTON: Yes, they were.

MS SHARP: Is it fair – am I using fair language in calling it your briefing paper?

35 MR PRESTON: It was in my name. Yes. It was in my name and it had input from a range of – a range of people within the business and also had some external legal input as well.

MS SHARP: Did Mr Barry Felstead collaborate in the briefing report in any way?

40 MR PRESTON: Barry assisted me in the preparation of it and review of it. Yes.

MS SHARP: Did any directors of Crown Resorts assist you in preparing the briefing paper?

45 MR PRESTON: No.

MS SHARP: Did you show the briefing paper to any directors before presenting the briefing paper to the board of directors?

5 MR PRESTON: I – I apologise. I don't recall if it was shared in a draft form with anyone other than Barry and myself when we were preparing it or not.

MS SHARP: Now, it's correct that the board of directors met by telephone on 30 July to discuss these media allegations?

10 MR PRESTON: That's correct.

MS SHARP: And to be clear, by this stage, the allegations were not only being made in 60 Minutes but there were also articles being published in newspapers, such as The Sydney Morning Herald and The Age down in Melbourne?  
15

MR PRESTON: Through Nine Fairfax. Yes, that's correct.

MS SHARP: Yes. So, we might describe it as the Nine Fairfax investigation; would you agree?  
20

MR PRESTON: Most probably, yes, an appropriate way to describe it. I can't say for sure but I suggest that's an appropriate way to describe it. And I actually believe, if I recall correctly, they – I think it might have run in print prior to the 60 Minutes program, if I recall correctly.  
25

MS SHARP: Did you attend the board meeting on 30 July?

MR PRESTON: Yes, I did.

30 MS SHARP: To the best of your knowledge, did you attend all of that board meeting?

MR PRESTON: To the best of my recollection, I did attend the whole of that meeting.  
35

MS SHARP: And was the sole purpose of that board meeting to consider the media allegations and the briefing note that had been prepared?

40 MR PRESTON: I believe so.

MS SHARP: Is it correct that Mark Arbib also attended that board meeting?

MR PRESTON: I think he might have dialled in, yes.

45 MS SHARP: He holds a position with CPH, doesn't he?

MR PRESTON: He does.

MS SHARP: He doesn't hold any role with Crown Resorts, so far as you're aware?

MR PRESTON: No, not to my knowledge.

5 MS SHARP: Are you able to explain why he attended a directors' meeting of the board of Crown Resorts?

MR PRESTON: I can't say. I don't organise the invitees or attendees to the board meetings.

10 MS SHARP: So, this board meeting, did you provide an oral presentation that went with the briefing note?

MR PRESTON: Yes, we talked through the briefing note with the board, yes.

15 MS SHARP: Did any directors ask you questions about your briefing note?

MR PRESTON: There were a number of questions. Yes, there were.

20 MS SHARP: Is it correct that one of the resolutions of that board meeting was to prepare a full page advertisement responding to the media allegations?

MR PRESTON: There was a board decision to prepare a response deemed appropriate which resulted in the full page ad, yes.

25 MS SHARP: And who was charged with preparing that media advertisement?

MR PRESTON: I can't recall exactly who was charged with preparing it but there was a number of people who were involved in the preparation of it. That is best I can recall but I can't recall exactly who was charged with the drafting of it.

30

MS SHARP: Was Mark Arbib one of the people who was tasked with assisting preparing the advertisement?

35 MR PRESTON: As I recall, Mark had a role in reviewing it, like I think a lot of other people did at the time. Again, I can't recall specifically who was drafting or preparing what parts or, you know, drafting the ad.

40 MS SHARP: Was Karl Bitar one of the people involved in preparing the advertisement?

MR PRESTON: Karl certainly reviewed it. Again, I can't recall whether he prepared it or not but he was certainly – Karl reviewed it.

45 MS SHARP: Sorry. Could you just tell us what Karl Bitar's position was at Crown Resorts?

MR PRESTON: I can't recall Karl's exact title but he's employed by Crown Resorts in corporate communications in that formal portfolio but I can't recall Karl's exact title. Sorry.

5 MS SHARP: Can you tell us what his responsibility was with respect to the advertisement that was prepared?

MR PRESTON: Karl was providing commentary pertaining to the nature of a response that could be made, like a number of people would have been, which was  
10 debated around the table and also – Karl was, as I recall, also charged with engaging with media agencies to have the ad placed.

MS SHARP: Did he have any responsibility at all for checking any of the facts?

15 MR PRESTON: I'm certain Karl would have – would have read through the advertisement.

MS SHARP: But that's slightly different. Did he have any responsibility for  
20 checking the facts?

MR PRESTON: More than likely not. Karl most probably would have asked questions pertaining to accuracy but as to personally checking the facts, I would have – I would expect that Karl, like others, would have been assessing – raising questions  
25 for others to confirm facts or confirm language.

MS SHARP: So, who was responsible for checking the facts when it came to preparing the media advertisement?

MR PRESTON: It depended on which part of the advertisement. I was responsible  
30 for seeking answers to questions posed. As I recall, Barry Felstead was also pursuing detail from questions that were posed pertaining to the facts. We were the two most probably more prominent people determining the facts, taking information and questions and responding.

35 MS SHARP: Sorry to interrupt. Could I just ask that the document be taken down now from the screen.

May we take it that a draft of the advertisement was circulated to members of the board before it was published?  
40

MR PRESTON: To the best of my recollection, that's correct.

MS SHARP: Because it was signed by all the members of the board, wasn't it?

45 MR PRESTON: It all had their name to it in the publication, yes.

MS SHARP: So, it would be important for them to sign off on it; do you agree with that?

5 MR PRESTON: There was certainly a number of discussions about the detail in the ad to satisfy themselves that it was an appropriate ad to run.

MS SHARP: Did you have discussions with any of the directors about the content of the ads outside of the board meeting, I should add?

10 MR PRESTON: I – I can't recall specifically.

MS SHARP: Well, do you think you did?

15 MR PRESTON: I – I am – as I – to the best of my recollection, I am – I am sure I would have and I most probably would have had a discussion with at least John Alexander, who was the executive chairman at the time.

20 MS SHARP: Now, it's right that the advertisement was circulated to various media outlets on about 30 July?

MR PRESTON: Yes, that's right.

25 MS SHARP: And, indeed, it was published to the Australian Stock Exchange by way of an ASX release on 31 July 2019?

MR PRESTON: That's correct.

MS SHARP: Are you able to explain to us why it was released to the ASX?

30 MR PRESTON: No, I'm not.

MS SHARP: But aren't you the chief legal officer of Australian Resorts?

35 MR PRESTON: Yes. I'm not responsible for ASX related matters. That's Crown.

MS SHARP: Did anyone consult with you in any way about why it might have been released to the ASX?

40 MR PRESTON: There was a – there was a discussion. I wasn't part of the decision-making process but there was a discussion about it being an appropriate document to release to the ASX and I can't recall the detail pertaining to it. I was focused on the actual advertisement or the detail itself.

45 MS SHARP: Who do you think would be able to assist this inquiry in understanding why it was released to the ASX?

MR PRESTON: Normally the – all ASX releases go out from the Crown Resorts corporate offices and I would suggest the best person to ask that question to would be Mary Manos, who is the Crown Resorts company secretary.

5 MS SHARP: Could I show you the ad that was – or the advertisement that was released to the Australian Stock Exchange. This was the same ad that was provided to some newspapers and which some newspapers did publish. Commissioner, this is exhibit A219. I can call this document up on the live feed. It is INQ.010.0895. You will see, the first page, it's the ASX media release. Could I take you to the second  
10 page, please, Mr Preston.

MR PRESTON: I'm sorry, Ms Sharp. I don't have it on the screen and I can't really locate it in the index I've got. I've got tab numbers. Otherwise, it's randomly – quite hard to track down the ringtail ID.  
15

MS SHARP: Operator, could you put this on to the VC screen, please. Mr Preston, has that document been made available to you on the screen?

MR PRESTON: It is. I might need you to get the operator to enlarge it at the right points in time. It's a bit small on my screen. Sorry.  
20

MS SHARP: Yes, certainly, Mr Preston. I will do that now. I will start by enlarging the bottom right-hand corner. There's a box right at the bottom. You see it says:  
25

*A message from the Crown Resorts' board of directors.*

MR PRESTON: Yes, I can see that.

30 MS SHARP: It's right, isn't it, that every single director signed off on this advertisement?

MR PRESTON: That would reflect all of the directors, yes.

35 MS SHARP: Now, I will take you to the top left-hand section of the document. You will see the heading is:

*Setting the record straight in the face of a deceitful campaign against Crown.*

40 MR PRESTON: Yes, I see that.

MS SHARP: That expression, "deceitful campaign", it's pretty strong language, you would agree?

45 MR PRESTON: I would agree and I think it's strong – it was responding to some pretty strong allegations.

MS SHARP: And then if we go to the first paragraph – I beg your pardon, the second, it's stated:

5           *As a board, we are extremely concerned for our staff, shareholders and other stakeholders as much of this unbalanced and sensationalised reporting is based on unsubstantiated allegations, exaggerations, unsupported connections and outright falsehoods.*

10           Again, that's pretty strong language, isn't it, Mr Preston?

MR PRESTON: It is.

15           MS SHARP: Did you feel that your investigations to that date justified the use of such strong language?

MR PRESTON: Well, I think the form of the media was largely without - - -

MS SHARP: Mr Preston, I just want you to ask - - -

20           COMMISSIONER: Want you to answer.

MS SHARP: - - - whether you thought your investigations justified that strength of language by that time?

25           MR PRESTON: Yes, I do. There were a number of unbalanced and sensationalised elements to it. There were a number of unsubstantiated allegations. There were a number of exaggerations and there were a number of falsehoods. There were a number of errors in it.

30           MS SHARP: Just so we understand, your view is that you had adequately equipped yourself to make that assessment by 30 July 2019?

35           MR PRESTON: We had made due inquiries as best we could at that point in time, taking into account that the company was – it was heavy media associated with these allegations that were being run and our view was they were entirely out of context, and the view of the board was, ultimately, to prepare a document and an advertisement and we – obviously, we were looking at some - - -

40           MS SHARP: I just want to ask you about your view at this time. Did you feel that by 30 July, you had made sufficient investigations of these allegations to justify this strong language?

45           MR PRESTON: I believe that at the time, we had made sufficient investigations to prepare this advertisement, yes.

MS SHARP: Because this was described as a deceitful campaign. Had you made sufficient investigations by this time to justify the assertion that there was a deceitful campaign against Crown Resorts?

5 MR PRESTON: Well, I wasn't determining the concept regarding all the language. I was providing the detail pertaining to the facts against each of the allegations. And I can – I can say the allegations that were raised, there were, as I've suggested, a number of falsehoods, a number of unsubstantiated allegations and a lot of it was  
10 sensationalised. In terms of the language, it wasn't my decision with the ad to be run with the ultimate language around those paragraphs.

MS SHARP: No, because that ultimate decision was that of each member of the board, was it not?

15 MR PRESTON: It's the board's ad, yes.

MS SHARP: If I can take you a little bit further down, perhaps highlight in the left-hand column at subparagraph (c), it's stated:

20 *Extensive references were made in the 60 Minutes program to alleged criminal connections of an organisation said to be called The Company.*

And it's asserted that Crown has had no dealings or knowledge of any organisation of that name or description. And that assertion, was that based on your inquiries, Mr  
25 Preston?

MR PRESTON: That's correct.

30 MS SHARP: And if we go a little further down to the heading Junket Operators, it's stated – I will just have that enlarged for you, Mr Preston, so you can see that. Has that been enlarged for you now, Mr Preston?

MR PRESTON: Yes, Ms Sharp, if I can just correct one thing that I didn't draw  
35 your attention to. One of the factual pieces of information I did provide was with respect to Suncity, in that the Suncity or Alvin Chau Cheok WA junket was part of the listed – a Suncity listed company, that was not correct, which was corrected - - -

MS SHARP: You've saved me some time. Do you want to explain that; so there's  
40 something in here that is clearly wrong, as it turns out?

MR PRESTON: There is one part of it which is in error, yes, which is the Alvin  
Chau Cheok WA junket is not part of the Suncity listed entity, listed on the Hong  
Kong Stock Exchange. Chau Cheok Wa is the chairman of that listed company and a  
number of days later, the listed company noted in media that it was not – the junket  
45 operations were not part of that listed company.

MS SHARP: Could you just show us – what you’re referring to is paragraph (e)(i); is that right?

MR PRESTON: I’ve only got the junket operator’s extract enlarged. That’s correct.

5

MS SHARP: Yes, thank you. So where at subparagraph (e) it’s stated:

*No reference was made to the facts that the parent of the Sun City junket is a large company listed on the Hong Kong Stock Exchange which operates globally.*

10

You now accept that’s wrong?

MR PRESTON: I do, as was made aware in the media a small number of days later by Suncity itself, and I’m happy to correct the record now that Suncity junket is not part of the listed company on the Hong Kong Stock Exchange but Alvin Chau Cheok Wa, his junket is the chairman of that listed company.

