



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**THE HONOURABLE PA BERGIN SC
COMMISSIONER**

**PUBLIC HEARING
SYDNEY**

**WEDNESDAY, 30 SEPTEMBER 2020
AT 1.00 PM**

Continued from 29.9.20

DAY 34

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 N. HUTLEY SC appears with DR HIGGINS SC, MR A. D'ARVILLE and MR T. O'BRIEN for CPH Crown Holdings Pty Ltd and Mr Jalland**
MR J. STOLJAR SC appears with MS Z. HILLMAN for Melco Resorts & Entertainment Limited

10 <**GUY JALLAND, ON FORMER AFFIRMATION** [1.00 pm]

COMMISSIONER: Thank you. Yes. Mr Jalland, are you ready to proceed?

15 MR JALLAND: Yes, Commissioner.

COMMISSIONER: And you want - - -

20 MR JALLAND: Commissioner - - -

COMMISSIONER: Yes.

25 MR JALLAND: With your permission I would like to correct two answers I gave yesterday.

COMMISSIONER: Of course.

30 MR JALLAND: Commissioner, you asked me if I knew what the project or the work that was known as SLR and ICD project in the - - -

COMMISSIONER: Yes.

35 MR JALLAND: And – and I gave a response and I thought it was a hotel and restaurant project. I have now seen the document and, in fact, that project predated the coming into existence of the CPH services agreement. So the correct answer is I don't know what work is described in that – in that tag.

40 COMMISSIONER: Thank you for that correction.

MR JALLAND: And the second correction, Commissioner, we asked about the – I answered about the date that I thought my practising certificate had lapsed.

45 COMMISSIONER: Yes.

MR JALLAND: And I think I gave a date of 2012. I think, in fact, it lapsed in June 2015 due to non-renewal.

5 COMMISSIONER: Yes. Thank you very much, Mr Jalland. And you understand, of course, that the affirmation that you made yesterday applies to your evidence today?

MR JALLAND: Yes, Commissioner.

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

MR BELL: Could I tender two additional documents as exhibits AB52 and AB53.

15 COMMISSIONER: Yes, I will mark those exhibits AB52.

EXHIBIT #AB52 DOCUMENT AB52

20 COMMISSIONER: And AB53.

EXHIBIT #AB53 DOCUMENT AB53

25 COMMISSIONER: Thank you.

<EXAMINATION BY MR BELL

30

MR BELL: Mr Jalland, if I could ask you to look at exhibit AB52, confidential link CPH.001.004.7552.

35 MR JALLAND: Yes. I have it, Mr Bell.

MR BELL: Thank you. Do you see that at 5.44 pm on the 30th of May 2019 - - -

MR HUTLEY: I'm sorry to interrupt my learned friend.

40

COMMISSIONER: Yes.

MR HUTLEY: We seek a non-publication order in relation to this document.

45 COMMISSIONER: Yes. All right. Mr Bell, are you going to refer to it generally or perhaps if Mr Jalland just reads it to himself.

MR BELL: I think the question I'm going to ask about it will prove to be relatively innocuous.

MR JALLAND: Yes, I've read it.

5

MR BELL: The only question I wanted to ask you about this document is do you see that, at 5.44 pm on the 30th of May 2019, your lawyers sent you and Mr Johnston draft proposed Hong Kong Stock Exchange release by Melco International?

10 MR JALLAND: I don't see that it was a draft, Mr Bell, but, other than that, I agree with you.

MR BELL: All right. Well, if we could look at the document it's exhibit AB53, confidential link CPH.001.004.7560. And Mr Jalland, if you could turn to page point
15 7564, do you will see that, towards the top of the page, it had that further information which CPH had to review and revise at that stage?

MR JALLAND: Yes, I see that.

20 MR BELL: And this was an important announcement in connection with the transaction by the parent company of the counterparty; do you agree?

MR JALLAND: At the time, I wasn't aware of this announcement. So whether it was important or not, I couldn't form that view.
25

MR BELL: But you would have known that it was an announcement by the parent company of the counterparty?

MR JALLAND: Yes. I knew it was an announcement of Melco International. Yes.
30

MR BELL: And you told us yesterday that a document like this was sent through to you; do you remember?

MR JALLAND: Yes. But, yesterday, the document I was recalling was not this
35 document.

MR BELL: All right. Well, you do remember I took you yesterday to a proposed announcement by Melco International which had been sent to your lawyers?

40 MR JALLAND: Mr Bell, I don't mean to be difficult, but I think if it's an announcement that was sent through at about 1.30 pm, then I agree.

MR BELL: Well, look, perhaps we should go back over what we were looking at yesterday. Can I ask you to look at that document again. It was exhibit AA – sorry.
45 I think, AA124.

MR JALLAND: 124.

MR BELL: It was, to be precise, exhibit AA125, which is confidential link MEL.001.001.66721.

MR JALLAND: Yes, I have that.

5

MR BELL: Do you recall I took you to that, this email yesterday afternoon just towards the end of your evidence?

MR JALLAND: I don't remember this precise one, but I know we went to an email, and I – I recall getting an email with an announcement. I wasn't certain if this is the one.

MR BELL: Well, this is the document I took you to yesterday afternoon. And the attachment to it, which I took you to yesterday afternoon, was exhibit AA126. Sorry. Just before I go to the attachment, do you see the date of that email is the 30th of May at 5.33 pm?

MR JALLAND: Yes, I see that.

MR BELL: And I took you to the attachment to it, which was exhibit AA126, which is confidential link MEL.001.001.6729. Do you have that?

MR JALLAND: Yes, I see that.

MR BELL: And if you look at the page .6733, you see it has the same language, CPH:

NB, CPH to review and revise.

MR JALLAND: Yes, I see that.

MR BELL: And you gave evidence, at transcript page 3264 line 6, that a document like this was sent through at some stage; do you recall that?

MR JALLAND: Yes, Mr Bell. What I – what I was referring to was another announcement that had come through earlier on.

MR BELL: Yes. But I was asking - - -

MR JALLAND: I apologise if there's any confusion.

MR BELL: I was asking you yesterday about this document. Are you saying – are you saying that, now, that a document like this was not sent through to you?

MR JALLAND: No. A document like this was sent through. I didn't read this at the time. I had commented on an earlier announcement sent through from Melco.

MR BELL: All right. Well, this was the document I took you to yesterday and, in any event, can I now go back to exhibit AA15 – sorry – exhibit AA – I withdraw that. Exhibit AB53, which we were looking at a little earlier. And you can take it from me that exhibit AB53 is identical to exhibit AA126. So if we can now look at
5 that document.

MR JALLAND: Yes, I have that.

MR BELL: Yes. And I'll repeat the reference, it's confidential link
10 CPH.001.004.7560. So this document was sent to you at 5.44 pm on the 30th of May 2019; correct?

MR JALLAND: That's correct.

15 MR BELL: And I take it you did review this document at the time?

MR JALLAND: No, I didn't.

MR BELL: Why not?
20

MR JALLAND: I wasn't asked to.

MR BELL: It was sent to you for your information, of course; correct?

25 MR JALLAND: It was annexed to an email sent to me. Yes.

MR BELL: Yes. And you say you didn't check it?

MR JALLAND: I didn't read it. No.
30

MR BELL: All right. Well, let's read it now. Do you see at page point 7566, you see that it identifies Great Respect Limited as holding 23.6 per cent of the issued shares of Melco International?

35 MR JALLAND: Yes, I see that.

MR BELL: And if you look back at page point 7565, and go back to 7566, do you see that this document identifies Great Respect Limited as the largest single shareholder in Melco International?
40

MR JALLAND: I'm just checking the percentages. It seems to be.

MR BELL: Yes. And do you see that it states in the middle of page point 7566:
45 *Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Mr Ho and his immediate family members.*

Do you see that?

MR JALLAND: Yes, I see that.

5 MR BELL: So if you had read this carefully at the time, it would have put you on notice, wouldn't it, that the beneficiaries of Great Respect included other family members of Mr Lawrence Ho?

MR JALLAND: That's correct.

10

MR BELL: And if you'd read it carefully at the time, it would have occurred to you that there was a prospect that one of those other family members was Dr Stanley Ho; correct?

15 MR JALLAND: I – I don't – I don't agree with that.

MR BELL: Well, you knew that Dr Stanley Ho was Lawrence's father, didn't you?

MR JALLAND: That's correct.

20

MR BELL: And if you'd read this carefully, it would have put you on notice that the beneficiaries of the trust included Lawrence's immediate family members; correct?

25 MR JALLAND: That's correct.

MR BELL: And if you had read it carefully, that would have suggested to you that there was a risk that one of those family members was Dr Stanley Ho, wouldn't it?

30 MR JALLAND: I – I don't agree with that.

MR BELL: If you had read it carefully at the time, knowing how concerned the New South Wales Government was about Dr Stanley Ho getting any interest in Crown Resorts, I take it you would have investigated this further to find out who the family members were who had an interest in the trust?

35

MR JALLAND: Mr Bell, I believed that the shares in – that Dr Stanley Ho had no interest in Lawrence's company; that was my belief.

40 MR BELL: I know. But I'm asking you a slightly different question. I'm saying if you had read this carefully at the time and appreciated that other family members of Lawrence Ho had interests in the trust, knowing, as you did, about the State Government's concern about Stanley getting an interest, I take it that you would have investigated it further; is that right?

45

MR JALLAND: I – I don't believe so, Mr Bell.

MR BELL: Well, wouldn't you have been concerned that this was giving you information that Dr Stanley Ho might have an interest in the trust?

MR JALLAND: There's no mention there of Dr Stanley Ho, Mr Bell.

5

MR BELL: No. But it does refer to Lawrence Ho's family members, doesn't it?

MR JALLAND: Yes, it does.

10 MR BELL: So what I'm suggesting is – and I understand you say you didn't check this – but if you had read it carefully, as a careful and prudent director of CPH, I'm suggesting you would have investigated this to find out who the family members were who had an interest in the trust?

15 MR JALLAND: No, I disagree.

MR BELL: But you say that you didn't read this at all or check it at all?

MR JALLAND: That's correct.

20

COMMISSIONER: Can I just understand this, because it is important, or it may be important: as a Crown director at the time – and I know that you are firmly of the view that Lawrence was the only shareholder. I understand that. But what you are actually being asked is, if you read this, you would've been alerted to the fact that there was a possibility that another family member of Lawrence's was a shareholder or had an interest, at least, wouldn't you?

25

MR JALLAND: That's correct.

30 COMMISSIONER: And knowing that Stanley was a family member, indeed, the father of Lawrence, you could have and, probably, as a Crown director, if you'd looked, would have twigged to the need to look to see if Stanley was there, wouldn't you?

35 MR JALLAND: Commissioner, Crown and its predecessors had been in business with Lawrence Ho for the better part of 14 or 15 years and, throughout that period, he had stressed that his business interests were separate from his father. And so I believed, by this time, Crown accepted that.

40 COMMISSIONER: Yes. And Lawrence's statements were such throughout the period of the joint venture, I understand, up to 2017, when that ceased; correct?

MR JALLAND: Crown's shareholding in Melco Resorts ceased in May 2017, correct.

45

COMMISSIONER: So the relationship between Crown, Melco, or Lawrence, as you understood it, ceased in June 2017?

MR JALLAND: That's correct.

COMMISSIONER: So there was a two-year gap, wasn't there?

5 MR JALLAND: Correct.

COMMISSIONER: And so what I'm asking you is, and what you are being pressed by Mr Bell about, was when you – if you, if you had read it in this environment – this new environment two years later – and seen that his family members may have had
10 either a direct or indirect interest in Melco – the Melco entity – you would have been on notice that there was a risk that Stanley, as a family member, may have had an interest. Would you not accept that that is a proposition with which you can agree?

MR JALLAND: Commissioner, I – I have difficulty with that. And I'm happy to
15 explain - - -

COMMISSIONER: Yes, please.

MR JALLAND: - - - if you'd like me to.
20

COMMISSIONER: Yes, please explain.

MR JALLAND: Lawrence had spent the better part of a decade – 12 years, when our relationship ceased – expressing that his business interests were separate from his
25 father. He had built a fabulously successful group. He competed with his father's businesses. He had been accepted by regulators in Pennsylvania and Nevada, and in New South Wales, Queensland, Victoria and Western Australia and, having built one of the most successful gaming companies in the world that had been assessed by those regulators, I – I don't think there's any real prospect that he would have, at that
30 stage, decided to involve his father.

COMMISSIONER: Yes. But that's – that's all very well. And I can understand why you might have been in a position where you understood and believed Lawrence that his father had nothing to do with his business over the years, but this is a
35 different – this is a different situation. You're being asked that, as a Crown director, if you had looked at that, putting to one side your wonderful history that you have just recorded, a person who is a Crown director or even a person who is a director, would look at that and say, well, if the family members are included there, it could – hopefully not – but it could include Stanley. Now, that proposition is logical, isn't
40 it?

MR JALLAND: The proposition, as a hypothetical, is logical. As a practical reality, I think there was a negligible chance at that – in that window of 2017 to
45 2019, of Lawrence introducing his father into the business.

COMMISSIONER: And so just putting all of that to one side, if you possibly can, and looking at the document, you would say that a director looking at that document

and knowing that Lawrence's father was Stanley, and seeing the reference to the family members, it is logical, is it not, to include a family member being a father of a son? Would you agree with that?

5 MR JALLAND: As a general proposition, yes, Commissioner. In these factual circumstances, remote, that he would have introduced his father into the business, in my view.

10 COMMISSIONER: But that's a different proposition, you see. What I'm asking you about is the document and the logical assessment of the document, if you see a family member referred to, as night follows day, it could be a father, couldn't it, or a mother. Would you agree with that?

15 MR JALLAND: It could be, yes.

COMMISSIONER: All right.

MR JALLAND: I – I agree, Commissioner.

20 COMMISSIONER: Yes, Mr Bell.

MR BELL: And you knew that this document would have been approved by Lawrence; correct?

25 MR JALLAND: I – I don't know that, Mr Bell.

MR BELL: Well, you knew he was the chairman of Melco International, didn't you?

30 MR JALLAND: At that point, I'm not certain who the chair – if I knew who the chairman of Melco International was.

MR BELL: Well, you knew that Lawrence was a director of Melco International?

35 MR JALLAND: Yes, that's correct.

MR BELL: And this was a proposed released by Melco International?

40 MR JALLAND: That's correct.

MR BELL: The logic of it would be that you'd assume that Lawrence had approved this document, wouldn't it?

45 MR JALLAND: You're asking me to assume, Mr Bell. I just – I just don't know. And I can't assume.

MR BELL: Well, I'm asking you to assume – if you'd looked at this carefully, that's correct. But if you had looked at it carefully, knowing it was a proposed released by Melco International, as an experienced lawyer, the conclusion you would have drawn is that Lawrence had given his approval to this document; correct?

