



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**THE HONOURABLE PA BERGIN SC
COMMISSIONER**

**PUBLIC HEARING
SYDNEY**

**FRIDAY, 2 OCTOBER 2020
AT 10.06 AM**

Continued from 1.10.20

DAY 36

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

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

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

5 **MR T. O'BRIEN appears for CPH Crown Holdings Pty Ltd and Mr Jalland**
MR J. STOLJAR SC appears with MS Z. HILLMAN for Melco Resorts & Entertainment Limited

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

<JOHN HENRY ALEXANDER, ON FORMER OATH [10.06 am]

15 <EXAMINATION BY MR BELL

MR BELL: Mr Alexander, yesterday at transcript page 3427, I asked you whether you were working fulltime as an executive of Crown Resorts from 2007 until 2017. You said it was a fulltime role but you were also executive chairman of Consolidated Media Holdings from the end of 2007 until the end of 2012. You said you had a third role; was that third role the role you had as an employee of CPH between about 2014 and 2017 that you referred to a little later in your evidence?

25 MR ALEXANDER: Yes.

MR BELL: And I'm not sure that I understand exactly what you were doing as an employee of CPH in that period. You said the work you were doing for CPH was focused on Crown; is that correct?

30 MR ALEXANDER: That's correct.

MS SHARP: What work did you actually do in that period?

35 MR ALEXANDER: In a broad sense, just involved myself more deeply in the business but particularly the domestic business.

MR BELL: The domestic business of Crown Resorts?

40 MR ALEXANDER: Yes.

MR BELL: Do you recall any particular projects that you worked on as an employee of CPH?

45 MR ALEXANDER: Yes. I mean, I can refer to, there was a costs reform program. There was a structural reform program. The desire to bring to properties in

Australia, Melbourne and Perth, closer together where they could possibly share resources. It was an upgrading of the F&B offerings. It was really a general look at the business and how we could improve the business – domestic business.

5 MR BELL: To whom did you report at CPH in relation to that work.

MR ALEXANDER: I kept the executive chairman informed. I worked alongside Mr Johnston, and Mr Johnston focused on the VIP business. I focused on the domestic business. I worked very closely with the CEO of Australian Resorts, Barry
10 Felstead.

MR BELL: Did you receive remuneration from CPH for that work?

MR ALEXANDER: Yes, I did.
15

MR BELL: How many hours a week, roughly, were you spending in this period working for CPH?

MR ALEXANDER: It was essentially a full-time role.
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MR BELL: Well, wasn't your full-time role being executive deputy chairman of Crown Resorts?

MR ALEXANDER: That was part of my role, yes. But obviously that was – that related more to, obviously, board meetings of both Crown Resorts, Crown
25 Melbourne, Crown Perth and the like and some of the operating subsidiaries on whose boards I also sat. But the work with Crown became more direct than it had been in the past in terms of the operations of the company.

30 MR BELL: Did you disclose to Crown Resorts that you were carrying out this work for CPH while you the executive deputy chairman of Crown Resorts?

MR ALEXANDER: Yes.

35 MR BELL: To whom did you make that disclosure?

MR ALEXANDER: I think it was very commonly known. Can I recall specific conversations with the individual directors; I can't, but it was very commonly known I was doing this work because we were reporting back through to the board
40 about some of the things we were doing.

MR BELL: Yesterday the Commissioner asked you at transcript page 3456 whether, on reflection, you could recall whether you asked Mr Packer why he was leaving the board of Crown Resorts in December 2015. Have you had a further
45 opportunity to reflect overnight on whether you spoke to Mr Packer at this time about why he was leaving the board?

MR ALEXANDER: I have further reflected and I still cannot recall. I recall why Mr Packer stepped down from the board in 2018 because of his health issues but I genuinely can't recall.

5 MR BELL: Yesterday, I took you to an ASX release dated 10 January 2017. Can
we look at it again please, it's exhibit AB24, INQ.010.002.1000; this is the ASX
release of 10 January 2017. At the same time that it was announced that you were to
be appointed as executive chairman, it was announced that Mr Rankin would be
stepping down as chairman. As you understood it what were the reasons why Mr
10 Rankin stepped down as chairman at this time?

MR ALEXANDER: My understanding is that the – is that the major shareholder
thought that a change needed to be made.

15 MR BELL: And by that you mean Mr Packer, of course?

MR ALEXANDER: Yes, I do.

MR BELL: As you understand it, did Mr Packer blame Mr Rankin for the China
20 arrests?

MR ALEXANDER: I think he – I think that was perhaps one of the reasons why he
wanted to make a change, yes.

25 MR BELL: And did Mr Packer tell you why he blamed Mr Rankin for the China
arrests?

MR ALEXANDER: Only in the broadest terms where he said that he thought Mr
Rankin was an expert in China and Chinese affairs, and he was obviously very
30 disappointed about – by what happened in terms of the arrests.

MR BELL: It was also about this time that Mr Craigie stepped down as managing
director of Crown. Is it the case as you understand it that Mr Packer also blamed Mr
Craigie for the China arrests?
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MR ALEXANDER: I think that was a factor, yes, that Mr Craigie's decision to
leave the company came out of a conversation he had with me not long after I took
over but he said he had been there for a long time. In fact, he had been the CEO of
Crown going back to the early 2000s when it was not a separate company – a
40 separate listed company, and he thought I would probably want to make some
changes and he was happy to basically negotiate an exit.

MR BELL: Did Mr Packer tell you why he attributed some blame to Mr Craigie for
the China arrests?
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MR ALEXANDER: No, I think it was simply the fact that these events happened
on his watch and the previous chairman's watch; nothing more specific than that.

MR BELL: If we look at exhibit AA64, confidential link CRL.501.032.3035, you see this is an email from Mr Barton to you, Mr Jalland, Mr Johnston and Mr Packer dated 1 November 2018 providing some daily EBITDA figures?

5 MR ALEXANDER: Yes.

MR BELL: And you understood that Mr Barton was providing this information to Mr Packer under the authority of the controlling shareholder protocol?

10 MR ALEXANDER: Yes.

MR BELL: And if I could ask you to look at exhibit AA71, confidential link CRL.568.043.2762. This is an email exchange between you and Mr Packer on 21 November 2018 and you informed Mr Packer that suggested dates for a meeting in Aspen in December were fine. Do you see that?
15

MR ALEXANDER: Yes, I do.

MR BELL: And Mr Packer told you that he didn't believe Ken Barton's year financial year forecasts. Do you see that?
20

MR ALEXANDER: Yes, I do.

MR BELL: He asked you to ensure you had been through them and believed the numbers being brought to Mr Packer at the meeting in Aspen. Do you see that?
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MR ALEXANDER: Yes, I do.

MR BELL: Did you understand this was a communication between you and Mr Packer that was authorised by the controlling shareholder protocol?
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MR ALEXANDER: Yes, I did.

MR BELL: So it wasn't just a matter of you providing information to Mr Packer under the protocol; you understood that communications under the protocol provided a mechanism for Mr Packer to give instructions to you and other executives of Crown Resorts?
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MR ALEXANDER: No, I don't accept that.
40

MR BELL: Well - - -

MR ALEXANDER: James is always very strong in his views but basically – they rarely led to direct action as a result, and certainly in terms of personnel doing specific things.
45

MR BELL: He was asking you to review the forecasts and ensure that they were correct?

MR ALEXANDER: Yes. Yes.

5

MR BELL: And that was an instruction to you, was it not?

MR ALEXANDER: In a broad sense, yes.

10 MR BELL: And it was an instruction to you in response to your email to him which was an email sent under the authority of the protocol; correct?

MR ALEXANDER: Yes.

15 MR BELL: Can I ask you to look at exhibit AA74, confidential link CRL.501.027.1601. Mr Alexander, the email chain starts with an email from Mr Packer to you dated 27 November 2018 at the bottom of that page going over to page 1602. Do you see that it says:

20 *Dear John, I understand you're on a world trip looking at restaurants. As the*
restaurants were supposedly locked in when I last saw you, this seems
excessive to me. We have trading questions to answer and all hands should be
on deck and head office costs kept to a minimum. And do we need an overall
25 *cost-cutting plan to immediately implement including travel bans for our*
executives.

There was a fair bit of criticism of you in that email, wasn't there?

MR ALEXANDER: I didn't take it that way at the time. I thought it was a very
30 reasonable request. I actually agreed with the thrust of what Mr Packer was
suggesting. I've always been interested in controlling costs and I – I agreed with his
notion of actually limiting executive travel. This was basically a tidy up trip where
we had to just lock in some – in a contractual sense some restaurants which I had
raised with Mr Packer in an earlier trip for the new Sydney property.

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MR BELL: Didn't you understand that Mr Packer was having a shot at you about
the trip that you were making?

MR ALEXANDER: In a small way, yes.

40

MR BELL: You replied in your email at page .1601, explaining that it wasn't a
world trip and you were closing out two important restaurant deals. Do you see that?

MR ALEXANDER: Yes.

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MR BELL: And you said in terms of the unacceptable trading results:

Yes, all hands should be on deck –

and that yours were. Do you see that?

5 MR ALEXANDER: Yes.

MR BELL: And you then said you have a:

...scoreboard attendant culture at Crown and precious little proactivity.

10

What did you mean by that?

MR ALEXANDER: I'm just trying to find where this –

15 MR BELL: About halfway down the email. You can blow it up, operator.

COMMISSIONER: He has got the hard copy. Yes, you can blow it up.

MR ALEXANDER: Sorry, Mr Bell would you mind repeating the exact line?

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MR BELL: Yes, it's about halfway down the email. And we are going to try and blow it up for you. But it said:

You have a scoreboard attendant culture at Crown and precious little proactivity.

25

I think the last word should be proactivity. Do you see that?

MR ALEXANDER: Yes, I do see that.

30

MR BELL: I was just wondering what you meant by that?

MR ALEXANDER: I meant that there was too much, in my view, ready acceptance of outcomes and results and not enough attention to

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MR ALEXANDER: I meant that there was too much, in my view, ready acceptance of outcomes and results and not enough attention to trying to react to those results if they fell short.

40 MR BELL: And who were you referring to, when you said there – that there was this scoreboard attendant culture?

MR ALEXANDER: Broadly, the management of – of the Resorts division.

45 MR BELL: Yes. And you go on to say a little bit further on in the email, you referred to a conversation around budget time when you say you were told not to upset Barry and Ken; love them dearly. Do you see that?

MR ALEXANDER: Yes, I do.

MR BELL: So I take it that was a reference to Mr Felstead and Mr Barton?

5 MR ALEXANDER: Yes.

MR BELL: Had Mr Packer told you words to the effect not to upset Mr Felstead and Mr Barton?

10 MR ALEXANDER: He had not, no. I mean, he was very – he had a close relationship with Barry Felstead but, no, I think there was a general view that inside the – inside the top ranks of the company that they were important executives to hang on to and that we shouldn't do too much to upset them in terms of pushing them too hard on these areas like budget shortfalls.

15 MR BELL: You say that you were told not to upset Barry and Ken. So I was just wondering who told you that?

MR ALEXANDER: There have been a number of conversations over the years with some of the directors and some of the CPH representatives.

MR BELL: Had you had conversations with Mr Packer over the years about this matter?

25 MR ALEXANDER: Not for some time.

COMMISSIONER: Well, who was it, Mr Alexander?

MR ALEXANDER: Most recently, it was Mr Johnston.

30 COMMISSIONER: What was he doing telling you not to upset people?

MR ALEXANDER: I think he is entitled to his view.

35 COMMISSIONER: Yes. And you were the chairman at this time, I presume?

MR ALEXANDER: I was, yes.

40 COMMISSIONER: I see. And Mr Johnston was telling you, in his capacity as a Crown director or as a CPH director, as you understood it?

MR ALEXANDER: I thought his capacity as a Crown director.

45 COMMISSIONER: I see. Yes, Mr Bell.

MR BELL: Did you understand, at this time, that both Mr Felstead and Mr Barton were very loyal to Mr Packer?

MR ALEXANDER: Yes, as were most executives.

MR BELL: And a bit further on in your email you talk about cost-cutting. You said, this is in the last four or five lines of the email, you say travel was obvious:

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Travel is obvious, but I need the authority to control it across the company along with everything else.

And you used the word “authority” with a capital A. What did you mean by that?

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MR ALEXANDER: I wouldn’t read too much into the capital A. What I meant was I really needed the board on side – the complete board on side – to make some – what I believe were some significant changes in – particularly in costs. And I’m not sure – these are very difficult areas when you start – when you start to embark upon them and not everybody is always comfortable, even at a board level, about how hard you go on in this area.

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MR BELL: Were you suggesting to Mr Packer that you needed his backing to control travel and other expenses?

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MR ALEXANDER: Not specifically.

MR BELL: Well, you go on to say that, at your next meeting with Mr Packer in Aspen:

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Staff cuts and salary cuts should be tabled.

Do you see that?

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MR ALEXANDER: Yes.

MR BELL: So you were, I take it, wanting to get Mr Packer’s approval to an approach which involved cost cutting and salary cuts?

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MR ALEXANDER: If need be, yes.

MR BELL: And do you see that Mr Packer replied to your email and he said:

40

I’ve over being Captain Good Guy to everyone. Go hard, my friend. You have my blessing.

What did you understand Mr Packer to mean by that statement?

MR ALEXANDER: I think as it reads. In terms of the Captain Good Guy – in terms of Captain Good Guy, I think James was – was a good guy to most staff. You know, he was a warm, friendly person. In terms of going hard, I mean, I think he just, he is just acknowledging suggestions I was making about cost cutting.

45

MR BELL: Yes. You understood that he was giving his blessing to you cutting costs and pushing the executive team a bit harder. Is that a fairway of putting it?

MR ALEXANDER: I think so. Yes.

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MR BELL: Now, and did you understand at the time that your communication with Mr Packer in this email was a communication under the controlling shareholder protocol?

10 MR ALEXANDER: Yes.

MR BELL: And Mr Packer was providing some instructions to you in his emails; is that a fair way of putting it?

15 MR ALEXANDER: Indirectly, yes.

MR BELL: And would it be fair to say, as you understood it, that Mr Packer was keeping a fairly close control over the management of Crown Resorts at this time?

20 MR ALEXANDER: No, I don't believe so.

MR BELL: Why do you say that?

MR ALEXANDER: Well, there's an interchange like this, but it wasn't happening on anything like a regular basis in terms of specifics. I mean, this particular trip to Aspen didn't take place. We chose to do it by video conferencing. And we didn't do any other trips after that. There were two lead-up trips, one in June, one in September, purely to – a brief conversations about financials but more about, you know, get back and talk about business and a bit of a bonding session. I mean, the important - - -

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MR BELL: But – I'm sorry.

MR ALEXANDER: I was just going to say the - - -

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MR BELL: Sorry. You go on.

MR ALEXANDER: - - - important thing – the important thing to realise about James under this CSP was he was receiving information not just because, in my view, he was the largest shareholder, but more because of what he'd actually individually brought to Crown on behalf of all shareholders over the years. And I'd had a long journey with James, obviously, starting back in the early 2000s. I mean, he conceived and executed the Burswood transaction, which was a difficult transaction because of a shareholder cap that that was in place and the fact that his father, at the time, didn't particularly want to do it. And that took a lot of courage to get that done.

45

He subsequently improved the licence. He conceived Macau. When I first went to Macau with James, the Cotai Strip was a swamp and, in six years, it was the world's greatest gaming precinct. Crown, obviously, subsequently sold its investment there for six times earnings. James conceived, as well, the entire Sydney project, which
5 was a remarkable outcome given there was no – it wasn't by invite and, obviously, he got bipartisan support for that. He brought Brown back to Crown. He brought Betfair to Crown. He brought as Aspinalls to Crown. He's done a lot for Crown – for Crown shareholders, generally. So when he was making suggestions about the business, I had cause to listen.

10 MR BELL: You understand in this period that you were providing confidential Crown Resorts information to him, I take it?

MR ALEXANDER: Did I understand I was providing confidential information?
15 Yes, I did.

MR BELL: And you understood that, as Mr Packer had resigned from the boards of Crown Resorts and CPH, he was no longer entitled to receive Crown Resorts confidential information under the services agreement; correct?

20 MR ALEXANDER: That's right, yes.

MR BELL: And you understood that that was why the controlling shareholder protocol was brought into place so there would be a legal mechanism for Mr Packer to receive Crown Resorts confidential information; correct?

25 MR ALEXANDER: Yes.

MR BELL: And you were doing your best in this period, weren't you, to make sure that Mr Packer was kept informed with important matters concerning Crown Resorts?

MR ALEXANDER: Yes.

35 MR BELL: Now, can I ask you to look at exhibit AB30, confidential link CRL.568.037.2142. Do you see this is a communication that you had with Mr Packer on the 25th of February 2019?

MR ALEXANDER: Yes.

40 MR BELL: And you were forwarded – I withdraw that. You were forwarding some financial analysis to Mr Packer concerning the performance of Star versus Crown?

MR ALEXANDER: Yes.

45 MR BELL: And you were providing your thoughts and commentary on that?

MR ALEXANDER: Yes.

MR BELL: Could I ask you to look at exhibit AA103, confidential link
CRL.501.026.5950.

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MR ALEXANDER: Yes. I have that, Mr Bell.

MR BELL: Thank you. Now, this was an email from you to Mr Packer on the 11th
of April 2019. Was this a communication in relation to the Wynn transaction?

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MR ALEXANDER: Yes, it was.

MR BELL: And what did you mean about the Macau component?

15 MR ALEXANDER: There was a suggestion that, once the news of the potential
offer leaked, that several of the regulators, including the Macau regulator, were
against the – were against such a transaction.

MR BELL: Against a transaction by Wynn making a takeover for Crown Resorts?

20

MR ALEXANDER: Yes, as I understood it.

MR BELL: And you saw that being – the resolution of that being critical to any
way forward?

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MR ALEXANDER: Well, at this stage, I didn't think there was a way forward. I
think if I were getting a push back from the regulators, as was explained to me by Mr
Maddox, who was the CEO at Wynn, I thought that the – a revisitation was probably
most unlikely.

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MR BELL: Can I take you to another document, exhibit AA117, confidential link
CRL.501.026.6169.

MR ALEXANDER: Yes.

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COMMISSIONER: Before you leave Mr Maddox, Mr Alexander, without
disclosing any matters of commercial sensitivity at the moment, did that have
anything to do with the then-current investigation by the Massachusetts' casino
regulator?

40

MR ALEXANDER: No, that was underway, Commissioner. They were going
through a probity or – a probity hearing in Boston - - -

COMMISSIONER: Yes.

45

MR ALEXANDER: - - - happening simultaneously, I believe, from memory, with
their interest in – or it was about to happen – with their interest in Crown. So it was

– it didn't flow from their interest in Crown. It actually was always timetabled to happen at that stage.

5 COMMISSIONER: And so the Macau concern was the regulatory authorities in Macau, was it?

MR ALEXANDER: As I understand it. They have three regulators. They have one in Nevada.

10 COMMISSIONER: Yes.

MR ALEXANDER: They have a new one, obviously, in Boston, and one in Macau.

15 COMMISSIONER: Yes. And it wasn't the American regulators but, rather, the Macau regulator?

20 MR ALEXANDER: I think – I think, from memory of my conversation with Mr Maddox, the – a conversation where he disclosed they were not proceeding, took place at about 2 o'clock in the morning our time. And he broadly pointed to all of these regulators being surprised by the announcement and taking course.

COMMISSIONER: Yes, I see. Yes. Thank you. Yes, Mr Bell.

25 MR BELL: Mr Alexander, if we could look at exhibit AA117, confidential link 501.026.6169, you see it's an email from you to Mr Packer - - -

MR ALEXANDER: Yes.

30 MR BELL: - - - dated the 17th of May 2019? . And towards the end of your email, you refer to catching up and you say:

Can you please advise dates in late May to early June on your availability?

35 Do you see that?

MR ALEXANDER: I do, yes.

40 MR BELL: Was this a reference to you travelling to Los Angeles to meet Mr Packer?

MR ALEXANDER: Actually, no. It was a reference to my travelling to New York to go to a shareholders' meeting of which was listed at that time. And I was – I was seeing if he was available just to catch up with him on my way to New York.

45 MR BELL: You did, in fact, travel to meet Mr Packer in Los Angeles on the 30th of May 2019.

MR ALEXANDER: Yes.

MR BELL: I was just wondering how long before that trip had you made the arrangements to meet Mr Packer in Los Angeles?

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MR ALEXANDER: It followed this email. I was trying to find out when he was available – if he was available – because I knew he was going to go to Europe for the summer, from late May, and if he was interested in catching up for a chat on my way to New York. The trip to New York was a one day only trip to New York.

10

MR BELL: What did you understand Mr Packer wanted to talk to you about?

MR ALEXANDER: Nothing more than catching up, because as I said, we – we'd started this quarterly catch-up starting in June in 2018 in Aspen, repeated in September 2018, again, in Aspen. And it was a scheduled trip which involved a serious meeting with some of the – you know, some of the executives he was unfamiliar with like Mr Xavier Walsh. That one was cancelled, as I said, for reasons of cost. We did it by videoconference.

15

MR BELL: But is it the case that on the 30th of May 2019, you flew on a Qantas flight from Melbourne to Los Angeles?