15

MS SHARP: Thank you.

20

COMMISSIONER: Was this corrected – document to the ASX? You don’t know about it?

MR PRESTON: Sorry, Commissioner, I missed that, sorry.

25

COMMISSIONER: Was this corrected to the .....

MR PRESTON: I’ve just lost audio but I think your question might have been if it was correct - - -

30

MS ORR: I’m sorry, Commissioner, we are not getting audio.

COMMISSIONER: Yes, all right. Ms Sharp, you might ask that question for me seeing as I’ve been - - -

35

MS SHARP: Yes. Mr Preston, was that error corrected with the Australian Stock Exchange?

MR PRESTON: Not – not to my knowledge.

40

MS SHARP: Did you make that error known to anyone at Crown Resorts or to the Crown Resorts board when you became aware of it?

MR PRESTON: Yes, subsequent when it was published in media, a small number of days later, there was a subsequent board meeting, as I recall, and that point was – was made.

45

MS SHARP: Now, could I take you to the bottom half of the first – of the left column under the heading Junket Operators, and I will have that enlarged for you, Mr Preston. What's stated there is:

5           *In fact, the junkets are not Crown's. They are independent operators who arrange for their customers to visit many casinos globally.*

Now, did you write this part of the advertisement?

10   MR PRESTON: I would have had a role in the drafting of these words, yes.

MS SHARP: Was that role the role of drafting these words?

15   MR PRESTON: I apologise, Ms Sharp, I can't recall whether I was the initial drafter or whether I was receiving a draft form to review.

MS SHARP: Is it right that the point that's sought to be made here is that junkets are independent of Crown Resorts?

20   MR PRESTON: They are independent operators. Crown has a commercial relationship with them. The allegations were very focused on that they are our partners, almost indicating a sense of a joint venture. That is not the fact at all. They're independent operators who we have a contractual relationship with.

25   MS SHARP: So, sorry, they're not – you said they're not joint venturers. What was the point you were making?

30   MR PRESTON: That was the sense of the media allegations – the sense of the media allegations they are our partners and almost in a joint venture arrangement. That is just not factual. They are independent contractors and we have a commercial – a contract with them in terms of their operations.

35   MS SHARP: So the objection was to the allegation of partnership between Crown Resorts and the junket operator?

MR PRESTON: That's correct.

MS SHARP: The next paragraph it's stated that:

40           *Macau-based junkets are required to be licensed there and are subject to regulatory oversight and probity checks.*

Did you draft that bit of the ad?

45   MR PRESTON: Again, I don't want to continue to repeat myself to annoy you, but I can't recall exactly what I drafted but that is – I would have reviewed that and that

is not dissimilar to language I might have used; it's just I can't recall specifically which part I drafted and which part I did not.

5 MS SHARP: Can you assist us with this then: was the point of including that to say that people can draw some comfort from the fact that junkets with which Crown deals are licensed in Macau by the regulator over there?

10 MS ORR: I object to that question, Commissioner. I object on the basis that the question is asking Mr Preston what the point of including these words were. Mr Preston has made clear that he was not the decision-maker in relation to the final words that were used in this advertisement. That decision was made by others.

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

15 MS SHARP: So far as I understand your evidence, Mr Preston, you collaborated with various people in the preparation of this advertisement?

MR PRESTON: That's correct.

20 MS SHARP: Did you think of the point to make, that the junket operators were licensed in Macau?

25 MR PRESTON: I don't know whether I can say I thought of the point. What I can say is that that was a point that was made in discussions with the directors and others when we were appreciating the allegations and relevant commentary to inform the directors and the point was made that junkets that operate in Macau are licensed through a regulatory regime and it includes all the probity checks that are carried out for the purpose of that licensing.

30 MS SHARP: And why does that point matter?

35 MR PRESTON: Well, from my perspective, the media allegations made no reference to a range of measures that are in place pertaining to junkets and due diligence and appropriateness. This is a very clear point to make, that the Macau-based junkets are subject to some due diligence checks and regulatory oversight and regulatory licensing.

MS SHARP: What due diligence checks are they subject to?

40 MR PRESTON: Well, certainly police checks.

MS SHARP: Who? Who are subject to the police checks?

45 MR PRESTON: The junkets in Macau.

MS SHARP: And are they individuals or are they companies?

MR PRESTON: Well, it depends, there's both in Macau, there's companies and individuals, but for the purpose of the companies, the key people involved provide a police check.

5 MS SHARP: Are you sure about that?

MR PRESTON: I have seen a police check of customers that we have who hold or are involved in a DICJ licence of our property.

10 MS SHARP: So the probity checks are police checks. What else?

MR PRESTON: I'm unsure off the top of my head, sorry.

MS SHARP: Did you ever know?

15

MR PRESTON: I think the probity checks there is referencing the police checks and also the fact that they go through a licensing regime for the grant of a licence to operate as a junket.

20 MS SHARP: So what probity checks are done in the course of that licensing regime?

MR PRESTON: Well, what they do do is they provide all of their, obviously, contact details of the company, their company details and as I said, they provide a police check which is an important part of probity.

25

MS SHARP: Okay. So, so far you've said there's a licensing regime that involves a probity check and that probity check at least involves a police check. What else does the probity check involve, if anything, to your knowledge?

30

MR PRESTON: Well to my knowledge the companies provide company structures. They provide details of shareholding. They are some other information that is provided for the purpose of regulatory – the Macau regulator to consider their application for the purpose of approval.

35

MS SHARP: Sorry, do you say that information is provided to the Macau regulator?

MR PRESTON: Yes.

40 MS SHARP: And how did you acquire that knowledge that you've just told us about?

MR PRESTON: Well, I've looked at a form of an application through the Macau regulator's website. I've also looked at a completed application that we have in our records as well.

45

MS SHARP: Can I just show you a document. If you will pardon me for one moment. Commissioner, can I call up, it's exhibit A163, which is INQ.130.001.6680. Now, Mr Preston, do you have a magazine article in front of you called "A broken model?"

5

MR PRESTON: I do.

MS SHARP: The by-line is:

10 *Shines a spotlight on Macau's shadowy junket business.*

MR PRESTON: Yes, I do.

15 MS SHARP: If you look right at the bottom near the page number, can you see that it's Gambling Insider.

MR PRESTON: Just, yes.

20 MS SHARP: That is one of the magazines that's well known that the casino industry, is it?

MR PRESTON: I don't read that or subscribe to that magazine.

25 MS SHARP: Could I take you to pinpoint reference 6681, which is the next page of the article, Mr Preston. And if I could just highlight the right-hand column – the bottom half of that right-hand column. You will see that that last paragraph says:

30 *Some argue that junkets, which are illegal in China but can receive licences to operate in Macau, have for too long been allowed free rein to go about their business with scant oversight. In fact, Macau Gaming Watch project leader, Jeff Fiedler, pulls no punches when he says "Junket regulation to date has been far too superficial and wholly inadequate while vetting of individuals isn't up to scratch". Current policy requires only on-paper shareholders and directors for junkets to undergo suitability investigations.*

35

We will take it over to the next page now. Were you aware of that view?

MR PRESTON: No, I was not.

40 MS SHARP: So at the time you collaborated in preparing this advertisement, were you aware that there was a view within the casino industry that Macau junket regulation was somewhat lax?

45 MR PRESTON: Well, I can't say what the view of the casino – or within the casino industry was. This is one article I've never seen before. My position – sorry, Ms Sharp.

MS SHARP: Please go ahead, Mr Preston.

MR PRESTON: All right. My view was in terms of providing information to the board, which has found its way into this advertisement, was junket operators are  
5 licensed by a regulator, a government regulator in Macau and part of that regulatory regime includes licensing, an annual renew of each licence and part of that process both in terms of an application and a renewal requires the provision of a police clearance. And I might add that it's not – Crown doesn't just rely on that as its only  
10 part of due diligence.

MS SHARP: At the time you collaborated in this ad, were you aware of a view within the industry, that is, the casino industry, that Macau regulator junket regulation was lax?

15 MR PRESTON: No, I was not.

MS SHARP: Have you followed the oral evidence that has been given to this inquiry to date?

20 MR PRESTON: I have – I have heard a good portion of it.

MS SHARP: Have you watched some of it being given?

MR PRESTON: I have, Ms Sharp, yes.

25

MS SHARP: Did you watch Mr Paul Bromberg give evidence?

MR PRESTON: As I recall, I did see some of Mr Bromberg's evidence.

30 MS SHARP: Were you aware that he gave evidence, and I will give a transcript reference, but I don't need to take it to you; the transcript is page 86 at line 45. That he said:

35 *The reality was that existing junket operators were grandfathered in, so there was no meaningful licensing investigation.*

And he was talking about Macau then.

MR PRESTON: I – I did hear - - -

40

MS SHARP: Were you aware of that?

MR PRESTON: No, I was not.

45 MS SHARP: So you weren't aware of the fact to which he refers?

MR PRESTON: No, I was not.

MS SHARP: And if I can take you to another bit of Mr Bromberg's evidence and here I'm reading from page 87 of the transcript at about line 13. He says that:

5 *I understood it from the head of the DICJ at the time that the only thing that was undertaken by a junket licence applicant was that if it was an individual they were not required to have – they must not have a criminal record, and that they undertook a Dun & Bradstreet report on the company. So very, very minimal requirements.*

10 Now, were you aware of that fact? Or do you say it was not a fact?

MR PRESTON: Well, I can't say if it's factual or not, but I was not aware of what he was saying in terms of the opinion that Mr Bromberg had.

15 MS SHARP: So you weren't aware of those matters at the time you collaborated in the preparation of this advertisement that the board of directors had published?

MR PRESTON: No, I wasn't, Ms Sharp.

20 MS SHARP: Could I just return now to that advertisement for a moment and if I could have projected on to the screen so that Mr Preston could see it, INQ.100.010.0895 and we will go to pinpoint reference point 0896.

25 COMMISSIONER: Just while that is happening, if I may; Mr Preston, you said that you watched Mr Bromberg's evidence or some of it; is that correct?

MR PRESTON: Yes, as I recall, Commissioner.

30 COMMISSIONER: And Mr Bromberg informed me that he was aware that the Macau regulator in 2015 announced plans to revise its junket rules and regulations. Do you remember that evidence?

MR PRESTON: I do recall him making that comment, Commissioner, yes.

35 COMMISSIONER: And have you looked at the changes, any changes that have been made by the regulator?

MR PRESTON: I understand, Commissioner, that those changes have not been rolled out in full effect at this point.

40 COMMISSIONER: So you have - - -

MR PRESTON: I believe there has been some considerable delay. I beg your pardon?

45 COMMISSIONER: So you have had a look?

MR PRESTON: I have had a brief look at – I’ve seen some commentary on it as opposed to reading what is formally proposed. I haven’t read the full detail of what is actually proposed.

5 COMMISSIONER: Sorry to interrupt, Ms Sharp.

MS SHARP: Thank you, Commissioner. Could I have enlarged again for you, Mr Preston, the bottom left-hand column under the heading Junket Operators. And you will see that third paragraph, one of the things stated in the advertisement was that:

10

*Crown itself has a robust process for vetting junket operators, including a combination of probity, integrity and police checks and Crown undertakes regular reviews of these operators in light of new or additional information.*

15 Now, I understand your evidence that this was a collaborative effort, but did you prepare that paragraph of the advertisement?

MR PRESTON: That would be information from detail I provided in, yes.

20 MS SHARP: And if I now take your attention a little further down, under the heading Anti-Money Laundering you will see it’s stated:

*The program also made various allegations of money laundering implying that Crown facilitates it or turns a blind eye to it.*

25

And you, as part of the collaborative evidence – effort, intended to refute the suggestion that Crown turned a blind eye to money laundering in the casinos.

MR PRESTON: Absolutely.

30

MS SHARP: Now, further media reports that was adverse to Crown emerged subsequent to this board advertisement; do you agree?

MR PRESTON: Yes. We had further media that was published.

35

MS SHARP: And you continued your investigations into these allegations aired in the media?

MR PRESTON: Yes, I did.

40

MS SHARP: And it’s right that the board met again on 4 August to discuss these media allegations?

MR PRESTON: As I recall that was the date, yes.

45

MS SHARP: And it was resolved to publish a further advertisement?

MR PRESTON: Yes, sorry, Ms Sharp, I'm not seeing you on my screen.

MS SHARP: Pardon me for a moment.

5 COMMISSIONER: Yes, there you are, you are back now, Ms Sharp.

MS SHARP: Thank you. Is it right that at the 4 August board meeting the board resolved to publish a further media advertisement?

10 MR PRESTON: As I recall, that's correct, yes.

MS SHARP: And is it right that the board also resolved to establish a subcommittee to oversee matters relating to or responding to these media allegations?

15 MR PRESTON: I can't recall whether it was resolved at that board meeting but there was a – a committee was established.

MS SHARP: And who was on that committee?

20 MR PRESTON: John Alexander, Helen Coonan, Michael Johnston; I think Professor John Horvath. I can't recall who else might have been on that committee, sorry.

