



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

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

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**FRIDAY, 31 JULY 2020  
AT 10.02 AM**

**Continued from 30.7.20**

**DAY 8**

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

**MS N. SHARP SC appears with MR S. ASPINALL as counsel assisting the Inquiry**

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

5 **MS Z. HILLMAN appears for Melco Resorts & Entertainment Limited**

**MR T. O'BRIEN appears for CPH Crown Holdings Pty Ltd**

10 COMMISSIONER: Yes, thank you. Mr Aspinall.

MR ASPINALL: Thank you Commissioner.

15 <**JOSHUA ROBERT PRESTON, RECALLED** [10.02 am]

<**EXAMINATION BY MR ASPINALL**

20 MR ASPINALL: Mr Preston, my name is Aspinall. I will be asking you some questions today about – primarily about Southbank and Riverbank Investments Pty Limited.

25 COMMISSIONER: Just pause there. Mr Preston, although I am sure I don't need to say this, I just indicate to you that, once again, you're bound by the oath that you took on Monday to tell the truth. You understand that, do you?

MR PRESTON: Yes, thank you, Commissioner.

30 COMMISSIONER: I will keep my voice up if you keep your voice up, Mr Preston.

MR PRESTON: Apologies. I'm speaking quite loudly. There's a problem at my end, sorry.

35 COMMISSIONER: I think that there's – there may be a little problem with the sound system but thank you very much. Yes, Mr Aspinall.

40 MR ASPINALL: Thank you, Commissioner. Mr Preston, are you familiar with the company, Southbank Investment Pty Ltd and Riverbank Investment Pty Ltd?

MR PRESTON: Yes, I am.

45 MR ASPINALL: And is it true to say that within the corporate structure, Southbank Pty Ltd sits in what I might call the Crown Melbourne Limited part of the corporate structure?

MR PRESTON: That's correct.

MR ASPINALL: And that reflects its association with the operations of Crown Melbourne Casino?

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MR PRESTON: That's correct.

MR ASPINALL: And, in terms of Riverbank Investments Pty Limited that fits within what I might call the Crown Perth branch of the tree?

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MR PRESTON: That's correct.

MR ASPINALL: Although in terms of Crown Perth there's an intermediate company, Burswood Limited, I think.

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MR PRESTON: That is a historical corporate structural arrangement with the grant of the licence initially.

MR ASPINALL: Is Burswood Limited the original licensee?

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MR PRESTON: No, the original licensee is Burswood Nominees Limited.

MR ASPINALL: I see.

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MR PRESTON: .....

MR ASPINALL: That's now a subsidiary of Burswood Limited?

MR PRESTON: Yes.

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MR ASPINALL: And Burswood Limited is the licensee?

MR PRESTON: No, Burswood Nominees Limited is the casino licensee.

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MR ASPINALL: I see. So what function does Burswood Limited perform?

MR PRESTON: It's the sole shareholder of the – the shareholder of Burswood Nominees Limited which is the trustee, it's a historical corporate structural arrangement that was put together well before my time when it was – there was corporate trustees involved and the like.

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MR ASPINALL: I see. Now, Burswood Limited itself is held by another company called Crown (Western Australia) Pty Limited; is that correct?

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MR PRESTON: Yes, that's correct.

MR ASPINALL: Does that company have any function other than to hold the shares in Burswood Limited?

5 MR PRESTON: Not to my knowledge but the corporate structural arrangements are not within my areas of responsibility, sorry.

MR ASPINALL: I see. Would that be the general counsel that deals with issues like that?

10 MR PRESTON: That would be.

MR ASPINALL: Now, also within the Crown – just jumping back to the Melbourne arm of the tree there's another company there called Crown Australia Pty Limited which is a subsidiary of Crown Melbourne Limited; do you know about  
15 that?

MR PRESTON: I'm area of that company but, again, I can't speak to its function. That would be a matter for the Resorts.

20 MR ASPINALL: I see. So it's not within your bailiwick in terms of Australian operations; is that right?

MR PRESTON: Not technically, no.

25 MR ASPINALL: Now, you are the chief legal officer for the company at the moment. Which legal officer would be responsible for the operations of Crown Australia Pty Limited, do you think?

MR PRESTON: It would sit within the Crown Resorts corporate arm.  
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MR ASPINALL: I see.

MR PRESTON: .....

35 MR ASPINALL: So are you saying that would be ..... with the general counsel?

MR PRESTON: Yes.