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MR ALEXANDER: Yes, that's correct.

MR BELL: And the plane was scheduled to leave at 9am Australian Eastern Standard Time, but was slightly delayed; is that right?

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MR ALEXANDER: That's my memory. Yes.

MR BELL: And did you have any communications with Mr Packer before your flight left Melbourne that day?

30

MR ALEXANDER: No.

MR BELL: At any time before your flight left Melbourne, did Mr Packer provide any information to you about the sale which he was finalising of Crown Resorts shares by a CPH subsidiary to Melco Resorts Limited?

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MR ALEXANDER: Absolutely not.

40

MR BELL: At any time before your flight left Melbourne had anyone else provided any information to you about that proposed sale?

MR ALEXANDER: Absolutely not.

45

MR BELL: What time did your flight land in Los Angeles in terms of Australian Eastern Standard Time; do you recall?

MR ALEXANDER: From memory, it landed about 6 o'clock, Pacific Time, which would have been, at the time, about 3 o'clock in the morning EST.

5 MR BELL: Well, perhaps you should look at your statement to this Inquiry, dated the 20th of March 2020, which is exhibit AA251, confidential link CRL.581.001.0027. If I could direct your attention to paragraph 8 on page .0028. You say there that you landed in Los Angeles at around 11.25 pm Australian Eastern Standard Time. Is that – is that - - -

10 MR ALEXANDER: Sorry. I – the time I referred to was originally – in the conversation was Pacific Time.

MR BELL: Yes.

15 MR ALEXANDER: I obviously made a miscalculation of the time in Australia.

MR BELL: So - - -

20 MR ALEXANDER: But, yes, the time arrived – that was the time I arrived.

MR BELL: Around about 11.25 pm?

MR ALEXANDER: Yes.

25 MR BELL: And when do you say that you first learnt about the sale of Crown Resorts' shares by a CPH subsidiary to Melco?

MR ALEXANDER: When I turned on my phone.

30 MR BELL: And what happened when you turned on your phone?

MR ALEXANDER: There was a small avalanche of emails and text messages and including an email from our company secretary under their role on the disclosure committee, seeking my approval of an ASX announcement.

35 MR BELL: So you first learnt about this matter by looking at your texts and emails when you landed in Los Angeles?

40 MR ALEXANDER: That's correct.

MR BELL: And when did you first speak to Mr Johnston after your flight landed?

45 MR ALEXANDER: Well, as you can see, the time I arrived was – even before leaving the plane was very late Australian time. I spoke to Mr Johnston later that day in Los Angeles. It would have been very late afternoon, early evening, about 12 hours later.

MR BELL: So approximately 12 hours later?

MR ALEXANDER: Yes.

5 MR BELL: And by that I mean 12 hours after your flight had landed, that is your recollection.

MR ALEXANDER: Yes.

10 MR BELL: Did he ring you or did you ring him?

MR ALEXANDER: Well, from memory, he'd left a voicemail. I believe he'd obviously called other directors about the transaction and I was obviously probably the last person he spoke to. He left a voicemail to call him and I looked at the time,
15 and obviously it was an inappropriate time to call him at night-time, but I spoke to him later that day.

MR BELL: What's your recollection of the substance of your telephone conversation with Mr Johnston?
20

MR ALEXANDER: It wasn't a long conversation. He – he just discussed the sale had happened and I understood which action Mr Packer gave greater clarity to, but that CPH was really – and this was not uncommon for James, was simply de-risking, that is, not having all their eggs in the one basket.
25

MR BELL: And do you have a clear recollection of this conversation with Mr Johnston?

MR ALEXANDER: Not a very clear one, no. It was late at night and I was
30 obviously tired and had a degree of jet lag.

MR BELL: But you do have a clear recollection that it occurred approximately 12 hours after your flight landed?

35 MR ALEXANDER: Yes.

MR BELL: Is that right?

MR ALEXANDER: I do, yes.
40

MR BELL: See, Mr Johnston has given evidence to this Inquiry that he first told you about the share sale agreement at approximately 11.15 pm Australian Eastern Standard Time on 30 May 2019. He says that you told him that you had just landed in Los Angeles and were exiting the plane when you were speaking to him. What do
45 you say about that?

MR ALEXANDER: I don't recall that.

MR BELL: Mr Johnston says that he asked you whether you had read your emails and you said that you hadn't. He said that he informed you of the sale and you said "Thanks for telling me" or words to that effect, but that you didn't sound surprised and you didn't sound happy. Mr Johnston in fact sent a text to Mr Jalland which was
5 apparently sent at 11.15 pm saying:

JA didn't sound surprised but didn't sound happy.

10 What do you say to that?

MR ALEXANDER: That's not my recollection.

MR BELL: Do you deny that?

15 MR ALEXANDER: I can't recall that. My memory is of speaking to Mr Johnston at night, that evening, after I landed and the idea I hadn't read my emails, well, it would have been very difficult if I hadn't read my emails to respond to Ms Manos.

20 MR BELL: Do you deny speaking to Mr Johnston at the time that you exited the plane and before you looked at your emails?

25 MR ALEXANDER: I genuinely can't recall that. I do recall a conversation I had that evening that evening. I can't imagine that I would have spoken to him that evening if I'd already spoken to him.

MR BELL: Were you in fact unsurprised when you learnt about the sale by CPH to Melco Resorts?

30 MR ALEXANDER: No, no, I was surprised but not shocked.

MR BELL: And were you, in fact, unhappy about the news?

MR ALEXANDER: Not especially, no. It was - - -

35 MR BELL: Sorry, you go on.

MR ALEXANDER: It was Mr Packer's call what he did with his stock.

40 MR BELL: Yes. Can I ask you to look at exhibit AA157, confidential link CRL.500.001.1031.

MR ALEXANDER: Yes.

45 MR BELL: You see there's an email from Mary Manos to you on 30 May forwarding a communication from Melco?

MR ALEXANDER: Yes.

MR BELL: Following the purchase. And you're clearly there expressing unhappiness about Melco's move on Crown Resorts.

5 MR ALEXANDER: I was being facetious. I've known Lawrence Ho for 15 years. I had no issues with Lawrence Ho potentially becoming a shareholder in Crown. In fact, I emailed him not long after the transaction, after I visited Mr Packer, two days later after the announcement and said looking forward to catching up with him again.

10 MR BELL: So this was just a joke, was it, this email?

MR ALEXANDER: Yes. Just in terms of all the work we would probably have to do to help facilitate the whole process of Melco becoming a shareholder.

15 MR BELL: And were you still in Los Angeles when you sent this email?

MR ALEXANDER: It was sent on 31 May, yes, I would have been.

20 MR BELL: So you did meet with Mr Packer several hours after you arrived in Los Angeles, did you?

MR ALEXANDER: No, I did not. I arrived in Los Angeles on the Thursday and I met with him on the Saturday morning. He was leaving for Europe that day.

25 MR BELL: So it was a day or so after you had arrived?

MR ALEXANDER: Yes.

30 MR BELL: And what was the substance of your discussion with Mr Packer in relation to the Melco transaction?

35 MR ALEXANDER: Not extensive. I only spent one hour with Mr Packer. He was – as I said he was leaving for Europe not long after my meeting. And I asked – I asked simply why he decided to – to do it and do it to Lawrence, and he said “I just basically don't want to have all my eggs in the one basket. I know Lawrence. I've known Lawrence for a long time and I believe he can help us with our VIP business.”

MR BELL: Can I ask you to look at exhibit AA158.

40 COMMISSIONER: Before you move off from that, Mr Alexander, you said that when you responded to Ms Manos in this facetious way, it was because of all the work that had to be done to facilitate Melco becoming a shareholder. Do you remember saying that?

45 MR ALEXANDER: Yes.

COMMISSIONER: What did you understand had to be done?

MR ALEXANDER: Well, I mean, I think – I think the – Stephanie Cheung who I also know is a longstanding legal office – Macau was – Melco was basically – it was facetious asking them to facilitate the process, help here, help there, and I think I understood how much work Mary had on her plate, so this was doing something on behalf of another shareholder and I just – it was, as I said, a facetious remark about that.

COMMISSIONER: And there was a desire for the Melco officers and representatives to get from Crown some assistance to meet with, and deal with the regulators in each of the jurisdictions, as I understand it. Is that right?

MR ALEXANDER: That's right, to assist the process.

COMMISSIONER: I see. Yes, Mr Bell.

MR BELL: Could I ask you to look at exhibit AA158, confidential link CRL.500.009.0008. You see it's an email to you from Ms Mary Manos dated 31 May 2019?

MR ALEXANDER: Yes.

MR BELL: And it was summarising an earlier discussion that you had had with Ms Manos according to the email; do you see that?

MR ALEXANDER: Yes, I do.

MR BELL: And she said in her first bullet point that the independent directors wanted to meet separately from CPH to understand potential ramifications of the Melco transaction.

MR ALEXANDER: Yes.

MR BELL: And she said she put together a list of matters for consideration including information bearing protocols and so on; do you see that?

MR ALEXANDER: Yes.

MR BELL: What was the substance of what Ms Manos had discussed with you that day about the matters the independent directors wanted to raise?

MR ALEXANDER: I don't know. I mean only in terms of – my understanding was I don't know – I obviously wasn't present at their conversations. Obviously, some of them were probably surprised by the announcement, what did it mean. Was CPH moving to a much lesser position in the company.

MR BELL: Sorry, what I meant was, what did Ms Manos tell you the independent directors had told her that they wanted to raise?

MR ALEXANDER: Sorry, I thought I answered the question. I really don't know what they raised with her. It didn't go into any detail, from memory.

5 MR BELL: So you don't recall her saying anything beyond what appears in this email?

MR ALEXANDER: To the best of my knowledge, no.

10 MR BELL: And do you see that in the third bullet point, noted as a summary of the matters that you had discussed earlier with her, she said that:

The Melco transaction had implications for our VIP gaming management agreement.

15 Do you see that?

MR ALEXANDER: I do, yes.

20 MR BELL: What was the substance of what she had told you about the implications for the VIP gaming management agreement?

25 MR ALEXANDER: I was – before this transaction, the VIP gaming management agreement wasn't something that we discussed at a Crown level. It obviously was borne out of the Sydney licence and – from memory what had happened was that obviously we were reliant on Melco to provide updates on the share register to Crown to comply with the agreement which obviously excluded Mr Stanley Ho from involvement. As Mary explained to me, she had already agreed – after we had sold out of Macau in early '17, the regulator had agreed verbally that we would no longer have to provide this information at all because it was become increasingly difficult to source, given we no longer had a commercial relationship with Melco.

30

MR BELL: She goes on to say.

35 *We had agreed but not signed amendments to the VIP gaming management agreement and moved certain monitoring obligations placed on us in relation to Stanley Ho –*

40 that she was sure that the New South Wales regulator would want to take a fresh look at the agreement now. Does that assist you to recall anything more now about the substance of your conversation with Mary Manos that day about the VIP gaming management agreement?

MR ALEXANDER: No, it doesn't.

45 COMMISSIONER: The VIP gaming management agreement, as you understood it, was something that had been negotiated and secured at a time when Mr Packer was the chairman; is that right?

MR ALEXANDER: Correct. Yes, that's correct.

COMMISSIONER: But you were on the board at the time, I presume, Mr Alexander?

5

MR ALEXANDER: I was, yes.

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

10 MR BELL: Now, there was a meeting of the board of Crown Resorts on 12 June 2019; is that correct?

MR ALEXANDER: Yes, that's correct.

15 MR BELL: I take you to exhibit AA174, confidential link CRL.501.075.1950. You see this is a board paper for the in-camera session of the board concerning the Melco sale?

MR ALEXANDER: Yes.

20

MR BELL: And the minutes of the meeting on 12 June are at exhibit AA179. If you could look at that please, confidential link CRL.503.001.0005. You see that's the minutes of the meeting on 12 June.

25 MR ALEXANDER: Yes, I have those.

MR BELL: The minutes of the meeting of 12 June 2019 which you attended as chairman.

30 MR ALEXANDER: Yes.

MR BELL: And if you turn to page .0017, you will see in relation to the CPH sale, it simply says:

35 *Representatives of Consolidated Press Holdings addressed the board in relation to the sale of company shares to Melco Resorts.*

MR ALEXANDER: Yes.

40 MR BELL: Can you please tell us the substance of what was said in its totality and by whom, to the best of your recollection, on this agenda item?

MR ALEXANDER: To the best of my recollection, both Mr Jalland and Mr Johnston spoke to – it wasn't a long conversation – they spoke to, from memory, the reasons behind the sale; how – also that Mr Packer was very keen to maintain his investment – from memory, maintain his investment in Crown. It wasn't a long

45

conversation. It was up to the independent directors to have the opportunity to ask questions of those CPH representatives.

MR BELL: And did they?

5

MR ALEXANDER: Yes, they did but it wasn't a long conversation, from memory.

MR BELL: What was the substance of the questions that were being asked?

10 MR ALEXANDER: I think along the lines of "what does this mean going forward. Does this mean James is going to leave the register completely." Again, my recollection of the – of the questions is not – is not front of mind because it wasn't – it wasn't for want of a better word, an aggressive conversation. It was very much – it was very cordial and – and they seemed satisfied with the answers.

15

MR BELL: Could I ask you to look at exhibit AA180, confidential link CPH.001.002.4628.

20 COMMISSIONER: Before you go to that, Mr Bell. When you said it wasn't aggressive, Mr Alexander, had there been a display of any aggression prior to the meeting?

MR ALEXANDER: No, absolutely not but if you go back, Commissioner, where in Mary's earlier email, the independent directors wanted to meet as quickly as possible.

25

COMMISSIONER: Just pardon me for a moment. If you could just – I think there's a problem with hearing everything you say with clarity. So I'm just going to ask you – yes, thank you, just try that?

30

MR ALEXANDER: Is that better?

COMMISSIONER: It is. Thank you, Mr Alexander.

35 MR ALEXANDER: If you go back to Ms Manos' email, the independent directors would like to meet as soon as possible to discuss ramifications and that meeting didn't take place I was just trying to reflect that – and I had no conversations with – that I can recall with any independent directors who were, for want of a better word, irritated about the sale. The meeting took place as part of a regular board meeting and it wasn't a special meeting required and my recollection of the

40 conversations was, as I said earlier, the directors basically wanted to know – some of the individual directors wanted to know what ramifications anything meant going forward.

45 COMMISSIONER: And so you said you did not have any conversations with any of the independent directors who were, as you put it, irritated about the sale?

MR ALEXANDER: Well, I imagine I would have spoken to some of the independent directors on my return. I got back, I think, on about early June. I can't recall specific conversations but it wasn't raised in a substantive way and from my memory of the was that it was fairly obvious questions, that they were not
5 difficult questions. My recollection is that people were satisfied by the explanations they received from the CPH directors.

COMMISSIONER: But so far as the interim is, that's landing back in Australia and having your meeting on the 12th, as you say, it's about 12 days, you don't recall
10 specifically having any particular conversation with any of the independent directors?

MR ALEXANDER: I don't, Commissioner.

15 COMMISSIONER: Yes, all right. Yes, Mr Bell.

MR BELL: Mr Alexander, could you look at exhibit AA180, confidential link CPH.001.002.4628.

20 MR ALEXANDER: Yes.

MR BELL: You see this is your email to Mr Packer dated 12 June 2019. It says that the four-hour Crown Resorts meeting had just finished. Do you see that?

25 MR ALEXANDER: Yes.

MR BELL: You say:

30 *The independent directors have calmed down since your share sale. Good in-camera session at the end and nothing negative about Melco.*

What is it, as you understood it, that the independent directors were agitated about in the first place?

35 MR ALEXANDER: I think I made – I was making the presumption, going back to Ms Manos' earlier memo that basically the independent directors wanted to meet as quickly as possible. One reason for that, that there must be some degree of disquiet, and clearly as my email here says, referring to the in-camera session, it was a very cordial, pleasant conversation.

40

MR BELL: So your understanding of any disquiet came only from your interpretation of Ms Manos' email.

45 MR ALEXANDER: Exactly. That's correct.

MR BELL: And you understood, did you, that this was a communication you were making to Mr Packer under the authority of the controlling shareholder protocol?

MR ALEXANDER: Yes.

MR BELL: If we look at exhibit AA195 - - -

5 COMMISSIONER: Can I just understand that as well. That included a communication in relation to what had happened in an in-camera session, didn't it?

MR ALEXANDER: It did, yes.

10 COMMISSIONER: And was that authorised, as you saw it?

MR ALEXANDER: Well, it was in camera with the CPH directors.

15 COMMISSIONER: Yes, but I'm asking you was it authorised to give it to Mr Packer, who was not?

MR ALEXANDER: I was responding to his email. I didn't seek authority to reply.

20 COMMISSIONER: Might the reality be that you didn't really analyse how it was that you were giving him the information, you just wanted to respond to him?

MR ALEXANDER: That's correct.

25 COMMISSIONER: Yes. Yes, Mr Bell.

MR BELL: Could I ask you to look at exhibit AA195, confidential link CRL.501.026.6747. This is your email to Mr Packer on the 29th of July 2019. Do you see that?

30 MR ALEXANDER: Yes, I do.

MR BELL: And you say:

35 *Just an update. I've called a board meeting for tomorrow, Tuesday, to discuss the nonsense.*

Was the nonsense a reference to the media allegations which had been made against Crown Resorts at this time?

40 MR ALEXANDER: Yes.

MR BELL: Do you still regard the allegations raised by the media in July 2019 as nonsense?

45 MR ALEXANDER: I think the core allegations were, from a Crown directors' point of view that we knowingly dealt with criminals, that we knowingly ignored money laundering, that we knowingly operated illegally in China, we knowingly

exposed our staff in China to arrest, we knowingly evaded border protocols. So I think the core of the allegations – those core conclusions still remain something we disagree with. Yes.

5 MR BELL: So you still regard the allegations raised by the media in July 2019 as nonsense?

MR ALEXANDER: I think there are elements in some of the allegations, which
10 to an investigation, have some currency, but I think the core allegation, or the core appraisal of the allegations remains incorrect.

MR BELL: I take it you wouldn't use the word "nonsense" today; is that right?

MR ALEXANDER: I could have chosen my language better. Yes. I agree with
15 that.

MR BELL: And did you understand that this was a communication with Mr Packer under the authority of the controlling shareholder protocol?

20 MR ALEXANDER: Yes.

MR BELL: Do you agree that it's an important obligation of directors of a public listed company to be truthful and accurate in the information that they give to
25 shareholders at an annual general meeting?

MR ALEXANDER: Yes, I would. I do.

MR BELL: You attended the 2019 annual general meeting of Crown Resorts on the
30 23rd of October 2019?

MR ALEXANDER: Yes.

MR BELL: And you were chairman at that meeting?

35 MR ALEXANDER: Yes.

MR BELL: Could I ask you to look at exhibit AA218, INQ.010.006.0392.

MR ALEXANDER: Yes.
40

MR BELL: This is a transcript of the meeting, if I could ask you to turn to page 8 of the transcript, the page ending in .0319. I'd like to read you a question from the shareholder and the answer given by Mr Barton. The question is this:

45 *Okay. Now, what's the protocol? I mean, I'm suggesting that you're not communicating very well with your shareholders. What's the protocol with how we are communicating with Mr Packer? He's just a shareholder. He's a*

big one, but he's just a shareholder. So what is this – what is – this is one for the independent directors. So is he getting access to company documents? Is he getting selectively briefed? Did he ring up and ask for a briefing on the scandal? So is he – does he get special treatment? Does he get access to information? Or is he treated like me and he's looking at the ASX announcements for Crown's response to front page after front page of allegations?

Turn to the next page .0320, Mr Barton replied, he says:

Perhaps, chairman, if I could make – thanks for the question. And, I think, if I could answer your question in the context of Crown's relationship with CPH, it's probably slightly broader than the question you asked. And you'll be aware from our accounts and disclosures that, for an extended period of time, we've had an arrangement with CPH where they provide a range of services to Crown – valuable services – around our management, around our strategy. In order for them to fulfil those services, we provide information to CPH. So information is provided to them to enable them to prepare those services. That's been disclosed for many years now in our accounts, both the existence of those arrangements as well as the amounts that are being paid under those arrangements.

It's clear that Mr Barton was referring to the services agreement in his answer and failed to inform the shareholders about the controlling shareholder protocol of all the information which had been provided to Mr Packer since the 31st of October 2018; do you agree?

MR ALEXANDER: Yes.

MR BELL: And it was the controlling shareholder protocol which governed the provision of information to Mr Packer, personally, from the 31st of October 2018, because he was no longer a director of CPH or Crown Resorts.

MR ALEXANDER: Yes.

MR BELL: And it must have been clear to you, at the time of the meeting, that Mr Barton had not answered that question correctly?

MR ALEXANDER: It wasn't as clear to me at the time of the meeting. Obviously, I was aware of it, of the CSP and, on reflection, that information should have been provided.

MR BELL: Yes. And, as chairman of the meeting, it didn't occur to you to make a statement at that point, correcting what Mr Barton had said?

MR ALEXANDER: It didn't at the time. No.

MR BELL: Commissioner, I have no further questions.

COMMISSIONER: When did it become clear to you, Mr Alexander?

5 MR ALEXANDER: It became very clear through this process, Commissioner.

COMMISSIONER: So not until this year?