MS SHARP: Could it be Jane Halton?

25

MR PRESTON: Yes, you're right, it was Jane as well.

MS SHARP: And did you provide any assistance to this subcommittee?

30 MR PRESTON: Yes. I did provide ongoing updates on – on matters that were relevant and within my remit, yes.

MS SHARP: How did you provide updates to this subcommittee?

35 MR PRESTON: It was a combination of some preparation of documents and also verbal updates.

MS SHARP: Did you attend meetings of this subcommittee?

40 MR PRESTON: I – I did attend meetings of the subcommittee, yes, I did.

MS SHARP: Are you in a position to indicate how many meetings the subcommittee has had?

45 MR PRESTON: I – I would be guessing.

MS SHARP: One or five or 10; what's your estimate?

MR PRESTON: More than 10, would be my recollection.

MS SHARP: Does this subcommittee continue to meet?

5 MR PRESTON: No, it's not meeting at this point in time.

MS SHARP: When did it stop meeting?

10 MR PRESTON: I can't recall the date, sorry.

MS SHARP: Was it before or after this inquiry was announced?

MR PRESTON: It was – it stopped meeting after the inquiry was announced.

15 MS SHARP: Now, it's right that a further full-page advertisement was published in certain Australian newspapers.

20 MR PRESTON: Sorry, Ms Sharp, sorry to interrupt you. Sorry, I don't want to interrupt, I don't want to mislead you either. It didn't stop meeting as a result of the inquiry; it continued to meet after the inquiry was commenced. It stopped meeting during the – during the period post the inquiry commencing.

MS SHARP: Thank you for clarifying that.

25 MR PRESTON: In terms of the formal process.

MS SHARP: Now, it's correct that Crown Resorts took out another full-page advertisement in certain Australian newspapers on 6 August last year?

30 MR PRESTON: That's correct.

35 MS SHARP: I will just have that advertisement shown to you. If I can call up and have shown to Mr Preston, please, INQ.070.008.0002, or, in fact, 01 to start with. You can take it from me this comes from The Australian. We will just go back to 0002. Now, what we see in that left-hand column is a heading Deceitful Reporting. Again, it's very strong language, would you agree?

COMMISSIONER: Deceitful Campaign.

40 MS SHARP: Deceitful Reporting.

COMMISSIONER: Campaign.

45 MS SHARP: Yes, in the – yes, sorry, Commissioner; you are referring to a different part. Yes, the very top heading is A Deceitful Campaign Against Crown.

MR PRESTON: Yes.

MS SHARP: And there's a sub-heading Deceitful Reporting.

MR PRESTON: Yes.

5 MS SHARP: And again, you would agree that that is very strong language?

MR PRESTON: It's – it is strong language.

10 MS SHARP: There's nothing in here about Suncity being listed on the Hong Kong Stock Exchange. May we take it you knew that wasn't right by the time of this advertisement?

MR PRESTON: That is correct.

15 MS SHARP: Were you involved in putting together this advertisement?

MR PRESTON: To the best of my recollection, the development of this document took the same – followed the same process as the previous advertisement. So, yes, I was involved.

20

MS SHARP: Thank you, Mr Preston. Commissioner, I see the time, would this be convenient?

COMMISSIONER: Mr Preston, I presume in Perth it's about 11 am; is that right?

25

MR PRESTON: It is, yes, Commissioner.

COMMISSIONER: Yes, thank you for making yourself available earlier than 10 o'clock this morning.

30

MR PRESTON: A pleasure.

COMMISSIONER: We will take a luncheon adjournment now and resume at 2 pm which is midday your time. Yes. Thank you, Mr Preston, I'll now adjourn until 2 pm. Thank you, Ms Sharp.

35

MR PRESTON: Thank you.

40 **ADJOURNED**

**[1.00 pm]**

**RESUMED**

**[2.02 pm]**

45

MS SHARP: Mr Preston, I would like to show you some footage if I could. I can call this up on the live feed. Commissioner, it's exhibit F93 and it is

INQ.800.001.0010 and, Mr Preston, I will just ask you to watch along with us when we bring this footage up. Perhaps we will come back to it, Commissioner. I will deal with this in another way. Mr Preston, while we're waiting for that, can I ask you this, when you were made aware - - -

5

MS ORR: Excuse me. I'm sorry to interrupt but we don't have any visual of Ms Sharp or the Commissioner. Thank you.

10 MS SHARP: When you became aware of the 60 Minutes broadcast in July of 2019, that was not the first time that allegations had been made in the media that Crown Resorts was dealing with junkets linked to organised crime, was it?

MR PRESTON: No, that's correct.

15 MS SHARP: In fact, there was what I might describe as an exposé on Four Corners in September 2014 called "High Rollers – High Risk?"; is that right?

MR PRESTON: That's correct.

20 MS SHARP: And may we take it that you reviewed the broadcast "High Rollers – High Risk?" at about the time it was publicly aired?

MR PRESTON: No, I don't recall seeing that aired.

25 MS SHARP: So, you were working at Crown Perth at that time, weren't you?

MR PRESTON: That – that's correct.

30 MS SHARP: And you don't recall seeing the Four Corners' expose "High Rollers – High Risk?"?

MR PRESTON: I don't recall whether I saw it or whether or not – I can't recall it.

35 MS SHARP: Well, I might deal with it this way and show you the transcript for that broadcast. If I could - - -

COMMISSIONER: .....

40 MR PRESTON: Sorry, Commissioner. There was no audio. My apologies.

MS SHARP: You say you can't recall whether you saw Four Corners' "High Rollers – High Risk?" at the time in September 2014. Have you seen it since that time?

45 MR PRESTON: I've read the transcript. I have read the transcript since.

MS SHARP: When did you first read that transcript?

MR PRESTON: Most probably 2017.

MS SHARP: And what caused you to read that transcript in 2017?

5 MR PRESTON: I was carrying out some due diligence on a particular customer.

MS SHARP: So, is the position this: that as at 2014 when you were the executive general manager of legal services in Perth, you were not made aware that an expose against Crown had been broadcast in September 2014 on Four Corners?

10 MR PRESTON: As I said, I just don't recall whether I reviewed it at that point in time or not.

MS SHARP: Well, what this program alleged was that Melco Crown had had dealings with no less than five separate junket organisers with links to organised crime. Now, surely, that is a matter you would remember being made aware of had you been made aware of it at the time?

MR PRESTON: I don't know how else to answer it, Ms Sharp. I don't recall seeing that at the time.

MS SHARP: All right. So, the fact that you don't recall seeing a program about Crown Resorts' joint venture being associated with five separate junkets with links to organised crime, does that suggest to you you were not made aware of it at that time?

25 MR PRESTON: I – I don't recall. I – I reviewed the transcript in 2017 and I can't add to it – add to your answer. Sorry.

MS SHARP: Well, it's not every day, is it, that Crown Resorts is accused of being linked with – well, I should put that before last year, it wasn't every day that Crown Resorts was accused of having links with junkets with organised crime, was it?

MR PRESTON: That's correct.

35 MS SHARP: Well, isn't this the kind of matter that you would recall, given your responsibilities as the most senior legal officer at Crown Perth at that time?

MS ORR: I object to the question. The question has been asked many times now. Mr Preston has answered it to the best of his abilities.

40 COMMISSIONER: .....

MS ORR: I'm sorry, Commissioner. We can't hear anything that you are saying.

45 COMMISSIONER: .....

MS ORR: We have lost audio from the Commissioner completely.

MS SHARP: Ms Orr - - -

COMMISSIONER: Just tell Ms Orr, if you wouldn't mind.

5 MS SHARP: Ms Orr, I will repeat the question. The fact - - -

COMMISSIONER: Just pause, Ms Sharp. Tell Ms Orr that I said that is a matter for me.

10 MS SHARP: Ms Orr, the Commissioner overruled your objection and stated that that was a matter for her to determine.

COMMISSIONER: Yes. Thank you.

15 MS SHARP: I will put it as clearly as I can, Mr Preston. Don't you think you would have remembered if you had watched a program in September 2014 that alleged that the corporate group you worked for had dealt with five separate junkets linked with organised crime?

20 MR PRESTON: As I said, I don't recall. I don't recall specifically. I may well have been made aware of it but I do not recall specifically.

MS SHARP: Would you agree that it would be incredibly remiss in the Crown governance systems if you, in your capacity as the head legal officer of Crown Perth,  
25 were not aware of these most serious allegations at the time they were first aired?

MR PRESTON: As I said, I can't recall specifically whether I reviewed it or not, so I can't say whether it was remiss of the systems or not.

30 MS SHARP: Well, wouldn't the natural thing to have occurred, if allegations were made that Crown Melco had dealt with five separate junket operators linked with organised crime, be for a compliance review to have been undertaken at both Crown Perth and Crown Melbourne with respect to the junkets it was dealing with?

35 MR PRESTON: Well, I think, as I was explaining earlier, the role regarding junkets and the due diligence associated with junkets was a function out of the Melbourne office. That function, as I - - -

MS SHARP: But if I can stop you there – Mr Preston, it was Crown Perth that had  
40 the legal agreements with each and every junket operator who operated at Crown Perth, wasn't it?

MR PRESTON: That's correct.

45 MS SHARP: Are you saying you had absolutely no role with respect to junkets that operated at Crown Perth in 2014 despite the fact you were the most senior legal officer and you were responsible for compliance at Crown Perth?

MR PRESTON: No, that's not what I'm saying at all. I referenced earlier on regarding my role with respect to junkets, including compliance associated with regulatory obligations, anti-money laundering, reporting and its obligations. I certainly had a role with respect to junkets.

5

MS SHARP: So, in any event, nothing springs to mind when I suggest to you that back in 2014, you may have been made aware that Crown Melco was alleged to have dealt with five separate junkets with links to organised crime?

10 MR PRESTON: Nothing immediately leaps to mind.

MS SHARP: Can I just take you to the transcript of that Four Corners broadcast in September 2014. Could I pull up, so that it goes to the live feed and the witness, INQ.100.010.956 which, Commissioner, is exhibit 144.

15

COMMISSIONER: Thank you. You're bringing that up on the screen, are you?

MS SHARP: No, that's not – take that down now, please. Could you please bring up INQ.100.010.0956, please.

20

COMMISSIONER: Yes, I think we're there, Ms Sharp.

MS SHARP: Thank you. Mr Preston, can I confirm that you have a transcript in front of you which is headed High Rollers – High Risk?

25

MR PRESTON: Can you repeat the numbers, please? I thought it was going to come on the screen.

MS SHARP: Yes, it's INQ.100 - - -

30

MR PRESTON: It's on the screen now, Ms Sharp.

MS SHARP: Thank you, Mr Preston. Could I just ask you to have regard to the heading which is the date Monday, 15 September 2013.

35

MR PRESTON: Yes.

MS SHARP: Now, you will see that the first paragraph in this transcript, and this was what was broadcast to Australia on 15 September 2014 is:

40

*Australian casinos that target Asian VIP gamblers to boost their profits could run a serious risk of exposure to organised crime according to a range of law enforcement and security experts.*

45 Now, is your evidence that you have no recollection of being made aware of that allegation at around the time it was broadcast on 15 September 2014?

MR PRESTON: As I said, I can't recall the specific, whether it was specifically brought to my attention or I saw it. It doesn't mean to say there weren't activities in the background that happened at that time, but I just do not recall specifically at that stage seeing all of the transcript.

5

MS SHARP: Were you made aware in any way of these allegations in addition to seeing the transcript at about the time they were broadcast in September 2014?

MR PRESTON: I – I can't recall. It may have been that we were – I was made aware of them and the team reacted appropriately, but I just can't recall any of the specifics.

MS SHARP: Tell me, Mr Preston, do you think that had you been made aware of these most serious allegations in September 2014 you might have generated any records to record that?

MR PRESTON: Quite possibly; there might have been records created or there might have been actions taken associated with it. I just don't recall the specifics of it some time ago.

20

MS SHARP: And you, of course, would be able to search those records in the coming days?

MR PRESTON: I could search those records.

25

MS SHARP: And you could make them available to this inquiry?

MR PRESTON: I could, subject to the nature of the records that I was searching for.

30

MS SHARP: How long do you think you would need?

MR PRESTON: I couldn't say. I would have to make some inquiries to start with as to which system they're currently stored or how we can access them.

35

MS SHARP: Now, could I take you to .0962 and if I could direct your attention to the second half of the page and I will highlight this entry:

*Linton Besser –*

40

he was the journalist –

*...tonight Four Corners can reveal that several junket operators in Melco Crown's Macau casinos have been connected to organised crime.*

45

Now, again, I will pause there, you have no recollection of being made aware of that allegation in around September 2014?

MR PRESTON: As I said, I can't recall any specific reference to that today.

MS SHARP: I might just ask you about another reference and see if you can recall it. If I could take you to 0964, it's about six lines down from the top. Linton Besser:

5

*Tonight Four Corners can reveal Suncity is not just running some of Melco Crown's VIP rooms in Macau; it's bringing Chinese high rollers to James Packer's Crown Casinos in Australia.*

10 Any recollection of that allegation being made known to you at the time?

MR PRESTON: I – I don't recall at the time, I do not recall at the time.