MR ASPINALL: I see.

40 COMMISSIONER: That's Ms Manos, is it?

MR ASPINALL: That's Ms Manos, Mr Preston?

45 MR PRESTON: Yes, Mr Aspinall.

MR ASPINALL: Thank you. Now, in terms of the operations of Southbank Investments and Riverbank Investments, just in your own words could you tell me what you regard as their businesses?

5 MR PRESTON: They operate solely for the purpose of having bank accounts.

MR ASPINALL: I see.

10 MR PRESTON: As I understand it, when they were set up many years before my time that's what they were set up for, that single purpose and they've remained in that purpose to today.

MR ASPINALL: I see. We might explore that in a bit more detail later to the limit of your knowledge. But as you understand it, do they currently hold bank accounts?  
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MR PRESTON: No, they do not.

MR ASPINALL: When did they stop having bank accounts?

20 MR PRESTON: As I understand it, late last year, if I recall correctly.

MR ASPINALL: Okay. And do you know why they no longer have bank accounts?

25 MR PRESTON: The banks closed them.

MR ASPINALL: I see. Was any attempt made when the banks closed them to open replacement accounts?

30 MR PRESTON: Not the most recent closures, no.

MR ASPINALL: And in respect of the closure of those accounts, do you know which banks were involved?

35 MR PRESTON: It was CBA who closed them late last year.

MR ASPINALL: And that was in respect of both Riverbank and Southbank?

MR PRESTON: That's correct.

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MR ASPINALL: And they were closed at the same time, were they?

MR PRESTON: If memory serves, I believe they were.

45 MR ASPINALL: And you think that was late last year?

MR PRESTON: If I recall correctly, yes, they've been closed.

MR ASPINALL: All right. So is it correct to say that at the moment they have no function in terms of bank accounts, those two companies?

5 MR PRESTON: As I understand it, they have no function as bank accounts at this point.

MR ASPINALL: And since holding bank accounts was their only function, they're effectively doing nothing at the moment?

10 MR PRESTON: That's – that's entirely correct.

MR ASPINALL: I see. Thank you. Could we have a look now at the document which is exhibit F88 and its Ringtail reference is INQ.010.005.0052.

15 MR PRESTON: Sorry, Mr Aspinall, is that going to go online or am I - - -

MR ASPINALL: I hope so, I am hopeful.

20 MR PRESTON: Sorry.

MR ASPINALL: That's all right.

COMMISSIONER: Perhaps you should ask them to put it up.

25 MR ASPINALL: I will ask them to put it up. Can you see that, Mr Preston?

MR PRESTON: No, I cannot at the moment, Mr Aspinall.

30 MR ASPINALL: All right. We'll see what happens.

MR PRESTON: Yes, I can see it.

35 MR ASPINALL: Thank you, Mr Preston. You can see that's an ASIC search for Riverbank Investments?

MR PRESTON: Yes.

40 MR ASPINALL: And if we turn over to pinpoint 0054, do you agree that the directors listed there of that company are Mr Felstead and Mr Barton?

MR PRESTON: Yes.

45 MR ASPINALL: Does that accord with your understanding of who are the directors at the moment?

MR PRESTON: It does.

MR ASPINALL: Now, if we scroll down a little bit you will see that Mr Alexander was a director for a period of a little under three years until 24 January 2020, this year?

5 MR PRESTON: I see that, yes.

MR ASPINALL: And if we scroll down a little further, on to the next page, you will see that Mr Rowen Craigie was a director of this company from 2008 to 2017.

10 MR PRESTON: Yes.

MR ASPINALL: And Mr Craigie's resignation coincided with Mr Alexander joining the board. You see, if you go back one page please, operator.

15 MR PRESTON: Yes.

MR ASPINALL: Now, Mr Alexander and Mr Craigie were both at the time they were directors, senior executives within Crown Resorts Limited?

20 MR PRESTON: Yes, they were.

MR ASPINALL: And Mr Barton and Mr Felstead were also senior executives?

25 MR PRESTON: Yes, they were.

MR ASPINALL: I just want to explore with you a little the roles of those persons on the board. Are you aware why the CEO and chairman of Crown Resorts was a director of this company?

30 MR PRESTON: I can't talk to the reasons why; I don't appoint the directors to this company. I can't – it has been a historical position, it would appear, by the look of – the look of that list, that the CEOs have played a role as directors of these companies.