5

MR JALLAND: I – I don't know if I can – if I can assume that. I don't know the workings of Melco International. And he may well have, but I just – I can't state that I can assume that.

10 COMMISSIONER: Well, just, you know that this happens every day in a courtroom: witnesses are asked to assume things. So, just for the moment, if you would assume that Lawrence approved this. I know you don't accept it, but assume that Lawrence had approved it.

15 MR JALLAND: Yes, I will, Commissioner. Thank you.

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

20 MR BELL: So if you assumed that Lawrence approved this document, that means that Lawrence was, himself, was stating that his family members had an interest in Great Respect; correct?

MR JALLAND: That's correct.

25 MR BELL: And one of those family members, as a matter of logic, included Dr Stanley Ho; correct?

MR JALLAND: That's correct.

30 MR BELL: So if you assumed that Lawrence had approved this document, it was Lawrence himself putting you on notice that other family members had an interest in the trust including Dr Stanley Ho; correct?

COMMISSIONER: Well, putting the reader on notice.

35

MR HUTLEY: I object. I object. That doesn't - - -

COMMISSIONER: Yes.

40 MR HUTLEY: I object.

COMMISSIONER: Just pause, Mr Hutley. I've amended the question. Yes.

45 MR BELL: Let me start again, Mr Jalland. If you assumed that Lawrence had given his approval to this document, then it would follow, would it not, that the reader would conclude that Lawrence, himself, was a stakeholder and that other family members had an interest in this trust?

MR JALLAND: That's correct.

MR BELL: Yes. And one of those family members, logically, could be Dr Ho; correct?

5

MR JALLAND: As a matter of - - -

MR HUTLEY: I object.

10 COMMISSIONER: Yes. As a matter of logic, I think that has already been the evidence, Mr Bell.

MR BELL: All right. And you've told us that you didn't read this document at the time; is that right?

15

MR JALLAND: That's correct.

MR BELL: Now - - -

20 COMMISSIONER: There's a bit of an echo. Please, operator, if you see if you can get rid of that I'd be grateful. Thank you.

MR BELL: Mr Jalland, could I ask you to look at exhibit CH20, please. That's CRL.501.025.6932.

25

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

MR BELL: Do you have that, Mr Jalland?

30 MR JALLAND: Yes, I do. Thank you.

MR BELL: Do you see that it is the ASX and media announcement which you and your colleagues on the board of Crown Resorts authorised for publication on 31 July 2019?

35

MR JALLAND: That's correct.

40 MR BELL: Now, prior to that announcement, were you aware that up to October 2016, that Crown Resorts and its subsidiaries had no business licence or permission from the Chinese government to conduct any business activities in China?

MR JALLAND: No, I wasn't aware.

45 MR BELL: And prior to that announcement, were you aware that up to October 2016 it was possible for operators of foreign integrated Resorts to obtain a representative licence from the Chinese authorities to conduct an office to market their hotel and resort facilities?

MR JALLAND: No, I wasn't aware.

MR BELL: And were you aware, prior to that announcement, that in the period up
5 to October 2016, that Chinese business law advice obtained by Crown Resorts was
interpreted to mean that the staff in China would be complying with the business
laws of China, if they conducted business activities there without any business
licence as long as they didn't establish an office?

MR JALLAND: No, I wasn't aware of that.
10

MR BELL: Could I ask you to look at exhibit CH13.

MR JALLAND: One-three, Mr Bell?

MR BELL: Yes.
15

MR JALLAND: Thank you.

MR BELL: It's CRL.506.007.8870. If I could ask you to turn to page .8872. This
20 was the board paper in relation to the media allegations which you considered prior
to you agreeing to publish the board's response; is that correct?

MR JALLAND: That's correct.

MR BELL: And if I could ask you to look at page .8882, do you see that in the first
25 bullet point under paragraph 3, you were told that Crown made a conscious decision
not to open offices in mainland China?

MR JALLAND: Yes, I see that.
30

MR BELL: And you were also told in the next bullet point that Crown was aware
that other casino operators did have dedicated offices in China; do you see that?

MR JALLAND: Yes, I see that.
35

MR BELL: So you understood, prior to agreeing to publish the board's response,
that Crown Resorts was operating in a different manner to other casinos who did
have dedicated offices in China?

MR JALLAND: Apologies, Mr Bell, could you please repeat that question?
40

MR BELL: Yes, I'm just asking if you agree that by reason of what you were told
in those two bullet points that you understood, prior to agreeing to publish the
board's response, that Crown Resorts was operating in a different manner to other
45 casinos' operators who did have dedicated offices in China?

MR JALLAND: Yes, that is correct.

MR BELL: And were you informed prior to the announcement authorised by the board, that in the period from August 2015 to October 2016 that Crown Resorts was operating an office in Guangzhou without any signage which was leased in the name of two employees who were then reimbursed for the rental?

5

MR JALLAND: No, I wasn't aware.

MR BELL: Were you informed, prior to the announcement on 31 July, that this office contained gifts, computers and customer information and was used to process visa applications for VIP gamblers from all over China?

10

MR JALLAND: No, I wasn't aware.

MR BELL: And were you informed prior to the announcement that there had been a previous unofficial office used in Guangzhou without any signage from at least 2012 to August 2015?

15

MR JALLAND: No, I wasn't aware.

MR BELL: Were you informed that this previous unofficial office was run from premises which were not legally registered in a semi-residential building which a Crown Resorts executive described at the time as being subject to random checks by authorities and posing many risks?

20

MR JALLAND: No, I wasn't aware of that.

25

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

30

MR JALLAND: No, I wasn't aware of his evidence.

MR BELL: Do you agree that if this conduct by Crown Resorts management did occur, it was contrary to a core principle of Crown Resorts that all of its business affairs be conducted ethically and with strict observance of the highest standards of integrity?

35

MR JALLAND: Yes, I agree, Mr Bell.

40

MR BELL: And this unofficial office in Guangzhou that was used from at least 2012 to 2015, according to the evidence, was known to at least Mr O'Connor, Mr Theiler and Mr Chen and two internal Crown Melbourne lawyers, Jan Williamson and Debra Tegoni were informed about its operation and the risks which posed in emails in June 2012. Does that indicate to you - - -

45

MR YOUNG: Just a moment. Commissioner, I would object. There's a timing issue.

COMMISSIONER: Yes At least 2012 to 2015.

5

MR YOUNG: The timing concerns when it is that the individuals are said to have known of the matter.

COMMISSIONER: I see. Yes.

10

MR YOUNG: The evidence is they became aware of that matter in most cases very much later and at different times from one individual to the other.

COMMISSIONER: Yes.

15

MR BELL: I think I'm right in saying that the evidence is that Mr O'Connor gave evidence specifically that he was aware of these, and there's an email which is exhibit R26, which shows that this information was conveyed to Mr O'Connor, Mr Theiler, Mr Chen and the two internal Melbourne lawyers in June 2012 and it was that date of 2012 which I had been attempting to stress in the question. But for the benefit of Mr Young it's exhibit R26 that I had in mind.

20

COMMISSIONER: Mr Young, it's exhibit R26 and it's in June 2012 that this information is conveyed to the people identified in the question. Are there any further matters that you wanted to put?

25

MR YOUNG: Not at the moment, Commissioner.

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

30

MR BELL: I will rephrase the question.

COMMISSIONER: Yes, thank you.

MR BELL: So according to the evidence, there's an email in June 2012 which has become exhibit R26 in this Inquiry which indicates that the unofficial office in Guangzhou which was said to be subject to random checks by authorities and posed many risks was sent to Mr O'Connor, Mr Theiler, Mr Chen, and two internal Crown lawyers – Jan Williamson and Debra Tegoni, and my question is whether that indicates to you that there may have been ethical flaws in the culture of Crown Resorts at the time.

40

MR JALLAND: I don't know if I can accept that that's indicative of ethical flaws in the culture of Crown. Certainly, it is indicative of a problem and an issue in the circumstances you've outlined, absolutely. But I don't know if I could go so far as to say an ethical problem reflecting of a cultural problem.

45

MR BELL: All right. Now, could I ask you to look at exhibit CH13, CRL.506.007 – maybe the document is still in front of you.

COMMISSIONER: It is.

5

MR BELL: Exhibit CH13.

MR JALLAND: Yes.

10 MR BELL: If you could turn to page .8881.

MR JALLAND: Yes, I have it, Mr Bell.

15 MR BELL: Did you see that the second last bullet point under paragraph 2 at the bottom of the page.

COMMISSIONER: Could you give us the page again.

MR BELL: Sorry, it's .8881.

20

COMMISSIONER: Yes. Thank you.

25 MR BELL: The second last bullet point at the bottom of the page, Mr Jalland, do you see that it says that:

Legal and risk advices were obtained by management regarding its activities in China?

30 MR BELL: Do you see that?

MR JALLAND: Yes, I see that. Yes, I do.

35 MR BELL: If I could take you back to exhibit CH20, which is the media ASX release, CRL.501.025.6932.

MR JALLAND: Yes, I have that.

40 MR BELL: In the right-hand column in about the middle of the page, you and your colleagues have written:

Also, at all relevant times Crown obtained legal and government relations advice from reputable independent specialists. The fact that staff were nevertheless detained and convicted is not an indication that the advice was wrong or disregarded.

45

And so on. Do you see that?

MR JALLAND: Yes, I see that.

MR BELL: Do you agree that the implication of what you have written is that Crown relied upon the legal advice which it obtained at the time?

5

MR JALLAND: Mr Bell, I'm presuming that the legal advice being referred to here was in relation to article 303.

MR BELL: Yes. I'm making the same assumption and I'm just asking whether the implication of what you have written is that Crown relied upon the legal advice which it obtained at the time, in relation to article 303.

10

MR JALLAND: Yes, I agree with that.

MR BELL: Yes. And is it also the implication that it relied upon the advice from external lawyers in relation to the risks that were being posed?

15

MR JALLAND: I don't see reference to the risks, but - - -

MR BELL: All right.

20

MR JALLAND: - - - and that's why I'm hesitating.

MR BELL: All right. But did you ask to see any of the advices yourself which you were told had been obtained by management so that you could read and check them for yourself as an experienced lawyer?

25

MR JALLAND: No, I didn't.

MR BELL: All right. Did you seek any assurances from management prior to approving the announcement on 31 July 2019 that Crown Resorts had in fact relied upon all the legal advices which it had obtained from the external Chinese lawyers prior to the arrests?

30

MR JALLAND: It was my understanding that Crown's activities weren't in breach of article 303 and that the legal advice supported that.

35

MR BELL: Right. But did you seek any assurances from management prior to approving the announcement that Crown had in fact relied upon all of the external legal advices which it had obtained from the Chinese lawyers prior to the arrests.

40

MR JALLAND: Not specifically from management at that board meeting, no.

MR BELL: Okay. Were you informed prior to authorising the announcement that none of the members of the board of Crown Resorts in the period up to October 2016 had ever read any of these legal advices?

45

MR JALLAND: My hesitation is if we're referring to the WilmerHale legal advices, that's correct.

5 MR BELL: Yes, I was referring to WilmerHale. And were you informed prior to authorising the announcement that none of the members of the board of Crown Resorts in the period up to October 2016 had ever read any of the WilmerHale advices?

10 MR JALLAND: Sorry, your voice drops out at the end of the feed but I think I agree with the question.

15 MR BELL: Okay. And were you informed prior to authorising the announcement, that after the Crown Resorts staff were arrested in China in October 2016, that the internal lawyers of Crown Resorts realised that they didn't have a significant number of the legal and government relations advices which had been provided to VIP international executives?

MR JALLAND: No, I wasn't aware of that.

20 MR BELL: Were you informed that after the arrests, the internal lawyers of Crown Resorts had to request copies of all of the advices from WilmerHale and from the Mintz Group to find out what advice had been given?

25 MR JALLAND: No, I wasn't aware of that.

MR BELL: Can I ask you to look at look at exhibit at M for Mike 15; CRL.545.001.0128. All parties.

30 MR JALLAND: Yes, I have that, Mr Bell.

MR BELL: Now, do you see there's an email from Mr Chen dated 24 February 2015 at the bottom of that page going over to the next page on 0129, to the external lawyer in Beijing, Mr Zhou, in which he says:

35 *The climate has gotten –*

this is 24 February 2015 –

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

45 I take it that you weren't informed prior to the announcement on 31 July that Crown Resorts management had sought advice in these terms from the lawyer in Beijing?

MR JALLAND: That's correct.

MR BELL: Is this the first time you have seen this advice now or this request for advice?

MR JALLAND: Yes, it is.

5

MR BELL: And do you see that the lawyers' response back on page .0128, is that:

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

15 Now, I take it that you were not informed prior to approving the announcement that Crown Resorts management had obtained advice in these terms from the lawyer in Beijing?

MR JALLAND: That's correct.

20

MR BELL: And you are aware, I take it, that Crown Resorts didn't ever take up an option of taking the China-based staff out of China and having them work in another location such as Hong Kong prior to the arrests?

25 MR JALLAND: That's correct.

MR BELL: And were you informed prior to authorising the announcement on 31 July that Crown Resorts management had not sought confirmation from Crown Resorts internal lawyers about the soundness of the opinions which were expressed

30 in the advices from the external lawyers?

MR JALLAND: No, I wasn't aware.

MR BELL: Were you informed prior to authorising the announcement that Crown Resorts management had not sought confirmation from Crown Resorts' internal lawyers about the soundness of the factual assumptions which the external lawyers were making in the advices which had been given?

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MR JALLAND: No, I wasn't aware.

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MR BELL: And were you informed prior to authorising the announcement that Crown Resorts management were relying upon internal VIP international executives who were not lawyers to interpret the legal advice about the Chinese criminal law?

45 MR JALLAND: No, I wasn't aware.

MR BELL: And were you informed prior to authorising the announcement that Crown Resorts management did not ever seek any assurances from VIP international executives that the factual assumptions which the external lawyers were making were accurate?

5

MR JALLAND: No, I wasn't aware of that.

MR BELL: Do you agree that if what I have just put to you is correct, it indicates that the management by Crown Resorts of the legal advices being received about the Chinese criminal law prior to the arrests in China was inadequate from a risk management perspective?

10

MR JALLAND: I don't know whether the advice was inadequate, but I think the matters you have outlined show that there were gaps in the procedures.

15

MR BELL: Yes. My question was really – I'm really focusing on the risk management issue here, Mr Jalland, and what I'm asking is whether you agree that if what I have put to you is correct, it indicates that the management by Crown Resorts of the legal advices being received was inadequate from a risk management perspective, in your opinion?

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MR YOUNG: Yes. Yes, I agree.

MR BELL: Now, were you aware, prior to approving the announcement on the 31st of July by the Crown Resorts board, that the allegations made in the media in relation to the China arrests were not only that Crown Resorts knew that its employees in China were breaking Chinese gambling laws, but also that Crown Resorts failed to heed warning signs from the Chinese Government that its employees were at risk and, thereby, so it was alleged, disregarded their safety?