MS SHARP: If I take you right to the bottom of that page, you will see the second line from the end:

15

*A few months ago, the head of security for the Hong Kong Jockey Club, Martin Purbrick gave a confidential presentation to police from across Australia at a seminar organised by Victorian police.*

20

Then if I could take you over the page to the top; if we could show Mr Preston the next page of the document.

25

*The former Hong Kong detective alerted those present to Macau's junkets and their links to organised crime and he gave a particular warning about some individuals associated with Suncity.*

Again, you don't recall being made aware of that at any time around September 2014?

30

MR PRESTON: I – I don't recall specifically, no.

MS SHARP: So you're not able to assist us in any way in understanding whether this sparked any kind of compliance reviews of junkets at Crown Perth?

35

MR PRESTON: At this stage I – I can't.

MS SHARP: And are you able – I take it that you've diligently searched the records of Crown Resorts in order to prepare for today and to understand for yourself what kind of compliance reviews have been conducted in recent years on junkets?

40

MR PRESTON: Yes, there have been various people working through – searching through our records to obtain information in response to the summons, yes, we have.

MS SHARP: And you have endeavoured to inform yourself as to what those compliance investigations have been?

45

MR PRESTON: I've endeavoured to, yes, indeed.

MS SHARP: But you're not aware of anything that suggests any compliance investigations were conducted of any junkets at Crown Perth following this broadcast  
5 in September of 2014?

MR PRESTON: As I said, not that I can recall.

MS SHARP: Well, I'm not asking you about your recollection now in September  
10 2014; I'm asking you what you know today based on the compliance reviews you have recently undertaken.

MR PRESTON: I would have to – I would have to go back to the records we've  
15 looked at and the information produced to see whether it is a relationship to any entry into, for example, Crown Perth's anti-money laundering framework from around about that time for any of the relevant customers.

MS SHARP: But nothing you've seen in recent days suggests to you that the  
20 September 2014 allegations triggered any kind of compliance review of junkets at Crown Perth?

MR PRESTON: As I said, I – nothing I've seen today triggers my memory as to a specific task that was undertaken but again it's my recollection. I can't recall.

25 MS SHARP: And the same answer goes for Crown Melbourne, does it?

MR PRESTON: No.

MS SHARP: What is your answer for Crown Melbourne?  
30

MR PRESTON: Well, I'm aware that Crown Melbourne undertook a review of all the allegations that were raised in the Four Corners report, as I have seen a number of the documents that have been produced to the inquiry.

35 MS SHARP: When did you become aware that Crown Melbourne had conducted a compliance review following from these allegations?

MR PRESTON: The earliest I can recall was, as I indicated, 2017.

40 MS SHARP: So you can't recall – I withdraw that. So you are unable to assist this inquiry today on the question of what steps were taken to review junket arrangements at Crown Perth following this broadcast in September 2014?

MR PRESTON: I cannot assist the inquiry pertaining to any reviews that were  
45 carried out in 2014.

MS SHARP: And is it right that you can't assist this inquiry in any way in explaining what reviews were undertaken of junkets at Crown Melbourne following these allegations being broadcast in September 2014?

5 MR PRESTON: No, well, I wasn't – I wasn't party to those reviews that were being carried out. So I can't – I can't really assist the inquiry, sorry.

MS SHARP: And you can't recall whether you were made aware of any results of compliance reviews undertaken at Crown Melbourne shortly after this broadcast in  
10 September 2014?

MR PRESTON: No, I can't recall at this stage as to what might have occurred.

MS SHARP: Do you draw any conclusions about what that might say for Crown  
15 Melbourne or Crown Perth's compliance systems in relation to junkets as at around September 2014?

MR PRESTON: Well not – not necessarily. I can't really talk to Melbourne's compliance systems. What I can talk to is the Perth compliance systems and any  
20 person that is a patron of ours is subject to an ongoing due diligence process, which was in place at the time in 2014, where third party databases are checked. If I recall correctly, in 2014 almost on a daily basis for any adverse relevant information to take into account. So from a compliance perspective - - -

MS SHARP: But here – Mr Preston, it wasn't even necessary to check a third party  
25 database in September 2014 because here you had broadcast across Australia allegations that Suncity had links with organised crime, but you can assist this inquiry in any way in knowing whether that – in telling us whether that caused any compliance checks to be done at Crown Perth in September or in the months that  
30 followed in 2014?

MR PRESTON: As I said, they're subject to compliance or due diligence checks every day that they are active at Crown Perth, and that is ongoing. As to whether I  
35 can say there was a specific compliance process undertaken of the – on the back of this media, I apologise, I cannot recall.

MS SHARP: There were in fact some further allegations publicly made on 6 March  
40 2017 when Four Corners broadcast a program entitled Crown Confidential. Did you become aware of that Four Corners broadcast at about the time it aired?

MR PRESTON: Have you got a transcript of that?

MS SHARP: Could I call up INQ.100.010.0978. That's exhibit A177,  
45 Commissioner.

COMMISSIONER: Thank you.

MS SHARP: Mr Preston, do you have a copy of that transcript on your screen?

MR PRESTON: Yes, I do, Ms Sharp, thank you.

5 MS SHARP: And you will see that it starts off saying:

*James Packer and his Crown gambling and entertainment empire have bet big for more than a decade on China and its VIP gamblers. These high rollers have fuelled Crown's booming businesses in Asia and Australia.*

10

Does that prompt you as to whether you were made aware of this broadcast at about the time it aired?

MR PRESTON: Yes, I recall this broadcast.

15

MS SHARP: Was that because you were made aware of it at about the time it was broadcast?

MR PRESTON: More than likely.

20

MS SHARP: By this time, you were the chief legal officer of Australian Resorts, were you?

MR PRESTON: Almost at or about that exact time, I think.

25

MS SHARP: And do you recall that allegations were made that certain junkets with which Crown dealt were linked to organised crime?

MR PRESTON: I would have to read through the transcript again to refresh my memory, Ms Sharp.

30

MS SHARP: Can you assist us with understanding whether any compliance reviews of junkets took place following this broadcast?

35 MR PRESTON: Well, again, I would have to have a look at the specifics of this transcript and I'm not – I haven't refreshed my memory of this transcript just recently so I would have to have a look at which junkets were specifically referred to in there.

40 MS SHARP: In that case, if it assists you, Mr Preston, I might draw your attention to pinpoint 0984. Now, if I could take you halfway down the page, exactly halfway down to focus on the second half, starting with an entry for Marian Wilkinson "Crown's joint venture in Macau". And what it says is:

45 *Crown's joint venture in Macau worked with several big junket operators accused of links to triads in police intelligence reports.*

And then a little bit further down, Ms Wilkinson continues reporting that:

*Barrister Kevin Egan had said that he had seen evidence linking the Neptune Group with an alleged top triad member.*

5

Does that refresh your memory as to whether any compliance checks were done at Crown Perth or Crown Melbourne at around the time concerning any junket?

10 MR PRESTON: At the time all junkets were undergoing a review internally, so I can't recall whether it was – this was folded into that process or not but what I can – what I can say is that all junkets were undergoing a review process during this period.

15 MS SHARP: And was that the review process that was initiated following the arrests of 19 Crown staff members in mainland China in October 2016?

MR PRESTON: Yes, that is right, Ms Sharp.

20 MS SHARP: And you will see that the allegation is that a junket with which Crown dealt was known as the Neptune junket. Are you familiar with the concept of the Neptune junket?

25 MR PRESTON: I'm familiar with it now but we don't have a relationship with the Neptune junket.

MS SHARP: What, you don't – well, you only have relationships with individuals at Crown Melbourne and Crown Perth, don't you?

30 MR PRESTON: That's correct. Save for one exemption in Perth.

MS SHARP: But you understand that certain individuals are associated with what many refer to as the Neptune junket?

35 MR PRESTON: My inquiries has indicated that there were a number of individuals who either were associated with or had associations with it.

MS SHARP: And it was not unheard of for Crown staff members to refer to the Neptune junket in the sense of being a junket with which Crown dealt?

40 MR PRESTON: I've never heard of a staff member refer to a Neptune junket, sorry.

MS SHARP: Not once?

45 MR PRESTON: No. Only in the context of post these allegations that came in '17 and then post allegations in '19. I had never heard of anyone reference the Neptune junket.

MS SHARP: I just heard that time qualification there. Do you mean that you're now aware that some in Crown would say they had dealings with the Neptune junket?

5 MR PRESTON: No. No. I – only on the basis that we've made some inquiries about what the concept of a Neptune junket was. I didn't appreciate what it was to understand who was allegedly associated with Neptune junket.

10 MS SHARP: Is your understanding now that there were junket operators with which Crown Melbourne and Crown Perth dealt who were associated with the Neptune junket?

MR PRESTON: Yes, that's correct.

15 MS SHARP: We will come back to that. Could I now show you some footage, Mr Preston. If I could now call up on to the screen, and this could go to the live feed, INQ.800.001.0010. And that's exhibit F93, Commissioner.

20 COMMISSIONER: Thank you very much.

MS SHARP: I will play this footage to you, Mr Preston, and I may pause it at various times.

25 **VIDEO SHOWN**

MS SHARP: Mr Preston, if I may; have you seen this footage before?

30 MR PRESTON: Just the – if it's what's referred to as the leaked footage that was leaked in 2019, yes, I have.

MS SHARP: And when did you first see that?

35 MR PRESTON: I expect the day that it was published.

MS SHARP: And that was published on 15 October last year, wasn't it?

40 MR PRESTON: That rings a bell.

MS SHARP: Was it Mr Wilkie published it on his website, didn't he?

MR PRESTON: Yes, and I think it was picked up by some media as well.

45 COMMISSIONER: That's Andrew Wilkie, member of Parliament.

MS SHARP: Yes, I apologise, Commissioner. Yes, Mr Andrew Wilkie. And there was quite a deal of media attention once that had occurred?

MR PRESTON: That's correct.

5

MS SHARP: Now, you are aware, are you, that that was depicting an event that took place in the Suncity gaming room at Crown Melbourne?

MR PRESTON: Yes, after some inquiries that we made it was in the Suncity room, yes.

10

MS SHARP: But you had no idea of this until that footage was publicly aired in October 2019?

MR PRESTON: That's correct.

15

MS SHARP: That footage – I won't play all of it to you, it's fairly long and we will come back to it – it does depict quite a large amount of bundled cash being handed over on to a desk and subsequently counted by a cash counter. Can I ask you this: is that a usual thing to occur within Crown Melbourne or is that an unusual thing to occur at Crown Melbourne?

20

MR PRESTON: The concept of large cash is not unusual. The concept of cash in that form to be counted in a counting machine is unique in that it is only available in what was the Suncity room.

25

MS SHARP: I will come back to that. But now could I move to ask you some questions about the organisational structure at Crown Resorts and I want to start by asking you some questions about the legal and compliance branch, if I can. You are – and correct me if I am wrong, you are the most senior legal officer responsible for operations within the Crown Group; is that right?

30

MR PRESTON: That's correct.

MS SHARP: And your counterpart so far as head office operations are concerned, is Mary Manos; is that correct?

35

MR PRESTON: That's correct.

MS SHARP: So in a sense, in the hierarchy, you two are on par?

40

MR PRESTON: I would – I would expect so. I don't think it's looked at as on par or not. We both perform our functions.

MS SHARP: Who do you report to?

45

MR PRESTON: Barry Felstead.

MS SHARP: And who reports to you?

MR PRESTON: I have the group general manager of regulatory and compliance.  
The group general manager of anti-money laundering, the group general manager of  
5 responsible gaming, the senior legal counsel in Melbourne, the general manager of  
legal and compliance in Perth, and the general manager of security and surveillance  
in Perth - - -

MS SHARP: With your – insofar as the group general managers are concerned,  
10 who is the group general manager for anti-money laundering?

MR PRESTON: It is Nick Stokes.

MS SHARP: And how long has he been in that position?  
15

MR PRESTON: Nick started late last year.

MS SHARP: And who was in that position prior to him?

MR PRESTON: Louise Lane.  
20

MS SHARP: And are you able to tell us why she left?

MR PRESTON: Louise got a tremendous opportunity to work in a related industry,  
25 in a senior role and so unfortunately we lost Louise in mid to end '19.

MS SHARP: As the chief legal officer, are you regularly invited to attend Crown  
Resort board meetings?

MR PRESTON: No, I'm not.  
30

MS SHARP: Is it unusual for you to attend Crown Resort board meetings?

MR PRESTON: I wouldn't say – I wouldn't describe it as unusual. I would  
35 describe that I attend meetings if there's a specific matter to be dealt with that I can  
best speak to.

MS SHARP: Could I show you paragraph 60 of your February 2020 statement. I  
will show you a redacted version. That is CRL.577.001.0001\_R, the redacted  
40 version, please, not the unredacted version. 60, but we won't go anywhere with this  
document. We will pull that down. I will do this without taking you – you've got  
your statement in front of you, don't you, Mr Preston?