35 MR ASPINALL: Is it common within the Crown corporate structure for the CEO to be a member of each board of the subsidiaries?

40 MR PRESTON: The CEO of Crown Resorts is historically, as I understand it. Again, I don't have remit for the corporate structural matters. But the Crown Resorts CEO has historically, as I have observed, been on the majority of the Crown Group boards.

45 MR ASPINALL: Now, going back to the current directors, Mr Felstead joined in 2007 and bearing in mind this is Riverbank Investments Pty Limited, it was the Perth entity.

MR PRESTON: Yes.

MR ASPINALL: What was Mr Felstead's role in 2007 when he joined the board of Riverbank?

5 MR PRESTON: As memory serves, he became the CEO of Crown Perth in 2007 so that would have most probably coincided with the appointment as a director of Riverbank.

10 MR ASPINALL: I see. And now, in terms of Mr Barton, Mr Barton joined in 2014, do you see?

MR PRESTON: Yes.

MR ASPINALL: And do you know why he became a member of the board?

15 MR PRESTON: No, I do not.

MR ASPINALL: What was his role in Crown Perth at that time?

20 MR PRESTON: He was CFO of Crown Resorts and he was on the board of – the Crown Perth board.

MR ASPINALL: I see. He was on the board of the licensee in Perth or the holding company?

25 MR PRESTON: The holding company.

MR ASPINALL: I see. Thank you. Now, Mr Preston, if we turn - - -

30 MR PRESTON: Sorry, Mr Aspinall. He might have been on the licensee company as well, I just can't recall off the top of my head.

MR ASPINALL: I understand. Now, Mr Preston, if we go over to pinpoint 0055 which is currently displayed on the screen on the right-hand side. You see at the very bottom it lists you as one of the secretaries?

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MR PRESTON: Yes.

MR ASPINALL: And then if we go over to the next page, please, operator, you see that you also became a secretary – you became a secretary on 12 August 2014.

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MR PRESTON: Yes.

MR ASPINALL: And if we go back to the directorships on the previous page, you see that was the same day that Mr Barton became a director?

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MR PRESTON: Yes, I see that.

MR ASPINALL: Do you know what prompted the appointment of yourself and Mr Barton to the board at that time?

5 MR PRESTON: I took on that role, as I recall, when Craig Spence who was the CFO of Crown Perth departed the business.

MR ASPINALL: He was the CFO, did you say?

10 MR PRESTON: At Crown Perth, yes. And for that purpose, I became the joint company secretary of that company together with the other relevant Crown Perth companies. But I'm unsure – the date aligns with Mr Barton but I'm – I can't recall the reason why Mr Barton joined at that point in time.

15 MR ASPINALL: All right. And in that role as secretary of Riverbank Investments since that time, what duties have you performed?

MR PRESTON: There are minimal company secretarial duties required for this company. It has one function alone and largely these company secretarial duties are performed out of the corporate office.

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COMMISSIONER: You can take that down from the screen.

MR ASPINALL: Am I understanding you correctly in terms of your involvement as secretary, that the board of this company does not substantially do anything other than formal matters?

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MR PRESTON: That would be a correct description.

MR ASPINALL: Do you know how often it meets?

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MR PRESTON: I can't recall there being a meeting with the Riverbank board.

MR ASPINALL: I see. And I take it from that, that in regards to its operation, and in particular the operation of its bank accounts, the board has no understanding of that or does not review its accounts; is that correct?

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MR PRESTON: Well, the accounting function is performed and managed through the corporate finance area for the purpose of financial arrangements. I am unsure what the directors look at in the context of the financial accounts associated with the Riverbank. But what I do know is they have an understanding of the relationship that Riverbank has with review of accounts for the purpose of anti-money laundering; I'm certainly aware of that. But as to what they might review in terms of accounts generally, I couldn't say.

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45 MR ASPINALL: All right. But to your observation the board of this company doesn't do anything other than formal matters and so does it follow that it does not review the accounts of this company?

MR PRESTON: As I said, I can't – I can't speak for what the board or the directors do or do not do on this account but there's no formal meetings where there's discussion pertaining to the accounts.

5 MR ASPINALL: And as company secretary, if there were, you should be aware of that?

MR PRESTON: If they are having meetings, yes, I would – should be aware of that.