10 MR ALEXANDER: It wasn't something – I wasn't conscious of that. It wasn't something I was conscious of, as the meeting closed. No.

COMMISSIONER: Yes, because Mr Packer was not providing any services under the services agreement at any stage, was he?

15 MR ALEXANDER: Well, as I said earlier in my remarks, Mr Packer is, apart from the - - -

COMMISSIONER: That's a different matter, though, isn't it?

20 MR ALEXANDER: I'm sorry. I don't understand the distinction.

COMMISSIONER: The services agreement was for CPH executives to provide services in a regime under the services agreement, whereas Mr Packer was not providing services under that regime, was he?

25 MR ALEXANDER: That's correct.

COMMISSIONER: And the reference to Mr Barton's reference to "in order to fulfil those services" was particularly under the services agreement?

30 MR ALEXANDER: Yes, that's correct.

COMMISSIONER: Yes. In any event, can I just ask you a couple of things about the matters that Mr Bell asked you about. You became the chairman and CEO of Crown, I think, in the May of 2017; is that right? Chairman in January and CEO in May or June; is that right?

35

MR ALEXANDER: I think it was effective as, from memory, simultaneous.

40 COMMISSIONER: I see. So – and but Mr Craigie stayed on until the middle of the year; is that - - -

MR ALEXANDER: Yes. He – yes. He was stepping down; that's correct.

45 COMMISSIONER: And we have had information provided to the Inquiry, which I should ask you about, and that was the information from the proxy advisers to Crown

who'd indicated that they thought it was an inappropriate governance strategy to have a CEO and a chairman combined. Do you recall receiving that advice?

MR ALEXANDER: Not specifically, but I know it's not an uncommon view.

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COMMISSIONER: Yes. And, as I understand the structure, was this the first time that there had been a combination of chairman and CEO in the one person?

MR ALEXANDER: I believe so.

10

COMMISSIONER: Could you tell me what the reason for that was?

MR ALEXANDER: The major reason at the time was Crown had to go through a major rebuilding exercise in the wake of the impact of the China arrests.

15

COMMISSIONER: Yes.

MR ALEXANDER: Our VIP program had essentially ceased. We had – there were financial implications which flowed from that. We had a potential debt situation.

20

We had to build Sydney. And the thinking at the time was rather than embark on a search for a new CEO at that particular time, the focus should be in – in facing these challenges and getting through those particular challenges and, obviously, revisiting the management structure on the other side of that.

25

The process was quite long. We had a fairly significant internal cost-cutting program. We had to sell Macau assets; that was a process. You know, other non-core assets which we were having to sell, and we had to focus on building Sydney. And, in the case of Sydney, what I inherited was what had not really been widely circulated, which was a site-lines issues. And the site-lines issues really went to, you know, something we'd actually paid for, simplistically, and something that was potentially being taken away from us by the BDA. So there were a lot of issues to get on top of. In principle, I agree with the separation of the two. I was hired, just my employment to be the executive chairman. So I assumed the CEO role on a de facto basis. I think, if you look at the structure, obviously, it's first time in his history Crown has an independent chairman as well as a separate CEO and that's a structure, philosophically, I support.

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35

COMMISSIONER: Yes. And so in the process of all the things that you did and had to do over that – what must have been in many respects a rather scorching period after the China arrests, you wouldn't be advocating, I presume, to combine those two roles again for Crown?

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MR ALEXANDER: No, I'm not. Absolutely not. It was – it was a circumstantial decision rather than a philosophical decision.

45

COMMISSIONER: I understand. The reason, one of the reasons I ask you this is because of the need to report to the regulator in respect of the failings that you have

agreed with Mr Bell about, about the structural problems with crisis management and also risk management. You understand that?

MR ALEXANDER: Yes, I do.

5

COMMISSIONER: And, from your perspective, with your experience, you've just commented upon the first time in its history having an independent chairman and a separate CEO. So far as that is concerned, that, in itself, will obviously not fix the problems; you agree with that?

10

MR ALEXANDER: Of course.

COMMISSIONER: And so far as yesterday's evidence that you gave that you couldn't explain how you, as a director of Crown, were not informed of these pivotally important matters, do you agree or not agree that it is important to work out how it happened to ensure that that sort of thing doesn't happen again?

15

MR ALEXANDER: Yes, I agree.

20

COMMISSIONER: Yes.

MR ALEXANDER: I do agree.

COMMISSIONER: And so any proposal to put structures in place and take third party advice is all very well, but unless you understand what really happened and why it happened, you won't be able to really put in place a system with good judgment; do you agree with that?

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MR ALEXANDER: I accept that. Yes.

30

COMMISSIONER: Yes. Yes. Thank you, Mr Alexander, for your assistance. Now, Ms Sharp did you want to ask Mr Alexander some questions?

MS SHARP: Yes, I did. Thank you.

35

COMMISSIONER: Yes. Thank you.

MS SHARP: Commissioner, before I start doing that, though, could I please tender some further documents.

40

COMMISSIONER: Yes.

MS SHARP: I understand, Commissioner, that a list has been made available to you - being made available to you - - -

45

COMMISSIONER: Yes.

MS SHARP: - - - marked exhibit AE.

COMMISSIONER: Thank you.

5 MS SHARP: It refers to 48 documents. So I tender exhibit AE1 to AE48.

COMMISSIONER: Yes. Thank you. Those documents will become exhibits AE1 to AE48 as marked in the exhibit list.

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EXHIBIT #AE DOCUMENTS AE1 TO AE48

COMMISSIONER: Thank you, Ms Sharp.

15

<EXAMINATION BY MS SHARP

[11.13 am]

20 MS SHARP: Thank you, Commissioner. Mr Alexander, are you aware that one of the key objectives in New South Wales Casino Control Act is ensuring that the management and operation of a casino remains free from criminal influence and exploitation?

25 MR ALEXANDER: Yes, I do.

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

30 MR ALEXANDER: Yes, I do.

MR BELL: You refer in your second statement to this Inquiry to the VCGLRs Sixth Review report. When did you first read that? I will bring that up for you to assist.

35 MR ALEXANDER: Thank you.

MR BELL: It's exhibit A91. And it is CRL – this is, I should say, a public document – 508.001.8052.

40 COMMISSIONER: Exhibit A91, tab 91?

MS SHARP: That is so.

COMMISSIONER: It's on the screen, I think, Mr Alexander.

45

MR ALEXANDER: No. Sorry. It's not on the screen here, Commissioner, for some reason. We're experiencing network issues, apparently.

MS SHARP: Did you have a folder of tabbed documents to your second statement, Mr Alexander?

5 MR ALEXANDER: We should have, yes. We're just trying to put our hands on it.

MS SHARP: You may locate it at tab 2 if your folder works the same way mine does.

10 COMMISSIONER: Tab 2, is it?

MS SHARP: Of the folder that I anticipate Mr Alexander will need.

MR YOUNG: Ms Sharp, I may be able to help.

15 COMMISSIONER: Thank you, Mr Young.

MR YOUNG: I think it can be found at exhibit CA27 as well, which is Mr Alexander's second statement with the annexures.

20 COMMISSIONER: Thank you, Mr Young.

MR ALEXANDER: Sorry, Commissioner, I have that now, yes.

25 COMMISSIONER: Thank you.

MS SHARP: You will see, Mr Alexander, that it is dated June 2018. May we take it that you reviewed this report at about the time it was published?

30 MR ALEXANDER: Yes.

MS SHARP: And since it was a review of the Crown Melbourne licence to operate a casino, may we take it you reviewed it reasonably closely?

35 MR ALEXANDER: Yes.

MS SHARP: Can I take you, please, to page 134 of that document, which is pinpoint 8189.

40 MR ALEXANDER: Yes, I have that page.

MS SHARP: Can I direct your attention please, Mr Alexander, to the heading towards the bottom of the right-hand column, Junkets.

45 MR ALEXANDER: Yes.

MS SHARP: And you will see it states there:

The VCGLR and other regulators and law enforcement agencies are aware of the significant potential risks of money laundering through casinos, particularly through junket operations.

5 Now, you have no reason to cavil with that proposition, do you?

MR ALEXANDER: No, I don't.

10 MS SHARP: And in fact, it's a proposition that you have at all times been aware of since becoming the chief executive officer of Crown Resorts?

MR ALEXANDER: Yes.

15 COMMISSIONER: And well before that, I presume?

MR ALEXANDER: Yes.

20 MS SHARP: And going all the way back to the time you became the deputy chairman of Crown Resorts?

MR ALEXANDER: Yes.

25 MS SHARP: And you will see, again directing your attention to the bottom of this page, that the risk of money laundering through junkets was discussed in a 2016 report by Mr Horton. In the report it was noted that the Australian Federal Police had advised that:

30 *Junkets present an opportunity for the introduction of tainted funds at various entry points, including the junket participants, the junket operators and a source in Australia.*

Now, you have no reason to cavil with that statement?

35 MR ALEXANDER: No.

MS SHARP: And that reflects your understanding of that vulnerability at all times since you were the CEO of Crown Resorts?

40 MR ALEXANDER: I think it has become more pronounced in the last period of time, hence the variety of allegations that have landed. I think, you know, I and the rest of the board were always operating under the assumption that our AML programs were robust enough that junkets that came to Australia had been – that junket operators that came to Australia were licensed and were not subject to some of the allegations that emerged regarding their potential criminal background. So I
45 think it has become much more pronounced than it was, yes.

MS SHARP: But just to confirm, at least since you became CEO of this organisation, you have understood, haven't you, that with junkets come a risk of money laundering?

5 MR ALEXANDER: Yes.

MS SHARP: And your understanding, in fact, goes back further than that to the time you were appointed as the executive chairman; is that right or wrong?

10 MR ALEXANDER: No, that's right. In a broad sense, that's right.

MS SHARP: In view of these risk we have just discussed, as the former CEO and as a current director, do you agree that it is important that casino operators ensure that they only maintain business associations with those of good repute?

15

MR ALEXANDER: Yes.

MS SHARP: Is that a matter in respect of which you have been conscious the whole time you held the position of CEO of Crown Resorts?

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MR ALEXANDER: Yes.

MS SHARP: And is that a position of which you were always cognisant the entire time that you have been a director of Crown Resorts?

25

MR ALEXANDER: Yes.

MS SHARP: Is it a matter that has been at the forefront of your mind during that entire period?

30

MR ALEXANDER: The VIP business, when I first became executive chairman, was essentially shut so it wasn't at the front of my mind then. But the principle – the principle is right, yes.

35 MS SHARP: Now, while we're on the topic of the VIP business, you're referring there to the VIP international business, I take it?

MR ALEXANDER: Yes, I am.

40 MS SHARP: You would agree that since 2013 that has been an important segment of Crown Resorts' business?

MR ALEXANDER: It's a – not in an earning sense, no. It has not – it's - - -

45 MS SHARP: In a strategic sense, it has been an important matter for Crown Resorts, has it not?

MR ALEXANDER: Yes.

MS SHARP: And indeed, it's that business segment that underpinned the very plan to open Crown Sydney, don't you agree?

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MR ALEXANDER: It was one of the key planks, yes.

MS SHARP: Well, it's a restricted gaming facility, isn't it?

10 MR ALEXANDER: It is, yes.

MS SHARP: And the very purpose – the stated purpose of this facility at the time insofar as casino operations was concerned, was to facilitate VIP gaming; do you agree?

15

MR ALEXANDER: Yes.

MS SHARP: So you will agree that VIP business has been an important segment of Crown Resorts overall business operations since 2013?

20

MR ALEXANDER: Yes.

MS SHARP: Now, given, during your entire period as CEO, you have been aware of the risk of money laundering in casinos, what steps did you take to familiarise yourself with the requirements of the Anti-Money Laundering Act in Australia?

25

MR ALEXANDER: I took no direct steps. One of the first things I did was to expand and deepen our AML staffing inside – inside Crown Resorts, bringing in dedicated roles both to AML and to risk in terms of – and obviously Ms Siegers' evidence recently to this Inquiry; they were roles that didn't previously exist in Crown. And at the same time, I increased the frequency of the risk committee meetings from two to four and I ultimately made risk committee, an independent director committee only. So I think - - -

30

35 MS SHARP: Mr Alexander, I fear you may have misapprehended my question. I was asking what steps you took to familiarise yourself with obligations under the Australian Anti-Money Laundering Act.

MR ALEXANDER: I didn't take any direct steps, no.

40

MS SHARP: Can I ask you this, given that you were the CEO of a large publicly listed corporation that operated casinos and given that you have at all times been aware of the risk that money laundering may take place in casinos, why didn't you, upon being appointed CEO, take steps to familiarise yourself with obligations under Australia's Anti-Money Laundering Act?

45

MR ALEXANDER: Well, I made the presumption those obligations were being met.

5 MS SHARP: So you simply assumed, as CEO, that Crown Resorts was meeting its anti-money laundering obligations; is that right?

MR ALEXANDER: That's correct.

10 MS SHARP: Do you think that was – the fact that you took no steps yourself to familiarise yourself with the anti-money laundering obligations in Australia was a prudent step on behalf of a CEO of a publicly listed company that operated casinos?

MR ALEXANDER: On reflection, it would have been useful to have done that.

15 MS SHARP: Do you understand now what Crown Resorts' reporting obligations are under Australia's anti-money laundering legislation?

MR ALEXANDER: I don't know the detail, no. I am not an AML expert.

20 MS SHARP: Have you ever received any training in anti-money laundering?

MR ALEXANDER: No, I haven't.

25 MS SHARP: Tell me, is it consistent with the culture of compliance – or a culture of compliance with anti-money laundering, that the CEO of the organisation has taken no steps to familiarise himself with Crown's obligations under the anti-money laundering legislation and undertook no training in anti-money laundering?

30 MR ALEXANDER: I'm not sure.

MS SHARP: Well, I'm asking you to reflect on that, please.

MR ALEXANDER: And I think I've touched on this but in hindsight, it would have been useful to have done that, yes.

35 COMMISSIONER: I suppose from a leadership point of view, you want the leader of the organisation to set the example, Mr Alexander?

40 MR ALEXANDER: I accept that.

COMMISSIONER: And if the CEO doesn't do it, the staff will hardly – well, I suppose the staff will do it but if the CEO does it, it will be very much more presentation of compliance, won't it?

45 MR ALEXANDER: Yes, I accept that.

COMMISSIONER: Yes. Is that a convenient time, Ms Sharp?

MS SHARP: Yes, Commissioner.

COMMISSIONER: Mr Alexander, I'm just going to take a short break for about 10 minutes.

5

MR ALEXANDER: Thank you.

COMMISSIONER: Yes, thank you.

10

ADJOURNED [11.26 am]

15

RESUMED [11.41 am]

COMMISSIONER: I'm sorry we're late. Yes, Ms Sharp.

20 MS SHARP: Thank you, Commissioner. Mr Alexander, you're aware that large cash deposits can be indicative of money laundering when those cash deposits are made at a casino?

MR ALEXANDER: Potentially, yes.

25 MS SHARP: And at the very least, a cash deposit of several hundred thousand dollars would raise a suspicion as to money laundering.

MR ALEXANDER: Yes, potentially. Yes.

30 MS SHARP: And at all times since you became the CEO of Crown Resorts, may we take it that you have been aware of that?

MR ALEXANDER: Aware of what, sorry, Ms Sharp? Where about - - -

35 MS SHARP: That the deposit of several hundred thousand dollars in cash at a casino can be indicative of money laundering.

MR ALEXANDER: Yes.

40 MS SHARP: Can I take you please, Mr Alexander, to paragraph 64 of your statement under the heading Anti-Money Laundering.

MR ALEXANDER: Yes.

45 MS SHARP: You say that between becoming the executive chairman and the Nine media allegations being published, Crown had worked continually to develop and improve its AML processes and that a key component of that was establishing the

position of group general manager AML. Now, is it right that initially the group general manager of AML was Louise Lane?

MR ALEXANDER: Yes, that's correct.

5

MS SHARP: And Mr Nick Stokes took over from her; is that right?

MR ALEXANDER: That's correct.

10 MS SHARP: Can you tell us when Mr Stokes took over?

MR ALEXANDER: From memory, late last year.

MS SHARP: You also say that another step in the improvement in the AML processes was expanding the resources that Crown allocated to that AML program. How did you expand those resources?

15

MR ALEXANDER: With supporting staff.

20 MS SHARP: I beg your pardon?

MR ALEXANDER: With supporting staff, staff below Ms Lane.

MS SHARP: And how many staff were appointed?

25

MR ALEXANDER: I can't be specific but only several.

MS SHARP: Were there several?

30 MR ALEXANDER: That's my understanding.

MS SHARP: You say at paragraph 65 of your statement that at the time the media allegations were published, Crown had recently undertaken an extensive review of its AML systems in response to a recommendation from the Sixth Review that I've just taken you to. What did that extensive review involve, Mr Alexander?

35

MR ALEXANDER: It was a review undertaken by Mr Preston.

MS SHARP: Was this the review that led to the development of the joint program for anti-money laundering and counterterrorism financing?

40

MR ALEXANDER: That was my understanding, yes.

MS SHARP: Is it correct that as we stand here today, that program is yet to be implemented?

45

MR ALEXANDER: That's my understanding, yes.

MS SHARP: So it actually hasn't come online yet?

MR ALEXANDER: That's my understanding.

5 MS SHARP: Is another part of that extensive review the commissioning of two reports by Mr Neil Jeans?

MR ALEXANDER: Yes, I believe so. Yes.

10 MS SHARP: And we may take it that you read both of those reports at about the time they were received by Crown Resorts?

MR ALEXANDER: Yes.

15 MS SHARP: Now, the first of those reports related to Mr Jeans' review of the transaction monitoring program?

MR ALEXANDER: Yes.

20 MS SHARP: Now, do you understand that that is but one component of the Crown Melbourne and the Crown Perth AML/CTF compliance program?

MR ALEXANDER: Yes.

25 MS SHARP: And do you understand that what Mr Jeans did review was the design of the transaction monitoring program?

MR ALEXANDER: I wasn't conscious of that at the time, no.

30 MS SHARP: You weren't conscious of that from reading his report?

MR ALEXANDER: It wasn't at the forefront of my mind. I was more interested in his conclusions about how Crown and its AML programs were working, how robust they were and where they sat in terms of our – in terms of their competence and
35 relevance.

MS SHARP: You do understand, don't you, that Mr Jeans never reviewed the entirety of Crown Melbourne or Crown Perth's AML/CTF compliance programs?

40 MR ALEXANDER: I understand that now, yes.

MS SHARP: But you didn't understand that at the time?

MR ALEXANDER: I didn't fully appreciate it at the time, no.
45

MS SHARP: Now, that second report that Mr Jeans prepared arose from the recommendation that you refer to at paragraph 65 of your statement, that Crown undertake a robust review of internal control statements.

5 MR ALEXANDER: Yes.

MS SHARP: Now, do you understand that what, in fact, happened was that Crown reviewed the internal control statement itself and then retained Mr Jeans to advise upon whether the amendment made by Crown was adequate?

10

MR ALEXANDER: I didn't appreciate that at the time, no.

MS SHARP: So, is it your evidence that at the time, and even though you read Mr Jeans' reports, you understood that he had, in fact, reviewed the entirety of Crown's – or Crown Melbourne and Crown Perth's AML/CTF compliance policies?

15

MR ALEXANDER: I didn't fully appreciate that.

MS SHARP: Do you now understand that that is not, in fact, the case?

20

MR ALEXANDER: Yes.

MS SHARP: Can I ask you now about the Suncity junket. Are you familiar with that junket?

25

MR ALEXANDER: Yes.

MS SHARP: And are you familiar with the fact that the actual operator of the junket is Alvin Chau?

30

MR ALEXANDER: Yes.

MS SHARP: And you know that the Suncity junket – and I will use that term interchangeably with Alvin Chau – has been one of Crown Resorts' largest junket operators in terms of the turnover it brings into the casinos?

35

MR ALEXANDER: Yes.

MS SHARP: When did you first become aware of the Suncity junket?

40

MR ALEXANDER: Not long after I took over as executive chair.

MS SHARP: Have you ever met Alvin Chau?

45

MR ALEXANDER: No.

MS SHARP: Are you aware that Suncity had a dedicated room for its exclusive use at Crown Melbourne?

MR ALEXANDER: Yes.

5

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

MR ALEXANDER: When I walked past it on my way to the office.

10 MS SHARP: So would that be from 2014 when it was first established?

MR ALEXANDER: No, it was more – it was more when – after I became executive chair, I was spending more time in Melbourne.

15 MS SHARP: And you were aware from walking past it that the room was branded as a Suncity room?

MR ALEXANDER: Yes.

20 MS SHARP: And you were aware that Suncity had its own uniformed staff operating in that room?

MR ALEXANDER: I wasn't aware of the uniforms, no. I didn't go inside - - -

25 MS SHARP: Are you aware - - -

MR ALEXANDER: I didn't go inside the room.

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

MR ALEXANDER: I am now, yes.

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

35 MR ALEXANDER: I became aware of that when, basically, after the – after the China arrests and obviously the scaling back of the VIP visitations and the junket visitations, I was aware that basically Suncity was our – I became aware that Suncity maintained a presence and was our largest junket operator.