MR PRESTON: I do, Ms Sharp.  
45

MS SHARP: Could I just take you to paragraph 60 of that statement. You refer there to the sales and operation arm of Crown's international VIP team. Do you see that?

5 MR PRESTON: Yes.

MS SHARP: I just want to get a bit more of an understanding about what the purpose of Crown's international VIP team is, please.

10 MR PRESTON: They are the team that manages and is responsible for the VIP arm of the business.

MS SHARP: And who is the head of the international VIP team at the moment?

15 MR PRESTON: Jacinta Maguire heads up the operations, and Roland Theiler heads up credit and commercial; I think that might be their titles.

MS SHARP: Now, is it right that Jason O'Connor was the head of this team until his arrest in China in October 2016?

20

MR PRESTON: He was still the head of that team post his arrest. He was still in that role for a longer period of time until he returned to Australia.

MS SHARP: He's no longer in that role, is he?

25

MR PRESTON: No, he is not.

MS SHARP: So he was the executive general manager, wasn't he?

30 MR PRESTON: Yes, that's correct, I think that was his title.

MS SHARP: And who has replaced him in that role?

MR PRESTON: There was no replacement role.

35

MS SHARP: So the heads of that team are now Ms Maguire and Mr Roland – sorry, how do I pronounce his last name?

MR PRESTON: Theiler, T-h-e-i-l-e-r.

40

MS SHARP: And who do they report to?

MR PRESTON: Barry Felstead.

45 MS SHARP: And who provides the legal support to that team?

MR PRESTON: The Crown Melbourne legal team.

MS SHARP: And they report to you?

MR PRESTON: Yes.

5 MS SHARP: And do you provide any legal support to the international VIP team?

MR PRESTON: I do.

10 MS SHARP: What sort of legal support do you provide to them?

MR PRESTON: Predominantly, the structure associated with their operations overseas and how they operate in the context of their responsibilities to manage the VIP team – international VIP team.

15 MS SHARP: And how frequently do you deal with the international VIP team?

MR PRESTON: Regularly.

20 MS SHARP: Is Mr O'Connor part of that team these days?

MR PRESTON: No, he's not.

MS SHARP: Where is Mr O'Connor now?

25 MR PRESTON: Mr O'Connor is – is working on corporate projects at this point in time.

MS SHARP: Is that at Crown Perth or Crown Melbourne?

30 MR PRESTON: He's doing some project support on Crown Sydney at the moment but he's based in – he's based in Crown Melbourne.

35 MS SHARP: Thank you. How many people are in the international VIP team at the moment?

MR PRESTON: I couldn't – I couldn't tell you, sorry.

MS SHARP: Do I take it - - -

40 MR PRESTON: We have a number - - -

MS SHARP: Do I take it there would be organisational charts which show the reporting structure in the international VIP team?

45 MR PRESTON: Yes, there would be.

MS SHARP: Are you able to make those available to this inquiry?

MR PRESTON: Certainly.

MS SHARP: Can I turn to ask you now, Mr Preston, about certain governance  
arrangements at the Crown Resorts Group and can I start with asking you whether  
5 you accept this proposition. Is it right that there are really four companies that we  
need to consider in understanding the governance arrangements, being, firstly,  
Crown Resorts and then the licensees of the three casinos, so Crown Melbourne  
Limited, Burswood Nominees, which is Crown Perth, and Crown Sydney Gaming?

10 MR PRESTON: Yes, that's correct.

MS SHARP: Can I show you – now, it's right that the Victorian Casino and  
Gaming Regulator, which I will call the VCGLR, looked into the Crown group's  
governance arrangements in its sixth review in June 2018?

15 MR PRESTON: Yes, that's correct.

MS SHARP: And that, in fact, the report of the sixth review is one of the  
documents that you referred to in your February 2020 statement; right?

20 MR PRESTON: Yes, correct.

MS SHARP: I just want to show you some pages of that report, if I can. I can call  
this up to the public feed. It is document CRL.508.001.8052 and, Commissioner, it's  
25 exhibit F59.

COMMISSIONER: Thank you.

MS SHARP: Now, could I take you, please, Mr Preston, to page 5 of this document  
30 and I will locate the pinpoint reference, which is point 8060. And do you have the  
page "Executive Summary" in front of you, Mr Preston?

MR PRESTON: I do, Ms Sharp. I have hard copy and electronic copy.

35 MS SHARP: Thank you for that indication, Mr Preston. In the right-hand column,  
halfway down, in the executive summary, it's stated:

*Significant matters shown by the investigation have included –*

40 and then four dot points down:

*Failures of governance and risk management contributing to compliance  
slippages.*

45 And then if we go over the page to the top of pinpoint 8061, the report continues:

*In respect of the management structure and integration with its parent, Crown's governance and risk arrangements are complex with functions interwoven between Crown Melbourne and its parent, Crown Resorts.*

5 Now, you would accept that this report was rather critical of certain of the Crown group's governance arrangements at this time?

MR PRESTON: It raised – it raised some areas where there could be enhancements. It had some critical comments pertaining to those compliance slips but I think what  
10 would be important is understanding the nature of those compliance slips to appreciate them in context of the review period.

MS SHARP: And one of the – well, one set of recommendations coming out of this sixth review was one which I will take you to, which is set out at pinpoint reference  
15 2958 which is on page 6 of the report, Mr Preston, in the right-hand column, four paragraphs down:

*The required work is in three areas.*

20 And you will see one of those is Crown's institutional governance:

*For this purpose, the VCGLR has included recommendations in this report recommended to a change program to fully engage the independent directors in proactive strategic oversight of the Melbourne casino, including the option of  
25 elevating all functions to the Crown Resorts level and related measures for enhancing governance.*

Now, are we to understand that as meaning that the VCGLR thought there was room for improvement in terms of Crown Resorts providing governance oversight of  
30 Melbourne Casino?

MR PRESTON: I'm not sure I can say what the VCGLR thought by using those words. I think my interpretation of it was - - -

35 COMMISSIONER: Please proceed, Mr Preston.

MR PRESTON: My interpretation of it was further engagement with the independent directors of Crown Melbourne Limited with an option – which is an option of elevating all functions to the Crown Resorts level. Crown responded to this  
40 recommendation with articulating its governance processes, having particular regard to the last part of related measures for enhancing governance, and responded to – to the regulator in detail in that – in that respect.

MS SHARP: And if I can take you then to page 11 of this report, Mr Preston, at  
45 pinpoint 2963 and direct your attention to the bottom left-hand corner under the heading Institutional Governance.

COMMISSIONER: Probably an 8-0 number.

MS SHARP: I beg your pardon. It's point 8066. Thank you, Commissioner.

5 COMMISSIONER: That's all right. Yes.

MS SHARP: You will see under the heading Institutional Governance, it's said that:

10 *Crown has a complex set of institutional governance arrangements which can be seen to operate in a highly processed driven way. Despite the directors and senior executives' belief that processes worked well, it was evident during the review period that there were shortcomings in internal controls and Crown's approach to regulation.*

15 Now, Mr Preston, your evidence is some things have changed following the recommendations of the sixth review, is it?

MR PRESTON: That's correct. Well, I can say that some things had already started to change prior to the commencement of the review period – sorry, prior to the  
20 commencement of the review project for the prior period.

MS SHARP: And just while we're in this document, Mr Preston, could I take you to page 14, which is pinpoint 8069, you will see recommendation 17 at the bottom of the page under the heading Money Laundering. It says that:

25 *The VCGLR recommends that by 1 July 2019, Crown undertake a robust review with external assistance of relevant internal controls, including input from AUSTRAC to ensure that anti-money laundering risks are appropriately addressed.*

30 And that recommendation was because certain shortcomings were identified with respect to Crown's anti-money laundering procedures; is that right?

MR PRESTON: I don't necessarily agree with that, Ms Sharp. What I can say is  
35 that the reference that the VCGLR was making was in terms of recommendations from AUSTRAC, which carried out its compliance assessment of the Crown Melbourne program. That was the reference to the enhancements or improvements required for the AML program.

40 MS SHARP: I diverted with the question about money laundering. Let me return to the corporate structure of the Crown group and, in particular, let me take you to page 55. I beg your pardon, page 54, which is at pinpoint - - -

MR PRESTON: Just while I'm - - -

45

MS SHARP: - - - 8109.

MR PRESTON: Just while I'm turning there, I might add that with respect to those recommendations that we have referred to for improvement or enhancement, that AUSTRAC provided that they were, obviously, all reacted to and accepted and engaged.

5

MS SHARP: Thank you, Mr Preston. Have you turned up page 54?

MR PRESTON: I have, Ms Sharp.

10 MS SHARP: Could I direct your attention to the right-hand column to the last paragraph and you will see it's stated:

15 *However, examination of the formal records made it clear that many of the relevant decisions were made by executives at the group rather than the Melbourne level or by the Crown Resorts board.*

Now, do you accept that that was an accurate observation as at June 2018?

20 MR PRESTON: If you can just give me a second to read the context upon which that paragraph is in the report, please? Yes. I accept that that reflects that more decisions have been made by group roles which was reflecting the change involving structures that are occurring cross Crown Melbourne and Crown Perth.

25 MS SHARP: So, the important decisions were being made by Crown Resorts but the corporate entity that held the casino licence was Crown Melbourne?

30 MR PRESTON: Well, Crown Resorts set the strategic position for the corporate group and Crown Resorts were invested in some, you know, critical matters pertaining to the operation of both Crown Melbourne and Crown Perth. They were – they were definitely involved in critical material matters for both of the licensee companies but Crown Melbourne had its own independent board which met and made a number of key decisions, as it would be expected to do as the licensee entity.

35 MS SHARP: And just on the point of the function of Crown Melbourne board, could I take you to page 56 of this report, please, Mr Preston, which is pinpoint 8111. And if I could direct your attention, please, Mr Preston, to the first column, to the third paragraph from the bottom commencing:

40 *The Crown Melbourne board met five times in both 2013 and 2014 and four times in each of 2015, 2016 and 2017.*

And then it's stated:

45 *These meetings followed immediately after meetings of the Crown Resorts board.*

And then you will see over in the next column at the top, it says:

*In the review period, the average duration of the Crown Melbourne board meeting was 35 minutes.*

And then the third dot point:

5

*The size of the board fell from seven to five.*

And then underneath those dot points, could I draw your attention to the paragraph beginning:

10

*The duration of board meetings, the nature of board resolutions, the frequency of meetings, the majority of directors being senior Crown executives and the replication of information presented in the papers, the Crown Resorts board does not provide evidence that the Crown Melbourne board has an active role in overseeing the Melbourne casino.*

15

Now, this is a finding by the regulator, isn't it, that the holder of the casino licence was not having an active role in overseeing Melbourne casino, wasn't it?

20 MR PRESTON: I don't – I don't – and I didn't necessarily agree with this at the time because what it doesn't respect is the fact that – and I might add that I didn't attend - - -

25 COMMISSIONER: No, no, Mr Preston. Please, if you could just address the question, I would be assisted.

MR PRESTON: Sorry.

30 COMMISSIONER: Yes.

MS SHARP: This is a finding by which - - -

MR PRESTON: Can I trouble you to - - -

35 MS SHARP: Yes, I will repeat it, Mr Preston. This is a finding by the Victorian regulator that the holder of the casino licence down in Victoria was not providing an active role in overseeing the Melbourne casino, wasn't it?

40 MR PRESTON: Apologises, Commissioner. That was their finding, yes.

MS SHARP: But you're saying you don't agree with it?

45 MR PRESTON: I had a view which was taken after understanding the nature of the papers and appreciating the form of the meetings that took place that I had participated in in 2017, which I think it might have been just one or two, but appreciating the papers, I had a view that there was more information provided to the board that was being considered or reflected in the commentary within the report.

For example, the length and depth of information that was provided at the board subcommittees, which was then minuted, minutes of those meetings went into the board meeting. So, a considerable amount of key information was considered in through those committees to the Crown Melbourne board meeting, which I don't  
5 think the commentary here reflected properly.

MS SHARP: So, I understand that you don't personally accept that finding, but can you assist us: did the board of Crown Melbourne accept that finding?

10 MR PRESTON: I can't speak for the Crown Melbourne board.

MS SHARP: And can you assist us, did the board of Crown Resorts accept that finding?

15 MR PRESTON: Again, I can't speak for what the Crown Resorts board – board's views are. I can say, as I - - -

MS SHARP: Pardon. Please proceed, Mr Preston.

20 MR PRESTON: Sorry. Sorry. There's a bit of a delay. I can say that we produced a detailed response to the recommendation 1, articulating the various structures and the various reporting lines and the flow of information, which reflects the fact that Crown Melbourne is the licensee and continues to have oversight of Crown Melbourne, and that has been accepted by the VCGLR.

25 MS SHARP: Could I just take you, please, to page 57 of this report, which is pinpoint 8112. There's a diagram I would like to show you in the bottom left-hand corner, if I could have that enlarged for Mr Preston. Now, as at – well, let me ask you this: does that diagram accurately reflect the membership of the Crown  
30 Melbourne board and committee structure as at June 2018?