10 MR ASPINALL: All right.

COMMISSIONER: You said that it's dealt with or the accounts are dealt with with the corporate finance area. To what were you referring then, Mr Preston?

15 MR PRESTON: Thank you, Commissioner. In terms of the – for the purpose of financing tax arrangements, it's part of the consolidated group. So from a corporate accounts perspective it's looked at through the corporate finance area.

20 COMMISSIONER: Is that of Crown Resorts Limited or Crown Perth or what are you talking about?

MR PRESTON: Yes.

25 COMMISSIONER: Which one, sorry?

MR PRESTON: Crown Resorts, sorry. Crown Resorts.

30 COMMISSIONER: So the corporate finance area of Crown Resorts Limited deals with the accounts of Riverbank Proprietary Limited; is that right?

MR PRESTON: Correct. Like they do with many other subsidiaries, that's as I understand how it operates.

35 COMMISSIONER: Thank you, Mr Preston. Yes, Mr Aspinall.

MR ASPINALL: Mr Preston, perhaps I misspoke. In terms of when we are speaking of the accounts of the company, does that include the bank accounts?

40 MR PRESTON: Sorry, in terms of your – can you please repeat your question in a broader context?

MR ASPINALL: Yes, of course. My question was, to your observation does the board of this company review the operation of the bank accounts of the company?

45 MR PRESTON: Not to my knowledge.

MR ASPINALL: Thank you. And when you answered the Commissioner a moment ago in respect of who does review the accounts, does that review include the bank accounts as well as what we might call the financial statements of the company, that's done by Crown Resorts?

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MR PRESTON: Look, I can't speak to exactly what they do or do not look at. Obviously, our finance areas do receive the accounts on a regular basis. So that the localised finance function receive the bank accounts, which are dealt with in a normal financial manner from an accounting purpose. But in terms of the broader corporate accounts which I was referring to earlier, sorry I didn't make myself clear, the corporate accounts from a company perspective are dealt with through the Crown Resorts Limited financing arm.

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MR ASPINALL: Yes, thank you. Now, Mr Preston, in terms of the corporate tree that we were discussing earlier, Riverbank is owned by Burswood Limited which is owned by Crown (Western Australia) Pty Limited, another intermediate holding company and then Crown Resorts Limited. In terms of corporate governance, where do you think responsibility for supervising the operations of Riverbank Investments ultimately rests?

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MR PRESTON: I would – I would say that it is a line that rests with the Crown Perth group.

MR ASPINALL: Right. By that, do you mean Burswood Limited or the licensee?

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MR PRESTON: Well, through – through both. One is the licensee company and the corporate structure sees them both working close, closely together. So I would suggest the Burswood Limited would be the ultimate responsible entity but taking into account the fact that Burswood Nominees Limited through the nature of the historical corporate or structural relationship is the licensee, so there is that clear relationship.

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MR ASPINALL: I see. And when you say that, do you mean that Burswood Limited or the board of Burswood Limited or the board of Burswood Nominees reviews and directs the operations of the bank accounts of Riverbank Investments Pty Limited?

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MR PRESTON: It would be the board of Burswood Limited, in my view.

MR ASPINALL: Sorry, am I right in thinking this: the board of Riverbank Investments Pty Limited doesn't do very much other than formal matters but responsibility for directing the operations of Riverbank Investments Pty Limited and its bank accounts is taken by the board of Burswood Limited?

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MR PRESTON: Look, it's complicated to answer, sorry, because it doesn't do much apart from hold a bank account. So the concept of directing its operations, its operation don't change. It merely functions for that purpose. So I don't think I am

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answering your question too well, to be honest, but all I can say is Burswood Nominees Limited is the licensee that manages the trading of the Crown Perth operation and Burswood Limited board through its corporate structure is the board that meets to consider matters relating to Crown Perth of which Riverbank is a related part to that entity.

MR ASPINALL: Okay. And as far as you know it, as company secretary of Riverbank Investments and a legal officer at Perth for a long time, do any of the boards in this part of the corporate tree receive reports on what is happening in respect of the bank accounts of Riverbank Investments Pty Limited when it operated those?

MR PRESTON: They don't receive detailed accounts that I've seen.

MR ASPINALL: I see. In terms of the knowledge of the board of Crown Resorts Limited of the operation of Riverbank Investments Pty limited, are you aware of any review or understanding of what the operation of that company is at that level?

MR PRESTON: No, I don't appear on the Crown Resorts board and you'd have to ask that to the Crown Resorts group.