40 MS SHARP: And is it after the China arrests that you became aware that Suncity operated a cash desk in the Suncity room?

MR ALEXANDER: Some time after that, yes.

45 MS SHARP: So given that the China arrests occurred in October 2016, is it most likely you became aware of this some time in late 2016?

MR ALEXANDER: No, it wasn't before the arrests or at the time of the arrests. It was some time in 2017.

MS SHARP: The first half or the second half?

5

MR ALEXANDER: I can't be specific, but it could well have been the first half.

MS SHARP: So the operation of the Suncity Room involved Crown conferring certain rights and privileges on Suncity in order to use a room for the exclusive use of its junket patrons; correct?

10

MR ALEXANDER: I was unaware of the protocols or the arrangements that Suncity had made to have that room.

MS SHARP: But isn't this an example of Crown Resorts teaming with Suncity?

15

MR ALEXANDER: Well, Suncity teams with many casinos around the world. That was explained to me at the time that they were not just a large customer of Crown; they were a large customer of the Star in Sydney and elsewhere throughout the Asian area, wherever junket operators were present.

20

MS SHARP: But isn't this an example of Crown Resorts teaming with Suncity?

MR ALEXANDER: It could be seen that way.

25

MS SHARP: Do you accept that it's an example of Crown Resorts partnering with Suncity?

MR ALEXANDER: As I said, I'm not sure of the arrangements.

30

MS SHARP: But you are sure that some time in 2017 you became aware that Suncity operated a cash desk in the Suncity Room?

MR ALEXANDER: Yes.

35

MS SHARP: Did you become aware at that time that operations at that Suncity Room were not legally the subject of reporting obligations under the AML/CTF Act?

MR ALEXANDER: No.

40

MS SHARP: Did you become aware at that time that Crown took the view that, to the extent cash was exchanged at that cash desk, that was not a designated service for the purpose of the AML/CTF Act?

MR ALEXANDER: I wasn't aware of that.

45

MS SHARP: Are you aware of that now?

MR ALEXANDER: Yes.

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

5 MR ALEXANDER: I can't be specific but following a variety of conversations we've had since the allegations particularly were made, yes.

MS SHARP: Was that a time after the publication to the ASX and media of the directors' statement on 31 July 2019?

10

MR ALEXANDER: I can't be sure.

MS SHARP: Can I show you an email, please. It's an email dated 8 June 2017. I am not suggesting that you received this email; it's exhibit BE82. It's a public
15 document. I will bring it up on the live feed. It's CRL.606.001.0211. Now, that's very small; I will have it enlarged for you, Mr Alexander. If we could enlarge the top half of the email, please. You see the email is sent to Scott Howell at Crown Melbourne.

20 MR ALEXANDER: Yes.

MS SHARP: And do you understand him to be one of the AML resources at Crown Melbourne?

25 MR ALEXANDER: Yes.

MS SHARP: And can you see it's an email from AUSTRAC?

MR ALEXANDER: I can't because for some reason it's blocked on the – we have a
30 flag here saying experiencing network issues and it's blocking the actual we have it now, it's all right.

COMMISSIONER: Mr Alexander has it.

35 MS SHARP: Thank you, Mr Alexander. Could I just ask you to read it for one moment to yourself.

MR ALEXANDER: Yes, I've read it. Thank you, Ms Sharp.

40 MS SHARP: And you understand that the money laundering regulator is stating that it's aware that Mr Chau is both a foreign PEP and has a substantial criminal history?

MR ALEXANDER: Yes.

45 MS SHARP: And you understand that what AUSTRAC is asking was documentation evidencing Crown's consideration of the appropriateness of continuing to provide designated services to Mr Chau?

MR ALEXANDER: Yes.

MS SHARP: And an explanation as to how Crown considers its business
5 relationship with Mr Chau to be consistent with its commitment to achieving the
objectives of the AML Act?

MR ALEXANDER: Yes.

MS SHARP: Now, given that Suncity was Crown's largest junket operator at this
10 time, did anybody make you aware of this inquiry by AUSTRAC at that time?

MR ALEXANDER: No.

MS SHARP: So this is news to you now?
15

MR ALEXANDER: This is news to me now, yes, certainly in terms of the
specificity. I was aware that Mr Preston was having conversations after this period
with AUSTRAC. He mentioned it in passing, but there was no – nothing like this
20 specificity.

MS SHARP: Now, you can take it from me that Mr Preston was aware at this time
of this email – you are aware, aren't you, that he was the AML/CTF compliance
officer for both Crown Melbourne and Crown Perth at this time?

25 MR ALEXANDER: Yes, I am.

MS SHARP: Is it a matter of considerable concern to you that he did not draw this
specific inquiry to your attention?

30 MR ALEXANDER: Yes, it is.

MS SHARP: Can I take you, please, to a letter that Mr Preston wrote to AUSTRAC
on 25 May 2018. This is exhibit BE89 and I will have it brought up on the
confidential link, please. It is CRL.609.007.8721.

35 MR ALEXANDER: Yes, I have it.

MS SHARP: Thank you. Now, before we go through this email, Mr Alexander, at
40 this time – that is in May 2018 – did Mr Preston alert you to the fact he was having
dealings with AUSTRAC about Mr Chau?

MR ALEXANDER: Yes, he did. He said he was – he said AUSTRAC were
interested – in a broader sense, AUSTRAC were interested in Mr Chau, and this is a
long, ongoing conversation, but there were no – in essence, it wasn't going
45 anywhere. That's my summary of the – of my interchange with Mr Preston.

MS SHARP: Well, given that Suncity was Crown Resorts' largest junket operator, did you endeavour to ascertain what the dialogue between Mr Preston and AUSTRAC was about with respect to Suncity?

5 MR ALEXANDER: From memory, he said AUSTRAC were interested in – in determining Mr – Mr Chau's suitability and he – he embarked upon that process and there was no specific conclusion or communication back about that.

10 MS SHARP: So may we take it he didn't show you a draft of this letter before he sent it to AUSTRAC.

MR ALEXANDER: No.

15 MS SHARP: And it's not something you asked to see?

MR ALEXANDER: No. I - - -

20 MS SHARP: Can I take you to the first page. You'll see there's a reference to having a meeting with AUSTRAC in May of 2018 about the Chau Cheok Wa Alvin junket?

MR ALEXANDER: Yes.

25 MS SHARP: And you do understand that's a reference to the Suncity junket?

MR ALEXANDER: Yes, I do.

30 MS SHARP: Were you aware at the time that Mr Preston had met with AUSTRAC in May of 2018?

MR ALEXANDER: He referenced many meetings, but I can't be specific – but I was aware he was meeting AUSTRAC on a fairly regular – he was in regular contact with AUSTRAC. I was aware of that. Yes.

35 MS SHARP: Did you know he was in communication with AUSTRAC in May 2018 about Mr Chau?

MR ALEXANDER: No.

40 MS SHARP: Did he write you any sort of briefing note on his meeting with AUSTRAC in May of 2018?

MR ALEXANDER: I don't believe so. No.

45 MS SHARP: Can I take you over the page, please, to page 2. Do you see that the second full paragraph down says:

Prior to receipt of your letter, Crown Melbourne identified potential money laundering risks in respect of this junket's activity in pit 86.

MR ALEXANDER: I see that, yes.

5

MS SHARP: Had you been made aware of that by this time?

MR ALEXANDER: No.

10 MS SHARP: So your evidence is that the AML/CTF compliance officer for both Crown Perth and Crown Melbourne did not make you aware of money laundering risks in the dedicated room of Crown Resorts' largest junket operator?

MR ALEXANDER: To the best of my recollection, no.

15

MS SHARP: Is that something you regard to be a considerable oversight on Mr Preston's part?

MR ALEXANDER: I believe it's information that should have been communicated, not just to me obviously - - -

20

MS SHARP: Yes. But - - -

MR ALEXANDER: I actually think it needed to

25

MS SHARP: Who do you think this information ought to have been - - -

COMMISSIONER: Sorry. I just missed that, you believe it should be communicated to whom, Mr Alexander?

30

MR ALEXANDER: I said – thank you, Commissioner. I said it should've been communicated to me, bearing in mind I wasn't Mr Preston's direct report – Mr Preston's – Mr Preston's direct report. I think it should have been communicated fairly widely, including the risk committee of the company.

35

COMMISSIONER: Yes, I see. Thank you.

MS SHARP: Should it have been communicated to the directors of Crown Resorts?

40 MR ALEXANDER: Ultimately, yes, the risk committee.

MS SHARP: Can I take you, please, to the schedule to Mr Preston's letter where he's answering some specific questions asked by AUSTRAC. And can I direct your attention, please, to page 3, which is pinpoint 8725 on the confidential link – and it's 8725. And could I take your attention, please, Mr Alexander, to item 10 at the top.

45

MR ALEXANDER: Yes.

MS SHARP: And do you see that what Mr Preston is recording is that Crown advised Suncity staff on 17 April 2018 that they had to remove their note counting machine?

5 MR ALEXANDER: Yes, I see that.

MS SHARP: Is that a matter that Mr Preston made you aware of?

MR ALEXANDER: I can't recall.

10

MS SHARP: Can I take your attention, please, to item 13 at the bottom of that page.

MR ALEXANDER: Yes.

15 MS SHARP: Do you see that Mr Preston reports Crown met with Suncity on the 17th of April 2018 to advise that all customer cash transactions under that junket had to be done at the cage and not at the administration desk?

MR ALEXANDER: Yes, I see that.

20

MS SHARP: Did Mr Preston advise you of that meeting at the time?

MR ALEXANDER: I can't recall.

25 MS SHARP: And do you see, at that meeting, the junket was also advised that no more than 100,000 may be held at the administration desk?

MR ALEXANDER: I – I certainly don't recall that.

30 COMMISSIONER: I'm sorry?

MR ALEXANDER: Sorry, Commissioner. I said I certainly do not recall that.

COMMISSIONER: Thank you.

35

MS SHARP: And can I take you to the top of the next page, where it's reported that, after that meeting, two separate audits were conducted in the Suncity Room in April and May 2018. And can you see it's reported that, at the April 2018 audit, that \$5.6 million of cash was found in the Suncity Room.

40

MR ALEXANDER: Yes, I see that.

MS SHARP: Was that matter drawn to your attention by Mr Preston at the time?

45 MR ALEXANDER: I don't believe so.

MS SHARP: So this – you would agree from this letter that what seems to have happened is a meeting's taken place in early April to say no more than \$100,000 at the cash desk and, then, after that meeting, it seems that Suncity breached that request and had \$5.6 million at the cash desk.

5

MR ALEXANDER: That would appear to be – that would appear to be the case. Yes.

MS SHARP: And your evidence is that Mr Preston did not alert you to this at the time?

10

MR ALEXANDER: To the very best of my knowledge, no.

MS SHARP: Do you agree that the presence of \$5.6 million in cash in the Suncity Room would be waving red flags as to the prospect of money laundering taking place in that room?

15

MR ALEXANDER: It should have, yes.

MS SHARP: And, despite the fact that Crown had directed Suncity not to keep cash of over \$100,000 at that desk, we have an amount of 5.6 million being detected there.

20

MR ALEXANDER: Yes.

MS SHARP: Does that give you some cause for concern that Suncity was not complying with the requests of Crown Resorts?

25

MR ALEXANDER: Yes.

MS SHARP: And can I take you, please, to item 16, Mr Alexander.

30

MR ALEXANDER: Yes, I have that.

MS SHARP: You'll see that Mr Preston is reporting on other measures being taken by Crown including prohibiting cash transactions at pit 86 other than up to \$100,000.

35

MR ALEXANDER: Yes.

MS SHARP: And a restriction on depositing not more than \$300,000 at the cage within a 24 hour period.

40

MR ALEXANDER: Yes.

MS SHARP: Were these matters brought to your attention by Mr Preston at the time?

45

MR ALEXANDER: I do not believe so.

MS SHARP: And may we take it that none of this was brought to the board's attention at this time?

MR ALEXANDER: I do not believe so.

5

MS SHARP: Do you agree, having reviewed that letter with me, that there are red flags for money laundering having occurred in the Suncity room?

MR ALEXANDER: That would be – that would appear to be the case, yes.

10

MS SHARP: And, then, when we combine it with AUSTRACs request for Crown to explain how it considers it to be appropriate, in view of its money laundering obligations, to continue to deal with Mr Chau, don't you agree that we are looking at some red flags for money laundering?

15

MR ALEXANDER: There's some red flags there, I agree.

MS SHARP: But this is something that, as the CEO of the organisation, you were not aware?

20

MR ALEXANDER: Yes.

MS SHARP: Do you agree that given you were not aware of these matters, you are in no position to answer an accusation that Crown Resorts turned a blind eye to money laundering?

25

MR ALEXANDER: That response was based on the information we had at the time.

MS SHARP: But do you agree with my proposition that, given, as CEO, you were not aware of these red flags of money laundering, you were not in a position to answer an accusation that Crown turned a blind eye to money laundering?

30

MR ALEXANDER: It would make that proposition more difficult. Yes, I agree with that.

35

MS SHARP: Now, you have been a director of the Riverbank Investments Proprietary Limited company and the Southbank Investments Proprietary Limited company since early 2017?

40

MR ALEXANDER: Yes.

MS SHARP: And you've remained a director ever since that time?

MR ALEXANDER: Until the accounts were closed, yes.

45

MS SHARP: You're still a director of those companies, aren't you?

MR ALEXANDER: Well, I believe, I'm not sure if the – the actual companies are still in existence, but the accounts are closed.

5 MS SHARP: When did you first become aware of the existence of the accounts maintained by these companies?

MR ALEXANDER: The day the allegations about the two accounts were made in The Age.

10 MS SHARP: So that's about the 5th or the 6th of August 2019?

MR ALEXANDER: That's correct.

15 MS SHARP: But you are, or you were at that time, the director of both of those companies?

MR ALEXANDER: Yes. I, when I became CEO, I – I joined the boards of approximately 65 companies simultaneously, none of which were operating companies in the vein of the other boards I was on in Crown at the time across the spectrum of Crown's businesses. And I wasn't aware of – that these companies were different to the other companies I joined, which were mainly holding companies, shell companies, and the like, supporting various structures inside the organisation.

25 MS SHARP: But as a director of a company, don't you owe certain duties to the company?

MR ALEXANDER: Yes, you do. You do.

30 MS SHARP: And would you agree that, as a director of a company, you ought to have a basic understanding of what the function of that company is?

MR ALEXANDER: Yes. They weren't brought to my attention, but I agree with that.

35 MS SHARP: Were you somewhat remiss in your directors obligations that you did not have an understanding of the basic purpose of these companies?

40 MR ALEXANDER: Well, I think it should have been communicated to me, especially as, obviously, these particular entities had some history with the banks in terms of bank support, certainly, from the ANZ in 2014 occurring. But, no, it was never brought to my attention that it was a simultaneous block signing, I accept that that – sorry?

45 COMMISSIONER: You accept – you accept what?

MS SHARP: I'm sorry. I cut across you accepting something, Mr Alexander.

MR ALEXANDER: Accepting, as a director, you have responsibilities in the – when this was brought to my attention that I was a director, I called Mr Preston in and asked him to explain what these companies were and that was – so when I first became aware. He explained they were longstanding customer facilities inside
5 Crown for our VIP customers, some of whom chose to use them because they were – they had – they were more private in terms of the communication than a bank statement would reflect, but he assured me that they were subject to the same AML protocols as any other transaction with Crown.

10 MS SHARP: Did he inform you at that time that, in fact, neither of these companies were reporting entities under the AML legislation?

MR ALEXANDER: No, he did not.

15 MS SHARP: You agree that that is a fairly significant matter that he certainly ought to have informed you of?

MR ALEXANDER: Yes, in the sense that I think, obviously, AML is critical, and he gave me assurances that there were – these particular entities were completely
20 compliant under AML obligations.

MS SHARP: You mentioned a little earlier of becoming aware of the 2014 incident. What was that?

25 MR ALEXANDER: The withdrawal of support by the ANZ Bank.

MS SHARP: And do you know why ANZ Bank withdrew its support?

MR ALEXANDER: No. No, I don't.
30

MS SHARP: Are you aware that it review its support because of concerns it had about a process of structuring taking place in these bank accounts?

MR ALEXANDER: I'm aware of that now.
35

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

MR ALEXANDER: Fairly recently.

40 MS SHARP: A month ago, a week ago; how recently?

MR ALEXANDER: I think a month ago. I can't be exactly sure.

MS SHARP: You'll agree that it's not every day that a bank decides to shut down
45 bank accounts operated by a publicly listed company.

COMMISSIONER: For those concerned.

MR ALEXANDER: Yes, I agree.

MS SHARP: And you'd agree that if a bank decides to shut down accounts operated on behalf of a publicly listed company, it's generally because a bank holds
5 very serious concerns about something occurring with those accounts?

MR ALEXANDER: Yes, it could be. It could be a philosophical decision, but, in terms of supporting companies in a particular category or industry. But, yes, that's a possibility. Yes.
10

MS SHARP: Tell me, were you made aware, in late 2018 or early 2019, that the Commonwealth Bank was proposing to shut down these accounts?

MR ALEXANDER: I wasn't made aware until they actually took that action. No.
15

MS SHARP: And that action wasn't taken until about October 2019, was it?

MR ALEXANDER: I believe so.

MS SHARP: So your evidence is that the AML/CTF compliance officer, that is, Mr Preston, took no steps to alert you, as his direct report and the CEO of Crown Resorts, that the Commonwealth Bank was proposing to shut down these accounts because of concerns it held about money laundering?
20

MR ALEXANDER: Well, Ms Sharp, I wasn't his direct report. But, no, I wasn't – I wasn't alert to that.
25

MS SHARP: Was Mr Barton, as the CFO, somebody who reported to you?

MR ALEXANDER: Yes.
30

MS SHARP: Did he take any steps to make you aware that CBA was concerned about money laundering occurring in these accounts?

MR ALEXANDER: No.
35

MS SHARP: Did you know that Mr Barton met with CBA, in August 2019, to discuss the - - -

COMMISSIONER: 2019?
40

MS SHARP: Sorry – 2019, to discuss the concerns that the CBA held about money laundering in these accounts?

MR ALEXANDER: No.
45

MS SHARP: So we may take it that he did not tell you that the CBA had advised him it had detected activity in the accounts that it was concerned with?

MR ALEXANDER: No, that's correct.

5

MS SHARP: Do you think that, as CFO, he ought to have made this known to you?

MR ALEXANDER: I believe so. Yes.

10 MS SHARP: And may we take it that he took no steps at this time to make you aware that, back in 2014, he had met with ANZ Bank on three occasions when it had expressed concerns about the operation of these accounts?

MR ALEXANDER: Yes, that's correct.

15

MS SHARP: And do you think he ought to have made you aware of these meetings?

MR ALEXANDER: Yes.

20

MS SHARP: And, to be clear, he ought to have made you aware of these matters in 2019 when the CBA was raising similar issues?

MR ALEXANDER: Yes.

25

MS SHARP: Do you know that in at least one of the meetings in 2014 with ANZ, that Crown Melbourne AML compliance officer, Ms Debra Tegoni, and the Crown Perth AML compliance officer, Mr Preston, attended the meeting?

30 MR ALEXANDER: No, I'm not aware of any details like that.

MS SHARP: And neither of them made you aware of these meetings; is that correct?

35 MR ALEXANDER: That's correct. I was obviously in a different role at the time.

MS SHARP: And were you made aware that the ASB, which is a subsidiary of the CBA, shut its New Zealand account with Southbank in January of 2019 because of the concerns it held with respect to money laundering?

40

MR ALEXANDER: No, I was not aware of that.

COMMISSIONER: That was January 2019, was it?

45 MS SHARP: Yes.

COMMISSIONER: And so, I think, when you were speaking to Mr Alexander earlier about August 2019, was it August 2019 or '18 that that happened?

MS SHARP: 2019.

5

COMMISSIONER: So it was after the ASB, was it?

MS SHARP: Yes.

10 COMMISSIONER: Yes. Thank you for that.

MS SHARP: What does this say about a culture of compliance with anti-money laundering, Mr Alexander?

15 MR ALEXANDER: It underlines why we're on a particular path, now, to dramatically improve our AML compliance, AML resources, our AML obligations.

MS SHARP: Do you agree that the fact that nobody made you aware of these matters is a very good indication that there was no culture of compliance of anti-money laundering obligations in 2018 and 2019 up until the time of the media allegations?

20

MR ALEXANDER: I think the compliance – I'm sorry. I think the culture could have been stronger than was the case. Yes.

25

COMMISSIONER: I'm just trying to understand how all this happened, Mr Alexander. You, as CEO, had a lot on your plate, I understand that, but it is so obvious, looking at it now as you sit there, that this should have been brought to your attention. That's true, isn't it?

30

MR ALEXANDER: Yes, indeed, and people between me and these particular individuals, yes.

COMMISSIONER: And the people between you, though, is Mr Felstead – that's right, isn't it.

35

MR ALEXANDER: Yes, it is.

COMMISSIONER: And Mr Barton, presumably?

40

MR ALEXANDER: Yes.

COMMISSIONER: So that is the Ken and Barry to which you referred in your email; do you remember that?

45

MR ALEXANDER: Yes, I do.

COMMISSIONER: And these are the people that somebody told you to be nice to, aren't they?