MR PRESTON: As at June 2018, as I recall, that does reflect it accurately.

35 MS SHARP: So as at June 2018, if I look at the board subcommittees, I see that there is an audit committee and a compliance committee but it's correct that at that time there was no anti-money laundering counterterrorism financing subcommittee of that board?

40 MR PRESTON: That's – that's correct.

MS SHARP: And as at June 2018, there was no risk management subcommittee of the Melbourne board?

45 MR PRESTON: No, that's correct. The compliance committee – part of its charter considers risk – sorry, my apologies, the audit committee considers risk during the conduct of its meetings. And within the risk framework is captured matters related to

AML and the compliance committee receives a specific AML report as part of its papers.

5 MS SHARP: Now, as at June 2018, was it correct that there was a risk management committee within Crown Melbourne, but that was an executive committee rather than a board committee?

MR PRESTON: That was a management committee, that's correct.

10 MS SHARP: And who were the members of that risk management committee in June 2018?

15 MR PRESTON: I hesitate in terms of timing in that we had convened a new committee called the executive risk and compliance committee at or about that time which was a committee that I had convened which comprises all the executives together with the group general manager of risk and audit, the group general manager of regulatory and compliance, and that comprises all of the Crown Melbourne executives, a director, a further director of Crown Melbourne and also being the CFO of Crown Resorts as an invitee together with the general counsel and company secretary of Crown Resorts as an invitee as well. And that is the most senior management committee that sits underneath this structure.

25 MS SHARP: And has that replaced what was called the risk management committee or is that in addition to the risk management committee?

MR PRESTON: No, that has replaced it but it's – it's moved it to an executive level more broadly.

30 MS SHARP: But it's still not a board subcommittee of the Crown Melbourne board?

MR PRESTON: No, that's correct.

35 MS SHARP: Looking back at this diagram on page 57, are there any new board subcommittees postdating June 2018 that I should draw into this diagram?

MR PRESTON: No, Ms Sharp; that reflects the committee structure.

40 MS SHARP: And is there a specific anti-money laundering committee at Crown Melbourne?

MR PRESTON: Yes, there is. There is an anti-money laundering management committee at Crown Melbourne.

45 MS SHARP: And how long has that committee been in existence?

MR PRESTON: For – for many years, as I understand it.

MS SHARP: Can I take you to page 55 of this report. Pinpoint 8110; you'll see – if I highlight to you the top half of this page and to figure 2 which depicts the structure of the Crown Resorts board and committee structure. Please take your time to review this, but do you agree that figure 2 accurately depicts the membership of the Crown Resorts board and the committee or the board subcommittee structure as at June 2018?

MR PRESTON: Yes, that seems to reflect what I understand to be the various committees.

MS SHARP: And have there been any changes to these board subcommittees since June 2018?

COMMISSIONER: You mean structurally or personnel-wise?

MS SHARP: I put that rather inelegantly, Commissioner. I will do it again. Are there any new board subcommittees since June 2018 that I don't see depicted on figure 2?

MR PRESTON: I don't participate in a lot of these board subcommittees, so I can't be entirely sure my answer will be correct but the one committee that you have referred to already would be the branch subcommittee which was – you referenced convened at or about the time of the media allegations.

MS SHARP: Sorry, that was the brand subcommittee, was it?

MR PRESTON: Which is the committee you referred to earlier in the day.

MS SHARP: And could you just, while we're on that, tell me, is it Ms Coonan who chairs that subcommittee?

MR PRESTON: Yes.

MS SHARP: And what exactly is the remit of that subcommittee?

MR PRESTON: I can't recall exactly what the remit is but I can say what it was addressing was key reputational-related matters so the board could have an appropriate line of sight in terms of allegations and other material matters that were being dealt with by the company.

MS SHARP: With these other subcommittees that we see depicted in figure 2, do each of them have a committee charter?

MR PRESTON: Again, I don't attend all of them. My expectation is that they would but I can't – I can't speak for those committees, sorry.

MS SHARP: Are you able to assist us with how frequently these committees meet, and I will focus in particular on the audit and corporate governance committee to start with.

5 MR PRESTON: I – I can't talk to you about the audit and governance committee, I don't participate in that committee.

MS SHARP: Are you able to tell us whether minutes are kept for the meetings of each of these subcommittees of the board of Crown Resorts?

10

MR PRESTON: In my experience, there are minutes for all of these committees and actually my apologies, unless my eyes are deceiving me, there is a committee meeting which is the risk management committee which is missing off that – off that tree.

15

MS SHARP: I was just about to ask you about that, Mr Preston.

MR PRESTON: My apologies.

20 MS SHARP: When did that subcommittee get created?

MR PRESTON: That has been there for as long as I can recall.

MS SHARP: So that was an omission in this diagram not to include the risk management committee as a subcommittee of the board?

25

MR PRESTON: It was an omission on behalf of the diagram and also myself for not picking it up.

30 MS SHARP: And could I just ask you, are you sure that that's a board subcommittee rather than an executive committee?

MR PRESTON: I am entirely certain that it is a board subcommittee.

35 MS SHARP: We've seen, in a sense, the arrangements at Crown Melbourne in this report in terms of the subcommittees that report to – the board subcommittees of the Crown Melbourne board. Is that same structure replicated for Crown Perth?

MR PRESTON: No, it's not.

40

MS SHARP: So in what ways does – if I can return you to page 57, that is pinpoint 8112; does Crown Melbourne have a board audit committee, subcommittee?

MR PRESTON: Sorry, did you say Crown Melbourne or Crown Perth?

45

MS SHARP: I think I said the wrong thing, actually. Does Crown Perth have a board audit committee, a subcommittee?

MR PRESTON: No, Crown Perth does not have subcommittee structures.

MS SHARP: Why is there that difference between Crown Perth and Crown Melbourne?

5

MR PRESTON: Well, the Crown Melbourne structure is a regulatory requirement under the Victorian legislation and Crown Perth does not have that regulatory requirement.

10 MS SHARP: What's proposed to happen so far as Crown Sydney is concerned: will there or are there board subcommittees of the kind we see for Crown Melbourne?

15 MR PRESTON: No, they haven't been structured at this point in time. The key – the key element at the moment is the Sydney board which is being convened to play a role in the commissioning of the property – the relevant structures – governance structures from compliance and risk and the like are being developed, as will an ultimate position regarding what subcommittees we may have with the Crown Sydney arrangements.

20

MS SHARP: Now, is it correct that each of Crown Melbourne and Crown Perth has a risk register?

MR PRESTON: That's correct, yes.

25

MS SHARP: And how long have each of those companies maintained a risk register for?

30 MR PRESTON: As long as – certainly from a Crown Perth perspective, as long as I've been involved in Crown Perth they've had risk registers, but I can't speak for Melbourne in terms of how long they have had a risk register for but I certainly know in my interactions with Crown Melbourne through participating in the risk – Crown Resorts risk subcommittee, my understanding is that Crown Melbourne have had risk registers for a long period of time as well.

35

MS SHARP: Can you assist us with this: in the last two years have there been any changes with the risk registers at Crown Perth?

COMMISSIONER: Changes in structure.

40

MS SHARP: Changes in what is required – in the content of what is required to be recorded in the risk registers.

MR PRESTON: There certainly will have been changes.

45

MS SHARP: Are there any key changes you can point to for us?

MR PRESTON: Not – not off the top of my head. There’s various risk registers. There’s the broader company risk register. There is the business unit risk registers. It’s a relatively live document which is reviewed on a regular basis.

5 MS SHARP: And does Crown Resorts maintain a risk register or risk registers?

MR PRESTON: Yes, it does.

10 MS SHARP: So I will take each of Crown Resorts, Crown Melbourne and Crown Perth in turn. Firstly, with Crown Resorts, where would risks associated with junkets be recorded? Which risk register shall we look at?

MR PRESTON: There’s the corporate profile with the risk register which comprises the – I can’t remember the number but a material number of risks that are identified, and off the top of my head, I can’t recall specifically where junkets or international  
15 business or issues related to that part of the business is referred to. For example, it could be – just off the top of my head, in the changes in legislation, there could be material breach of legislation. It could be relationship to reputation and brand. It could be with respect to health and safety. I just can’t recall the detail off the top of  
20 my head.

MS SHARP: I understand you can’t recall now, but that’s a matter you would be able to readily check, I take it?

25 MR PRESTON: Certainly.

MS SHARP: And that’s a matter in respect of which you could later inform this inquiry?

30 MR PRESTON: I – I can, indeed, and I can inform the inquiry as to whether there’s specific references or references to the elements that are relevant to junkets or the VIP business.

MS SHARP: Because it would be of great assistance to this inquiry to understand on each occasion that a risk register of Crown Resorts referred to risks arising from junkets. Is that something that you could compile to assist this inquiry?  
35

MR PRESTON: I would be happy to.

40 MS SHARP: Now, in relation to Crown Resorts, in respect of money laundering and counterterrorism risks, what risk register would we expect to see those risks recorded in?

MR PRESTON: More than likely not dissimilar of the risks that are identified. The risks capture a range of different areas. So it will be, again, more than likely be breach of legislation. It would be changes in legislation. It would be brand and  
45

reputation. They will be the risks where it's captured and includes the relevant controls in a normal risk register form.

5 MS SHARP: And, again, I assume it's a matter where you could assist this inquiry by collecting together each of the references to money laundering risks in those risk registers?

MR PRESTON: I can, Ms Sharp.

10 MS SHARP: Thank you, Mr Preston. Can I ask you in relation to Crown Melbourne, which risk registers we would expect to see risks associated with junkets recorded in?

15 MR PRESTON: It will be in a similar form. We went through a process from around about 2017 onwards to align the risk frameworks across the businesses and we reviewed carefully the existing risk frameworks and built up a new risk management strategy. So the alignment of the risks are not dissimilar in the context of material risks and what is captured within those material risks. So my answer to your question will most probably be by and large the same for Melbourne and for  
20 Perth.

MS SHARP: And, again, you would be able to compile a document that shows us where risks associated with junkets were referred to in the Crown Melbourne and the Crown Perth registers?  
25

MR PRESTON: Certainly, I can do that with Melbourne, Perth and Resorts where it's referenced in the risk registers that are within those entities, yes.

30 MS SHARP: And the same with money laundering, I take it?

MR PRESTON: Yes, certainly.

MS SHARP: Thank you, Mr Preston. Is it right that there is now a Crown entities money laundering counterterrorism financing business risk register?  
35

MR PRESTON: Yes, there is.

MS SHARP: And when did that come into existence?

40 MR PRESTON: The current version?

MS SHARP: The first version of that risk register.

45 MR PRESTON: The first version would have come into existence in a form in 2007.

MS SHARP: And that was at the time of the enactment of the Anti-Money Laundering Act; is that correct?

MR PRESTON: That's correct.

5

MS SHARP: There are a few other committees I'd like to ask you about briefly, if I can. First of all, is there a VIP committee at Crown Resorts?

MR PRESTON: There was.

10

MS SHARP: Could you tell us - - -

MS SHARP: I'm sorry, no, there's not a VIP at Crown – I think it was a VIP committee which is a Crown Melbourne convened VIP committee.

15

MS SHARP: You say there was; does that mean there is no longer such a committee?

MR PRESTON: No, as I understand it – and I wasn't party to the convening this committee, it was convened post the China detentions to carry out a number of inquiries but particularly related to the junket reviews.

20

MS SHARP: So what was the purpose of the VIP committee at Crown Melbourne?

MR PRESTON: I can't talk to the purpose of it as I wasn't party to the reasons for its establishment. All I can – all I can say is I participated in a number of meetings post my commencement in the chief legal officer role from March or April for a month or so. And it was predominantly focused on consideration of junket applications or existing junkets for consideration as to whether we continued to do business with junkets or maybe in some instances, as I recall, maybe new junket applications for consideration. That to me was the predominant purpose, as I recall.

25

30

MS SHARP: Was that a board subcommittee or was it a management committee?

35

MR PRESTON: It was a management committee.

MS SHARP: Were there any representatives of the board on that committee?

MR PRESTON: There was.

40

MS SHARP: Who were they?

MR PRESTON: It was Michael Johnston who was from the Resorts board.

45

MS SHARP: Because Mr Johnston is not a member of the Crown Melbourne board, is he?

MR PRESTON: No, he's not.

MS SHARP: In any event who were the members of this committee?

5 MR PRESTON: It was structured initially with – as I understand it from seeing a set  
of papers it was Rowen Craigie, Michael Neilson, Debra Tegoni, Barry Felstead,  
Michael Johnston; I think they were the senior members, and there would have been  
invitees, I assume, from the VIP team. And then that composition changed over a  
10 period when Mr Neilson and Ms Tegoni left the business as did Mr Craigie, and as I  
recall the meeting it involved Mr Johnston, Mr Felstead, myself and VIP  
representatives, the management – VIP management team.

MS SHARP: Were minutes kept of this committee?

15 MR PRESTON: There were – there were minutes.

MS SHARP: Were minutes always kept of this committee?