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MR JALLAND: Yes. I believe I knew that.

MR BELL: Was it explained to you prior to approving the announcement that, according to the evidence given to this inquiry, at least, it was widely understood by Crown Resorts management prior to the China arrests that there was a potential for arbitrary action by the Chinese authorities?

35

MR JALLAND: I wasn't aware – I wasn't aware of that.

MR BELL: And was it explained to you prior to approving the announcement that it was widely understood by Crown Resorts management, prior to the China arrests, that China was a country where the law could be enforced inconsistently?

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MR JALLAND: I wasn't aware that that was the view of management.

45

MR BELL: All right. And if I could ask you to look again at exhibit CH13, CRL.506.007.8870.

MR JALLAND: Yes, I have it.

MR BELL: Confidential list, please, operator. Do you see, if I could take you to page .8881. Do you see in the last bullet point it says that:

5

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

10 MR JALLAND: Yes, I see that.

MR BELL: And is it the case that you'd only had cause to consider the legal position in relation to the China arrests after the arrests occurred?

15 MR JALLAND: That's correct.

MR BELL: And you understand now that the issue turns on article 303 of the Chinese Criminal Law?

20 MR JALLAND: That's correct.

MR BELL: And you understand that, unlike Australian criminal laws which are written with detailed sections and sub-sections and definitions, article 303 of the Chinese Criminal Law is expressed quite broadly?

25

MR JALLAND: I don't know – I don't know that.

MR BELL: All right. Well, I think, in your statement to the Inquiry – and perhaps I should take you to it. It's exhibit CH1, at paragraph 99, which is on page – I'm sorry. CH1, for the record, it's WIT.CPH.004.0001. And if you could turn to page .0014, please.

30

MR JALLAND: Yes, I have it.

MR BELL: You see that your understanding now is, is it, that the substantive English translation of article 303 is that it is an offence for a person to organise gambling parties for group gambling or gather a crowd to gamble and for that person to derive personal profit or receive a commission or kickback for doing so; is that right?

40

MR JALLAND: Yes, that's – that's part of what I understood article 303 to incorporate.

MR BELL: All right. Well, is it the case that you understand, now, that the issue of legality under Chinese law turns on two precise questions of interpretation: the first being whether the staff in China were organising a total of more than 10 Chinese citizens to travel to Crown Resorts or venues to gamble on one single occasion; or

45

whether the number of 10 citizens could be accumulated over a number of occasions?

MR JALLAND: That's correct.

5

MR BELL: And – well - - -

MR JALLAND: And the second limb as well. Yes.

10 MR BELL: We will come to the second leg in a moment, but just in terms of this first leg, your current understanding is it would be legal for the staff in China to organise more than 10 citizens to travel on gambling tours if the number of 10 was calculated, for example, over two separate occasions, but that it would be illegal for the staff in China to organise more than 10 citizens to gamble on one single tour?

15

MR JALLAND: That was my understanding. Yes.

MR BELL: Yes. And your understanding of the second question of interpretation of article 303 is that it would be legal for the staff in China to receive a commission from Crown Resorts based on the amount of the gamblers' turnover, but it would be illegal for the staff in China to receive a commission from the gambler directly?

20

MR JALLAND: I think – I think that's correct. Yes.

25 MR BELL: And, as an experienced lawyer, would you agree that these are two precise issues of interpretation?

MR JALLAND: Yes, I agree.

30 MR BELL: And would you agree, from the point of view of risk management, that there was an element of risk in management in the period up to October 2016 relying on these precise issues of interpretation, having regard to their view about the potential for arbitrary action and inconsistent enforcement of the law by the Chinese authorities?

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MR JALLAND: Yes. I agree there's a risk.

MR BELL: And do you agree that that emphasised the importance of the board of Crown Resorts being kept fully informed of all factors which escalated the risk to the safety of the staff?

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MR JALLAND: Yes. I agree with that.

MR BELL: Now, could I ask you to look at exhibit AA185. I think it's confidential link CRL.569.001.0011.

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MR JALLAND: Yes, I have that.

MR BELL: Do you see it's an email from Mr Geoff Dixon to Ms Manos and Mr Alexander of the 10th of July 2019, informing them, or informing Ms Manos, at least, about what occurred at an in-camera meeting of the board?

5 MR JALLAND: Yes, I see that.

MR BELL: And does it accord with your recollection that at an in camera meeting of the board in June 2019, board members expressed concern that it appeared that some executives of Crown Resorts had not fully conveyed to the relevant board committees or the full board the relevant risk of the Crown operating in China?

MR JALLAND: There was concern expressed that things had hadn't been escalated. I don't know if it was expressed in terms of the word "risk" being used, but the general proposition was that directors were concerned that matters hadn't been escalated.

MR BELL: Yes. And if I could ask you to look at exhibit M for Mike, 30. CRL.545.001.0611. Mr Jalland, this is an email from Mr Chen to Mr Felstead on the 26th of March 2013. And if I could direct your attention to the last paragraph on that page where Mr Chen says:

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

And my question, Mr Jalland, is do you agree that it's a serious matter for a staff of a listed Australian company to be expressing fears for their safety in performing the work that they've been requested to undertake?

30 MR JALLAND: Yes, I agree.

MR BELL: And do you agree that the fact that the staff in China were expressing fears for their safety was a matter which, of itself, should have been drawn to the attention of the board of Crown Resorts at the time?

MR JALLAND: Yes. Yes, I agree.

MR BELL: And do you agree that the failure to draw this matter to the attention of the full board of Crown Resorts demonstrates a failure in the risk management processes of Crown Resorts at the time?

MR JALLAND: Yes, I agree.

45 MR BELL: And were you aware, prior to the board's ASX media announcement on the 31st of July, that, in February 2015, the Chinese authorities had announced a crackdown on foreign casinos recruiting Chinese citizens to gamble overseas?

MR JALLAND: No, I wasn't aware.

MR BELL: All right. And such a crackdown would be an obvious escalation to the safety of the staff in China; do you agree?

5

MR JALLAND: Apologies, Mr Bell. At the time of the announcement, yes, I had heard of the announcement of the crackdowns by – by that stage, yes, but not at the time of the detentions.

10 MR BELL: No. You weren't aware of it prior to the arrests in China, I take it?

MR JALLAND: Correct. I wasn't aware of it.

15 MR BELL: No, no. So you'd agree, would you, that such a crackdown would be an obvious escalation of risk to the safety of the staff in China?

MR JALLAND: It – it depends what the crackdown was about and – and I'm not certain the crackdown related to what our staff were doing.

20 MR BELL: All right. Well, perhaps I should take you to – I know you didn't see them, but, for the purposes of my question, can I take you to an example of the media announcements at the time about the crackdown. It's exhibit M. Exhibit M131 is a good example. That's INQ.100.001.0003. Exhibit M for Mike 131. Do you have that, Mr Jalland?

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MR JALLAND: Yes, I do.

MR BELL: And you see it's a Reuters article published on the 6th of February 2015 and it says:

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Beijing. China will fight attempts by foreign casinos to lure its citizens abroad, a senior police official said on Friday which, could deal a blow to the gaming firms in Macau and Asian countries that rely on ... punters for most of their revenue. China, among the world's most prolific gamblers, often travel to the Chinese territory of Macau, South Korea, the Philippines or Australia, as gambling is illegal in mainland China except for heavily regulated state-sanctioned lotteries.

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40 And then a deputy bureau chief at the Ministry of Public Security was quoted as saying:

Some foreign countries see our nation as an enormous market, and we have investigated a series of cases.

45 And then turning to the next page, point 004, the official added:

A fair number of neighbouring countries have casinos, and they have set up offices in China to attract and drum up interest from Chinese citizens to go abroad and gamble. This will be an area that we will crack down on.

5 So, if you saw an announcement like that at the time, and you believed that there was the potential for arbitrary action and inconsistent enforcement of the law in China, do you agree that would be an obvious escalation of risk to the safety of staff in China?

10 MR JALLAND: My – my hesitation is I would first get advice on – on what people thought this meant.

MR BELL: Yes.

15 MR JALLAND: But, yes, clearly, there's an escalation of risk, but I would want to get advice as to exactly what this was aimed at.

20 MR BELL: No doubt, as an experienced lawyer, you, I suggest, do two things: you would want to get some good advice; and, secondly, you regard it as an escalation of risk which needed to be carefully taken into account. Is that a fair way of putting it?

MR JALLAND: Yes, that's – that's fair.

25 MR BELL: And are you aware that Mr Felstead and Mr O'Connor have given evidence to this Inquiry that they were aware of this announcement?

MR JALLAND: No. I'm not aware of that evidence.

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

MR JALLAND: No. I'm not aware he gave that evidence.

35 MR BELL: And are you aware that, of the three members of the risk management committee of the board of Crown Resorts in the period up to October 2016, that, first, the chairman, Mr Dixon has made a statement that he was not aware in the period up to October 2016 of any reports of an announcement to the effect that foreign casinos would be targeted as part of the Chinese Government crackdown?
40

MR JALLAND: I'm not aware of the contents of – of his statement.

MR BELL: All right. And are you - - -

45 MR JALLAND: But I accept – if you're saying it's - - -

MR BELL: All right.

MR JALLAND: - - - in there, I accept that.

MR BELL: All right. And are you aware that a second – I withdraw that. Are you aware that a second member of the risk management committee at the time, Ms
5 Danziger has given evidence to this Inquiry that she was not aware that the Chinese authorities had announced a crackdown on foreign casinos?

MR JALLAND: I wasn't aware she had given that evidence. No.

10 MR BELL: And are you aware that the third member of the risk management committee at the time, Mr Craigie, has stated in this evidence to this inquiry that he doesn't recall if he became aware of that announcement, but that if he had been informed of the crackdown, would have – would have led to a discussion about the risks in China, and he does not recall any discussion?

15 MR JALLAND: I'm not aware he gave that evidence.

MR BELL: Assuming that what I have put to you is correct, do you agree that the failure to ensure that this escalation in risk was drawn to the attention of the risk
20 management committee of the board at the time demonstrates a failure in the risk management processes of Crown Resorts at the time?

MR JALLAND: Yes, I agree.

25 MR BELL: Were you aware in July '19, when you approved the announcement, that one of the allegations raised by the media at the time, in relation to the China arrests, was that Crown Resorts instructed staff to falsely claim to the Chinese authorities that they were not working for Crown Resorts in China, but were working in other locations?

30 MR JALLAND: Apologies, Mr Bell, could you please repeat the question? I

MR BELL: So my question is about your awareness in July - - -

35 COMMISSIONER: If you could just go a little more slowly, please.

MR JALLAND: Yes.

40 MR BELL: - - - July 2019, were you aware that one of the media allegations in July 2019 was that Crown Resorts had instructed staff to falsely claim to the Chinese authorities that they were not working for Crown Resorts in China, but were working in other locations?

45 MR JALLAND: I don't recall being aware of – of that allegation.

MR BELL: But if such an allegation was made, you would understand it to amount to an allegation of an ethical failure by Crown Resorts management?

MR JALLAND: I agree with that.

MR BELL: So I take it that you were not informed, prior to the board approving its announcement to the stock exchange on the 31st of July, that one of the responses of the VIP international executives to the announced crackdown on foreign casinos in February 2015, was to tell the staff in China that Crown Resorts was applying for Hong Kong and Singapore work permits for all the China-based staff without foreign passports so that they could say that they worked out of an overseas location and were on business travel to China?

MR YOUNG: I object, Commissioner.

COMMISSIONER: Yes, Mr Young.

MR YOUNG: That proposition overstates the evidence.

MR BELL: Well, perhaps, in fairness, what I should do is take Mr Jalland to Mr Chen's email.

COMMISSIONER: Yes, of course.

MR BELL: Which is exhibit M for Mike 139.

MR JALLAND: Yes. I have it, Mr Bell.

MR BELL: So for the record, that's CRL.545.001.0025. And so this is Mr Chen's email to VIP international officers, and the evidence is that that included all of the China-based staff. And he says that – you see he says, in the second – perhaps the third paragraph:

Just as we departed our all hands meeting a number of articles came out this past weekend regarding the Chinese Government seeking to crack down on Chinese gambling abroad. It's still unclear what this does actually mean for us

etcetera. Do you see that?

MR JALLAND: Yes, I do.

MR BELL: And do you see that he says in the next paragraph:

Let me share with you what we are doing.

And at paragraph 2 he says:

We will be applying for Hong Kong/Singapore work permits for all our China staff that does not currently hold a foreign passport. This is purely a

precautionary measure that will allow you to say that you work out of an overseas location and on are business travel to China.

Do you see that?

5

MR JALLAND: Yes, I do.

MR BELL: And do you agree that this proposal could only be construed as an attempt to deceive the Chinese authorities in relation to the work status of the China-based staff?

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MR JALLAND: If implemented, yes, I agree.

MR BELL: Yes. And do you agree that this proposal was inconsistent with Crown Resorts core principle that all of its business affairs be conducted ethically and with strict observance of the highest standards of integrity?

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MR JALLAND: I agree in principle, Mr Bell. My hesitation is I don't know if it went past being a proposal being actually implemented because if it was actually implemented, I think it's much more serious than, if you like, a stupid idea.

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MR BELL: All right. But my question was focusing on the proposal and whether the proposal was inconsistent with acting ethically and with integrity.

MR JALLAND: Yes, but more with respect to the author of – or the person who came up with that idea, rather than corporately.

25

MR BELL: Yes. So the extent to which it might reflect an ethical failure will depend upon the number of VIP international executives who had joined in the proposal; would that be a fair way of putting it?

30

MR JALLAND: Or if it was implemented.

MR BELL: Yes.

35

COMMISSIONER: When you said it was stupid, I presume you meant it was stupid from a number of perspectives, including the prospect that their staff would be put at further risk for lying; do you agree with that?

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

40

COMMISSIONER: And why did you use the word "stupid"?

MR JALLAND: I think to propose this as an idea is ridiculous.

45

COMMISSIONER: And so, you see, the problems that you have identified or Mr Bell has identified with you, I have been informed that Mr Felstead didn't tell the

board these things and he, effectively, has said that it was his fault, you see, that he should have elevated or escalated these things to the board. But that can't be the only problem within the confines of the structure. This seems to be a situation that, for the company, you would want to have someone in place that you could trust implicitly that wouldn't come up with these, what you have called stupid and ridiculous ideas, wouldn't you?

MR JALLAND: Yes, I agree with that.

10 COMMISSIONER: So apart from it being not escalated, you need to look back, presumably, to see how on earth it got to this, to try to create or put together a structure that will prevent this in the future, I presume.

MR JALLAND: Yes, I agree in part.

15 COMMISSIONER: Yes. What is the part that you don't agree with?

MR JALLAND: Trying to look back five or six years to try and identify errors, it can be difficult sometimes because a lot of the facts and data have been lost. But that's the only difficulty I identify with – with looking back to – to correct the way forward.