MR ASPINALL: I see. Now, coming to Southbank Investments, if we could look at the ASIC search for that one, which is exhibit E87 and its Ringtail reference is INQ.010.005.0033, and if that document could be shown to the live stream, I would be grateful.

COMMISSIONER: Are these public documents?

MR ASPINALL: Yes, they're ASIC searches.

COMMISSIONER: Thank you.

MR ASPINALL: They may have some copyright.

COMMISSIONER: Just the private addresses.

MR ASPINALL: They're public documents. You see, Mr Preston, if we go to pinpoint 0035, that the directors of this company, which is Southbank Investments are, again, Mr Felstead, and if you go to the next page, Mr Barton; do you agree?

MR PRESTON: Yes, I can see that now.

MR ASPINALL: And you can see also that Mr Alexander was, and Mr Craigie were formerly members of this board as well?

MR PRESTON: Yes, there's a long list of other people who have been on the board over the journey.

MR ASPINALL: Exactly. Are you able to give me any further information, or different information than you gave me in respect of Riverbank as to why the CEO might be on the board of this company?

5 MR PRESTON: No, if I look at the list with Greg Hawkins, who was the previous – and David Courtney who were previous CEOs of Crown Melbourne, so the CEOs of the relevant operating entity, it would appear to be historical that they sit on the board of Riverbank or Southbank for that matter, and Mr Barton who is the CFO of Crown Resorts but also a board member of Crown Melbourne.

10 MR ASPINALL: Mr Preston, you are now a secretary of this company?

MR PRESTON: I am now joint company secretary, yes.

15 MR ASPINALL: Could we go to the next page on the document, please. You were appointed in January 2017 – sorry, June 2017.

MR PRESTON: That's – that's right.

20 MR ASPINALL: Does that reflect your assumption of the role of chief legal officer for Crown Resorts?

MR PRESTON: It does.

25 MR ASPINALL: Thank you. Could that document be taken off the screen, please? Now, you have been a director – a secretary of that company since June 2017. In respect of the governance of the operations of Southbank Pty Limited, is there any difference in terms of the governance of Southbank than Riverbank?

30 MR PRESTON: No, it performs the same function and I would suggest that the governance is in the same realm.

MR ASPINALL: Yes, and so does that mean that the governance of that rests primarily with Crown Melbourne Limited board, in your view?

35 MR PRESTON: Yes, it is certainly part of the Crown Melbourne tree and part of the Crown Melbourne operating area, so I would say yes.

40 MR ASPINALL: And is it correct to say that, as far as you are aware, no board within the Crown group receives regular reports as the operation of the bank accounts of that company?

45 MR PRESTON: Well, they receive regular reports of the financial activity from a trading update perspective on a regular basis. As to whether that has specific references to the different bank accounts we hold, I can't recall but I don't believe it does.

MR ASPINALL: Now, in terms of these companies, is it correct to say that the operations of Riverbank Investments Pty Limited are subject to any regulation by the Western Australian gambling regulator?

5 MR PRESTON: What is deemed an authorised account which is an account we use for the purpose of casino gaming activity is deemed authorised.

MR ASPINALL: Is that under the Act in Western Australia?

10 MR PRESTON: I can't recall the specific provision, but we provide – we provide details of the accounts, the account balances to the regulator on a reasonably regular basis.

MR ASPINALL: Do you know how often that is?

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MR PRESTON: Not off the top of my head, sorry.

MR ASPINALL: You said you provide details of the account balances to the regulator?

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MR PRESTON: Yes, I think it's a balance, it's not activity line by line.

MR ASPINALL: Have you ever provided activity line by line to the Western Australia regulator?

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MR PRESTON: Not to my knowledge.

MR ASPINALL: Do you know when the bank accounts – do you know when the bank accounts of Riverbank first were approved by the Western Australian regulator?

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MR PRESTON: As I said, it's not an approval regime; it's deemed authorisation if we're using an account, it's then deemed authorised as an account. Different to different jurisdictions.

35 MR ASPINALL: I see. Can I just explore that with you a little bit further. You said that, "If we are using an account, it's deemed to be authorised". Is that correct?

MR PRESTON: As I recall the function of the legislative framework is that if we are using an account for the purpose of gaming activity, we are deemed authorised and we provide the details to the regulator on a periodic basis.

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MR ASPINALL: And when you say "we use an account", do you mean any company within the Crown corporate tree?