MR PRESTON: I – I can't – I can't say for sure, Ms Sharp.  
20

MS SHARP: And am I accurately describing it in calling it the VIP committee?

MR PRESTON: Yes, as I recall that was – that was its name and as I said, I wasn't  
there to, as to how it was convened or under what auspices it was convened. All I  
25 know that it was convened, to the best of my knowledge, post China and then met for  
a number of months and then ceased meeting, I think it would have been prior to the  
end of the F18 year.

MS SHARP: And you mentioned that one of the things this committee did was look  
30 into junket arrangements. Did it do that just for Melbourne junkets or did it also do  
this for Crown Perth junkets?

MR PRESTON: It did it for all junkets. So if I refer to it as Melbourne, which I  
did, I might be wrong. It was a committee convened to look at – the process had  
35 been set in place to review all junkets, and this was the committee that was convened  
to fulfil that function.

MS SHARP: So I'm sorry, I'm a little bit confused. Was this a Crown Melbourne  
committee or was it a Crown Resorts committee?  
40

MR PRESTON: To my knowledge, it was not convened as a Crown Resorts  
committee but it was a committee convened which was considering all junkets for  
Crown Melbourne and Crown Perth. I just don't want to label something that it  
wasn't.  
45

MS SHARP: But you, as the chief legal officer, don't know whether it was Crown  
Resorts or Crown Melbourne committee?

MR PRESTON: No, it was a relatively informal committee. It wasn't a committee that was – that was ongoing historically and it ran for a period of time for a purpose. But I can't say exactly the nature of how it was convened, under what auspices.

5 MS SHARP: Are you able to assist us with understanding why this committee stopped operating?

MR PRESTON: As I understand it, it stopped operating as a result of the full review of all junkets that was undertaken. Once that task was largely complete, the  
10 process changed but the review which shifted to the recommendations being escalated to senior representatives for approval. And accordingly, that process took – took over from the function of a dedicated meeting.

MS SHARP: Now, is there another committee called the person of interest  
15 committee?

MR PRESTON: Yes, there is.

MS SHARP: And is that a different committee from the VIP committee?  
20

MR PRESTON: Yes, it is.

MS SHARP: And where does the person of interest committee fit? Is that in Crown Melbourne or Crown Perth or Crown Resorts?  
25

MR PRESTON: That's Crown Melbourne.

MS SHARP: And is there one for Crown Perth as well?

MR PRESTON: No, there's not a dedicated persons of interest committee in Crown Perth.  
30

MS SHARP: Now, who is on the – I withdraw that. How long has a person of interest committee been in existence?  
35

MR PRESTON: As I understand it, for many years.

MS SHARP: And is that a board subcommittee or is it an executive committee?

MR PRESTON: It's a management committee.  
40

MS SHARP: Who is on that committee?

MR PRESTON: It's a long list. It has got representatives from security, surveillance, AML, risk, compliance, responsible gaming, VIP gaming, table games, local VIP, electronic gaming - - -  
45

MS SHARP: And Mr Preston, what's the purpose of this committee?

MR PRESTON: The purpose is to consider patrons; when we get information  
5 about patrons that we deem are appropriate to consider as to whether we continue to  
do business with them or not.

MS SHARP: Does it also relate to junket operators?

MR PRESTON: It would deal with junket operators and the capacity of their  
10 individuals if information comes to hand, that's - - -

MS SHARP: What, junket operators are always individuals, aren't they?

MR PRESTON: That's correct, sorry, you are quite right. The answer is it would  
15 deal with junket operators in that forum.

MS SHARP: Does it deal with junket representatives?

MR PRESTON: Yes, it would deal with junket representatives.  
20

MS SHARP: Are you a member of this committee?

MR PRESTON: Yes, I am, sorry, I am.

MS SHARP: And how frequently does this committee meet?  
25

MR PRESTON: It meets – I believe it's monthly but it's as required. So there's  
two forms of the meeting, one of which will be a convened meeting, the other will be  
30 a meeting by way of a circulation of an email to the broader group if the  
circumstances deem it necessary.

MS SHARP: And are minutes kept of this committee?

MR PRESTON: There are minutes kept of the meetings that take place. And the  
35 record related to the email form of circulation meeting are kept through the email  
records.

MS SHARP: I might – if you excuse a colloquialism, I might distinguish between  
40 the in-person meetings and the by-email meetings. How frequently did the in-person  
meetings happen?

MR PRESTON: I think they're scheduled every month, but they don't occur every  
month if there are no issues to discuss.

MS SHARP: And are the minutes of those in-person meetings made available to the  
45 board of Crown Melbourne?

MR PRESTON: No, they're not.

MS SHARP: Are they made available to the board of Crown Resorts?

5 MR PRESTON: No, they're not.

MS SHARP: To the board of Crown Perth?

10 MR PRESTON: No, they're not.

MS SHARP: Can I just ask – turn to ask you a little bit about Crown Sydney governance. Is it right that there's a committee called the Crown Sydney committee?

15 MR PRESTON: There is a management committee and I believe that that is its name.

20 MS SHARP: And when you say it's a management committee, is that a management committee of the Crown Sydney Gaming company or is it a management committee of Crown Resorts?

MR PRESTON: It's best described as a management committee of those playing the role in getting – progressing towards the commissioning and opening of Crown Sydney.

25 MS SHARP: And who is on that committee?

30 MR PRESTON: I – I don't sit on that committee but – at this stage I don't but the timing is an issue, but we have, as I recall, Barry Felstead, the chief operating officer of Sydney, the executive general manager of gaming for Sydney, the executive general manager of hotels and food and beverage for Sydney, the general manager of legal for Sydney. I can't recall other attendees. There are various other people who sit on that committee for the purpose of progressing towards commissioning.

35 MS SHARP: Are you able to tell us how often that committee meets?

MR PRESTON: I don't know off the top of my head, but it is regularly. It meets regularly.

40 MS SHARP: Do you know if minutes are kept of that committee?

MR PRESTON: No, I don't.

45 MS SHARP: At this stage are there any functioning subcommittees of the board of directors of Crown Sydney Gaming Proprietary Limited?

MR PRESTON: No. No, not to my knowledge.

MS SHARP: How frequently does – I withdraw that. Has the board of directors of Crown Sydney Gaming Proprietary Limited met?

MR PRESTON: Yes, they have.

5

MS SHARP: How frequently do they meet?

MR PRESTON: I think the meetings have now been convened for, I think it's every month, or every other month at the moment.

10

MS SHARP: There was some media attention given either late last year or earlier this year to Crown Resorts appointing Nick Kaldas to a position; can you tell us what position he was appointed to.

15 MR PRESTON: Well, Nick is appointed as a consultant.

MS SHARP: To do what?

MR PRESTON: To assist us in developing and looking to enhance our engagement with law enforcement and regulatory agencies and also to carry out a function of reviewing some of our security and security-related frameworks at both Melbourne and Perth, and for Sydney as well.

20

MS SHARP: And just to clarify, has he been engaged by Crown Resorts or Crown Melbourne or what?

25

MR PRESTON: Crown Resorts.

MS SHARP: And is that engagement current or a past engagement?

30

MR PRESTON: It's a current engagement.

MS SHARP: Has he had any role with respect to reviewing anti-money laundering procedures at Crown?

35

MR PRESTON: No, he has not. Nick has been provided with an overview of our program and also how it operates and, unfortunately, part of the process to continue to have Nick engaged with the business was put somewhat on hold as a result of our businesses shutting down.

40

MS SHARP: And has Mr Kaldas had any role with respect to advising Crown on junkets?

MR PRESTON: No, not at this point in time.

45

MS SHARP: I would like to show you Crown Resorts 2019 annual report, if I could. It's a public document which can be brought up to the live feed.

Commissioner, it's exhibit A195. Could I call up, please, INQ.010.002.0573. And, of course, you recognise that as the front cover of the latest annual report, Mr Preston?

5 MR PRESTON: I do recognise it.

MS SHARP: Could I take you, please, to the then executive chairman's message, which you will find at page 2, which is pinpoint 0576. Could I direct your attention, please, Mr Preston, to the second column under the heading Results and I will have  
10 that blown up. You will see that it's recorded there:

*For the financial year ending June 2019 Crown recorded a normalised net profit after tax of around 368 million –*

15 which is a little bit down, and it was noted that there was a reduction in VIP program play revenue. And then could I take you to – pardon me – the financial statements, if I could, on page 101, which is at pinpoint 0675. I might have that re-oriented for you, Mr Preston. You will see that there's some segment information. Have you got that in front of you?

20

MR PRESTON: I have the page in front of me, yes, thank you.

MS SHARP: Thank you. You will see in the left-hand of the document there's a heading Operating Revenue and then, as you move towards the middle of the  
25 document, some reports are set out for Crown Melbourne and Crown Perth. And what you will see with operating revenue, Mr Preston, is a distinction is drawn between various segments. You see that?

MR PRESTON: Yes.

30

MS SHARP: And one of those segments is VIP program play, and the normalised result for Crown Melbourne for the 30 June 2019 year, was \$441 million, and that's out of a - - -

35 MR PRESTON: I see that.

MS SHARP: That's out of a total operating revenue at Melbourne of about \$2 billion.

40 MR PRESTON: Yes.

MS SHARP: Are you able to tell us how dependent Crown Melbourne is on VIP revenue?

45 MR PRESTON: I – I don't think that's an answer I can really give you. It wouldn't be – it wouldn't be in my responsibilities.

MS SHARP: Could you assist us with this; there is a segment of revenue which is called VIP program play. What does that encompass?

MR PRESTON: That would encompass the international business revenue.

5

MS SHARP: Does that mean the junket play?

MR PRESTON: Well, it would mean – it would mean most probably three things. Again, I'm not entirely sure off the top of my head, but it would mean junket  
10 business, premium player business international and premium player business local, possibly. It might well be the local premium play is captured in the main gaming but that would be predominantly international program play of junkets and premium players.

15 MS SHARP: You mentioned there the idea of premium play and junket play; are they different concepts?

MR PRESTON: They are.

20 MS SHARP: Is it right that it's junket play if the VIP players who play with a junket, and it's premium play if they are VIP players who don't participate in a junket?

MR PRESTON: Essentially. Junket players and junket play is individuals who are  
25 coordinated by a junket operator, introduced to the casino operator and they play under the junket operator's junket. And there's results associated with that play, and that's under a junket agreement. And then there will be premium players who are engaged directly with the casino operator, who play under their own program. And their results captures part of program play as well.

30

MS SHARP: And I think you mentioned that there is some domestic premium play and some international premium play.

MR PRESTON: Sorry, sorry, my mistake. It was international premium player  
35 program play and it would be domestic program play. The reference to program is they sign up to a program and they participate in the gaming activities under the program.

MS SHARP: Are there any domestic junkets?

40

MR PRESTON: Not to my knowledge. I believe there's capacity for some. I haven't come across any in my experience, not to say that there's not some that have occurred, but I haven't seen any.

45 MS SHARP: So just so I make sure I'm getting the language right, we have a VIP segment of the market and you might be a junket player if you're with a junket and a premium player if you're not with a junket?

MR PRESTON: That's correct.

MS SHARP: Are both junket players and premium players referred to as commission-based play?

5

MR PRESTON: Not junket players. Junket operators participate with their program on commission-based play and premium players participate on commission-based play. That's correct.

10 MS SHARP: If there's no junket involved in premium players, who gets the commission?

MR PRESTON: The premium player.

15 MS SHARP: So, the premium player gets paid a commission for playing at the casino?

MR PRESTON: That's correct.

20 MS SHARP: And that's different to a rebate?

MR PRESTON: It's similar concepts. It's – it's an amount that is paid to either the junket operator or a player as a result of gaming activity.

25 MS SHARP: Can premium players, that is players who are not with a junket, play in VIP rooms at Crown Casinos?

MR PRESTON: Yes, they do.

30 MS SHARP: In relation to individual premium players, does Crown, either Crown Melbourne or Crown Perth, have contractual relations with those players before they come and play?

35 MR PRESTON: Yes, they would sign – they would sign up to a premium player program.

MS SHARP: Now, I'm not asking you to give me numbers but is it right that there are minimum buy-in amounts before a premium player can come and play in a VIP room at a Crown Casino?

40

MR PRESTON: That's correct.

MS SHARP: And it's equally true that there are minimum buy-in amounts before junket play can occur in Crown Casinos?

45

MR PRESTON: Yes, that's correct.

MS SHARP: Now, it's right that junket players play with non-negotiable chips?

MR PRESTON: That's correct.

5 MS SHARP: Do premium players play with non-negotiable chips?

MR PRESTON: It's a similar concept. They play with identifiable chips either the premium player with non-negotiable chips or commission chips. There's two different sorts they can play with, depending on the type of their program or what  
10 they elect to play with and the same applies to junkets.

MS SHARP: I might ask you about those different types of chips. Firstly, what's a non-negotiable chip?