20 COMMISSIONER: Yes, I was advised – I withdraw that. I was informed by one of your officers that when review was taking place, there was no step to be taken to look back and I think probably for that reason, I'm not sure, but surely you can only learn from historical mistakes to ensure that they're not going to happen in the future.

MR JALLAND: I agree with that proposition, yes.

30 COMMISSIONER: Yes, Mr Bell.

MR BELL: And Mr Jalland, were you informed prior to approving the board's announcement to the Stock Exchange in July 2019, that in July 2015 that a Crown Resorts employee in China had been questioned by the Chinese police about whether he was organising gambling tours?

MR JALLAND: No, I wasn't aware of that, Mr Bell.

40 MR BELL: Or that the Chinese police had requested a letter from Crown Resorts in relation to the matter?

MR JALLAND: No, I wasn't aware of that.

45 MR BELL: I take it, therefore, you were not informed that this event occurred only a few weeks after the arrest of 14 South Korean casino employees in China?

MR JALLAND: No, I wasn't aware of that.

MR BELL: Were you informed at the time of the media announcement that at the time of the arrest of the South Koreans, Mr Robert Rankin, who was about to become the new chairman of Crown Resorts, had stated that Crown Resorts needed to be on high alert for the risk of similar regulatory action against its staff in China?

5

MR JALLAND: No, I wasn't aware of that.

MR BELL: Would you agree that the questioning of a staff member in China about whether he was organising gambling tours by the Chinese police and the requirement by the Chinese police for a letter from Crown Resorts occurring only a few weeks after the South Korean arrests was an escalation to the risk to the safety of the staff in China?

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MR JALLAND: On the assumption that what you have laid out was the evidence, I agree with you.

15

MR BELL: All right. And were you aware that with the exception of Mr Michael Johnston who was informed by Mr Felstead of these events in an email, it appears that no other members of the board of Crown Resorts were made aware of these matters prior to the arrests in China in October 2016?

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COMMISSIONER: Well, just pause there for a moment. Have you included in that the Korean arrests?

MR BELL: That's what I meant to include.

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COMMISSIONER: There is evidence that there was discussion about that with the board members so I must reject that question.

MR BELL: Yes. My apologies.

30

COMMISSIONER: That's all right.

MR BELL: Can I ask a more precise question, Mr Jalland. Were you aware that, with the exception of Mr Michael Johnston who was informed by Mr Felstead of the questioning of the staff in Wuhan and the requirement by the Chinese police of a letter, it appears that no other members of the board of Crown Resorts were made aware of those matters?

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MR JALLAND: My hesitation is I'm not certain of what other board members individually were aware and not aware of. But if that's the evidence that has been provided, I was not aware of that.

40

MR BELL: Yes. If you would make that assumption.

45

MR JALLAND: On that assumption, I wasn't aware of that, yes.

MR BELL: And if that's the case, do you agree that it demonstrates a failure in the risk management processes of Crown Resorts at the time that needs to be addressed?

MR JALLAND: I agree.

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MR BELL: Now, could I turn to another topic. You attended the Crown Resorts annual general meeting on the 23rd of October 2019.

MR JALLAND: Sorry, Mr Bell, I lost the last half of the audio.

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MR BELL: I'm just asking if it's correct that you attended the 2019 AGM of Crown Resorts in October 2019?

MR JALLAND: Yes, I did.

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MR BELL: All right. And if I could ask you to look at exhibit AA218 which is INQ.010.006.0312.

MR JALLAND: Excuse me, Mr Bell, which tab please?

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MR BELL: Tab 218 in exhibit AA.

MR JALLAND: Yes, I have that.

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MR BELL: This is a transcript of the AGM and if I could ask you to turn to page 8 of the transcript, which is page .0319. If you look at the bottom of the page, do you see there is a question from a shareholder, and I will just read out the question and the answer:

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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're communicating with Mr Packer? He's just a shareholder; he's a big one but he's just a shareholder. So what is – and this is one for the independent director, so is he getting access to company documents, is he getting selectively briefed. Can he ring up or ask for a briefing on the scandal? So 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.

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If you turn to the next page .0320, Mr Barton responded, and he says:

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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. You will 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

5 *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. And that has 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.*

10 So it's clear, isn't it, that Mr Barton is referring only to the services agreement with CPH and has failed to mention the controlling shareholder protocol which is the arrangement under which Mr Packer was provided with information personally?

MR JALLAND: That's correct.

15 MR BELL: Was it clear to you at the time of the meeting that Mr Barton hadn't answered the question correctly?

MR JALLAND: I don't recall at the time of the meeting thinking that. The answer sort of ducks the question a bit more than, you know, in that he talks of CPH and he fails to talk of Mr Packer, so he sort of ducked the question rather than – is my impression of the answer.

20 MR BELL: Yes.

MR JALLAND: And at the time - - -

25 MR BELL: Did that occur to you at the time that he ducked the question?

MR JALLAND: No. At the time, I thought he had given a fair bit of information about the flow of information from Crown to CPH. It didn't resonate with me at the time that – that – that it was incomplete.

30 MR BELL: It didn't occur to you at the time that someone should pipe up and say that Mr Packer is getting very regular briefings about the financial situation which Mr Barton is providing him by email?

35 MR JALLAND: Look, I think it is implicit in the reply, Mr Packer is part of CPH that he's getting a lot of information. I – I think shareholders know that and – but I take your point. The answer was incomplete.

40 MR BELL: All right. Can I ask you about another topic now, then. Do you recall that the share sale agreement with Melco Resorts was varied on or about 28 August 2019 to defer completion of the second tranche?

MR JALLAND: Yes, I do, Mr Bell.

45 MR BELL: And do you recall that the amendment made the obligations of the parties concerning the second tranche of shares conditional on there being no finding from the Inquiry which would or could reasonably be expected to restrict completion

of the second tranche and the buyer receiving written notice of suitability to be associated with the management of the casino from the Independent Liquor and Gaming Authority and certain other gaming regulators?

5 MR JALLAND: Yes, I recall that.

MR BELL: And do you recall that the amendment provided that the parties could terminate the sale agreement if those conditions were not satisfied or waived before 31 May 2020 or at either party's election before 30 November 2020?

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MR JALLAND: Yes, I recall that.

MR BELL: If I could ask you to look at exhibit AA238.

15 MR JALLAND: Yes, I have that.

MR BELL: Yes, and for the record that is INQ.100.011.0493. Do you see that this exhibit attaches the agreement terminating the share sale agreement?

20 MR JALLAND: Yes, I see that.

MR BELL: And it's dated 6 February 2020?

MR JALLAND: Yes, I see that.

25

MR BELL: So by that date no event had occurred which gave rise to a right for either party to terminate the share sale agreement in accordance with the terms of the variation dated 28 August 2019; would you agree?

30 MR JALLAND: That's correct.

MR BELL: And at 6 February 2020, the closing price of Crown Resorts shares was \$11.61, which meant that by agreeing to terminate at that time, CPH Crown Holdings gave up a contractual right which on a mark to market basis was worth over \$90 million having regard to the contract price. Do you know why CPH Crown Holdings agreed to terminate at this time?

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MR JALLAND: My understanding, Mr Bell, was that Mr Packer and Mr Ho had a conversation and Mr Ho indicated that he no longer wished to go forward with the acquisition of the second tranche and Mr Packer agreed to – to not enforce it.

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COMMISSIONER: Is that it? That's the reason?

MR JALLAND: Yes.

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COMMISSIONER: That's the reason that you were given?

MR JALLAND: That's as I understood it, yes.

MR BELL: Were you aware of any urgency about terminating the agreement at that time?

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MR JALLAND: I was – I was aware that it had been agreed to be terminated. So once that had been decided, we went on about documenting it.

MR BELL: And did your understanding derive from conversations with Mr Packer?

10

MR JALLAND: Yes, I believe so. I'm just - - -

COMMISSIONER: Sorry, you go ahead, Mr Jalland. I'm sorry.

15

MR JALLAND: I'm just trying to turn my mind as to whether there any emails but there was a discussion, yes.

COMMISSIONER: The agreement that has been provided to the Inquiry, I think, is dated, as you see or we've been told, 6 February 2020.

20

MR JALLAND: Yes.

COMMISSIONER: Do you have a recollection of how long before the agreement was executed as to when you became aware; so 6 February, did you become aware in January or some earlier time or - - -

25

MR JALLAND: No, I think, Commissioner, I think it may only have been a matter of a day before execution of the agreement.

30

COMMISSIONER: Yes, I see. Yes, thank you, Mr Jalland.

MR BELL: Commissioner, I have no further questions.

COMMISSIONER: All right, then. I will take a short adjournment, Mr Jalland, and have a short break. And Ms Sharp will then ask you some questions. I will just take a short break.

35

MR JALLAND: Thank you.

40

COMMISSIONER: Thank you.

ADJOURNED

[2.24 pm]

45

RESUMED

[2.28 pm]

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

MS SHARP: Good morning – good afternoon, Commissioner.

5 COMMISSIONER: I think it's good morning to Mr Jalland. Yes. Mr Jalland, are you ready to proceed now? I think you are on mute. Can you hear us now, Mr Jalland?

10 MR JALLAND: Yes, I can hear you. Can you hear me?

COMMISSIONER: Yes, thank you, Mr Jalland, we can.

MR JALLAND: Thank you.

15 COMMISSIONER: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP

[2.29 pm]

20

MS SHARP: Mr Jalland, as a director of Crown Resorts, do you agree that it is important that casino licensees ensure they only have business associations with persons of good repute?

25 MR JALLAND: Yes, I agree.

MS SHARP: Has this been a matter of which you have been conscious the whole time you have been a director of Crown Resorts?

30 MR JALLAND: Yes, that's correct, Ms Sharp.

MS SHARP: Has this been a matter at the front of your mind at all times while you have been a director of Crown Resorts?

35 MR JALLAND: It's one of a number of matters at the front of my mind but it's a very important one.

40 MS SHARP: Are you aware that one of the key objectives in the New South Wales Casino Control Act is to ensure that the management and operation of a casino remain free from criminal influence and exploitation?

MR JALLAND: Yes, I'm aware.

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

MR JALLAND: I don't know if they're vulnerable but it's – it's – the infiltration by organised crime is something to be prevented.

MS SHARP: Because it is a risk for casinos?

5

MR JALLAND: Yes, I agree.

MS SHARP: Now, you refer at a number of points in your statement to the VCGLRs Sixth Review report. May we take it that you have read that report?

10

MR JALLAND: In – in part, not in full.

MS SHARP: You've read the part relating to money laundering?

15

MR JALLAND: Yes, I have.

MS SHARP: Can I just take you to that report, please, Mr Jalland. It's exhibit J1. This can be brought up on the live stream. It's CRL.508.001.8052.

20

MR JALLAND: Yes, I have that, Ms Sharp.

MS SHARP: Thank you, Mr Jalland. Could I take you please to page 133 of that report, which is pinpoint 8188.

25

MR JALLAND: Apologies, I'm having to do this by swiping the screen.

MS SHARP: Take your time, please.

MR JALLAND: Page 133, Ms Sharp?

30

MS SHARP: That is so.

MR JALLAND: Thank you, I have it now.

35

MS SHARP: And that's the page headed Money Laundering?

MR JALLAND: Yes, I'm just going forward three pages.

MS SHARP: Yes, and do I take it that this is - - -

40

MR JALLAND: Yes, I have it.

MS SHARP: And this is the part of the Sixth Review report that you read at the time?

45

MR JALLAND: Yes, this the part of the – I've read this recently, not at the time.

MS SHARP: Sorry, when was the first time you read this?

MR JALLAND: I would say a month ago.

5 MS SHARP: Can I take you to the next page, which is page 134, pinpoint 8189.

MR JALLAND: Yes, I have that.

10 MS SHARP: And I will just have that brought up on the screen. It's pinpoint 8189.
Do you see at the bottom on the right-hand side of the page there's a heading
Junkets?

MR JALLAND: Yes, I do.

15 MS SHARP: And it's stated there that:

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

20

Now, do you accept the accuracy of that proposition?

MR JALLAND: Yes, I do.

25 MS SHARP: And you will see there's a reference at the bottom of that page to a
report by Mr Horton in 2016 and a reference to that report noting that:

...the Australian Federal Police had advised that junkets present –

30 and then over the page –

...an opportunity for the introduction of tainted funds at various entry points.

MR JALLAND: Yes, I see that.

35

MS SHARP: Now, is that a proposition with which you agree?

MR JALLAND: As a general proposition, yes.

40 MS SHARP: And then the next paragraph, at pinpoint 8190, states:

*Junkets operations in Australian casinos are vulnerable to exploitation by
organised crime to launder money to facilitate the concealment of criminal
wealth. Junket operations of also vulnerable to persons seeking to circumvent
other countries' capital flight restrictions.*

45

Now, do you agree with those propositions, Mr Jalland?

MR JALLAND: Yes, I do, Ms Sharp.

MS SHARP: And Mr Jalland, at all times while you have been a director of Crown Resorts, have you been aware of those matters – those propositions that I’ve just
5 taken you to?

MR JALLAND: Yes, I have been.

MS SHARP: And are each of those matters, matters that you have actively
10 considered in your dealings with, or on behalf of, Crown Resorts?

MR JALLAND: Yes, to the best of my ability, yes.

MS SHARP: Mr Jalland, could I show you another document, please. This one is
15 exhibit M109. This is confidential so I will need to bring it up on the confidential screen. It’s CRL.527.001.1826.

MR JALLAND: Yes, I have it.

MS SHARP: Now, I’m not suggesting that you saw this document at the time, but I
20 would like your views on the accuracy of one part of it which, if I can take you to pinpoint 1832, and do you see there’s a heading, Other Key Stakeholders With Active Involvement or Interest in VIP.

MR JALLAND: Yes, I see that.

MS SHARP: And I should just ask you this: while you’ve only been a director of
Crown Resorts since April 2018, it is correct, isn’t it, that you have sat in on very
30 many meetings of the board before your appointment as a director to that board?

MR JALLAND: I agree with the general proposition; “very many” is probably
overstating it. I think it averaged over a period, roughly half – half of the meetings.

MS SHARP: Now, in relation to this chart we see here as to other key stakeholders
35 with active involvement or interest in VIP, you will see that Michael Johnston is identified as one of those key stakeholders. Based on your knowledge of Crown Resorts, both before and once you became a director, do you agree that he was a key stakeholder with active involvement or interest in VIP?

MR JALLAND: On aspects of it, yes.

MS SHARP: You’re suggesting a limitation there, are you?

MR JALLAND: Yes, I am.

MS SHARP: And what is that limitation?
45

MR JALLAND: From my observation, Mr Johnston would be involved or asked to be involved to address certain issues. But his involvement, you know, was limited, as I understood it, to certain specific tasks or requests to be involved.