MR ALEXANDER: Yes.

5

COMMISSIONER: See, in trying to analyse it, it would appear that those underneath you didn't seem to understand the obligation in a publicly listed company to keep those who needed to know informed. That's my impression. Is that mistaken or not?

10

MR ALEXANDER: No, I think that's fair.

COMMISSIONER: And in trying to understand the culture to which Ms Sharp has referred, I wondered whether the nature of the company and how it developed might have something to do with this. I mean, you've been involved with the Packer regime or Packer companies for 33-odd years, haven't you?

15

MR ALEXANDER: Not 33 years, 22 years.

COMMISSIONER: 22; the other 11 or so was with the Fairfax Press, I think, was it, prior to that?

20

MR ALEXANDER: Yes.

COMMISSIONER: Yes. And so the 22 years, you've seen it change from, really, a family company, is that right – and if I could use that without being anything other than praiseworthy – into a public company; is that right?

25

MR ALEXANDER: Well, they were public companies at the time I joined the company.

30

COMMISSIONER: Yes.

MR ALEXANDER: They just were different public companies and most of the interests they had were in the media, and not of gaming. Gaming only came along with the acquisition of Crown Melbourne 20-odd years ago.

35

COMMISSIONER: Yes, but the structure – obviously, Mr James Packer was the chairman from the outset, was he?

40

MR ALEXANDER: No, his father was – I can't remember the exact titles, but his father was very much in charge of the company. Kerry Packer, the late Kerry Packer.

COMMISSIONER: Yes.

45

MR ALEXANDER: James was, I think from memory, the CEO and he was – James was really the driving force behind the expansion and change in the company at the time.

5 COMMISSIONER: So it was Mr Packer senior and then Mr James Packer effectively controlling and running the company with those underneath them, assisting them?

MR ALEXANDER: In simple terms, yes.

10

COMMISSIONER: And please forgive me for making it a simple process, but to try and understand how this occurred, you then have the changes in chairmanship when Mr James Packer goes off the board and away from the chairman's role and whatever happened prior to that, what has been exposed in the last few years is this
15 problem of effectively not getting the information above the level to you and to the board. You understand that?

MR ALEXANDER: Yes.

20 COMMISSIONER: And it may be – it may be but I don't know – that those who have been in the company at the level below you have either reported to Mr Packer or felt that they could do the things that they were doing because of the past history. They're the two alternatives, I think. What do you say?

25 MR ALEXANDER: I think that's – that's one interpretation. Another would be that a lot of the individuals that have been mentioned have been in those roles or inside the company for a long time and perhaps making adjustments as life change and as regulatory regimes became much more rigorous and fulsome, that the older way of doing things was not necessarily acceptable.

30

COMMISSIONER: Yes. And by that I interpret you telling me that their approach to things might have been desensitised over the years to let them do the things they had done in the past without complying with regulatory regimes that were introduced later; is that right?

35

MR ALEXANDER: Yes, that's one potential way of looking at it, yes.

COMMISSIONER: But not to inform you of – I mean, to not inform you of finding five-and-a-half million dollars worth of cash in a cupboard or something similar after
40 you have given direction, that is, Crown has given direction, is rather breathtaking, isn't it?

MR ALEXANDER: Yes.

45 COMMISSIONER: And when you penned the advertisement – when the board penned the advertisement, if you had known half of this, I anticipate that you would have adjusted your language very heavily.

MR ALEXANDER: Yes, on that, Commissioner, I think the tone of the language of the advertisement at the time was partially a reflection of the tone of the language being directed at the company and very hard on the company. I think on reflection we would possibly have done things differently. Not just the tone, we obviously had
5 the – a report of what the board believed to be a very detailed response which included the – by Mr Murphy, who had been involved in looking at these areas on behalf of the company for a number of years, starting with the China arrests and followed by the class action, and obviously we had the VCGLR report simultaneously. So at the time we thought the report was sufficient for us to take the
10 approach we did.

An alternative approach now might be – because we had to respond very quickly because in my experience of these matters, the longer you take to respond, the greater the currency you give the allegations. I'm not suggesting that allows you to
15 take any shortcuts or reach conclusions which are proved to be wrong. But an alternative approach might well be to put out a statement saying you had this internal report. You refuted the allegations but we were going to potentially – or were going to engage an external investigator, take as much time as required to go through each allegation and come back with a report. That's how I would approach the incident
20 now, in hindsight.

COMMISSIONER: Yes. But just on the topic, if you had known half of this, your language would have been different?

25 MR ALEXANDER: Potentially, yes.

COMMISSIONER: And you refer to Mr Murphy and I'm not aware of Mr Murphy, I must say, that but I do know people that Mr Murphy was relying on are the same two people about whom you have been speaking: Ken and Barry. You understand
30 that?

MR ALEXANDER: I think it was more Josh and Barry, rather than Ken and Barry.

COMMISSIONER: I see. I beg your pardon, Josh and Barry. And of course, one
35 of the problems that faced you is the fact that those are the people who were running the managerial side of things into which you were looking.

MR ALEXANDER: Yes.

40 COMMISSIONER: So they were investigating themselves, were they not?

MR ALEXANDER: In essence, yes.

COMMISSIONER: And I'm sorry to burden you but I need to ask you a couple of
45 things about the background to the licence arrangement – and I'm sorry to intrude, Ms Sharp – but in 2013 and '14, I presume in your role as a director and in working

with CPH, I'm not sure, you worked with Mr Packer, James Packer in respect of the negotiations for the Barangaroo licence; is that right?

5 MR ALEXANDER: No, I did not, no. I wasn't involved in the negotiations.

COMMISSIONER: I see. So at no time did you work with Mr Packer in relation to the negotiations or alternatively in relation to the agreements that were put in place?

10 MR ALEXANDER: No, not at all. My involvement with Barangaroo really came later.

COMMISSIONER: I see. And when was that?

15 MR ALEXANDER: It started, really, with probably in 2016 and coming up with concepts in – in the restaurant space, and after that, more – more importantly on the resolution of the site lines dispute for the BDA, the Barangaroo Development Authority.

20 COMMISSIONER: Yes, I see. Then, when you became chairman, I presume - - -

MR ALEXANDER: Sorry, Commissioner, I was doing that as chairman. I was doing that simultaneously.

25 COMMISSIONER: Yes, I see. Did you set up the committee for Sydney – Crown Sydney?

MR ALEXANDER: Yes, it was an informal committee. Yes.

30 COMMISSIONER: Yes. So far as the board was concerned at the time, we've seen some minutes yesterday. In February of 2019 where the board was reminded about the regulatory agreements and the prohibitions that went with them in relation to Mr Stanley Ho, did you have something to do with bringing the board's attention to that or would that be somebody else's idea?

35 MR ALEXANDER: No, I don't believe so.

COMMISSIONER: Pardon?

40 MR ALEXANDER: I don't believe so.

COMMISSIONER: But in any event, you were obviously, as you have said, well aware of the prohibition on dealing with Mr Stanley Ho?

45 MR ALEXANDER: Historically, yes, I was. And obviously our arrangements were with Lawrence on two occasions where he had to go through probity, firstly, for us to create our joint venture in Macau, and after that when Crown was a shareholder in

the then Echo, Lawrence had to go through probity again and passed on both occasions.

5 COMMISSIONER: Yes, yes, we have got that history. And, of course, in 2017, you were instrumental, I presume, in selling down or the process of selling down the shares in the joint venture; is that right?

10 MR ALEXANDER: I didn't do it personally, no. But yes, I was in terms of making the decision, absolutely. Yes.

COMMISSIONER: Yes. And so just on the topic of Mr Stanley Ho, you understood at all times as a director that you had to protect Crown from any acquisition by Mr Stanley Ho?

15 MR ALEXANDER: Yes. Yes, that's true.

COMMISSIONER: Yes. And you understood that the government was relying, no doubt, on Crown's undertaking to do so?

20 MR ALEXANDER: Yes.

COMMISSIONER: And so when the transaction occurred between CPH Crown Holdings and Melco, that had been a two-year gap since the joint venture had been terminated in any dealings with Melco. That's right, isn't it?

25 MR ALEXANDER: In broad terms, yes, that's right.

30 COMMISSIONER: And in mid-2019, it would obviously, had things gone differently, been important to check that Stanley did not have any involvement so that Crown did not burden itself with breaching its undertaking to the government?

MR ALEXANDER: Yes. I make the assumption that CPH thought they were dealing with Lawrence Ho and - - -

35 COMMISSIONER: Yes.

MR ALEXANDER: - - - not with Stanley.

40 COMMISSIONER: Yes, but that's CPH. From Crown's point of view, it was incredibly important to honour that acknowledgement and undertaking to the government, you agree with that?

MR ALEXANDER: I agree with that, but Crown wasn't doing it in its own right.

45 COMMISSIONER: Yes.

MR ALEXANDER: On that front.

COMMISSIONER: Yes. And Crown – had Crown known of an anticipated process with Melco, it would want to have known that Stanley was not going to have any either direct or indirect acquisition into Crown at the time, presumably?

5 MR ALEXANDER: Yes.

COMMISSIONER: And so when you land in California and are told of this transaction by Mr Johnston or whoever told you, you told me that you weren't shocked, but a bit surprised, is that what you said?

10

MR ALEXANDER: Exactly. And by that I meant the fact that Mr Packer decided to sell down did not surprise me. He has historically not been an emotional investor; he's not emotionally tied to any of his assets and I think that's a great strength. So the fact that he made a decision to do something like that, particularly in the wake of the failed Wynn approach because he had indicated, I think, that if the price was right, he would potentially be a seller, but only if the price was right. And so when he took an alternative course, I wasn't shocked. I was just surprised by the timing of it.

15

20 COMMISSIONER: And surprised by the timing or the fact that no one told you?

MR ALEXANDER: No, no, I wasn't surprised at the fact that nobody told me. I was relieved nobody told me. The fact is it would have put us in a very interesting situation, I think, with the CSP and I think that we probably – if we'd known about the transaction, we would have – I would have recommended we cease all information to protect Crown, ahead of any transaction that was imminent or otherwise. But, no, I was – I wasn't annoyed or upset that I didn't know about the transaction.

25

30 COMMISSIONER: When you say you were relieved, I can understand why you were relieved; you didn't have all those burdens that you've just described, correct.

MR ALEXANDER: Correct, yes. And it would have - - -

35 COMMISSIONER: And so – I'm sorry?

MR ALEXANDER: I said it would have put Crown in a very interesting disclosure situation as well.

40 COMMISSIONER: Well, when you say you would have ceased all information, you would have cut off the controller shareholder protocol flow, would you not?

MR ALEXANDER: I think so, yes; that's what I was suggesting.

45 COMMISSIONER: And I won't go into the reasons for that in detail but that's an obvious step that you would have taken rather urgently; correct?

MR ALEXANDER: Yes, it is, to protect Crown and CPH.

COMMISSIONER: Yes. And so far as all of those things probably – I withdraw that. You see, when you said you weren't shocked but you were surprised, and now
5 you have said you were relieved, I do understand that, as I say. But did you say to Mr James Packer anything about the fact that the process had been such that information had flowed to the CPH group in very recent days?

MR ALEXANDER: I genuinely don't believe that the information that flowed to
10 Mr Packer was the rationale for his deciding to sell down. I'd worked with James long enough to know - - -

COMMISSIONER: That's a different question. I'm just asking you, did you in fact
15 say to Mr Packer when you met him in Los Angeles, any of those things?

MR ALEXANDER: No, I did not.

COMMISSIONER: And did you ask him any detail about the process of keeping
20 things from you and thus the board of Crown?

MR ALEXANDER: No, but I wasn't surprised he didn't share it with me – with Crown as much because the Wynn transaction failed even though it was in its fairly embryonic stages; it failed because it was leaked.

COMMISSIONER: But you see, one of the reasons that you believe you weren't
25 told is so that you didn't stop things happening. Isn't that right?

MR ALEXANDER: No, I don't believe that. I don't believe it was because of
30 I really don't believe I was part of CPHs thinking.

COMMISSIONER: You didn't believe what?

MR ALEXANDER: I didn't believe it was part of CPH's thinking, the CSP, the
35 shareholder protocol, no, in terms of not telling us.

COMMISSIONER: How do you know?

MR ALEXANDER: As much an instinct. Having worked for him for a long time, I
40 think – I think that the need for confidentiality was fairly crucial and the liquidity.

COMMISSIONER: But these directors had obligations to Crown, as did you, to ensure that they checked things prior to dealing with companies so that you could honour your obligations to the government; isn't that right?

MR ALEXANDER: For CPH in terms of the acquisition, yes.

COMMISSIONER: Or Crown directors.

MR ALEXANDER: Yes, it's an interesting question.

COMMISSIONER: What is the answer?

5 MR ALEXANDER: I am not – I'm not entirely sure. I'm not entirely sure.

COMMISSIONER: And being not entirely sure puts the layer upon layer of complexity of this, doesn't it?

10 MR ALEXANDER: There are some complexities, yes.

COMMISSIONER: And after the transaction then when you are in Los Angeles with Mr Packer, you told me it was a short meeting, but you said it was about an hour; correct?

15

MR ALEXANDER: That's correct, yes.

COMMISSIONER: And was there any discussion at all about the reaction of what was going to happen when you got back to Sydney in respect of the independent directors?

20

MR ALEXANDER: No.

COMMISSIONER: I see. So you were going to just deal with that yourself without discussing it with Mr James Packer?

25

MR ALEXANDER: Yes.

COMMISSIONER: Well, just let me explore that with you because I know that you are close enough to tell Mr Packer about what went on in the in-camera session with Crown and so I'm just wanting to understand that you didn't have any of these discussions at all about which I am asking you with Mr Packer in Los Angeles on that day in May or June of 2019. Is that right?

30

35 MR ALEXANDER: In terms of the independent directors, for example?

COMMISSIONER: Yes.

MR ALEXANDER: I do not believe so, no.

40

COMMISSIONER: And what about the process of the sale and keeping it from Crown, was there any discussion about that?

MR ALEXANDER: Very limited, if any.

45

COMMISSIONER: And if it was very limited, what was it?

MR ALEXANDER: The conversation was really focused on de-risking from his point of view, wanting to do it quickly, recognising the – the failure of the previous transaction because of leaking, and not much more than that, if anything. And the ship had sailed, Commissioner; that was the issue.

5

COMMISSIONER: I'm sorry?

MR ALEXANDER: The ship had sailed.

10 COMMISSIONER: Yes. But so far as the ship sailing, I'm asking you about the discussions about that process. That's all. Was that said, that the ship has sailed, you can't do anything about it?

MR ALEXANDER: Absolutely not, no. That was my – that's my interpretation.

15

COMMISSIONER: I see. And so far as the ship sailing is concerned, it burdened Crown with the obligation to look at its ramifications for it, vis-à-vis the regulator and the government, didn't it?

20 MR ALEXANDER: That's correct.

COMMISSIONER: And here we all are.

25 MR ALEXANDER: Exactly. And I don't think anybody was aware of – obviously there were some oversights from the Melco end as well about that – about the VIP management agreement because their legal counsel was intimately aware of that as well.

COMMISSIONER: Yes. But it would appear that Mr Lawrence Ho was not?

30

MR ALEXANDER: It's probably – I can't speak on behalf of Lawrence but obviously he was relying on other people's advice.

35 COMMISSIONER: I see. And so in the discussion with Mr Packer then over the hour in Los Angeles, was there discussion about the burden on Crown having to deal with the regulator in the circumstances?

MR ALEXANDER: No, there wasn't. I don't think - - -

40 COMMISSIONER: So when did - - -

MR ALEXANDER: Sorry, Commissioner, I don't the ramifications of the inadvertent ramifications had been appreciated at that stage.

45 COMMISSIONER: And so far as the steps that were taken thereafter with the extension of the time for the second tranche of shares being brought across to CPH –

I withdraw that, to Melco from CPH and the second tranche was extended – the time for the second tranche was extended to 30 September, you understood that.

MR ALEXANDER: Yes.

5

COMMISSIONER: I'm sorry, from 30 September to the New Year; you understood that?

MR ALEXANDER: Yes, I did.

10

COMMISSIONER: And then there was the termination of the arrangement. Did anyone discuss that with you before it happened?

MR ALEXANDER: No, not at all.

15

COMMISSIONER: That, of course, was something that happened after you ceased being chairman of Crown; correct?

MR ALEXANDER: No, it happened before that. I ceased being chairman earlier this year.

20

COMMISSIONER: Yes.

MR ALEXANDER: I think what happened, in essence, is the allegations came out and that's when we had the initiation of an inquiry which obviously put a question mark about the timing of that second tranche and things moved from there.

25

COMMISSIONER: So when did you cease being chairman of Crown? Some time in January, was it not?

30

MR ALEXANDER: January this year, yes.

COMMISSIONER: And you see, the termination deed is dated 6 February this year?

35

MR ALEXANDER: The termination deed for me?

COMMISSIONER: The termination of the second tranche, Mr Ho's company, Melco, not having to purchase the second tranche.

40

MR ALEXANDER: Which came, obviously, out of the COVID impact on their business in Macau as much as anything else. But that's a conversation that took place between CPH and Mr Ho; it did not involve Crown.

45

COMMISSIONER: And you were not notified of that before it happened?

MR ALEXANDER: No, I wasn't.

COMMISSIONER: Yes. Well, thank you, Mr Alexander. I'm sorry to intrude like that, Ms Sharp.

5 MS SHARP: Can I return to Riverbank and Southbank, Mr Alexander. I would like to show you an article published in the Sydney Morning Herald on 5 August 2019. It's exhibit F65 and I will have it brought up on the live feed. It's INQ.100.010.0092. And you will see that the headline for this article is Crown Investment Companies Were Used to Launder Drug Funds, Authorities Believe.

10 MR ALEXANDER: We're just pulling it up.

MS SHARP: Did you become aware - - -

15 MR ALEXANDER: Sorry, Ms Sharp, we're just trying to call the article up. Apologies.

COMMISSIONER: Just wait for a moment.

20 MS SHARP: Commissioner, I am told that for whatever reason, Mr Alexander cannot see things on the public feed.

COMMISSIONER: Yes, I understand.

25 MS SHARP: I will have it brought up on the confidential link.

COMMISSIONER: Yes, it is coming to you now, Mr Alexander.

MR ALEXANDER: Yes, I see the headline, yes.

30 COMMISSIONER: Thank you.

MS SHARP: And you will note that the date of this article, 5 August 2019?

35 MR ALEXANDER: Yes.

MS SHARP: Were you made aware of this article the day it was published?

40 MR ALEXANDER: I saw it on the day it was published, yes. That's the day I had a meeting with Mr Preston.

MS SHARP: And you would have read this in some degree of detail; is that right?

MR ALEXANDER: Yes.

45 MS SHARP: And can I just take your attention to the very first paragraph that says - - -

MR ALEXANDER: Ms Sharp, I'm sorry, apologies, we don't have the article – we have only got the headlines and we are still searching for the actual document.

COMMISSIONER: Have a look now, Mr Alexander.

5

MR ALEXANDER: Yes, I see that paragraph now, yes.

MS SHARP: So the very first paragraph is:

10 *Drug traffickers have used two private companies which were set up by Crown Resorts with Crown executives as directors to bank suspected proceeds of crime, federal investigations have alleged.*

15 Now, did you understand that it was reported that law enforcement officials were making these allegations?

MR ALEXANDER: Yes.

20 MS SHARP: And can I take you over the page, please, and I will highlight the first paragraph there. Do you see it says:

25 *Investigators traced money from a number of suspected or convicted drug traffickers and money launderers flowing into the bank accounts of these two companies.*

MR ALEXANDER: Yes, I see that.

30 MS SHARP: And can I then take you to the next page, please, which is pinpoint 0094, and if I can highlight that first paragraph, you will see it says:

The money alleged deposited by criminal targets of the Federal Police into Riverbank and Southbank was ostensibly for the settlement of gambling debts.

35 MR ALEXANDER: Yes, I see that.

MS SHARP: And a little bit further down, do you see it says:

40 *Former investigators who worked with the AFP and AUSTRAC who briefed The Age and the Sydney morning Herald about the exploitation of Crown by money launderers.*

MR ALEXANDER: Yes, I see that.

45 MS SHARP: You understood at the time of reading this article that some pretty serious allegations were being levelled at Crown Resorts, didn't you?

MR ALEXANDER: Yes, I did.

MS SHARP: And we may take it that you spoke with your colleagues about these allegations.

COMMISSIONER: On the board, you mean?

5

MS SHARP: Well, I withdraw that. It was too vague. May we take it you spoke with the senior management of Crown Resorts about these allegations once you became aware of them?

10 MR ALEXANDER: Yes, I did.

MS SHARP: And is it your evidence that even though you spoke about these allegations, nobody made you aware that CBA was presently expressing concerns about money laundering taking place in these accounts?

15

MR ALEXANDER: That's correct.

MS SHARP: And is it your evidence that no one within senior management made you aware that in fact in 2014 ANZ had closed these accounts because of its concerns about money laundering?

20

MR ALEXANDER: Yes, that's correct.

MS SHARP: Do you feel you were let down by senior management?

25

MR ALEXANDER: Obviously, yes.

MS SHARP: Mr Preston should have told you about this, shouldn't he?