15 MR PRESTON: That's the chip that's used which doesn't have – I'm not an expert in this area so I will do my best to assist the inquiry but in simple terms, I'm not quite sure I can make it simple, non-negotiable chips are chips that are distributed to the junket operator, who then distributes them to players, and they are used when you participate in gaming. A junket player will use a non-negotiable bet to place a bet  
20 and if they win, they will receive a commission chip back, which is a chip that can't be used to bet a game. It is used then ultimately to go back to what is referred to as rolling. It will be provided back to – back to the cage and it's used as a part of a calculation to ultimately determine the turnover. So, the junket operator can get accurate commission amounts. A commission chip is a bit simpler, in that when  
25 you're using a commission chip, every bet that is placed is recorded and the commission is determined based on the turnover recorded within the system.

MS SHARP: Is every bet recorded when a non-negotiable chip is used?

30 MR PRESTON: Yes, it is. Every – every player, whether they be a premium player or a junket player, their gaming chip is recorded against their name.

MS SHARP: And if you can answer this in an open hearing, do, in the VIP rooms, who is it that records every wager made using non-negotiable chips? Is it the person,  
35 say, the dealer at the baccarat table or is it somebody else?

MR PRESTON: No, it's somebody else. It will be an inspector of sorts.

MS SHARP: Is that an inspector employed by one of the Crown entities?  
40

MR PRESTON: Yes. Yes, sorry, I think there are different names in different jurisdictions, so it's an inspector or a supervisor. They're Crown gaming staff.

MS SHARP: I might refer to them as supervisors to distinguish them from VCGLR  
45 inspectors, but do the supervisors stand at the tables while the non-negotiable chips are wagered?

MR PRESTON: That's – that's correct.

MS SHARP: Are you able to assist us with this: does Crown identify a segment of the market known as the premium mass market segment?

5

MR PRESTON: That's – that's a way to describe, I would suggest, our premium players who are locals.

MS SHARP: So they're still premium mass market. Do they bet in the VIP rooms or on the main floors?

10

MR PRESTON: Well, they can bet either – in either location but if you are a – if you are a VIP to a particular level, you can get access to particular rooms – or sorry, if you're a loyalty club member, depending on your level, will grant you broader access.

15

MS SHARP: I would like to turn now to ask you some questions about VIP rooms. You do deal with those in your February 2020 statement. I don't need to bring it up on the screen because you have it in front of you. So we don't need to bring it up on the screen. Could I take you, please, Mr Preston, to paragraph 50.

20

MR PRESTON: Yes, I'm there, thank you, Ms Sharp.

MS SHARP: Now, there are certain VIP rooms at Crown Melbourne. What are they at the moment?

25

MR PRESTON: Teak Room is best described – this would be my language, best described as a lower level VIP room, which sits beneath the higher level – not physically beneath but beneath the high-level VIP room which is the Mahogany Room.

30

MS SHARP: Are there any other VIP rooms at Melbourne at the moment?

MR PRESTON: There's a members' only gaming machine room, which is called Riverside Room, if I'm not mistaken but they would be the key – the key VIP rooms aside from the specific VIP salons. Several of those salons sit within the Mahogany Room and then there are the higher end salons which sit within Crown Towers.

35

MS SHARP: In terms of the VIP salons, did there used to be a VIP salon which was branded as the Suncity Room?

40

MR PRESTON: Yes, that's part of the Teak Room footprint.

MS SHARP: Has that always been part of the Teak Room?

45

MR PRESTON: I understand so. I wasn't involved with the original arrangements, but I understand it's always been part of the Teak Room gaming footprint.

MS SHARP: And is that now referred to as pit 38?

MR PRESTON: No, that's pit 86.

5 MS SHARP: Pit 86?

MR PRESTON: Yes.

10 MS SHARP: Are there any other – sorry, I withdraw that. In addition to the Mahogany Room and the Teak Room at Crown Melbourne, is it right that high end private gaming salons are available within Crown Towers at Crown Melbourne?

MR PRESTON: Yes, that's correct.

15 MS SHARP: And what exactly does that mean?

MR PRESTON: It means like you've got a salon in the Mahogany Room which is a private room. These are private rooms at a higher end spec, often for our highest-level customers.

20

MS SHARP: But they're located within the Mahogany Room or the Teak Room?

MR PRESTON: No, there's Mahogany Room, Teak Room and there are separate gaming footprint areas on different levels of the tower which have private exclusive salons.

25

MS SHARP: Are they in hotel rooms?

MR PRESTON: They're in the hotel building but they're not hotel rooms. They are dedicated gaming – gaming salons.

30

MS SHARP: And how many of these dedicated gaming salons are there at Crown Melbourne?

35 MR PRESTON: I think in total we have about 11 salons, but I believe that that captures at least a number within the Mahogany Room, so I would suggest there's five or six or seven possibly in the tower – of the top of my head, sorry, I can't recall specifically.

40 MS SHARP: And have those salons always been located in the tower or is that a relatively new addition?

MR PRESTON: No, we've always had exclusive private salons. There have been changes over the years in terms of expansion or physical changes to those salons and the arrangements physically, but there's always been, as I understand it, some private gaming salons in the tower.

45

MS SHARP: These private gaming rooms, are they reserved for particular junket operators?

5 MR PRESTON: They are reserved on a regular basis depending on which junket operator will be bringing down a junket. There are some junkets who have volume of play that we will keep a room particularly for them as a result of the fact they have a number of junkets that – or a number of players that will come through, so dedicated - - -

10 MS SHARP: And so – I’m worried I missed a bit of your answer there. Are you saying that there are some private gaming salons that are reserved for particular junket operators because of their level of play?

MR PRESTON: Yes, there’s at least – there’s at least one.

15 MS SHARP: May I ask who that is, in public?

MR PRESTON: Yes, I’m comfortable with that. It’s a junket operator by the name of Ngok Hei Pang.

20 MS SHARP: I don’t suppose you could spell that for me, could you?

MR PRESTON: I will do my best.

25 MS SHARP: Thank you.

MR PRESTON: N-g-o-k. Second word H-e-i; third word Pang, P-a-n-g.

30 MS SHARP: And is that the only junket operator who presently has a high-end gaming salon reserved for him or her?

MR PRESTON: Yes, and when you say reserved, as I said, it’s a room that we have for him because of – he has ongoing junkets coming through and we have capacity to have that room for him.

35 MS SHARP: And in the past, have any of these high-end private gaming salons been reserved for any other junket operator?

40 MR PRESTON: I have – I have no direct knowledge of it, however, I have made some inquiries as a result of a summons that was issued and I understand that there was at least a small number of rooms that – that were reserved. But for which operator I can’t – I can’t recall. I’m not sure whether they were permanent reserves or whether they were reserved for a short period of time because of a – because of a particular level of activity of play. I can’t really help with your inquiry, sorry.

45 MS SHARP: And they are – that’s information you could readily turn up and provide to this inquiry?

MR PRESTON: I could certainly attempt to. It's a question mark of how long ago they might have been and if they were fleeting arrangements. For example, a month or two and they were designated and held over for a particular junket, it might be somewhat complicated to get that level of detail, sorry.

5

MS SHARP: Now, I've been asking you about Crown Melbourne. Could I just turn to Crown Perth for a moment; is there only one VIP member only gaming area at Crown Perth?

10 MR PRESTON: I might answer your question knowing the line of questioning from Melbourne, just to be complete. There is a members' only machine room called Riverside Room in Perth. There is a VIP gaming area – I suppose it could be the equivalent of the Mahogany Room called Pearl Room in Perth which comprises table games and machines; it's a very small version of Mahogany Room which has three  
15 private salons adjacent or attached to it, as I indicated, like the Mahogany room has some private salons. We have a private salon on the top floor of Crown Metropol, and we have, as I recall, possibly four or five private gaming salons in Crown Towers.

20 MS SHARP: And are any of those private gaming salons reserved for any particular junket operator?

MR PRESTON: Not to my knowledge.

25 MS SHARP: And in Crown Melbourne, we've seen that in the past there was an area within the Mahogany Room that was branded with Suncity signage. Was there that same arrangement at Crown Perth for Suncity?

30 MR PRESTON: That arrangement, Ms Sharp, was the salon adjacent to the Teak Room so that was pit 86 not the Mahogany Room.

MS SHARP: I beg your pardon.

35 MR PRESTON: And there's no – there's no similar arrangement in Perth.

MS SHARP: So that arrangement that existed for Suncity in the Teak Room at Crown Melbourne was that replicated for any other junket operator at Crown Melbourne?

40 MR PRESTON: No, it was not.

MS SHARP: And was there any similar kind of arrangement for any junket operator at Crown Perth?

45 MR PRESTON: No, there was not.

MS SHARP: Commissioner, I see the time. This might be - - -

COMMISSIONER: Mr Preston, can you hear me?

MR PRESTON: I can, Commissioner.

5 COMMISSIONER: I hope your counsel can hear me as well. You gave some evidence about Mr Kaldas' consultancy in respect of developing some enhancements in relation to the law enforcement and other aspects of the company's business and you indicated to me that that consultancy is on pause by reason of the businesses closing, having regard to COVID, I think; is that right?

10 MR PRESTON: Not entirely Commissioner. In terms of Mr Kaldas spending time in the business with our staff members, that's on pause but Mr Kaldas has been continuing his efforts, particularly with me in terms of engagement with law enforcement to meet to look for opportunities to enhance our processes.

15 COMMISSIONER: So that consultancy is extant; is that right?

MR PRESTON: That's correct.

20 COMMISSIONER: Yes, so the only thing that's on pause is the face-to-face or meetings with your staff by reason of the unfortunate closures of your businesses for the moment; is that right?

MR PRESTON: That's true but also travel restrictions are presenting some  
25 challenges because Mr Kaldas - - -

COMMISSIONER: Yes, indeed.

MR PRESTON: - - - we've tasked him with reviewing the physical structures as  
30 well from a security-related perspective.

COMMISSIONER: I see. Another aspect that I would like to clarify before we finish for the day; when you were giving evidence about the Suncity room and the salons, and you referred to the Teak Room; do you remember that?

35 MR PRESTON: Yes, I do, Commissioner.

COMMISSIONER: Is it the case that the Suncity salon was adjacent to the Teak Room or in the Teak Room?

40 MR PRESTON: It's adjacent to the Teak Room. It's not open access from the Teak Room into the salon that was known as Suncity. But it's part of - I don't want to confuse you, sorry, Commissioner; it's part of the Teak Room gaming footprint but it's a salon adjacent to it with a separate entrance.

45 COMMISSIONER: So effectively it has nothing to do with the Teak Room; is that right?

MR PRESTON: Operationally, that would be correct.

COMMISSIONER: So it's a stand-alone – it was a stand-alone salon for Suncity; is that right?

5

MR PRESTON: That's correct.

COMMISSIONER: And when you refer to the footprint of the Teak, the level of gaming, that footprint includes the Teak Room, as I apprehend what you are telling me; is that right?

10

MR PRESTON: That's correct, Commissioner.

COMMISSIONER: And the other aspect that I would like your assistance with, is you've given evidence in answer to Ms Sharp's questions in relation to the VIP gaming and also the premium players, both domestic and international. How does one become a VIP?

15

MR PRESTON: In domestic terms, Commissioner?

20

COMMISSIONER: Or - - -

MR PRESTON: It's – well, internationals – if I start with internationals; if you join a program, you would be designated a VIP. And this is Crown's own internal naming.

25

COMMISSIONER: I see.

MR PRESTON: So if you participate in a program – and as Ms Sharp indicated there's front money to participate in a program. If you are a junket player on a junket, you would be designated as a VIP.

30

COMMISSIONER: Yes.

MR PRESTON: From a domestic perspective, it would depend on your level of gaming activity. So one would have to have a loyalty card and achieve a certain level of gaming activity to be deemed a VIP.

35

COMMISSIONER: I see. So in particular, if you – your gaming activity would be reviewed by the company, by Crown and if you reach a particular level, then you get into the category of being a very important person or very important player, is it?

40

MR PRESTON: That's exactly right, Commissioner. And within those categories, depending on your value or your gaming activity, you will move between the tiers. It's almost like a frequent flyers concept.

45

COMMISSIONER: I see. Yes. Thank you. Is there anything arising, Ms Sharp?

MS SHARP: No, Commissioner.

COMMISSIONER: All right. Then. Mr Preston, Ms Orr has indicated that there  
5 are various reasons that we would adjourn your hearing – the balance of your  
evidence until Thursday, once again from Perth. We can accommodate you. I  
understand it, if you were to travel out of Perth, you may be quarantined; is that  
right?

MR PRESTON: Yes, the borders are shut tight in Perth and if I travel out and have  
10 to come back, I would be quarantined for an indefinite period it feels like at the  
moment.

COMMISSIONER: Yes, I see. So what we will do then is to thank you for making  
15 yourself available early this morning and we will ask you to do the same thing again  
on Thursday morning and we will adjourn your hearing until Thursday at 10 am.  
Anything further? Yes, all right, then. I will adjourn.

<THE WITNESS WITHDREW [4.07 pm]  
20

**MATTER ADJOURNED at 4.07 pm UNTIL THURSDAY, 30 JULY 2020**

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