5 MS SHARP: Do you agree that he played a role in setting the strategy of the VIP international business?

MR JALLAND: I'm not aware of that, Ms Sharp, no.

10 MS SHARP: Really?

MR JALLAND: Correct.

MS SHARP: Have you ever met Mr Alvin Chau?

15

MR JALLAND: No, I haven't, Ms Sharp.

MS SHARP: You know who he is?

20 MR JALLAND: Yes, I do.

MS SHARP: I understand you haven't met him, but have you ever participated in any negotiations with him or his representatives?

25 MR JALLAND: No, I haven't.

MS SHARP: You've had awareness for some years, have you, that Alvin Chau has been one of Crown's largest junket operators?

30 MR JALLAND: My hesitation is "for some years". For a few years, yes, I've been aware – I'm thinking probably back to 2016 or '17.

MS SHARP: Given that you are a lawyer, may I ask you, have you reviewed the AML/CTF Act in the past?

35

MR JALLAND: No, I haven't.

MS SHARP: Are you familiar with the concept of reporting entities for the purposes of that Act?

40

MR JALLAND: No, I'm not, apart from – apart from what – the themes that have come out through this Inquiry, but prior that, I haven't.

MS SHARP: Do you understand that it is reporting entities as defined by the Act who are required to lodge various reports with AUSTRAC?

45

MR JALLAND: I can accept that, yes.

MS SHARP: As a director of Crown Resorts, are you familiar with the kinds of reports that Crown Resorts needs to lodge with AUSTRAC?

5 MR JALLAND: I'm aware of, of the categories of the reports that get filed. But in terms of the actual physical documents or physical data, I'm not aware of that. But I'm aware of the categories of reports that get filed.

10 MS SHARP: So on that basis, are you aware that the categories of reports include suspicious matter reports?

MR JALLAND: Yes, I am aware.

15 MS SHARP: And international funds transfer reports which are commonly referred to as IFTIs?

MR JALLAND: Yes, I'm aware.

MS SHARP: And threshold transaction reports?

20 MR JALLAND: Yes, I'm aware.

MS SHARP: And annual compliance reports?

25 MR JALLAND: The annual compliance report, I wasn't aware of that as a specific report but the other three I was.

MS SHARP: What steps have you taken to familiarise yourself with the means by which money can be laundered in casinos?

30 MR JALLAND: I've – I've been through the Crown training program. And I've read, as we went through before, the Sixth Review with respect to the money laundering matters and I've been acquainted through briefings from management as well as the internal report provided on 30 July.

35 MS SHARP: And are you aware that one indicia of money laundering may be the deposit of very large sums of cash?

MR JALLAND: Yes. Yes, I am. I am aware.

40 MS SHARP: And have you had that awareness at all times since you have been a director of Crown Resorts?

MR JALLAND: Yes, I have.

45 MS SHARP: You mentioned you had received some training from Crown Resorts. When did you receive that?

MR JALLAND: I was made aware at one of the recent board meetings that there was an online training program. I attempted to do it and froze it, so I asked recently for one of the legal team to send me the program in PDF form and I did that about a week ago.

5

MS SHARP: Is there some reason why you didn't undertake that training at the time you became a director of Crown Resorts?

MR JALLAND: I wasn't aware it was available then.

10

MS SHARP: And you've only recently been made aware that it is available to you as a director?

MR JALLAND: I think in the last – in the last couple of months, I think, Ms Sharp, at one of the board meetings and then there were some follow-up emails.

15

MS SHARP: Can I take you to your second statement, Mr Jalland, to paragraph 103. I'm sorry, I'm not aware whether there was a confidentiality claim over this. Apparently, there is a confidentiality claim over this document. Could I just take you to paragraph 103 and could I have this up on the confidential link. It's WIT.CPH.004.0001 at pinpoint 0015.

20

MR JALLAND: Yes, I have that.

MS SHARP: And you have a copy of your statement, Mr Jalland?

25

MR JALLAND: Yes, I do.

MS SHARP: One thing you refer to at paragraph 103 is on 1 May 2018, requesting information from general counsel, Ms Mary Manos, about the compliance structures including the composition of the AML team.

30

MR JALLAND: Yes, that's correct.

MS SHARP: Why did you request that information at that time?

35

MR JALLAND: I wanted to know who was in the team and how that AML team fitted into the compliance structure.

MS SHARP: And why did you want to know that, at that point in time?

40

MR JALLAND: AML was an important matter to me.

MS SHARP: Were there any particular concerns you had about AML at that time?

45

MR JALLAND: No. I just wanted to – having recently been appointed to the board, I wanted to educate myself.

MS SHARP: And were you made aware at that time that Mr Joshua Preston was the AML/CTF compliance officer for both Crown Melbourne and Crown Perth?

MR JALLAND: I believe so, yes.

5

MS SHARP: Can I then take you to paragraph 104 of your statement, and you say that you were aware of a meeting between Crown Resorts' representatives and AUSTRAC in May 2018 and you exchanged emails with Josh Preston about it at the time. Can you tell us what that meeting was about?

10

MR JALLAND: To the best of my recollection, Ms Sharp, Mr Preston was updating that a meeting had been held with AUSTRAC and I think it had been to finalise with them that the recommendations they'd requested from a review in 2017 had been implemented. To the best of my knowledge that was what was conveyed in that – in

15

MS SHARP: And why were you taking a role in liaising with Josh Preston about that at the time?

20

MR JALLAND: Again, to the best of my recollection, I was copied in on it. And so I didn't take an active role and I think I just replied to him, you know, "Well done, this looks" I can't remember exactly my reply but I think it was to the effect of "Well done, this looks positive."

25

MS SHARP: So were you copied in on the correspondence that was passing between Mr Preston and AUSTRAC at that time?

30

MR JALLAND: No. No. It was, I think, a memo from Mr Preston to – again, I couldn't be certain, maybe Mr Alexander, which had been forwarded on by Mr Alexander. Although I can't be certain on that.

MS SHARP: And why were you, as a director, involved in corresponding with Mr Preston about that at the time?

35

MR JALLAND: My reply back to him was simply one of encouragement to an executive to – to keep doing things well. So I wasn't buying into the issues. I had noted them, and I was simply sending him a note of encouragement.

40

MS SHARP: Are you aware that one of the issues that was being dealt with was AUSTRAC's concerns about Crown Resorts' dealings with Suncity?

MR JALLAND: I think that's the case, although I can't be certain. But I think you may be right. There may have been reference in the note to that.

45

MS SHARP: And when you are referring to the note, what note are you referring to, Mr Jalland?

MR HUTLEY: Before Mr Jalland speaks, one does – is starting to get here to a difficult area, Madam Commissioner.

5 COMMISSIONER: Yes. We are using euphemisms, I know, Mr Hutley, but I have enormous difficulty understanding the sensitivity of this but - - -

MR HUTLEY: It's no more a sensitivity than the fact that it may be a criminal offence.

10 COMMISSIONER: Well, if it's a criminal offence, it would have to be under section 123, I presume. Yes?

MR HUTLEY: Quite. The problem is – and there's a 109 problem concerning the position of the Commission and whether the witness - - -
15

COMMISSIONER: I've looked at that. We've looked at that, Mr Hutley. We're not asking questions to either trigger the 109 problem or deal with exposure of – for Crown or Mr Jalland. I think what we're dealing with is a communication that's been exposed in Mr Jalland's evidence and, if it's sensitive, then it can be dealt with sensitively. But I think the last question was, really:
20

And when you are referring to the note, what note are you referring to?

If the answer to that question is something that's not in Mr Jalland's statement, that's
25 one thing, but I think he's saying that the note referred to something. It looks like it's a note from Mr Preston to the directors. If that's not so, you can tell me.

MR HUTLEY: Thank you.

30 COMMISSIONER: Yes.

MS SHARP: Mr Jalland, what is the note you were referring to?

MR JALLAND: Ms Sharp, I should have been more precise. It's the memo that I
35 thought was from Mr Preston to Mr Alexander that I referred to before. But, again, I'm not – couldn't be certain that it's to him. But there was a memorandum that he had sent that got forwarded on.

COMMISSIONER: Yes.
40

MS SHARP: Now, at this time, you were liaising with Mr Preston in relation to AUSTRAC. Were you aware that Suncity was one of Crown's largest junket operators?

45 COMMISSIONER: For Mr Chau or Suncity?

MS SHARP: I beg your pardon - - -

COMMISSIONER: So that's - - -

MS SHARP: - - - Mr Alvin Chau.

5 COMMISSIONER: Just wait. Now, that question is rejected.

MS SHARP: Yes.

10 COMMISSIONER: The next question is now going to be asked, Mr Jalland.

MS SHARP: Were – well, I'll start this way: are you aware that Alvin Chau was the junket operator, but it's common within Crown to refer to the relevant junket as being the Suncity junket?

15 MR JALLAND: I am aware of that now. Yes.

MS SHARP: Were you aware of that when you were dealing with Mr Preston in May of 2018?

20 MR JALLAND: My hesitation is, I think, at the time, I thought Suncity was a corporate organisation rather than personalised to Mr Chau.

MS SHARP: So, at the time, was your understanding that Suncity was a junket operator at Crown?
25

MR JALLAND: Yes, that's correct.

MS SHARP: And did you understand, at the time, that Suncity was one of Crown's largest junket operators?
30

MR JALLAND: Yes, I did.

MS SHARP: And that is in the sense of bringing in a large amount of revenue to Crown? Well, I withdraw that – a large amount of turnover into Crown?
35

MR JALLAND: That's correct.

MS SHARP: And you were aware at that time, were you, that Suncity operated a special Suncity branded room at Crown Melbourne?
40

MR JALLAND: Yes, I was.

MS SHARP: At that time, did you have any concerns, at all, that AUSTRACs inquiries might have caused Crown to need to cease dealing with Suncity?
45

MR JALLAND: No, I hadn't – I hadn't formed that view.

MS SHARP: Can I take you, please, to – well, I withdraw that. Are you aware – were you aware, as a result of your dealings with Mr Preston in May of 2018, that AUSTRAC had encouraged Crown Melbourne to submit suspicious matter reports when it observed unusually large cash transactions being processed at a cash desk in the Suncity room?
5

MR JALLAND: Ms Sharp, if I could just qualify on the premise. The premise is I was having dealings with Mr Preston on this topic. I simply replied to him on an email chain that I referred to in very short, encouraging terms. I wasn't liaising with him on these matters.
10

MS SHARP: Are you aware, as a result of the communications to which you were a party, that one of the matters that AUSTRAC had raised with Crown Melbourne was encouraging it to submit a suspicious matter report when it observed unusually large cash transactions being processed over the cash desk in the Suncity room?
15

MR JALLAND: I wasn't aware of that.

MS SHARP: Can I show you a letter which Mr Preston wrote to Crown – I beg your pardon, Mr Preston wrote to AUSTRAC on the 25th of May 2018. This is not a confidential document. It's exhibit BE89. And I will call it up on the live feed. CRL.609.007.8721.
20

MR JALLAND: Yes, I have it, Ms Sharp.
25

MS SHARP: And can I refer you to the first paragraph of that letter, where Mr Preston refers to a meeting having taken place on the 18th of May 2018, where the operation of the Chau Cheok Wa (Alvin junket) at Crown Melbourne was discussed?

MR JALLAND: I see that reference.
30

MS SHARP: Now, did you know, as at May 2018, that Mr Preston had met with AUSTRAC about the Alvin Chau or, that is, the Suncity junket?

MR JALLAND: Not that I recall, Ms Sharp. It may be referred to in the note that I've referenced, but not that I recall now.
35

MS SHARP: That note that you have referenced, is that a note that you would be able to locate and provide to this Inquiry?
40

MR JALLAND: Yes, I should be able to. Yes.

MS SHARP: And could you see – do you see on the first page, there's a heading Suncity. And Mr Preston advises as to what Crown's due diligence on the Suncity junket had disclosed?
45

MR JALLAND: Yes, I see that.

MS SHARP: And you see, on the second page, at pinpoint 8722, it's stated that:

Crown Melbourne had identified potential money laundering risks in respect of the Alvin Chau Suncity junket activity in pit 86.

5

MR JALLAND: Yes, I see that.

MS SHARP: Now, were you aware of that at the time, that is, in May 2018?

10 MR JALLAND: No, I don't believe so.

MS SHARP: Can I take you, please, to pinpoint 8725. Do you see item 10? And what is happening here is Mr Preston is providing an answer to a question. And he says that:

15

Crown advised Suncity staff on 17 April 2018 that its note counting machine must be removed, as all cash transactions other than petty cash must be conducted at Crown's cage.

20 MR JALLAND: Yes, I see that.

MS SHARP: Now, is that a matter in respect of which Mr Preston or Mr Alexander made you aware at the time?

25 MR JALLAND: I don't believe so.

MS SHARP: And can I take your attention, please, to item 13, where Mr Preston reports that on the – I beg your pardon, the 17th of April 2018:

30 *Crown had met with Suncity representatives to advise that all customer cash transactions under that junket must be done at the cage and not at the desk.*

MR JALLAND: Yes, I see that.

35 MS SHARP: And:

No more than \$100,000 may be held at the administration desk in pit 86.

40 MR JALLAND: Yes, I see that.

MS SHARP: Were you made aware, at this time, by Mr Preston, Mr Alexander or anyone else at Crown, that there were large amounts of cash being deposited at the cash desk in the Suncity room?

45 MR JALLAND: No, I wasn't aware.

MS SHARP: If I could just take you over the page, that's pinpoint 8726, you will see, at the top of that page, Mr Preston reports that:

5 *Two separate audits of cash in pit 86 were conducted by Crown staff on 20 April 2018 and 5 May 2018.*

MR JALLAND: Yes, I see that.

10 MS SHARP: And the audit, on 20 April 2018, confirmed that:

\$5.6 million in cash was located in pit 86.

15 You can take it from me that that's the Suncity room. Were you made aware of that by anyone as at May 2018?

MR JALLAND: No, I wasn't.

20 MS SHARP: Tell me, if you had been made aware at that time that \$5.6 million in cash had been located in the dedicated Suncity room, would that have caused you any concern?

MR JALLAND: Yes, it would have.

25 MS SHARP: And is that because it would alert you to a risk of money laundering occurring in that room?

MR JALLAND: More so that it – it – it doesn't comply with what I understood the procedures to be.

30 MS SHARP: And that is because Crown had issued a direction to Suncity to cease dealing in cash other than through the cage, but it appears that Suncity had ignored that direction; is that right?

35 MR JALLAND: That's correct.

MS SHARP: And would it concern you to know that subsequent directions were made to Suncity in relation to its dealings with cash, and these were also ignored by the Suncity representatives?

40 MR JALLAND: Yes, that would concern me.

MS SHARP: And is the reason that would concern you because it would alert you to the prospect of money laundering occurring in that room?

45 MR JALLAND: No, it would more be that they've been told how our processes are to work and they're ignoring them; that would be my greater concern, that our processes are being ignored.