45 MR PRESTON: Well, no, Burswood Nominees being the licensee.

MR ASPINALL: I'm sorry. The accounts are in the name of Riverbank Investments, aren't they?

MR PRESTON: Yes.

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MR ASPINALL: And so do you say that when Riverbank Investments uses an account for the purposes of gambling, that that is automatically deemed to be an authorised account?

10 MR PRESTON: No, sorry. When Burswood Nominees uses an account, the account that is used - - -

MR ASPINALL: Sorry. How does - - -

15 MR PRESTON: My - - -

MR ASPINALL: You go ahead, Mr Preston.

20 MR PRESTON: Sorry. My description might not be perfect but when the licensee entity is using an account for the purpose of gambling activities, then it reports on that account to the regulator on a periodic basis and that account is deemed to be appropriate or authorised – again, I can't recall the exact language – for the purpose of the casino licensee, and that's why we report on the Riverbank account.

25 MR ASPINALL: I see. So it could be anybody's account but so long as Burswood was using it for gambling or gaming purposes, it would fall within that deemed authorisation regime; is that what you are saying?

30 MR PRESTON: As I recall the structure of the notice of intent, that's right.

MR ASPINALL: All right. Thank you. What about Southbank? What's your understanding of the regulation of the operation of Southbank Investments Pty Ltd?

35 MR PRESTON: It's a bit different of a regulatory framework in Victoria. You actually need the prior approval of the regulator to use the bank account for gaming activities. So Crown Melbourne seeks approval to use the Southbank account.

MR ASPINALL: How does it go about that?

40 MR PRESTON: It writes to the Victorian regulator and explains the bank account and it seeks approval.

45 MR ASPINALL: I see. And what details would need to be provided in respect of the operations when making that application?

MR PRESTON: Well, I've had the benefit through the – through preparation for the hearing to see some of the original correspondence about the Southbank arrangement

between Victorian regulator and Crown Melbourne, which articulated the reasons for it. But aside from that, now, it's largely an account balances, as I understand it. I can't say that I've seen the exact figures recently, what goes to the regulator, but I understand it will be balances as well.

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MR ASPINALL: It would not be actual bank statements or transactions.

MR PRESTON: I don't think it would be bank statements. I can't – I would have to take that on notice because I'm not sure exactly what goes.

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MR ASPINALL: All right. I won't take you to the document if you have read it already but just to confirm, your understanding is that the approval of that account with Southbank Investments over the years remains based upon the reasons articulated in that correspondence?

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MR PRESTON: Well, to my knowledge, nothing has changed and, again, it's a very long time ago. I think it was early 2000s when that correspondence was entered into.

MR ASPINALL: Yes.

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MR PRESTON: And the relevant approvals have been obtained as those bank accounts have moved from one bank to another.

MR ASPINALL: Could I just – I can point you to that document, Mr Preston, if you don't mind, which is in your Crown confidential list 1, tab 3. The document which should only be shown to the hearing room is CRL.570.001.1789. My understanding, Commissioner, is that there's a claim for confidentiality in respect of this document.

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COMMISSIONER: Yes, thank you. You have that document in front of you, Mr Preston?

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MR PRESTON: I do, Commissioner.

COMMISSIONER: Thank you.

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MR ASPINALL: Now, I wish to ask Mr Preston some questions about pinpoint 1798.

COMMISSIONER: 1789?

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MR ASPINALL: I've got 1798.

COMMISSIONER: I see.

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MR ASPINALL: Which is the last, toward the back.

COMMISSIONER: I beg your pardon. The one on the screen is 1789 ..... 98.

MR ASPINALL: I wonder whether Ms Orr has any particular objection to that particular page being shown to the parties.

COMMISSIONER: You mean generally?

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MR ASPINALL: At the moment, I'm only showing Mr Preston the paper version and the hearing room, the electronic version, but I was wondering whether Ms Orr objects to that document being shown.

10 COMMISSIONER: She will let me know in due course but can you put the document up that you are actually showing so I can see.

MR ASPINALL: Yes. Operator, could you move to 1798, please.

15 COMMISSIONER: That's the email.

MR ASPINALL: That's the email.

COMMISSIONER: Yes, I see.

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MR ASPINALL: Yes. Do you have that in front of you, Mr Preston?

MR PRESTON: I do have an email in front of me, Commissioner.