30 MR ALEXANDER: Well, I spoke to him about it, yes, on the day this article appeared.

MS SHARP: He should have told you about this, shouldn't he?

35 MR ALEXANDER: Yes.

MS SHARP: And Mr Barton should have told you about this, shouldn't he?

MR ALEXANDER: Well, certainly the history with the ANZ Bank, yes.

40

MS SHARP: Now, it's right, isn't it, that even though it was being alleged in a major Australian newspaper that drug traffickers were laundering money through these accounts and that was what had been alleged by law enforcement officials, you did not direct any review of these bank accounts to take place?

45

MR ALEXANDER: Not outside of Mr Preston's ambit, no, I did not.

MS SHARP: And to your knowledge, nobody else within Crown Resorts at this time conducted a review of these bank accounts to see whether these allegations may have any substance, did they?

5 MR ALEXANDER: To the best of my knowledge, no. I asked Mr Preston to address the allegations. He said he had no knowledge of them. He thought they were wrong. So I asked him to go and double-check and nothing else came back after that, to be frank, until the accounts were closed.

10 MS SHARP: If you assume that nobody within Crown, following these allegations, in fact reviewed the bank accounts of these companies, does it not follow, as night follows day, that Crown Resorts were turning a blind eye to money laundering?

MR YOUNG: I do object to the question.

15

COMMISSIONER: Yes.

MR YOUNG: It's illogical.

20 COMMISSIONER: It's rejected in that form. You don't have to answer that, Mr Alexander.

MR ALEXANDER: I'm sorry, Commissioner?

25 COMMISSIONER: You don't have to answer that question, Mr Alexander.

MR ALEXANDER: Thank you, Commissioner.

COMMISSIONER: Yes, Ms Sharp.

30

MS SHARP: Notwithstanding that these very serious allegations were made about money laundering in these accounts, does it not concern you that nobody in Crown Resorts actually looked at what had been going on in these accounts at the time?

35 MR YOUNG: I again object to the question.

COMMISSIONER: Yes. Yes, Mr Young.

40 MR YOUNG: The witness was asked, Commissioner, whether he was aware of any review and whether he directed any review. This question moves way outside the witness's knowledge to ask the proposition about – it was based on a premise about what, in fact, happened.

45 COMMISSIONER: No, he is being asked "does it not concern you that no one went and looked at the actual bank accounts".

MR YOUNG: Well, it wasn't expressed with that specificity, Commissioner. If it is, I won't object.

5 COMMISSIONER: No, that's the actual question that I was reading from the live transcript. It's one of the modern inventions - - -

MR YOUNG: I don't think there was a reference to bank accounts.

10 COMMISSIONER: I see. Just let me have a look. In any event, I think it's quicker, Ms Sharp, if you just repeat the question. "Does it not concern that you that nobody actually looked at what it been going on in these accounts", so you are actually referring him to the bank accounts?

15 MS SHARP: Yes.

COMMISSIONER: Yes, just ask the question again, thank you.

20 MS SHARP: I want you to assume that nobody, following these allegations being published, looked at the actual bank accounts to see what had been going on in those bank accounts. Does that concern you?

MR ALEXANDER: Yes.

25 COMMISSIONER: We've had a look, Mr Alexander; have you seen any of that evidence?

MR ALEXANDER: No.

30 COMMISSIONER: I see. Yes, Ms Sharp.

MS SHARP: Are you aware that even after these allegations were aired in early August, senior Crown executives were meeting with the CBA to seek to persuade it to keep these bank accounts open?

35 MR ALEXANDER: No.

MS SHARP: Were you not made aware that Mr Barton met with the CBA on 27 August 2019 to discuss the future operation of these bank accounts?

40 MR ALEXANDER: I don't believe so.

45 COMMISSIONER: See, that does suggest that there's a total misunderstanding of – let's put blind eye to one side. There just seems to be a total misunderstanding of the seriousness of what's happening in the press and on the ground in August 2019 in respect of Southbank and Riverbank; would you agree with that?

MR ALEXANDER: I think the allegations follow the other allegations and there might have been some – if you would accept this, Commissioner, a degree of allegation fatigue. It doesn't mean – it doesn't mean that they should not be taken seriously and, as I said, I spoke to Mr Preston on the morning this article appeared and asked him for an explanation.

COMMISSIONER: But when Ms Sharp suggested to you that people were trying to keep the bank accounts open within two weeks of this article, it's inexplicable, isn't it?

MR ALEXANDER: Only if they knew there was something wrong in the accounts or something untoward in the accounts.

COMMISSIONER: And if nobody looked at the accounts in detail, and made an assessment whether they were vulnerable to money laundering, then it's impossible to comprehend how they could have moved forward with a bank to debate keeping them open, surely?

MR ALEXANDER: Yes. You'd want to be very confident about everything that was happening in the accounts.

COMMISSIONER: One of the things that your secretary told me – your company secretary told me, that she did not look at them because it wasn't her role. So whose role would it have been?

MR ALEXANDER: Well, I actually agree with Ms Manos about that. I mean, because she was – it was a titular position on these accounts even though they'd been – she had possibly been in that role for a long time. I personally think it's really – if you're looking at something relating to AML issues, it should have been the person in charge of AML.

COMMISSIONER: But you see, when you say titular, it can't be the case that a company secretary is a titular person, surely?

MR ALEXANDER: No, I mean in terms of her role of being the company secretary on Riverbank or Southbank.

COMMISSIONER: Well, why is that titular?

MR ALEXANDER: Excuse my explanation, Commissioner, but they weren't active companies in the way a normal operating company might be where you have a company secretary. There was no information flow and the like concerning these companies up the chain. They were captured by – each year by a singular resolution around solvency supported by the parent company. They were small proprietary companies; they didn't have any assets or liabilities so it's understandable why somebody wouldn't focus on that role, particularly for the company secretary to do that. I would think that responsibility lays with other people.

COMMISSIONER: But these were having \$500 million flow through them per annum, at least in 2019. So they weren't companies that were doing a small amount of business, were they?

5 MR ALEXANDER: I understand and accept that now, yes.

COMMISSIONER: And so if it's not the company secretary or the company director who is going to look at the company's accounts, who is it?

10 MR ALEXANDER: If you're looking at – if you're looking for issues of impropriety, I would have thought, certainly at the outset, the head of AML should be the person to – to make those sorts of investigations.

COMMISSIONER: And if the AML doesn't have reporting obligations to
15 AUSTRAC in respect of it, but says that they're going to do it anyway, they should be looking at the actual bank accounts; do you agree?

MR ALEXANDER: On reflection, yes.

20 COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Now, if you can assume for me these matters: that in 2014 ANZ shut
down these accounts because of money laundering concerns. In 2018 ASB shut
down one of these accounts because of money laundering concern. In early 2019
25 CBA was foreshadowing its intention to shut down these accounts because of its
money laundering concerns. And it had been alleged in the media that law
enforcement officials were saying that drug traffickers had laundered money through
those accounts. Wasn't it plain by that time, that is, by the time of those media
allegations, that the Riverbank and Southbank accounts represented unacceptable
30 risks of money laundering?

MR ALEXANDER: I – I think there should have been a deeper probe of the
accounts, yes.

35 MS SHARP: And if you assume for the moment that there was no deeper probe
because nobody from Crown Resorts actually looked through the bank account
statements, do you agree with me that Crown Resorts turned a blind eye to the
prospect of money laundering occurring in these accounts?

40 MR YOUNG: Just a moment. I do object.

COMMISSIONER: Yes, Mr Young.

MR YOUNG: An omission to do something doesn't support a question of that
45 breadth and in those terms which we submit would be unfair.

COMMISSIONER: Well, I think one of the problems here is that the statement that was made in the press allegation has to be tested and is being tested, and one of the things that happens with these sorts of inquiries is that quite often we don't have the precision that you might have in the commercial court. But it does seem to me that
5 Mr Alexander, in his role and his prior role, can, having published the ad, deal with the proposition that there could be an equation in the journalist's mind and therefore what was published. I don't think it's unfair, Mr Young, in the circumstances. And Mr Alexander, I think, is not at risk of any unfairness being imposed on him by that, I think.

10 MR YOUNG: Well, Commissioner - - -

COMMISSIONER: Yes.

15 MR YOUNG: - - - you would understand the meaning of "blind eye" and the proposition that is put leading to - - -

COMMISSIONER: Just before you go ahead, you see, you and I can discuss this but I am satisfied that what was published was that very thing. Mr Alexander
20 responded to that very thing in his publication.

MR YOUNG: Yes.

COMMISSIONER: And we don't want to debate it to let Mr Alexander hear us, I
25 think. I think he can look after himself. I am not being rude to you, Mr Young.

MR YOUNG: No. I'm not trying to assist - - -

COMMISSIONER: No, I understand that.

30 MR YOUNG: I'm not trying to assist Mr Alexander.

COMMISSIONER: No, no, I understand that, but I don't want to be unfair to
35 anyone in this Inquiry.

MR YOUNG: Yes.

COMMISSIONER: And I think Mr Alexander can deal with Ms Sharp's - and I
40 think it's important that Ms Sharp puts the question, from what I have just heard. So you may proceed, Ms Sharp.

MS SHARP: Could you answer that question, please.

COMMISSIONER: Perhaps you could put it again, please.

45 MR ALEXANDER: sorry.

MS SHARP: Sorry, what did you say then Mr Alexander?

MR ALEXANDER: Would you mind – there's been such a discourse since you asked the question; you just mind repeating it, please.

5

MS SHARP: Yes. Now, I will have to remember the question. Assuming that ANZ had closed these accounts in 2014 because of its concerns about money laundering, that ASB had closed one of these accounts in 2018 because of concerns about money laundering, and that in early 2019, CBA was negotiating with Crown to close the accounts because of its concerns about money laundering, and that an article had been published in the press in early August 2009 - - -

10

COMMISSIONER: 2019.

MS SHARP: 2019, reporting that law enforcement officials were alleging that drug traffickers were money laundering in these accounts, and that no one from Crown Resorts went to look at what was actually happening in the bank accounts; what Crown Resorts did was turn a blind eye to the prospect of money laundering occurring in these accounts.

20

MR ALEXANDER: Well, I don't know if it's a blind eye but obviously the process of investigating the allegations was well short of perfect.

MS SHARP: And instead of investigating, what actually occurred within these bank accounts, senior executives of Crown Resorts were seeking to persuade CBA to keep these accounts open. What do you say to that?

25

MR ALEXANDER: I'm unaware what – if you're talking about Mr Barton's role, I'm not aware what he knew when he was speaking to the CBA.

30

MS SHARP: Well, if you assume from me that Mr Barton continued after these media allegations to seek to persuade CBA to keep these bank accounts open, doesn't this establish that there were very serious shortcomings in the culture of compliance within Crown Resorts to anti-money laundering obligations?

35

MR ALEXANDER: As I said earlier, I believe our processes can be improved further.

MS SHARP: Do you want to answer the question.

40

COMMISSIONER: He said that he believed the processes can be improved, but you're right. Mr Alexander, if you can just address the question.

MR ALEXANDER: Well, sorry, Commissioner, I thought I was. I think – obviously we've been on a journey of continuous improvement and doesn't have a finite time but I believe we are on that right course. I believe that the company is

45

seriously engaged in trying to make sure that it is completely compliant at all levels of its AML obligations.

5 COMMISSIONER: But you see, you of all people with your history with the company, know that the regulator has to look at all these things to decide if you are suitable. You understand that?

MR ALEXANDER: Yes, I do.

10 COMMISSIONER: And these things that have been outlined to you today and yesterday are some of the indicia to which regard is had to work out if someone is a suitable casino operator. You understand that?

MR ALEXANDER: Yes, I do.

15 COMMISSIONER: And the last thing that any applicant for a new casino licence would want would be to have a history that Ms Sharp has just recounted; do you agree with that?

20 MR ALEXANDER: Yes, I do.

COMMISSIONER: And to say that the company is on a journey of improvement is, one would hope, heartening to some but I don't know what it means. I really am at a loss at the moment to understand what it means. You see the AML program hasn't
25 been completed or rolled out, as it has been said to me. I don't know what's going to happen in the rolling out process; do you?

MR ALEXANDER: Not directly, no; I haven't been involved. But I believe it's imminent and, obviously, the establishment of these new roles in terms of financial
30 crimes and the like will help. Getting someone to report directly to the board will help. Having more people from outside the organisation joining the organisation will help. Having people like Nick Kaldas coming aboard will help.

COMMISSIONER: It just seems to me that your answer that you didn't know is the
35 pivotal part. You see, I see it as a board having to know, and maybe I'm wrong, Mr Alexander, but if you don't know, what chance has the regulator got?

MR ALEXANDER: I understand – I accept – I accept the idea that the board should
40 know. At the moment, I think the board is ensuring that these sorts of situations will never emerge again, in terms of the gap in knowledge from the ranks of management, however low that goes to the top of the company.

COMMISSIONER: That would be a good thing.

45 MR ALEXANDER: I think it's not just a good thing; I think it's basically something that should exist in every company.

COMMISSIONER: Yes, I'm sorry to delay you. The matters that I have raised with you are important matters. I'm just going to take the luncheon adjournment, Mr Alexander. We'll have to burden you to come back at 2 o'clock, I'm sorry.

5 MR ALEXANDER: Thank you.

ADJOURNED [1.09 pm]

10

RESUMED [2.00 pm]

15

COMMISSIONER: Thank you. Yes, Ms Sharp.

MS SHARP: Over lunch, Commissioner, we've received a document which I would like to show to Mr Alexander.

20

COMMISSIONER: Yes, of course.

MS SHARP: I understand – and I right in understanding, Mr Alexander, that an email dated 21 May 2018 has been provided to you over the lunch adjournment?

25

MR ALEXANDER: Just now, yes.

MS SHARP: Just for the record, I will read out its document identification number. It's CRL.501.039.5141, and I will tender that momentarily.

30

COMMISSIONER: Yes.

MS SHARP: Have you had the opportunity to read this document, Mr Alexander?

MR ALEXANDER: I'm reading it now. I'm just reading it now.

35

MS SHARP: Just while you do, will you agree that this is an email from Mr Preston to you, copied to Mr Felstead, dated 21 May 2018?

MR ALEXANDER: Yes, I will.

40

MR YOUNG: Commissioner, while Mr Alexander is reading it, can I mention one matter about the document?

COMMISSIONER: Yes, of course.

45

MR YOUNG: We provided that over lunch to the Inquiry but I wanted to point out that we made a redaction to it - - -

COMMISSIONER: I see.

MR YOUNG: - - - on the second page.

5 COMMISSIONER: Yes.

MR YOUNG: That wasn't in the original of the document. We redacted that over lunch because of the operation of sections 123 and 124 of the money laundering legislation.

10

COMMISSIONER: Thank you for pointing that out, Mr Young.

MS SHARP: What I will do, Commissioner, while Mr Alexander is reading this, is tender the redacted version of this email. I will tender that, AE49.

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COMMISSIONER: Yes, thank you. That will become exhibit AE49.-

EXHIBIT #AE49 EMAIL DATED 21/5/2018 (CRL.501.039.5141 to 5143)

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COMMISSIONER: And did you say that's an open document?

MS SHARP: No, I understand the position is reserved on that document.

25

COMMISSIONER: I see. The position is reserved. Thank you. That can be noted on the exhibit list. Yes, thank you.

MS SHARP: Mr Alexander, have you had the opportunity to read that email?

30

MR ALEXANDER: Yes, I have.

MS SHARP: Is there anything in the evidence you gave in answer to questions before me – to me before lunch; is there anything you would like to change?

35

MR ALEXANDER: What I see the second page of the email where Suncity specified. I don't recall – I don't recall the email and I don't recall conversations about those topics.

40 MS SHARP: You will agree, though, that from this email, Mr Preston is providing you an update with his dealings with AUSTRAC about the Suncity junket?

MR ALEXANDER: Yes, I would.

45 MS SHARP: And you will agree that he uses the words "as you will recall" in his email to you?

MR ALEXANDER: Yes.

MS SHARP: And do you agree that that suggests that prior to this email, he had already discussed with you his engagement with AUSTRAC in relation to Suncity?

5

MR ALEXANDER: Yes, I acknowledged that earlier.

MS SHARP: You do agree that it refers to the \$5.6 million cash deposit?

10 MR ALEXANDER: Yes, I do.

MS SHARP: And you do agree that it refers to a recent enhancement of controls in assessing the risk of doing business with Suncity, including an instruction that cash deposits are to go through the cage?

15

MR ALEXANDER: Yes.

MS SHARP: That no cash deposits over \$300,000 were to be made per day without senior management approval?

20

MR ALEXANDER: Yes.

MS SHARP: And that no more than \$100,000 in petty cash was to be held in the Suncity Room?

25

MR ALEXANDER: Yes.

MS SHARP: So you do agree that all these matters were known to you – well, I withdraw that. Is there any reason at all why you would not have read this email at the time from Mr Preston to yourself?

30

MR ALEXANDER: No, I wouldn't – I would not know, I'm sorry.

MS SHARP: So you agree you did read this at the time?

35

MR ALEXANDER: I can't recall.

MS SHARP: Do you agree that you were made aware of some red flags for money laundering occurring in the Suncity Room as at May of 2018?

40

MR ALEXANDER: As I said, I can't recall.

MS SHARP: Do you agree - - -

45 MR ALEXANDER: I was aware Mr Preston – sorry, I was aware Mr Preston was talking to AUSTRAC, which I acknowledged earlier, but I cannot recall this detail.

MS SHARP: But do you agree that you certainly didn't make board members aware that \$5.6 million had been located in the Suncity Room?

5 MR ALEXANDER: I don't believe this email found its way to any of the respective committees, nor to Crown Melbourne.

MS SHARP: On the assumption that you were advised that \$5.6 million had been found in the Suncity Room, isn't that the sort of matter that you ought to have notified to the risk management committee?

10 MR ALEXANDER: This should have gone to the risk committee, yes.

MS SHARP: Can I return, please, to this article that we were considering before lunch regarding Riverbank and Southbank. If we can pull back up on the screen, please, INQ.100.010.0092. I think we will bring it up on the confidential link so that Mr Alexander can see it. Mr Alexander, can I take you to pinpoint reference 0094. Could I direct your attention to the third last paragraph. Just to provide you with the context, a spokeswoman from Crown Resorts is being quoted, and it's relevantly asserted that:

20 *Transactions through those accounts are subject to all of our usual reporting obligations, including our obligations under the AML legislation.*

You now understand that that is not correct, do you?

25 MR ALEXANDER: Yes, I do.

MS SHARP: Did you have any involvement at all in the preparation of this statement?

30 MR ALEXANDER: No.

MS SHARP: Did you know that this statement had been provided?

35 MR ALEXANDER: I don't believe so.

MS SHARP: Can I take you to another newspaper article, please, Mr Alexander. This one is exhibit W28. It is INQ.100.040.1312. And do you recognise this as a printout of an article in the Fin Review of 21 August 2019 that is entitled Crown Gets Gold Star on Anti-Money Laundering?

40

MR ALEXANDER: Yes, I do.

MS SHARP: And you'll agree that it reports that you had:

45 *...declared the casino giant's anti-money laundering systems have been given a "gold star" by an independent expert.*

MR ALEXANDER: That's correct.

MS SHARP: And I'll take you over the page, please. And you will see, in that second paragraph, it states:

5

Mr Alexander revealed that anti-money laundering AML expert Neil of consultancy Initialism had been brought in late 2018 to further test the company's systems.

10 And then if I can go further down of the – you see the bottom paragraph on that page?

MR ALEXANDER: Yes, I do.

15 MS SHARP:

“He as recently as yesterday ... told the board that we are completely compliant. We are a gold star customer.”

20 Now, did you make that statement to the Australian Financial Review?

MR ALEXANDER: I made it to a group of journalists, not specifically to the Financial Review. It was a media briefing at the time of our results. It was a question, on the – on the fly, from a journalist and what I was doing was, in essence, paraphrasing Mr Jeans' remarks, firstly, to the Crown risk committee board and then, subsequently, to the Crown Resorts board. And it followed an extensive briefing by our AML people to the Crown Melbourne compliance committee. Mr Jeans didn't use the - - -

30 MS SHARP: I'll just stop you there, if I might, because I just want to understand what words you did use, Mr Alexander. Did you tell that group of journalists that Mr Jeans had told you, “We are completely compliant.”

MR ALEXANDER: Yes, I did. That was my - - -

35 MS SHARP: And did you tell – did you tell that group of journalists that “Mr Jeans said we are a gold star customer”?

MR ALEXANDER: Yes, I did.

40 MS SHARP: Now, those two propositions are thoroughly misleading; do you agree?

MR ALEXANDER: I don't believe so. As I said, I was paraphrasing. Mr Jeans made a number of remarks about our AML programs. He said we were leading the way in this space. He said we were significantly ahead of other industry players in this space. He said we had appropriate controls, amongst other things.

MS SHARP: And he also pointed out some deficiencies in your AML program, didn't he?

5 MR ALEXANDER: Not that – not that I could recall. He pointed out we should – sorry.

MS SHARP: He certainly did not say that you were a gold star customer, did he?

10 MR ALEXANDER: No, he didn't use those words. I said I was paraphrasing the tone of his remarks over a number of meetings.