MS SHARP: Because that – is it right that you consider that wouldn't reflect well on the integrity of those operating Suncity if they ignored Crown's directions?

MR JALLAND: That – that's a fair comment.

5

MS SHARP: Do you agree that large amounts of cash deposits – and I'm talking in the hundreds of thousands of dollars – being made at the cash desk in the Suncity room is a red flag for the prospect of money laundering?

10 MR JALLAND: Yes, I would agree with that.

MS SHARP: This information about large cash deposits taking place in the Suncity dedicated room, is that a matter that has ever been brought to your attention as a director of Crown Resorts or in any other capacity?

15

MR JALLAND: Only through this process.

MS SHARP: You mean the Inquiry process?

20 MR JALLAND: That's correct.

MS SHARP: Does it raise in your mind a concern that money laundering may very well have occurred in the Suncity room at Crown Melbourne?

25 MR JALLAND: That's a possibility, but I – I don't know how – how to quantify it.

MS SHARP: Are you aware that Suncity was not a reporting entity for the purposes of the AML Act and, therefore, was under no obligation to report these transactions to AUSTRAC?

30

MR JALLAND: I wasn't aware of that.

MS SHARP: Are you aware that, until 2017 – well, I withdraw that. Are you aware that, at all relevant times while Suncity had a dedicated room, Crown was not a reporting entity in relation to transactions that occurred at the cash desk in the Suncity room?

35

MR JALLAND: Ms Sharp, could I please ask if you could repeat the question?

40 MS SHARP: Yes, certainly. Are you aware that, at all times during the period while Suncity operated a dedicated room at Crown Melbourne, Crown Resorts was not a reporting entity in relation to transactions that occurred at the cash desk in the Suncity room?

45 MR JALLAND: If I understand the question correctly, that cash being put across the table in the Suncity room wasn't subject to Crown's AML across the cage, I wasn't aware of that.

MS SHARP: And may I then take it that you weren't aware that AUSTRAC, in 2017, encouraged Crown Resorts to report suspicious matters occurring at that cash desk notwithstanding that Crown Melbourne was not a reporting entity in relation to the cash desk?

5

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

MS SHARP: Now, it's right, isn't it, that the reason why there is no longer a Suncity room at Crown Melbourne is because Suncity terminated that arrangement in August of 2019?

10

MR JALLAND: That's correct.

MS SHARP: In relation to your - - -

15

COMMISSIONER: Pardon me. That was a dedicated room, for that just to be its exclusive use room?

MR JALLAND: That's correct.

20

COMMISSIONER: You did understand that it moved around the corner or upstairs or somewhere and had access to a room, though, didn't you?

MR JALLAND: No, I wasn't aware of that, Commissioner.

25

COMMISSIONER: So nobody told you that Suncity was still operating within Crown Melbourne, but in a different venue, sharing a room with someone else?

MR JALLAND: As I understood it, Suncity had become a casual junket at Crown Melbourne. I wasn't aware that they still had a private room.

30

COMMISSIONER: So they still had access to a room, albeit that it wasn't exclusive; you didn't understand that?

MR JALLAND: I didn't know that.

35

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

MS SHARP: Just one last question: in relation to the note you received from Mr Alexander that you've referred to, did you make any of your other Crown Resorts directors aware of the contents of that note at around that time in May 2018?

40

MR JALLAND: No, I didn't.

MS SHARP: Now, it's right, isn't it, that you were the company secretary for Riverbank Investments Proprietary Limited from November 2005 to December 2007?

45

MR JALLAND: Yes. Apparently, yes.

MS SHARP: When you say “apparently”, what are you meaning to convey there?

5 MR JALLAND: Until this – until preparation for my statement, I wasn’t aware of that and it has been drawn to my attention. I hadn’t recalled it.

MS SHARP: But don’t you have certain legal obligations if you’re the company secretary of a company?

10

MR JALLAND: Yes, the point I’m making is it was, you know, more than a decade ago and so I had forgotten it.

15 MS SHARP: Are you able to assist us with understanding what the purpose of that company was?

MR JALLAND: Not at the time, no.

MS SHARP: Do you know what the purpose of the company is now, or was?

20

MR JALLAND: Or the purpose of the company was, yes.

MS SHARP: And what was that?

25 MR JALLAND: To receive money from patrons and to disburse money back to patrons.

MS SHARP: Does it concern you in any way that the patron accounts weren’t operated directly in the name of Crown Melbourne or Crown Perth?

30

MR JALLAND: Not – not particularly. I know of the concerns of others and I respect them, but – but I have a different view, but I respect the views of others on this.

35 MS SHARP: What are the views of others that you’re referring to?

MR JALLAND: That others think inclusion of the name Investments is not transparent and – and I respect that. I – I have a different view but all of that, if you like, is academic, and the accounts have been closed.

40

MS SHARP: Given that casinos have a particular vulnerability to money laundering, do you think it’s best for a casino operator to err on the side of caution where there might be a concern about the lack of transparency with financial dealings?

45

MR JALLAND: If the presumption there is that the name of those accounts increases the vulnerability, I understand the view, but I respectfully don't agree with it. But - - -

5 MS SHARP: Can I take you, please, to paragraph 119 of your second statement, Mr Jalland. It's - I don't need to bring it up on screen.

MR JALLAND: Yes, I have that, Ms Sharp.

10 MS SHARP: Thank you. Now, at paragraph 119, you say that you became aware of a statement made by a Crown spokesperson in relation to Riverbank and Southbank on 31 July 2019.

MR JALLAND: Yes, I see that.

15

MS SHARP: You also say that you were not involved in the production of that response.

MR JALLAND: That's correct.

20

MS SHARP: Are you trying to distance yourself from that response?

MR JALLAND: No, Ms Sharp. I was simply just stating the fact.

25 MS SHARP: Could I show you a statement just to ascertain whether this is the one that you're referring to. This is exhibit BB28. No claim for confidentiality is made. It's CRL.579.008.9935. Has that appeared for you now, Mr Jalland?

MR JALLAND: Yes, I have it, thank you.

30

MS SHARP: This, you can take from me, is a log of dealings with the media that Crown Resorts has put together. What I wanted to do was take your particular attention to pinpoint 9952 and that should be page 18 of the document.

35 MR JALLAND: Just scrolling down to it now. Yes, I have that.

MS SHARP: And can you see that about halfway down the page, there's a date, 31 July 2019, and a reference to The Age and then in the middle column, what appears to be the recording of some media questions about the Riverbank and Southbank
40 accounts.

MR JALLAND: Yes, I see that.

45 MS SHARP: And do you see in the last column there's a time entry of 5.02 pm and a date of 31 July 2019.

MR JALLAND: Yes, I see that.

MS SHARP: And is this the statement you are referring to in your own statement at paragraph 119?

MR JALLAND: Yes, I believe so.

5

MS SHARP: Now, so far as this statement says:

Transactions through those accounts are subject to all of our usual reporting obligations including our obligations under AML/CTF legislation.

10

Is that correct?

MR JALLAND: As at that time I believe that to be the case.

15 MS SHARP: Well, I'm asking you is it correct as we stand here today?

MR JALLAND: I'm not aware that the transactions in those accounts aren't subject to AML and CTF reporting even though the accounts have been shut. As I understood it, they were subject to reporting even though there may have been no obligation because they weren't reporting entities. As I understand it today, they were – those transactions were reported.

20

MS SHARP: But insofar as it says that:

25 *The transactions through those accounts are subject to all of our usual reporting obligations –*

is that correct?

30 MR JALLAND: I am aware that an error has been detected and canvassed in the Inquiry. That – that would be the only caveat to all.

MS SHARP: Are you aware, though, that at all times, Riverbank Investments Proprietary Limited and Southbank Investments Proprietary Limited have not been reporting entities under the AML/CTF legislation and have had no obligation to report transactions occurring in those bank accounts?

35

MR JALLAND: I am aware of that through – through this Inquiry. But I'm also aware that notwithstanding those companies not being reporting entities, the transactions in their accounts were nevertheless subject to AML/CTF reporting. That is my understanding.

40

MS SHARP: Are you aware that Southbank Investments Proprietary Limited is not part of the designated business group of Crown Melbourne for the purpose of Crown Melbourne's AML compliance policy?

45

MR JALLAND: I am aware of that now, through this process, yes.

MS SHARP: And you're aware of the same with respect to Riverbank Investments and the Crown Perth AML compliance policy?

5 MR JALLAND: Apologies, Ms Sharp; my only hesitation is I'm not certain that the policies haven't been applied to those accounts. I accept that they're not – those accounts weren't part of the designated services that were legally under AML and CTF legislation, but my understanding was that for practical purposes, all of the transactions through those accounts were subject to Crown's overall AML/CTF reporting.

10 MS SHARP: Returning to paragraph 109 of your – I beg your pardon – 119 of your statement, Mr Jalland, why was it you came to be involved in a discussion about, or that alerted you to this statement on the 2nd of August 2018?

15 COMMISSIONER: 2019.

MS SHARP: 2019. I'm sorry.

20 MR JALLAND: To the best of my recollection, Ms Sharp, either questions or queries came in about those accounts. And I spoke to Mr Johnston to find out what the accounts were about.

MS SHARP: And are you able to tell us who was responsible for the preparation of the media statement that I've taken you to?

25 MR JALLAND: No, I'm not aware, Ms Sharp.

MS SHARP: Can I take you to a board paper dated 10 September 2020. This is a confidential document, so I'll have it brought up on the confidential screen, please. Exhibit CB6, Mr Jalland.

30

MR JALLAND: It is.

MS SHARP: I'll have it brought up on the screen for you, on the confidential link, CRL.695.001.0004.

35

MR JALLAND: Yes, I have it on the confidential screen.

MS SHARP: Thank you. Now, you attended the board meeting at which this paper was discussed?

40

MR JALLAND: Yes, by telephone.

MS SHARP: And had you read this board paper before that meeting?

45

MR JALLAND: Yes, I had.

MS SHARP: Had you studied it reasonably carefully before the board meeting?

MR JALLAND: I read it. I read it. I wouldn't say I – I studied it.

5 MS SHARP: Is it right that there was a page turn of this document at the meeting?

MR JALLAND: Yes. I think that's – I think that's a fair summary.

10 MS SHARP: And if I could take you, please, to appendix A, which appears at pinpoint 0018, just before page 16, if that helps you, Mr Jalland. Did you understand that, in this appendix, Mr Barton was setting out his own observations on the ILGA Inquiry to date?

15 MR JALLAND: Yes, I took them as his observations. Yes.

MS SHARP: And if I could just take you over to page 16, which is pinpoint 0019, do you see there's a heading midway down AML General Issues?

20 MR JALLAND: Yes, I see that.

MS SHARP: And do you see there's a dot point:

Capability; the AML team has been under-resourced and lacking in qualified AML executives.

25 Now, is that an observation with which you agree in your capacity as a director?

MR JALLAND: No, I hadn't – I hadn't made that observation, Ms Sharp. No.

30 MS SHARP: Is it something you agree with now it's been brought to your attention?

35 MR JALLAND: This – this is Mr Barton's opinion. I would need to do some – make some more inquiries before I would necessarily agree with that opinion.

MS SHARP: So, as a director of Crown Resorts, you're not in a position today to tell this inquiry whether you agree with that observation?

40 MR JALLAND: Ms Sharp, what I am able to tell the Inquiry is that we are dedicating significant resources in the area of AML, and it has intense focus. What I'm not able to say is – is agree with Mr Barton's observation that – that those resources we're dedicating are under-resourced. I will need to see the numbers. But my general feeling is we're dedicating significant resources to – to the area.

45 COMMISSIONER: Do you mean you're going to dedicate further resources to the area?

MR JALLAND: Yes. I think we will be, yes.

COMMISSIONER: Yes. And so if the board has resolved to dedicate further resources, I suppose the corollary of that may be that it might have been under-
5 resourced or resources weren't allocated efficiently.

MR JALLAND: You're correct, Commissioner, those are the two possibilities.

COMMISSIONER: Yes.
10

MS SHARP: But you do understand that one of the allegations made in the various media reports from July last year onwards was that Crown Resorts had turned a blind eye to money laundering?

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

MS SHARP: And that's an allegation that you disagree with?

MR JALLAND: Yes. I disagree with it.
20

MS SHARP: Isn't it important for you, in forming a view about that matter, to have a sense of whether or not your AML team was under-resourced and lacking in qualified AML executives?

25 MR JALLAND: Ms Sharp, as I said before, I don't accept that observation or contention. But that doesn't mean that we can't do more and do better and be smarter about it, which we are doing.

MS SHARP: Mr Jalland, this Inquiry received evidence from an AML expert back
30 in February, Ms Jessica Lin, who has experience of AML in the specific context of casino operations. And she told us 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 due diligence, but, on the other hand, the casino operators stand to make a lot of money from their VIP patrons. She said
35 that at page 236 of the transcript. Is that an observation that you agree with?

MR JALLAND: Ms Sharp, I haven't been following the hearings for the great part. I understand the concept of the tension that can exist, but, in my view, that tension needs to be broken.
40

MS SHARP: And she did tell us how that tension could be broken. What Ms Lin told us was that the way casino operators resolve the tension depends upon the culture of compliance within the organisation and strong leadership at the compliance and board levels. Do you agree with that proposition?
45

MR JALLAND: Yes. I think – I think I agree with that. Yes.

MS SHARP: Mr Aub Chapman, another anti-money laundering expert, also gave evidence to this Inquiry in February, and he told the Inquiry it was absolutely fundamental to have a culture of compliance with respect to anti-money laundering within an organisation. Is that an observation you agree with?

5

MR JALLAND: Yes, it is.

MS SHARP: And is that an observation you have agreed with for the entire time you have been a director of Crown Resorts?

10

MR JALLAND: Yes. I believe Crown Resorts has been focusing on this area, and, of course, doing more, as is evident over the last few years, but we will do even more again.

15 MS SHARP: Up until the point that this Inquiry commenced its hearings this year, in February, was it your view, as a director at Crown, that Crown Resorts did have a culture of compliance with anti-money laundering?

MR JALLAND: Yes. I believe so.

20

MS SHARP: Is that your considered view, Mr Jalland?

MR JALLAND: Yes, it is.

25 MS SHARP: That you express that view notwithstanding that you're not in a position to tell us whether the anti-money laundering team was under-resourced?

MR JALLAND: No. I don't believe – my starting point is I don't believe it was under-resourced. You pointed me to Mr Barton's observation and asked if I agreed with it. I will do more work to – in light of his observation, but it's not something that I felt was the case.

30

MS SHARP: Do you agree that a key position in engendering a culture of compliance with anti-money laundering is the anti-money laundering compliance officer?

35

MR JALLAND: Yes. Yes, I agree with that.

MS SHARP: And are you aware that Ms Tegoni was the anti-money laundering compliance officer at Crown Melbourne until early 2017?