MS SHARP: And he certainly did not say to you, or any other member of the risk management committee or the board of directors, that Crown Resorts is completely compliant.

15 MR ALEXANDER: That was the impression I was left with. In areas where we
-- --

20 MS SHARP: Well, Mr Alexander – Mr Alexander, Mr Jeans had not reviewed the entirety of the Crown Resorts AML/CTF program; do you understand that?

MR ALEXANDER: I recognise that now. Yes.

25 MS SHARP: Well, having regard to the fact he did not, in fact, review the entirety of the program, you would agree, wouldn't you, that he was in no position to tell anyone that Crown was completely compliant.

30 MR ALEXANDER: Well, he didn't preface his remarks at those meetings along those lines. When he – when he was asked how we could further improve our programs, apart from the joint program, he – he urged us to hasten the automation of our programs. That particularly sticks in my mind.

35 MS SHARP: He actually pointed out to you that Crown systems were highly manual, didn't he?

MR ALEXANDER: He did, yes. And we were – we already had an automation program underway to resolve that.

40 MS SHARP: And you had read both of Mr Jeans' reports by the time you made these statements, hadn't you?

MR ALEXANDER: I believe so. Yes.

45 MS SHARP: Did you not understand that the first report – the transaction monitoring report – applied only to the transaction monitoring program?

MR ALEXANDER: I did. And, obviously, the transaction monitoring program is for me the pointy end of AML where you obviously have – where issues arise, but I probably didn't appreciate it in the context of the remarks that I made at the time.

5 MS SHARP: And did you understand that his second report was looking only at the question of the amendment by Crown Resorts of its internal control statement that it lodges with the Victorian regulator?

MR ALEXANDER: I obviously didn't appreciate that at the time.

10

MS SHARP: Well, do you agree that these comments are seriously misleading?

MR ALEXANDER: No, I don't. I really believe they reflected the impressions Mr Jeans made to both boards.

15

MS SHARP: Did you share – before you made your statements to this group of journalists, did you share with anyone at Crown Resorts what it was you intended to say to these journalists?

20 MR ALEXANDER: No, I did not. I didn't know what I was going to be asked about.

MS SHARP: Are you aware that, within a matter of hours after this article going live on the Fin Review website, Mr Jeans contacted both Louise Lane and Mr Ken Barton to express his concerns about your statements?

25

MR ALEXANDER: It was not brought to my attention at the time. No.

MS SHARP: So you're saying that Ms Lane did not bring that to your attention?

30

MR ALEXANDER: I certainly can't recall that.

MS SHARP: And did Mr Barton bring it to your attention?

35 MR ALEXANDER: I can't recall.

MS SHARP: Does it follow from that, that at no stage did you take any steps to correct your statements in the media?

40 MR ALEXANDER: Yes, it does.

MS SHARP: Now, do you agree that prior to this year at least, the AML team at Crown Resorts had been under-resourced and lacking in qualified AML executives?

45 MR ALEXANDER: I think it was definitely a work in progress. We started off – I acknowledge we started off at a lower base than we should have. We created new

roles and brought in new people and new processes and that's an ongoing – an ongoing program.

5 MS SHARP: So do you agree that, prior to this year, the AML team had been under-resourced and lacking in AML executives?

MR ALEXANDER: I didn't believe so. No.

10 MS SHARP: The inquiry has heard evidence from an AML expert in the specific field of casinos, Ms Jessica Lin. And in February of this year, she told the Inquiry that casino operators face a great tension with respect to money laundering because, on the one hand, the law requires them not to deal with the proceeds of crime and to conduct thorough due diligence and, on the other hand, the casinos operators stand to make a lot of money from VIP patrons. Do you agree with Ms Lin's observations as
15 to that tension?

MR ALEXANDER: Yes.

20 MS SHARP: Ms Lin told us that the way casino operators resolve that tension depends upon the culture of compliance within the organisation and strong leadership at the compliance and board levels; do you agree?

MR ALEXANDER: Yes.

25 MS SHARP: You will agree that that strong culture of compliance was absent from the compliance and board levels at Crown Resorts until the commencement of this year?

30 MR ALEXANDER: I think it could have been improved, yes. There's always room for improvement.

MS SHARP: Mr Alexander, you've, at all relevant times, been aware that casinos face a distinct risk of money laundering, have you not?

35 MR ALEXANDER: Would you mind, your audio dropped out.

MS SHARP: You have, at all relevant times, been aware that casinos face a very distinct risk of money laundering taking place?

40 MR ALEXANDER: Yes.

MS SHARP: In view of that very distinct risk, why was it that steps were not taken at an earlier time to improve Crown Resorts' anti-money laundering controls?

45 MR ALEXANDER: Well, I think – I think we believed, certainly, on the information we were given, that our AML programs were robust and that we were compliant and, obviously, there are some gaps in those programs.

MS SHARP: Do you agree, Mr Alexander, that in the past, Crown Resorts has not been proactive in relation to anti-money laundering?

5 MR ALEXANDER: No, I don't agree. I mean, as I said, we embarked on a process starting three years and it's a process ongoing now.

MS SHARP: Do you agree that in the past Crown Resorts' focus was on reporting rather than on preventing money laundering?

10 MR ALEXANDER: Yes. I think we could've done more on the prevention side.

MS SHARP: Can I move to a different topic now. You're aware that the board has recently suspended operations with its junkets?

15 MR ALEXANDER: Yes.

MS SHARP: And you were one of the members of the board who supported that decision, were you?

20 MR ALEXANDER: Yes, I was.

MS SHARP: Was this decision to suspend relationships one that was taken in recognition that there had been due diligence failures in the past?

25 MR ALEXANDER: I think it resulted from a number of thoughts, including – including that. Also the fact that our property was shut down, so we had the scope and capacity and time to devote more time to looking at junkets, working out whether or not they were something that should be part of our future, whether the economics of junkets made sense or whether the risks associated with junkets made
30 sense, and that's an ongoing process.

MS SHARP: Would it surprise you to learn that Mr Barton has told this Inquiry that none of the junket operators have, in fact, been told that relations with them have been suspended?

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MR ALEXANDER: I think the reality is that the property is – our property is shut. That's not surprising, no.

MS SHARP: Has there really been any suspension, in substance, at all?

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MR ALEXANDER: Well, we've disengaged from - - -

COMMISSIONER: Apart from the government intervention. Apart from the government intervention of shutting you down.

45

MR ALEXANDER: Yes. Well, effectively, we have closed off junkets until, at the earliest, June next year. And the – and the board will work – obviously, work

through the next eight months deciding on how it's going to approach junkets in the future, if at all.

5 COMMISSIONER: What does "if at all" mean for Sydney?

MR ALEXANDER: Well, I think Sydney is not just a property which is based on junkets. It's also a property, even though it's a restricted licence, which, when it was conceived eight years ago, there was a recognition that the Sydney market was smaller than it should have been, both internationally and locally. And I think results from Star, since that time or, broadly, since that time, have confirmed that proposition. There is a significant number of local players who would qualify to be players at the casino. Obviously, the international market has changed since that – since the project was conceived, not just because of the recent COVID restrictions, also because there's a structural – almost, a structural downward push on VIP at the moment, for a variety of reasons.

COMMISSIONER: And so you have domestic junkets?

MR ALEXANDER: Not domestic junkets, domestic players.

COMMISSIONER: So you don't have junkets to bring – you don't have a junket arrangement for domestic players, nationally, from other states?

MR ALEXANDER: I don't believe so.

COMMISSIONER: Did you? Do you know?

MR ALEXANDER: Junkets, in an Australian sense, is not something that I am at all familiar with. No.

COMMISSIONER: I understand that would have, or they have happened in the past – it may not have happened at your properties – but there would be nothing to stop junket arrangements occurring with interstate players, I presume?

MR ALEXANDER: Just putting aside the nomenclature – yes – well, I mean, obviously, interstate players are something that Sydney's very interested in, and that would include customers of ours in Melbourne.

COMMISSIONER: And that would include – I withdraw that. So that would envisage someone arranging, effectively, a group of players to come from, say, Perth or let's say another state, I won't name it, but the same arrangements could be made with a junket operator that were made with the international players, couldn't it?

MR ALEXANDER: With a group of players, yes.

COMMISSIONER: I've been advised or informed that casino operations previously liked dealing with junket operators because it was the person to whom they could look to recover their debts. Do you understand that?

5 MR ALEXANDER: That's correct. Yes, I do.

COMMISSIONER: And that could happen in a domestic market, I presume?

10 MR ALEXANDER: Well, I think the problem about collecting debts in terms of why junkets became more important over time is because the prospect of collecting debts from somewhere in China is not very strong. Junkets are a lot - - -

COMMISSIONER: Sorry, you go ahead.

15 MR ALEXANDER: business but they're more secure in terms of the outcome of covering debts.

COMMISSIONER: So it was more to do with the other jurisdiction rather than just the security of collecting debts from a single individual?

20

MR ALEXANDER: Not – not just because of that but obviously a lot of those junkets – a lot of these junkets were China-based – largely China-based.

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

MS SHARP: Now, at the time that the ASX media release was issued by Crown Resorts on 31 July 2019, did you understand what the procedure was for vetting junket operators?

30 MR ALEXANDER: Which release are you referring to?

MS SHARP: The ASX – yes, I will show you that now. If you pardon me for a moment. If I could call up INQ.100.010.0895 at pinpoint 0896.

35 COMMISSIONER: Yes, thank you.

MR ALEXANDER: Yes.

40 MS SHARP: I will draw your specific attention, if I can, to the first column under the heading Junket Operators.

MR ALEXANDER: Yes, if you could - - -

45 MS SHARP: I will have it enlarged for you. You see there's an assertion here from all of the directors of Crown Resorts that Crown itself has a robust process for vetting junket operators. My question to you is, did you understand before signing on to this ad what the process actually was for vetting junket operators?

MR ALEXANDER: Largely as is described in the ad, which – probity, integrity and police checks.

5 MS SHARP: Was your understanding based upon the internal report that was prepared by Mr Preston and Mr Felstead?

MR ALEXANDER: Yes.

10 MS SHARP: Was it based on anything other than that report?

MR ALEXANDER: I don't believe so.

15 MS SHARP: Could I take you to that report, please. It is one that you refer to in your second statement. I will call it up. This is a confidential document so to be brought up on the confidential screen. It is CRL.501.056.0536. It's exhibit CA10.

MR ALEXANDER: Yes, I have that.

20 MS SHARP: And that is the investigation report you referred to in your statement?

MR ALEXANDER: Yes.

25 MS SHARP: And can I take your attention, please, Mr Alexander, to pinpoint 0549, which is page 14 of that document.

MR ALEXANDER: Yes.

30 MS SHARP: And you will see there's a heading Junket Processes and another heading Inception.

MR ALEXANDER: Yes.

35 MS SHARP: Did you understand that to be a reference to the initial decision to deal with a junket operator?

MR ALEXANDER: Yes.

40 MS SHARP: And this was the information you were relying on, was it, in making the assertion that the vetting procedure was robust?

MR ALEXANDER: Yes.

45 MS SHARP: You will agree that there's nothing on this page or any other if you need to refer to it, that says who makes the decision about which junkets to deal with.

MR ALEXANDER: Yes.

MS SHARP: Did you know at the time who made the decision about which junkets to deal with?

MR ALEXANDER: I – I presumed it was Mr Felstead.

5

MS SHARP: So that was your assumption?

MR ALEXANDER: Well, he was overseeing the VIP business, yes.

10 MS SHARP: So you made an assumption that he was the ultimate decision-maker?

MR ALEXANDER: I did, yes.

15 MS SHARP: Given that you weren't, as a matter of fact, sure about who made the decision, how could you have been able to give an assurance about whether the vetting process was robust?

20 MR ALEXANDER: I'm not sure who made it, whether who made the decision went to that. I drew comfort from the information in the second line here about the sorts of things we did before we approved a junket.

MS SHARP: But in assessing the robustness or otherwise of the vetting process, surely it would be important to understand who, in fact, had the final say?

25 MR ALEXANDER: As I said, I assumed that was Mr Felstead.

MS SHARP: So you took comfort in the fact that the person responsible for drumming up business in the VIP international team was also the person who had the final say on the vetting of the junket operators?

30

MR ALEXANDER: Obviously that's a tension that did not exist forcefully enough in the business, yes.

35 MS SHARP: Well, once you turned your mind to that tension, you would agree, would you not, that there is a considerable tension there?

MR ALEXANDER: Yes, I think it's a healthy tension. I don't think that – there is no point getting business which is bad for the business, period.

40 MS SHARP: Well, I suggest that you had no proper basis, as at 31 July 2019, for making the assertion to the ASX and to the media at large that Crown's vetting procedures for junkets were robust. Do you agree or disagree?

45 MR ALEXANDER: As I said, I drew comfort from the range of things we did to check the veracity that the – suitability of various junket operators.

MS SHARP: Knowing what you know now, Mr Alexander, would you make that same assertion again?

MR ALEXANDER: Probably not.

5

MS SHARP: Do you agree that it's ultimately the board of directors' responsibilities to set guidance on the types of junket operators with whom Crown should deal?

10 MR ALEXANDER: Well, ultimately the responsibility falls to the board so whether it's the board itself or a subcommittee created by the board with relevant expertise, that would be something to think about going forward, yes.

MS SHARP: Do you agree that it is for the board to set the company's risk
15 appetite?

MR ALEXANDER: Yes, I do.

MS SHARP: And prior to the airing of the media allegations in July of 2019, can
20 you tell us what the board's risk appetite with respect to junkets was?

MR ALEXANDER: I think the board was operating on the – on the basis – making
its decisions on the basis that probably a false sense of comfort, as – as appears to be
the case.

25

MS SHARP: So what was the board's risk appetite at that time?

MR ALEXANDER: It wasn't – my memory of it wasn't that the risk appetites for
junkets per se was not specifically broken out through the allegations.

30

MS SHARP: Would you agree that the board's risk appetite has changed as
between early 2019 and now?

MR ALEXANDER: Yes, I would. And that's why the process – that's why the
35 relationship with junkets has been suspended.

MS SHARP: Do you agree that integral to setting the risk appetite with respect to
junkets is reaching a view about what an appropriate level of proof is when you
consider allegations made against junket operators or their associates?

40

MR ALEXANDER: Yes.

MS SHARP: What is that level of proof?

45 MR ALEXANDER: Well, it's difficult, to be frank. I mean, you obviously can't
have too many – too many parameters but you have situations, for example, at the
moment where Mr – for example, Mr Chau is being talked about, not the first time,

as having alleged links – alleged criminal links, yet Mr Chau remains free to operate in most precincts around the world and is still licensed in Queensland. It's an area of difficulty.

5 MS SHARP: We understand that it's an area of difficulty but how do you, as a board director, resolve it? What's the appropriate level of proof?

MR ALEXANDER: Well, as I said to you earlier, counsel, I mean it might well be that it becomes an area that's perceived to be too hard.

10

COMMISSIONER: But isn't the way forward for the board of a company like yours just to lead the way? It doesn't matter what other people do, surely. If you know someone is connected to triads, really, it's a simple matter. It's obviously a costly matter. But you just don't deal with them; isn't that right?

15

MR ALEXANDER: I would agree with that, yes. If you know – the key word is "know"; do you know. And there's – I think it's about allegations being proven.

COMMISSIONER: This business of knowing, you see, life is full of uncertainties.

20

We all know that. And one of the problems that has been around for years is this business of saying, well, they're only allegations therefore I won't stop doing business with them because your competitors might not stop doing business with them and they will steal a march on you. But one of the real things about having a licence from a government like this is that you're expected to lead the way, and in leading the way you set the parameters for the rest of them. And it's about time that happened, isn't it, Mr Alexander?

25

MR ALEXANDER: Yes, I accept that.

30

COMMISSIONER: Yes, all right.

MS SHARP: Can I take you to a document, please, Mr Alexander. This is exhibit BJ129. It's CRL.579.019.4759. I understand this is not confidential but I will have it brought up on that link so you can see it. You will see this is a Wealth-X dossier relating to Mr Cheok Wa Chau?

35

MR ALEXANDER: Yes.

MS SHARP: And it's dated 26 May 2016?

40

MR ALEXANDER: Yes.

MS SHARP: Can I ask you to assume it has been in Crown's possession since about that time?

45

MR ALEXANDER: Yes, you can.

MS SHARP: You do understand that Wealth-X is one of the due diligence providers that Crown uses?

MR ALEXANDER: Yes.

5

MS SHARP: Can I take you to the summary on the next page, which is pinpoint 4760.

MR ALEXANDER: Yes.

10

MS SHARP: And do you see it states:

15

He appears to have been a former member of the 14K triad's Macau branch in the 1990s and was reportedly in charge of loan sharking and gambling under the leadership of Kuok Koi Wan.

And then a little later:

20

Chau started his own gang.

MR ALEXANDER: Yes, I see that.

MS SHARP: Well, is that enough for you to decide that business associations between Mr Chau and Crown Resorts should cease?

25

MR ALEXANDER: I go back to my earlier remarks about the difficulty of proving these allegations because Mr Chau operates in so many precincts around the world and while they might not be perceived to be an excuse, I – one finds it difficult to assume that if these were known facts he would be able to operate where he operates around the world.

30

MS SHARP: Did it occur to you that there may be a systemic problem here?

MR ALEXANDER: In what sense, Ms Sharp?

35

MS SHARP: In that maybe world-wide many casino operators aren't getting the balance right in who they choose to deal with as junket operators?

MR ALEXANDER: That's certainly a possibility.

40

MS SHARP: Isn't the bigger question, when it comes to examining somebody's probity, what evidence is provided to you, rather than looking at what casinos in, say, Manila or Cambodia or Macau are doing?

MR ALEXANDER: Ultimately, yes.

45

MS SHARP: Because your casinos operate in the Australian jurisdiction; correct?

MR ALEXANDER: Correct.

MS SHARP: And we may have different standards here; do you agree?

5 MR ALEXANDER: Yes, I accept that.

MS SHARP: They may be higher standards; do you agree?

MR ALEXANDER: Yes.

10

MS SHARP: So it's simply not enough to say everybody else is doing it so we can too; do you agree with that?

MR ALEXANDER: I accept that.

15

MS SHARP: Now, you understand, don't you, that Crown Resorts recently obtained an investigation report from Berkeley Research Group?

MR ALEXANDER: I do, yes.

20

MS SHARP: Have you read that report?

MR ALEXANDER: Not completely, no.

25 MS SHARP: Well, I will take you to parts of that report now. You understand that the reason why Crown Resorts obtained this document was to obtain a detailed investigation on the probity of certain junket operators with which Crown presently deals.

30 MR ALEXANDER: Yes, that's my understanding.

MS SHARP: And so you understand that this document will be used by Crown Resorts to make a decision about whether it will continue to have business associations with the junket operators, the subject of this report?

35

MR ALEXANDER: Yes, I believe so.

MS SHARP: Can I take you to the report dated 12 September 2020. It's a confidential document, if it can come up on the confidential link, please. It's CRL.703.001.0001. It's exhibit AC28. Are you looking at that in the hard copy or

40

MR ALEXANDER: I'm endeavouring to do so right now. Sorry, it's sadly not included in the packets as listed so perhaps we will just have to do it on the screen.

45

MS SHARP: Yes, I will bring it up on the confidential link, please; it's CRL.703.001.0001. Has that appeared on the screen to you, Mr Alexander?

MR ALEXANDER: All we have at the moment is the cover of the report, yes.

MS SHARP: Could I take you, please, to pinpoint 0009 and you will agree that this is a summary of Mr Alvin Chau, what has been - - -

5

MR ALEXANDER: Yes, I can't read the detail from here but, yes, I agree.

MS SHARP: I will have the top half of the document enlarged for you.

10 MR ALEXANDER: Yes, I can see that, thank you.

MS SHARP: And can you see the heading Alleged Triad Background?

MR ALEXANDER: Yes, I can.

15

MS SHARP: And can you see for yourself what is stated there?

MR ALEXANDER: Yes, I can.

20 MS SHARP: Could I take you to the next page, please, which is pinpoint 0010. And what I would like to do is highlight for you the third dot point beginning "Discrete sources". And you understand that here the authors of this report are stating what their sources have told them?

25 MR ALEXANDER: Yes, I do.

MS SHARP: And then Mr Alexander, can I please take you to pinpoint 0022, and could you please look at the bottom half of the document under the heading Reputation and read that to yourself.

30

MR ALEXANDER: Yes, I've read that, thank you.

MS SHARP: And then could I take you, please, to pinpoint 0025 and I will have the bottom half under the Issues Identified heading highlighted. Can you just read that first couple of lines under that heading to yourself?

35

MR ALEXANDER: Yes, I've read that, thank you.

MS SHARP: And then could I take you, please, to 0029 and could I direct your attention, please, and I will have it highlighted, to the second paragraph. Do you see there's an expression to sources being uniformly aware?

40

MR ALEXANDER: Yes, I can read – I can see that, thank you.

45 MS SHARP: And then you can see the photos?

MR ALEXANDER: They're blocked at the moment by the – by the but they're back now. Yes, I can see the photos.

5 MS SHARP: Can you see the description of these photos of toasting between Mr Chau and Broken Tooth?

MR ALEXANDER: Yes, I can see those.

10 MS SHARP: And can I also take you to pinpoint 0031 and could I highlight the second full paragraph for you beginning, "According to sources", and it was that first sentence I wanted to draw your attention to.

MR ALEXANDER: Yes.

15 MS SHARP: Mr Alexander, having reviewed these materials, as well as the Wealth-X report I took you to earlier, can you have any comfort at all that Mr Chau is a person of good repute?

20 MR ALEXANDER: Based on this, no.

MS SHARP: Are you in a position to tell us whether this is the kind of person Crown Resorts ought have as a junket operator?

25 MR ALEXANDER: Well, I would be unwilling to predict in advance what the new guidelines would be, but I would imagine somebody with this background would find it very difficult to pass those guidelines, whatever they were.

30 MS SHARP: Is it right that you took exception, in the media allegations, to the assertion that Crown Resorts had partnered with junket operators?

MR ALEXANDER: Yes.

35 MS SHARP: Were you ever made aware of Crown Resorts' platform junket strategy that operated at least in late 2014, 2015 and 2016?

MR ALEXANDER: No.

40 MS SHARP: So you weren't aware that the VIP international team identified eight or nine platform junkets with which it sought to deal?

MR ALEXANDER: No, I wasn't.

45 MS SHARP: And you weren't aware that Crown Resorts provided certain support services to those junkets?

MR ALEXANDER: No, I wasn't.

MS SHARP: Can I show you a document. This is exhibit M109. It's a confidential document. I will bring it up on the confidential screen. CRL.527.001.1826.

MR ALEXANDER: Yes.

5

MS SHARP: I'm showing you the front page of the VIP marketing kick-off workshop F15. Have you seen that document before?

MR ALEXANDER: I can't recall.

10

MS SHARP: Can I take you, please, to pinpoint 1872.

MR ALEXANDER: Which page is that?

15

COMMISSIONER: Page 47.

MR ALEXANDER: Yes, I have that.

MS SHARP: Do you see under the heading at item 3, that it's stated:

20

Working with key junket partners.

MR ALEXANDER: Yes, I can see that.

25

MS SHARP: Do you understand that, as at this time, that is, 2014, 2015, the VIP international team saw themselves as partnering with junkets?

MR ALEXANDER: From this language, yes.

30

MS SHARP: But this was not a matter of which you were made aware before you signed on to that ASX media release on the 31st of July.

MR ALEXANDER: To the very best of my knowledge, no. To the very best of my knowledge, no.

35

MS SHARP: And, certainly, Mr Felstead did not make you aware of that?

MR ALEXANDER: About this particular activity in terms of the partnership?

40

MS SHARP: Yes.

MR ALEXANDER: No.

MS SHARP: He didn't make you aware of the platform junket strategy?

45

MR ALEXANDER: Not that I can recall, no.

MS SHARP: Mr Johnston didn't make you aware of the platform junket strategy?

MR ALEXANDER: No.

5 MS SHARP: And you didn't have any conversations with Mr Jason O'Connor about that matter?

MR ALEXANDER: No.

10 MS SHARP: Can I go back to that media release now, please, Mr Alexander. It is exhibit A219, and it's INQ.100.010.0895.

MR YOUNG: Mr Alexander may be helped by his hard copy - - -

15 COMMISSIONER: Yes.

MR YOUNG: - - - at CA16.

COMMISSIONER: Thank you.

20

MS SHARP: And I'll take you to the text of the ad, which appears at .0896.

MR ALEXANDER: What page number is that?

25 COMMISSIONER: Do you want it enlarged?

MS SHARP: Yes, I will just enlarge the top left-hand corner, if I can. You would agree that this advertisement is expressed in the most strident of terms?

30 MR ALEXANDER: Yes. As I said earlier today, the language in this ad was partly a reflection of the language levelled against Crown, but that's an observation rather than a justification.

35 MS SHARP: You are aware, as a member of the board of directors, of the papers placed before the board on the 10th of August this year and the 10th of September this year?

MR ALEXANDER: Yes, I am.

40 MS SHARP: And you've read those documents fairly carefully, have you?

MR ALEXANDER: Yes, I've read them.

45 MS SHARP: Would you agree that there has been a very distinct change in tone on the part of Crown Resorts between this ASX media release I'm taking you to and those two board reports?

MR ALEXANDER: Yes, I would.

MS SHARP: Are you able to account for why there has been such a change in tone?

5 MR ALEXANDER: I think the – I can't speak for the rest of the board, but I – I
believe that, given the – it's not because of decline of activity, one is given cause to
pause and consider this business in much more detail and, as more details have come
out, allegations have come out about individual junkets, and the like, it makes
10 absolute sense for the board to examine, reflect on whether or not this is an area we
want to be in, firstly, and, secondly, if we are going to be in it in any shape or form,
what the new protocols. So I think that's the feeling behind the idea of, you know,
the intention and the move towards a much greater drilling down in this area.

MS SHARP: Can I take you to an advertisement published in the press on the 22nd
15 of October 2017. If I can call up INQ.100.001.1048. And this is exhibit AE42 that I
tendered this morning.

MR ALEXANDER: Yes.

20 MS SHARP: Do you need me to enlarge that for you, Mr Alexander?

MR ALEXANDER: Please.

MS SHARP: I will enlarge the top half, first of all.
25

MR ALEXANDER: It's still very difficult to read, I'm sorry, Ms Sharp. Yes. I can
read it now. Yes, I can see it.

MS SHARP: Now, is it right that this is a full page ad that you caused to be taken
30 out in the newspapers on the 22nd of October 2017?

MR ALEXANDER: Yes. As a board, we did, yes.

MS SHARP: And, again, it's in very strident language, would you agree?
35

MR ALEXANDER: I think it's in forceful language, not necessarily strident. The
allegations that were made were very strident.

MS SHARP: But you state here:
40

*I am angered and disappointed by the outrageous allegations that have been
levelled at us by Andrew Wilkie MP.*

MR ALEXANDER: Yes.
45

MS SHARP: You say he's used Parliamentary privilege to try and unfairly smear
Crown with unfounded allegations?

MR ALEXANDER: Correct, yes.

MS SHARP: And those allegations were about improperly manipulating gaming machines, weren't they?

5

MR ALEXANDER: That was one of the accusations. Yes.

MS SHARP: All right. And that's what you say in this advertisement?

10 MR ALEXANDER: Correct.

MS SHARP: Did you take – or did you obtain the permission of the board of directors before placing this ad?

15 MR ALEXANDER: Yes.

MS SHARP: And they gave you that permission, did they?

MR ALEXANDER: Yes.

20

MS SHARP: Had they seen the text of this ad before they gave that permission?

MR ALEXANDER: Yes.

25 MS SHARP: Now, can I take you to an announcement from the VCGLR on the 7th of March 2019, which is exhibit AE47. I'll call it up on the screen. INQ.700.001.0017. And you'll agree that what the VCGLR is doing here is upholding a complaint that was made against Crown Melbourne for distributing and using button picks with gaming machines.

30

MR ALEXANDER: Yes, I would.

MS SHARP: So one of the allegations with the manipulation of gaming machines that you so fervently disputed in that ad was upheld by the VCGLR; do you agree?

35

MR ALEXANDER: No, I don't. Mr Wilkie wasn't mentioning plastic picks at that time. He was suggesting we were doing other things to affect the return to the player. We had a situation, in a small group of machines on the main gaming floor, where a practice known as blanking plates, where you remove or you limit the number of options for a player to have on a machine, were inadvertently taken off by the gaming floor-people without the compliance approval. This was a practice which is legal and used elsewhere and has been approved, certainly, in the past by the VCGLR. In no way does changing the blanking plates affect the return to the player and nor does it remove the minimum bet a player can make. Picks have been, apparently, around for a long time and, basically, my understanding is they had been previously approved by the VCGLR.

40

45

MS SHARP: So just to be clear, you don't accept that there was any error of judgment on your part in releasing that full-page ad in October of 2017?

5 MR ALEXANDER: Not in its essence, no, I don't, because the accusations were quite wild.

MS SHARP: Well, one of the accusations was that Crown manipulated gaming machines, wasn't it?

10 MR ALEXANDER: It was, and we don't believe we did.

MS SHARP: Well, isn't handing out little plastic picks - - -

15 MR ALEXANDER: Well, my understanding about that - - -

MS SHARP: - - - so that they can be inserted into gaming machines a way of manipulating those gaming machines.

20 MR ALEXANDER: My understanding is just some players use those picks to push buttons rather than use their hands.

MS SHARP: Isn't that manipulating the machines?

25 MR ALEXANDER: Not in terms of the nature of the allegation, no, I don't believe it was manipulating machines and players that we were trying to reduce a return to players.

30 MS SHARP: Ms Mary Manos, the general counsel of Crown Resorts, gave evidence to this Inquiry that she informed the board of directors that the full page advertisement was something that should be approached with caution and to be clear I'm talking about the July 2019 advertisement.

MR ALEXANDER: Yes.

35 MS SHARP: Do you agree she gave that advice?

MR ALEXANDER: Yes, I do.

40 MS SHARP: Can I take you to an email that you refer to in your statement. It is exhibit AC5. I understand the position is reserved on confidentiality. So if I could bring up on the confidential link, CRL.586.027.0698.

MR ALEXANDER: Yes.

45 MS SHARP: Now, this is an email that Ms Manos sent to you before the ad had been placed on 31 July 2019?

MR ALEXANDER: Yes.

MS SHARP: And she tells you that she is going to give you the same advice that she has given to Karl Bitar.

5

MR ALEXANDER: Yes.

MS SHARP: And do you agree that she is effectively warning you to proceed cautiously here?

10

MR ALEXANDER: Proceed with caution and make sure it's verified. That's how I interpreted her – her remarks.

MS SHARP: Now, we've seen various documents that suggest that Karl Bitar was assigned with a role of verifying the allegations that were made – or, sorry, verifying the assertions which were going to be made in this statement to the ASX and the media. What did you understand Mr Bitar's role to be?

15

MR ALEXANDER: To be exactly as you described it, to go down and test – test the responses we were making in the ad.

20

MS SHARP: And how did you understand that Mr Bitar would be testing those responses?

MR ALEXANDER: Well, I mean, as a starting point, as Barry and Josh were largely the were the authors of the report that came to the board, I assumed his role was to go through line by line and make sure it actually – we had evidence of what we were claiming.

25

MS SHARP: And is there any reason why you thought Mr Bitar would be well placed to conduct this verification process?

30

MR ALEXANDER: Well, he was involved in the construction of the language of the ad. We assumed he would have the capacity to analyse, check the language and facts presented in the document, which Mr Murphy and the others constructed.

35

MS SHARP: You agree that by signing on to this ad as a director, was ultimately a decision that was for the judgment of you and your fellow directors?

MR ALEXANDER: Yes.

40

MS SHARP: Did you understand at the time that by giving Mr Preston and Mr Felstead carriage of the investigation into the allegations, you were effectively asking them to investigate themselves?

45

MR ALEXANDER: No. My view at the time was that Mr Murphy, as I said, who was external party who had been deeply involved in many of these details going back to the arrests and the class action, was very familiar with a lot of these – these issues.

5 MS SHARP: Did Mr Murphy, to your understanding, have any knowledge of AML procedures at Crown Resorts?

MR ALEXANDER: I'm not sure.

10 MS SHARP: Did he have any knowledge of junket operations at Crown Resorts?

MR ALEXANDER: I believe so.

MS SHARP: Do you accept now that parts of this ASX media release are wrong?
15

MR ALEXANDER: I think some of the language could be refined, yes.

MS SHARP: Well, parts of it are just wrong, aren't they?

20 MR ALEXANDER: Potentially, yes.

MS SHARP: Well, let's take one example, if we can. You would agree that one of the assertions made is that the only junket operator with which Crown still had relations was Suncity. Do you agree with that or do you need me to show it to you again?
25

MR ALEXANDER: I agree. I agree with that.

MS SHARP: You understand now that that is wrong, don't you?
30

MR ALEXANDER: Yes, there was an error in the structure behind Mr Chau's involvement yes.

MS SHARP: Well, no, not that; it's got nothing to do with Suncity. That you were still dealing with junket operators who had been named in the media allegations to that point, do you understand?
35

MR ALEXANDER: I do now, yes.

40 MS SHARP: So for example, at this time, Crown was still dealing with junket operators connected to the Neptune group; do you understand that?

MR ALEXANDER: I do, now, yes.

45 MS SHARP: And do you understand that – I withdraw that. Do you now accept that at the time Crown did not have a robust process in place for vetting junkets?

MR ALEXANDER: Obviously not as robust as it should have been.

MS SHARP: Do you feel that you were very much let down by Mr Felstead and Mr Preston in the preparation of that internal report for the board?

5

MR ALEXANDER: I'm not sure I would use the words "let down" because I'm not sure who actually compiled the language for the report between Mr Murphy and Mr Felstead and Mr Preston, and Mr Bitar on the sidelines. But obviously there is – there is something we could definitely revisit, yes.

10

MS SHARP: Now, the 10 August 2020 board paper states:

The right risk and compliance culture starts with senior leadership to set the example for the rest of the business.

15

Do you agree with that proposition?

MR ALEXANDER: Yes.

20

MS SHARP: And you, of course, at all times have been a senior leader of that business?

MR ALEXANDER: Of the company, yes, not the VIP business but the company, yes.

25

MS SHARP: Do you agree that the culture of risk and compliance at Crown Resorts has fallen short?

MR ALEXANDER: Yes.

30

MS SHARP: And do you accept any responsibility for that?

MR ALEXANDER: Yes, I do.

35

MS SHARP: Is it correct that you intend to stand down as a director at the forthcoming annual general meeting?

MR ALEXANDER: Yes, that's correct.

40

MS SHARP: I have no further questions.

COMMISSIONER: Yes. Thank you, Mr Alexander. Mr Young, are there any things that you may wish to clarify?

45

MR YOUNG: Yes, thank you, Commissioner.

COMMISSIONER: Yes, thank you.

MR YOUNG: Mr Alexander, when Ms Sharp asked you some questions about
5 Suncity and Mr Chau, at the very outset you told her that in a broad sense you were
made aware of AUSTRACs interest in Mr Chau. Do you recall that?

MR ALEXANDER: Yes.

10 MR YOUNG: And were you also broadly made aware that Crown was engaging,
on an ongoing basis, with AUSTRAC concerning Suncity and Mr Chau?

MR ALEXANDER: I believe so, yes.

15 MR YOUNG: You were taken to exhibit BE82. If I could have that shown to you.

COMMISSIONER: Thank you. Mr Young, if you'd be kind enough to give us the
full reference.

20 MR YOUNG: It's, I believe, CRL.606.001.0211.

COMMISSIONER: Thank you, Mr Young.

MR YOUNG: Now, Ms Sharp took you to this email from AUSTRAC to Mr
25 Howell - - -

MR ALEXANDER: Yes.

MR YOUNG: - - - of 8 June 2017. I apologise. Were you made aware at the time
30 that there were a series of communications that followed this between AUSTRAC
and Crown Resorts' compliance section?

MR ALEXANDER: No, I wasn't. I wasn't aware of these particular conversations.

35 MR YOUNG: Yes. All right. Can I ask you to go to another document that Ms
Sharp took you to. This one is BE89.

COMMISSIONER: Once again, those numbers, I'd be grateful, Mr Young.

40 MR YOUNG: I'm sorry, Commissioner.

COMMISSIONER: That's all right.

MR YOUNG: That's CRL.609.007.8721.

45

COMMISSIONER: Thank you.

MR YOUNG: Now, you recall being taken to this letter that – and attachment that Mr Preston sent to AUSTRAC on the 25th of May of 2018?

MR ALEXANDER: Yes, I do.

5

MR YOUNG: And you were taken to some detailed information that Mr Preston provided in the attachment at pinpoint 8725 to 8726.

MR ALEXANDER: Yes.

10

MR YOUNG: Concerning Suncity at items 10, 13, and 16?

MR ALEXANDER: Yes.

15

MR YOUNG: Now, do you agree that a lot of that information in this letter to AUSTRAC had been provided to you some days earlier on 21 May by the email that you were taken to immediately after lunch? That's exhibit - - -

MR ALEXANDER: Yes, I did.

20

MR YOUNG: I'm sorry?

MR ALEXANDER: Yes, I do now.

25

MR YOUNG: Yes. For the record, that email was exhibit AE49.

COMMISSIONER: Yes. CRL.501.039.0141. Yes. Thank you.

MR YOUNG: Now - - -

30

COMMISSIONER: I think, Mr Alexander, you are referring to the reference to the Suncity in that email; is that right?

MR ALEXANDER: Yes.

35

COMMISSIONER: Yes. Thank you.

MR YOUNG: Yes. And, Mr Alexander, were you made aware in the period that followed 25 May 2018, that there were ongoing exchanges between Mr Preston and AUSTRAC.

40

MR ALEXANDER: I was aware there was an ongoing conversation, but I wasn't aware of the details of the progression of that conversation.

45

MR YOUNG: Yes. And were you kept advised from time to time that there were ongoing discussions with AUSTRAC concerning Suncity and Mr Chau?

MR ALEXANDER: Yes. But in a broad sense.

MR YOUNG: By that, you mean you weren't provided with details of the items covered in those exchanges; is that right?

5

MR ALEXANDER: That's my best recollection, yes.

MR YOUNG: Now, I've taken you to these communications with AUSTRAC, in particular, exhibit BE89 and the email you were taken to immediately after lunch, exhibit AE49. In view of those communications, does that indicate to you that Crown was taking its statutory obligations seriously?

10

MR ALEXANDER: Yes, it does.

15 COMMISSIONER: Do you mean by that, the reporting obligations?

MR YOUNG: No, it's a bit more than that, Commissioner, when you read the emails.

20 COMMISSIONER: No, no. Pardon me, Mr Young, I'm asking Mr Alexander.

MR YOUNG: I'm sorry, your Honour.

25 COMMISSIONER: That's all right. You can answer if you want in a minute, but I might get it from the witness before I get it from you.

MR YOUNG: It was the opening words, "Do you mean", I thought they were directed to me, Commissioner.

30 COMMISSIONER: Yes. No, no, no. Mr Alexander, I presume you mean - - -

MR ALEXANDER: Yes.

35 COMMISSIONER: - - - it's the reporting obligations to which you are referring?

MR ALEXANDER: Essentially, yes. Yes.

COMMISSIONER: Yes. Thank you. Yes, Mr Young.

40 MR YOUNG: Yes. Mr Alexander, you were taken to a newspaper article. There is a copy in the annexures to your statement, exhibit CA at tab 15. Sorry. No. I withdraw that question. I've got the wrong reference, I think.

45 COMMISSIONER: That's all right. That's all right.

MR YOUNG: Now, Mr Alexander, you were asked by Ms Sharp whether there was a real suspension of Crown's doing business with junkets. Can you tell the

Commissioner what the position is with Perth, which is still open? Is it doing business with any junkets?

5 MR ALEXANDER: I don't believe so, but I believe a suspension with junkets is Australian-wide.

COMMISSIONER: Well, I think the borders are closed, are they not?

10 MR YOUNG: Now, you were asked a question - - -

COMMISSIONER: Mr Alexander, do you understand that the borders in Western Australia have been closed for some time and the junkets can't get in, in any event.

15 MR ALEXANDER: Yes. I do understand. I do understand. But I mean as a philosophical - - -

COMMISSIONER: Yes.

20 MR YOUNG: Mr Alexander, Ms Sharp asked you a question about what standard ought to be applied in future to the question whether you do business with a particular junket. And she suggested a distinction was to be drawn between standards that might be applied by regulators and casinos overseas compared to those in Australia. Now, in that context of Australian Standards, and looking forward to Crown's review of this whole area, do you think there's an issue that needs to be
25 considered about the consistency of standards that are applied across the country, in that Suncity does business in Sydney at the moment.

MR ALEXANDER: Yes.

30 MR YOUNG: Suncity is licensed in Queensland, and so on?

MR ALEXANDER: Yes, I do.

35 MR YOUNG: I have nothing further, Commissioner.

COMMISSIONER: Thank you, Mr Young. Mr Stoljar, anything?

MR STOLJAR: I have no questions. Thank you, Commissioner.

40 COMMISSIONER: Thank you, Mr Stoljar. Mr d'Arville?

MR O'BRIEN: It's Mr O'Brien here.

45 COMMISSIONER: I'm sorry, Mr O'Brien. You were small in that little corner there. I do apologise. Any questions?

MR O'BRIEN: No, thank you.

COMMISSIONER: Yes. All right. Anything arising, Ms Sharp or Mr Bell? Yes. Thank you. Mr Alexander that brings us to the conclusion of your evidence this afternoon and as I have said to other witnesses, firstly, thank you for your evidence and, secondly, it is not envisaged that you would be required to give any further
5 evidence, but should that arise, then the solicitors assisting the Inquiry would make contact with those appearing for Crown. You understand that?

MR ALEXANDER: Yes, I do.

10 COMMISSIONER: Yes. Thank you, Mr Alexander. I will now adjourn until – yes, Mr Bell, when is the next witness?

MR BELL: Tuesday.

15 COMMISSIONER: Certainly. All right. I'll adjourn the Inquiry until then. Thank you.

20 <THE WITNESS WITHDREW

MATTER ADJOURNED at 3.20 pm UNTIL TUESDAY, 6 OCTOBER 2020

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