40

MR JALLAND: I wasn't – I wasn't aware that she held that position. I wasn't aware.

45 MS SHARP: Well, apparently, neither was she, Mr Jalland. In fact, she told this Inquiry that she thought Scott Howell was the AML compliance officer. And then she also told this Inquiry that, whether or not she was the compliance officer was

neither here nor there. Does that concern you in terms of whether Crown Resorts had a culture of compliance with respect to anti-money laundering?

5 MR JALLAND: If that's a statement of – of Ms Tegoni's view in whatever time that was in 2017, that leaves a lot to be desired.

MS SHARP: And, just to be clear, to give you the opportunity to reflect on your last answer, that's the evidence she gave this inquiry a couple of weeks ago.

10 MR JALLAND: Yes. And she's referring to a point in time in 2017.

COMMISSIONER: But she was saying that it was neither here nor there. That's what she told me, she thought it was neither here nor there, and that was a couple of weeks ago. That's rather terrifying, isn't it?

15

MR JALLAND: I agree, that's not a very sensible thing to – to say.

MS SHARP: Now - - -

20 COMMISSIONER: You see, Mr Preston has eight hats, I think, at last count. Eight hats, and they're all very important hats. And he has been trying – he's been, from the point of view of what he's told me, he was running ragged to try and keep them on. And so that may not mean under-resourcing but it may mean you have resourced inappropriately. Would you agree with that?

25

MR JALLAND: I think that's a fair observation, yes, Commissioner.

COMMISSIONER: And one of his hats was not only the compliance officer for Crown Perth, but the compliance officer, after Ms Tegoni finished her role, albeit she probably wasn't aware of it in 2017, in he became the compliance officer across the board; you understand that?

30

MR JALLAND: Yes, I do.

35 COMMISSIONER: And so, in those circumstances, to burden the compliance officer with seven other, or six other obligations, and serious obligations to Crown, is just not acceptable, is it?

40 MR JALLAND: At that time – and I think, after that, Ms Lane was brought in – in a role and other work has been done since then.

COMMISSIONER: But this is when he gave his evidence.

45 MR JALLAND: But your observation, at that point in time, is correct.

COMMISSIONER: I see. This is when he gave his evidence in August this year; you understand that?

MR JALLAND: Okay. Yes, I thought Ms Lane – I don't know what point in time he was referring to, but I thought Ms Lane was appointed in two thousand – December 2017, I thought. Maybe it's after that.

5 COMMISSIONER: Ms Lane was previously with CPH, I understand; is that right?

MR JALLAND: That's – that's correct, CPH and PBL.

COMMISSIONER: Yes.

10

MR JALLAND: And then CMH, within the associates.

COMMISSIONER: Yes. And you have a very high opinion of her, I understand; is that right?

15

MR JALLAND: Yes, I do, but sadly she's no longer working for us.

COMMISSIONER: No, I see that. But in any event the observations about Mr Preston's burdens were observations resulting from what he told me in August 2020; you appreciate that?

20

MR JALLAND: Well, I hadn't been following the evidence, but I accept that.

COMMISSIONER: Yes, that's all right. Yes, Ms Sharp.

25

MS SHARP: While you haven't been closely following the evidence, you have been updated through your attendance at the board meetings about the general themes emerging from the evidence in this Inquiry, haven't you?

30

MR JALLAND: That's correct. Not just through the board meetings, you know; through my advisers, I've been aware of the themes, correct.

MS SHARP: So you have had some time now to reflect upon the general themes that you've been notified of?

35

MR JALLAND: Yes, I have. And it's a continuing – a continuing process.

MS SHARP: Now, as a director of Crown Resorts, do you accept that in the past, Crown Resorts has not been proactive in relation to anti-money laundering?

40

MR JALLAND: I don't know if I'm able to make that statement. I don't know if I can necessarily say that.

MS SHARP: Do you agree that in the past, Crown Resorts focus has been on reporting rather than on preventing money laundering taking place?

45

MR JALLAND: I agree that reporting has – has been – appears to have been a very high priority. I don't necessarily agree that – I forget the word you used, whether it's detecting or whatever.

5 COMMISSIONER: Preventing.

MR JALLAND: Preventing. I don't know if I can agree that there wasn't a preventing approach, but I agree there seems to have been focus on – on the compliance side.

10

MS SHARP: Mr Barton, the CEO of Crown Resorts, told this Inquiry at page 2761 of the transcript that:

15 *In the past Crown's focus was on reporting rather than on preventing money laundering, and this was a critical matter that needs to be considered immediately.*

Now, do you agree with that or not?

20 MR JALLAND: I – I don't agree with Mr Barton's assessment. But I – I do want to understand what he's saying.

MS SHARP: Well, haven't you taken the opportunity to understand Mr Barton's reflections in the board meetings where he has presented papers in August and
25 September and you've done page turns of those board papers?

MR JALLAND: Yes, but I suppose the simple point I'm making is where he's making observations and he's made a number of observations about his view of – of – of what's come out of the Inquiry, I will need to form my own view on those things
30 which I will do. But I'm not able to at the moment. But I will.

COMMISSIONER: If he is right – if he is right that in the past the company has, in fact, focused on reporting rather than preventing money laundering, you would agree it is a critical matter that needs consideration?
35

MR JALLAND: Yes, whether it's critical, I don't know how – in the scheme of things, how much is in the preventing in the reporting. But yes, more resources need to go into forensics to – I think to use a term that has been used here, to join the dots. You know, that work has to be done.
40

COMMISSIONER: Yes. You see, when I said to you a little earlier that it was terrifying, it's terrifying from the point of view of a director's obligations is what I intended to convey to you, that you need to have comfort that the AML compliance officer will be doing the tasks that are necessary to protect both the company and
45 ultimately the community from money laundering. You agree with that?

MR JALLAND: Absolutely.

COMMISSIONER: And so if Mr Barton has taken a considered view that that is the case, that there needs to be that focus on prevention within Crown as opposed to reporting – only reporting, then that would need consideration by the board, wouldn't it?

5

MR JALLAND: Yes, I agree with that.

COMMISSIONER: Yes. Yes, Ms Sharp.

10 MS SHARP: Can I take you, please, Mr Jalland, to paragraph 88 of your statement.

MR JALLAND: Yes, I have that, Ms Sharp.

15 MS SHARP: And you are there referring to a decision of the board on 10 August this year to suspend all junket activities, pending the completion of a comprehensive review of junket relationships. Do I understand, from this paragraph, that it was in fact you who suggested that all junket activities be suspended pending completion of a comprehensive review?

20 MR JALLAND: Yes, it was, Ms Sharp. But I think, if I hadn't said it there were probably a number of other directors that were going to suggest the same thing.

MS SHARP: Why did you suggest it?

25 MR JALLAND: I think we have an opportunity now, Ms Sharp, with the COVID lockdowns and travel restrictions, there is no junket activity occurring. We have the opportunity with observations that have been made about due diligence techniques, sources of information, work that can be done to ascertain financiers and the like in junkets. I would like a detailed review done of every junket that we do business
30 with.

MS SHARP: Was part of the reason why you suggested a suspension a concern that Crown had not done an adequate level of due diligence on its junket operators?

35 MR JALLAND: No, Ms Sharp. I just wanted to take this opportunity to do the work afresh in light of what we've heard at the Inquiry in terms of datasets, information sets, due diligence areas. I wanted the work done, again, not because I had any concerns, but I want to just take this opportunity to – to do it again and do it afresh.

40

MS SHARP: Would it surprise you to learn that Mr Barton told this Inquiry in evidence that Crown has not notified any of the junket operators that it has suspended arrangements with them?

45 MR JALLAND: That – that doesn't concern me that they haven't advised because I don't think any of the business is – any of that business is being conducted at the moment in any event, so whether junkets are aware of it or not doesn't trouble me.

MS SHARP: Well, doesn't failing to notify the junket operators that you have, in fact, suspended relationships with them make the suspension rather hollow?

5 MR JALLAND: I understand the point, Ms Sharp. I disagree. The more important thing than notifying them is us starting our work and doing that work. That's the more important thing to me. And, you know, that's what I want Mr Barton and his team to be doing.

10 MS SHARP: But do you agree it's not a real suspension?

MR JALLAND: No, no, I totally disagree, with respect.

15 MS SHARP: So your evidence is that it's a real suspension even though you haven't notified any of the people you've suspended?

MR JALLAND: Yes, it is and there's no need to notify them. It's not as if they're turning up to the front door at the moment. Melbourne is closed, and I don't think there's any international travel into Perth. But you know, if Ken – if Mr Barton feels that he needs to notify them or not notify them, that's a matter for him. I'm more concerned that he and his team do the review that we want done. And the suspension has been extended out to mid next year and so they have plenty of time to do what has to be done.

25 MS SHARP: And now do you accept that it is ultimately the board's responsibility to set guidance on the types of junket operators with which Crown Resorts should deal?

30 MR JALLAND: I don't know if I would go that far, but I think management should explain to the board their policies.

MS SHARP: Do you agree that a function reserved for the board is identifying areas of significant risk and ensuring arrangements are in place to adequately manage those risks?

35 MR JALLAND: Yes, I do.

MS SHARP: And you did tell Mr Bell yesterday that it was for the board to set the company's risk appetite.

40 MR JALLAND: That's correct.

MS SHARP: Are you able to tell us, prior to the media allegations in July of 2019, what the board's risk appetite with respect to junkets was?

45 MR JALLAND: No, I'm not able to tell you.

MS SHARP: Why is that?

MR JALLAND: Because I don't – I don't know the board's actual risk appetite on junkets in – in that policy. I'm not aware of it.

MS SHARP: But you were a member of the board.

5

MR JALLAND: That's correct.

MS SHARP: Does that indicate any oversight or shortcoming on your part?

10 MR JALLAND: Maybe on my part for not having educated myself on that part of the policy. But I'm sure other board members who are particularly involved in the risk committees and the like are across those issues.

15 MS SHARP: What is the board's present risk appetite with respect to junket operators?

MR JALLAND: I can express my view and that is I don't want Crown to do any business with bad people.

20 MS SHARP: Can I take you to a document, please, Mr Jalland. This one is exhibit W39. It's confidential so could I have it brought up on the confidential link please. It's DEL.001.001.1233. Now, this is a record of an interview that Deloitte conducted with Joshua Preston earlier this year. And I would like you to assume that this document accurately records what Mr Preston said, and could I take you, please, to
25 pinpoint 1235, which is the third page of that document and midway down that page, "Josh", which I will assume is Mr Preston is identified as saying:

Also, our risk appetite changed dramatically.

30 Now, is that a proposition with which you agree?

MR JALLAND: Ms Sharp, I'm just looking for the paragraph. I'm just trying to understand - - -

35 MS SHARP: Yes.

MR JALLAND: - - - what he is comparing it to.

MS SHARP: Yes, I will pop it in some more context.

40

COMMISSIONER: Perhaps I can just shorten this. Mr Preston has expressed a view to Deloitte that risk appetite has changed dramatically over time in respect of junkets. But are you able to indicate to me whether you are aware of a change in risk appetite in respect of junkets at all?

45

MR JALLAND: My – my feeling, Commissioner, is the – the board wants to ensure that the junkets we do business with are being, you know, properly vetted and approved if that - - -

5 COMMISSIONER: I'm sorry.

MR JALLAND: Excuse me interrupting. And if he identifies that as a shift in risk appetite, then I – if that's what he is referring to, then I agree with that.

10 COMMISSIONER: Thank you. Yes, Ms Sharp.

MS SHARP: Mr Jalland, do you agree that setting the level of proof required in assessing allegations that junket operators have nefarious connections, is part of setting the risk appetite?

15

MR JALLAND: I understand the issue, Ms Sharp, and it's quite a difficult one and I think in assessing the due diligence data points and things like that, a debate is going to have to be had.

20 MS SHARP: Do you understand that one of the themes emerging from this Inquiry is that Crown Resorts has been too ready to dismiss allegations of impropriety on the part of junket operators and their associates?

25 MR JALLAND: I don't know if it's a theme that Crown was too ready to dismiss. The – yes, sorry, I lost my train of thought.

30 COMMISSIONER: One of the problems – one of the things that has happened is there has been a lot of questioning about previous publications of allegations and they seemed, as I have described previously, they've dogged the company for years. It has been suggested in the light of those continuous – it's 2009, 2014, 2017 and then 2019, that the inference to be drawn is if they're still being made, perhaps Crown hasn't actually addressed them properly. You understand that?

35 MR JALLAND: Yes, Commissioner. And as I understood it, when we were responding to the publications, the only one of those junkets that was referred to that Crown still did business with, was Suncity. And as at today, Suncity does business in New South Wales, in Queensland and Victoria and Western Australia. But in respect of the others, Crown doesn't conduct business with them any more, as I understood it.

40

MS SHARP: You understand now, Mr Jalland, that in fact the assertion that Crown did not do business with any of the other junket operators was not correct?

45 MR JALLAND: With respect to the publications – I may stand corrected but with respect to the publications, I thought it was correct.

MS SHARP: You see, what was asserted in that ASX media release of 31 July 2019 is that the only one of the junkets named in the media allegations with which Crown continued to deal was Suncity, and what I'm asking you is do you now understand that Crown's assertion was incorrect?

5

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

MS SHARP: No one in management has drawn that to your attention?

10 MR JALLAND: I'm hesitating, Ms Sharp, I'm trying to recall but not that I recall.

MS SHARP: Do you think it most likely that you would remember if somebody from management drew to your attention that one of the assertions in that media release was wrong?

15

MR JALLAND: I agree. I think if it had been asserted, I would remember it.

MS SHARP: Can I take you to the board minutes of the 20 August 2019 meeting. That's a confidential document. It's exhibit BJ72 and I will have it brought up on the confidential link please. It's CRL.515.001.0001.

20

MR JALLAND: Yes, thank you, Ms Sharp, I have it.

MS SHARP: And do you see that you're identified as being present at that meeting by telephone?

25

MR JALLAND: Yes.

MS SHARP: Can I take you to the second page of those minutes which is pinpoint 0002, and towards the bottom under the heading Trading Update, the third paragraph from the bottom says:

30

The board discussed the junket business in detail and asked questions of management regarding the financial impacts of any tightening of controls around junket operators.

35

Now, do you recall that discussion?

MR JALLAND: Not specifically, Ms Sharp, no.

40

MS SHARP: In any event, do you agree that if the controls around junket operators are tightened, that may well have an adverse financial impact on Crown?

MR JALLAND: Yes, I accept that.

45

MS SHARP: And that is a tension with which Crown Resorts has to grapple?

MR JALLAND: I don't – I don't – conceptually, I understand it but as we spoke before, it's a tension that needs to be broken; if it exists, we will break it.

5 MS SHARP: Because what it crystallises, doesn't it, is the question of where Crown Resorts draws the line with the junket operators it is prepared to deal with?

MR JALLAND: I wouldn't necessarily agree with the concept of drawing the line. I think it's – to what extent and level of due diligence do you need to go to satisfy yourself as to financial and – and probity. So it's more in that rather than drawing a
10 line. But to me, Ms Sharp, it's not an issue.

MS SHARP: It's not an issue: why is that?

MR JALLAND: Sorry, if I can explain. The tension – there should not be a tension
15 on financial matters. The probity and propriety of the junkets we deal with is paramount and any financial tension is irrelevant.

MS SHARP: And is that because it is an important matter that the casino operator
20 only have business associations with those of good repute?

MR JALLAND: Absolutely.

MS SHARP: Do you accept, knowing what you know now, that Crown has not
25 always lived up to that standard?

MR JALLAND: I – I accept that particularly a number of years ago that may be the case. But that is not the case now.

MS SHARP: Could I take you, please, to – this is an open document – exhibit
30 BJ129, which is CRL.579.019.4759.

MR JALLAND: Yes, I have that, Ms Sharp.

MS SHARP: And do you see that's a Wealth-X dossier on Cheok Wa Chau dated
35 26 May 2016?

MR JALLAND: Yes, I do.

MS SHARP: And can I take you, please, to the second page.
40

MR JALLAND: Yes.

MS SHARP: Point 4760, do you see that it states that:

45 *Mr Chau appears to have been a former member of the 14K triads Macau branch and was reportedly in charge of loansharking and gambling under the leadership of Kuok Coi Wan and –*

a little further down –

Chau started his own gang.

5 MR JALLAND: Yes, I see that.

MS SHARP: Now, your view, as expressed in an email of the 31st of December – I beg your pardon, the 31st of July last year, was that Suncity is an acceptable junket operator. Do you recall expressing that view?

10

MR JALLAND: Yes, I did.

MS SHARP: Do you remain of that view?

15 MR JALLAND: Yes, I do.

MS SHARP: So the information that's been provided to you by one of the due diligence providers that Crown has contracted with is not enough to shift your view that Suncity is an acceptable junket operator?

20

MR JALLAND: Ms Sharp, I'm aware that Crown's advisers have retained experts to do further due diligence and fresh due diligence, and those reports have come in.

MS SHARP: And have you read those reports?

25

MR JALLAND: Yes, I have.

MS SHARP: And you still remain of the view, do you, that Suncity is an acceptable junket operator?

30

MR JALLAND: Yes, I do.

MS SHARP: You'll agree that there's nothing in that – I take it you are referring to the Berkeley report – that suggests that the information reported about Mr Chau in the Wealth-X dossier is wrong?

35

MR JALLAND: I don't remember that specific part of the Berkeley report.

COMMISSIONER: Is it the Berkeley report to which you were referring?

40

MR JALLAND: Yes. Yes, it was.

COMMISSIONER: Yes.

45 MS SHARP: Well, I might - - -

MR JALLAND: And I think it has – it had provided that it was confidential, so I – I didn't – didn't refer to them by name.

COMMISSIONER: That's all right.

5

MS SHARP: I'll take you to the report, if I can. It can be brought up on the confidential link. I'll just get the exhibit number for it. It's CRL.703.001.0001. And it's exhibit AC28, Commissioner.

10 COMMISSIONER: Thank you.

MS SHARP: And it's a confidential document, Mr Jalland. So I'll just direct you to the relevant information, if I can. Can I take you, firstly, to .0009.

15 MR JALLAND: Yes, I have – I have that.

MS SHARP: And you'll note the person that relates to?

MR JALLAND: Sorry. I'm just getting a hard copy. Apologies. Yes, I see that.

20

MS SHARP: And just on that page, could I draw your attention, please, to the second dot point, first arrow, and four lines down, the sentence commencing "Nonetheless".

25 MR JALLAND: Yes, I remember reading that.

MS SHARP: And could I please take your attention to the next page, pinpoint 0010. And could I ask you to look to the third dot point and read to yourself the sentence commencing "Discrete sources".

30

MR JALLAND: Yes, I read that at the time.

MS SHARP: And could I ask you, please, to go to page 22 of that report.

35 MR JALLAND: I have that.

MS SHARP: And you'll see there's a heading towards the bottom of the page Reputation.

40 MR JALLAND: Yes, I see that.

MS SHARP: Could you read that first paragraph to yourself, please?

MR JALLAND: Yes, I understand that.

45

MS SHARP: And could I then take your attention, please, to page 25?

MR JALLAND: Yes.

MS SHARP: And could I take your attention to the heading that commences
“Alleged Receipt” and ask you to read the first couple of lines there.

5

MR JALLAND: Yes. Yes, I read that at the time.

MS SHARP: Yes. And could I then take you, please, to page 29. And if I could
ask you to have regard to the second paragraph commencing “Sources were
10 uniformly aware”.

MR JALLAND: Yes, I read that at the time.

MS SHARP: And you saw those photos on that page?
15

MR JALLAND: Yes, I did.

MS SHARP: All right. Now, after – well, I’ll withdraw that. You agree that this is
a very comprehensive investigation report?
20

MR JALLAND: Yes, I do.

MS SHARP: And notwithstanding the information in that report, your position as a
director of Crown Resorts remains that Suncity is an acceptable junket operator?
25

COMMISSIONER: You mean Mr Chau or Suncity?

MS SHARP: Mr Chau.

30 MR JALLAND: Yes. Yes, I do, Ms Sharp.

MS SHARP: And in expressing that opinion, are you placing weight on the need for
Crown Resorts to have business associations only with those of good repute?

35 MR JALLAND:

MR JALLAND: Ms Sharp, I’m trying to be purposefully circumspect, given the
nature of what we’re talking about but what needs to be assessed is what weight is
placed on allegations, unnamed sources, industry sources, things like that, in terms of
40 concrete material that – that, in terms of law enforcement, I couldn’t find any. And
so it is a very – it is a very difficult balancing act. I note that the authority still
permits Suncity to conduct business in New South Wales. I think they’re licensed by
the Queensland regulator. They do business, as I understood it, in Macau, not only
with the local casinos but also those that were offshoots of the American casinos, and
45 they have very high probity levels. I accept your point that there are issues that need
to be addressed whether – I don’t see them in this report, but we don’t have access to
law enforcement. It’s – it’s not easy. But in terms of assessing on this report, I

didn't see anything that – that made me say that they – that we should cease doing business with them or with him.

5 COMMISSIONER: Well, let's assume that you applied a civil standard of more probable than not, or not so probable – I'm not quite sure how you are going to approach this. But, surely, you can't apply the criminal standard to deciding these things when you're putting at risk the things that you're putting at risk by dealing with people who have these reputations, surely?

10 MR JALLAND: I agree. We've got until June next year to sort out what the standards are. But, you know, in the main, Commissioner, these are allegations. So we're way off criminal standards of proof or more likely than not.

15 COMMISSIONER: But, you see, one of the problems that has faced your industry, that is, the casino industry, is that when it was all commenced, it was intended that there be strict regulation and that people with reputational aspects to their lives, such as this, that you've seen in this report, would not be permitted. Take, for example, Mr Ho Senior – the late Mr Ho – he's never been convicted of anything to do with money laundering or standover tactics, but he's been banned internationally from
20 holding a casino licence in Pennsylvania, and various other places. So you can see there's a different standard applied across the world in trying to keep out people who have reputational information about them in the marketplace. You understand that, don't you?

25 MR JALLAND: Yes, I do.

COMMISSIONER: And in trying to make sure that your casino is impenetrable from these people you have to apply some form of rigorous test, don't you?

30 MR JALLAND: Yes, I agree.

COMMISSIONER: Yes, Ms Sharp.

35 MS SHARP: Mr Jalland, can you have any comfort at all that Mr Chau is a man of good repute after reviewing this report I've just taken you to?

40 MR JALLAND: Ms Sharp, my difficulty, as I explained a minute ago, is a lot of this is allegation. We have an eight-month window to do a lot of work on the junkets we propose that may want to do business with Crown. And we've got to do a lot of work as to where the – where we draw the line in terms of data and due diligence that we will accept – disqualify someone.

45 MS SHARP: You accept, do you, that it's a matter for the board of directors to set the tone of leadership at Crown Resorts?

MR JALLAND: Yes, I accept that.

MS SHARP: And you accept that the answers you've given reflect on your judgment?

MR JALLAND: Yes, that's fair.

5

COMMISSIONER: Just on that topic of having to do a lot of work and how difficult it is for Crown to work out the things that you've referred to, surely it shouldn't be your burden all the time; it should be the junket operator's burden to convince you with clear and convincing evidence that they are of good repute. Isn't that right?

10

MR JALLAND: That's – absolutely.

COMMISSIONER: And the document to which Ms Sharp has taken us would not be a good application form, would it?

15

MR JALLAND: I agree, Commissioner. But as I have said a number of times, my only concern is disqualifying someone on the basis of allegations.

COMMISSIONER: No, but you could ask, Mr Jalland. You could say, "I have information of allegations that you have done this, this and this and I would like you to tell me what you can tell me about these allegations." Surely you could put that to a proposed junket operator?

20

MR JALLAND: Absolutely. Absolutely, and I would hope that that will occur as part of the review we're doing.

25

COMMISSIONER: And that's the sort of thing that I assume hasn't been done because people have been so sensitive about these allegations. They haven't said to the junket operators, "Look, I have heard that you are connect today triad number whatever it is and I want you to tell me about your connections", and that's the sort of – I mean, it's not the way that business is done in China, I understand that; it's a very delicate cultural difference. But in this country you have got to put allegations to people that you have allegations – and they have been dogging this particular area – that has been put to you that this person has criminal connections so you must deal with it, mustn't you?

30

35

MR JALLAND: I agree.

COMMISSIONER: Yes. Yes, Ms Sharp.

40

MS SHARP: Mr Jalland, do you accept that the culture of risk and compliance at Crown Resorts has fallen well short in the period immediately preceding this year?

MR JALLAND: No, I don't accept that, Ms Sharp.

45

MS SHARP: And I take it, since you don't accept that, that you don't accept any responsibility as a director for that culture falling well short?

5 MR JALLAND: Yes, I don't accept responsibility for something – for a proposition I don't agree with, yes.

MS SHARP: I have no further questions.

10 COMMISSIONER: Yes, thank you. Mr Hutley, do you have any questions of Mr Jalland?

MR HUTLEY: Just one short question.

15 COMMISSIONER: Yes.

<EXAMINATION BY MR HUTLEY [4.15 pm]

20 MR HUTLEY: You've been just asked some questions by my learned friend in respect of exhibit AC28.

COMMISSIONER: AC28, yes.

25 MR HUTLEY: Which is the Berkeley Research Group report - - -

COMMISSIONER: Yes.

30 MR HUTLEY: - - - in relation to Mr Chau.

COMMISSIONER: Yes.

35 MR HUTLEY: And you were asked some questions recently by Madam Commissioner about confronting Mr Chau with the allegations that are made about him; do you recall that?

MR JALLAND: Yes, I do.

40 MR HUTLEY: When you read this report, did you read that page 31, which is in the pinpoint 0031.

MR JALLAND: Yes, I did.

45 MR HUTLEY: If you could be brought up. If you would look at the second full paragraph in relation to that – of that report starting “According to sources”.

MR JALLAND: Yes, I see that.

MR HUTLEY: And you see there it refers to Chau is publicly denying all allegations; do you see that?

MR JALLAND: Yes, I do.

5

MR HUTLEY: And had you read that when you read the report?

MR JALLAND: Yes, I did.

10 MR HUTLEY: And is that part of the difficulties that you referred to in assessing these sorts of matters?

MR JALLAND: Yes, it is, Mr Hutley.

15 MR HUTLEY: Yes, nothing further.

COMMISSIONER: Just on that, Mr Jalland, there's some comparative work in respect of overseas regulators and what is required of people who are to provide junkets services to those casinos in their jurisdiction. Notwithstanding Mr Chau's public denial, it would be important for Crown, would it not, to have some process where some solemnity was put to the person so that they had some form of sanction if they were to provide false material to you.

20
25 MR JALLAND: I totally agree, Commissioner. If someone provides you with false information that is an automatic red card.

COMMISSIONER: And one of the problems for the regulators, not only in this State but in this country, is the way in which junkets have been regulated. You have a rather hotchpotch arrangement with Queensland dealing with them in a quasi-licensed arrangement, and the other States and Territories moving into a more – what has been unfortunately referred to as risk-based arrangement. You understand that, do you?

35 MR JALLAND: Yes, I do.

COMMISSIONER: And so in the process that you're talking about, I presume that Crown will be looking to try to establish some form of regime both on its own behalf and in consultation, as I understand it, with the regulators in which you have operations to see what can be done to try to cure what is obviously a very big problem.

40
MR JALLAND: Yes, I agree, and hopefully if we can get some buy-in from law enforcement as well, that would be helpful.

45 COMMISSIONER: You did say something that was music to my ears, Mr Jalland, when you said that if the tension between those two things, that is, the probity of the person and effectively the profit, you would break it. Do you remember saying that?

MR JALLAND: Yes. Yes, I do.

COMMISSIONER: And do you intend to apply that across the board in the approach to the casino operations?

5

MR JALLAND: Yes. Yes.

COMMISSIONER: Mr Young, I'm sorry to delay coming to you, would you like to ask any questions of Mr Jalland?

10

MR YOUNG: Thank you, Commissioner, but no, not on this occasion.

COMMISSIONER: Yes. Mr Stoljar?

15

MR STOLJAR: No questions, thank you, Commissioner.

COMMISSIONER: Thank you. Mr Jalland, that concludes your evidence. Thank you very much. And I have indicated previously to other witnesses that notwithstanding the evidence is concluded, there may be a necessity although I don't see it as necessary at the moment, to ask you to give further evidence. If that were to occur, then the solicitors assisting the Inquiry would make contact with your solicitors; you understand that?

20

MR JALLAND: Yes, I do.

25

COMMISSIONER: Thank you, Mr Jalland.

MR JALLAND: Thank you, Commissioner.

30

<THE WITNESS WITHDREW

[4.20 pm]

COMMISSIONER: Do I understand that Mr Herzfeld appears in these proceedings in this Inquiry?

35

MR YOUNG: Yes, Commissioner. He appears to assist me and - - -

COMMISSIONER: Could I just indicate, Mr Young, that I have been informed that Mr Herzfeld has been admitted to the Inner Bar.

40

MR YOUNG: Yes, I saw that during the afternoon. It's a very well-deserved appointment.

45

COMMISSIONER: And on behalf of those assisting me may I – although it's a little unusual in this sort of environment but it's such a significant matter, may I pass on those people assisting me and my own congratulations to Mr Herzfeld.

MR YOUNG: Thank you, Commissioner.

COMMISSIONER: Yes, all right then. I will adjourn until 10 tomorrow.

5

MATTER ADJOURNED at 4.21 pm UNTIL THURSDAY, 1 OCTOBER 2020

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