25 COMMISSIONER: Thank you. Yes. What's the question, Mr Aspinall?

MR ASPINALL: The question is, do you see the reason which was given in respect of the purpose of this account in 2001?

30 MR PRESTON: I do, in the email from Richard Bunting to Rowland Theiler and Valerie Stuart, yes.

MR ASPINALL: Perhaps I might do it this way. What was that reason?

35 MR PRESTON: For reasons of overseas customers to transfer funds to Crown for privacy purposes.

MR ASPINALL: Yes. Now, do you understand that reason has changed since 2001?

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MR PRESTON: Not to my knowledge. It has always been, as I understand it, as I'm informed by the business, patrons respect their anonymity and that has been through the passage of these accounts, and always been the information, as I understand it.

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MR ASPINALL: And in terms of the question of being a vehicle for overseas customers, do you understand that purpose has changed?

MR PRESTON: I'm unsure. I believe that it can be used for overseas customers or local customers as well.

5 MR ASPINALL: That authorisation that we're speaking about is in relation to Southbank?

MR PRESTON: Yes, it is.

10 MR ASPINALL: And do you understand the reason for the use of Riverbank to be any different from that?

15 MR PRESTON: No, I don't. I wasn't party to the original arrangements when they were set up in 2003, 2004, so I can't really say that from Crown's perspective, the reasons were any different to the operation of Southbank.

20 MR ASPINALL: Well, in terms of your view since – that document can be taken off the screen, please. In terms of your understanding since you've been at Crown Perth, I think since 2007, is the Riverbank account used for the purpose of being a vehicle for overseas customers to transfer funds to Crown for privacy purposes?

MR PRESTON: Well, I think it involves locals now, as I recall, transferring funds. But it's not just for privacy purposes. People use that as a deposit account, as it is an account that is provided to our patrons for use.

25 MR ASPINALL: And do you know when the purpose changed from being overseas customers to local customers?

MR PRESTON: No, I do not.

30 MR ASPINALL: Was that before your time?

MR PRESTON: I would expect so but I couldn't say for sure.

35 MR ASPINALL: In terms of the reasons – for the purposes of Western Australian regulation, would the Western Australian regulator be aware that the accounts of Riverbank were being used for the purposes of assisting overseas and local customers to transfer funds for privacy purposes?

40 MR PRESTON: I would not expect that they would but, again, that would be at the request of some customers. That would be my guess. And it's existed ever since as a general customer deposited account. So it's not just all for privacy purposes, if that makes some sense.

45 MR ASPINALL: As I understand it, your view is that you didn't need to inform the Western Australian regulator of the purposes of the accounts because the way in which the legislative structure worked meant that they were simply deemed to be authorised; is that correct?

MR PRESTON: Yes, that's my understanding now. It might have been different when these accounts were set up, regulatory regime changes over years and I haven't gone back to look at what the original structures were regarding the legislative framework.

5

MR ASPINALL: In terms of the legal officer responsible for communicating matters to the Western Australian regulator, was that your role since 2007?

MR PRESTON: Sorry. Can you repeat that, Mr Aspinall?

10

MR ASPINALL: In terms of communicating matters of a legal nature to the Western Australian regulator, to do with the operation of Crown Perth, was that your role since 2007, as the legal officer for Crown Perth?

15 MR PRESTON: Well, I might need you to explain what you mean by "legal matters". Sorry.

MR ASPINALL: Well, in terms of the operation of the accounts of Riverbank being to use as a vehicle for local and overseas customers to transfer funds to Crown for privacy purposes, did you think that that would be something that the Western Australian regulator might be interested in knowing about?

20

MR PRESTON: Again, I can't say what the Western Australian regulator was informed of at the time of the creation of these accounts and, to my knowledge, nothing has really changed in terms of the operation of these accounts to my knowledge over that period. Did the Western Australian regulator know about those accounts? Yes, they do. There's no hiding. These accounts aren't hidden but as to what they know specifically about the accounts, I can't say. Sorry.

25

MR ASPINALL: In terms of AUSTRAC, are Riverbank or Southbank reported as entities with AUSTRAC?

30

MR PRESTON: No, they're not.

MR ASPINALL: And what's your understanding of why they're not registered as reporting entities?

35

MR PRESTON: We've taken legal advices on this very point, and they are not providing a gambling service, as I recall the advice, but I would have to go back to the advice to refresh my memory. They were deemed not to be providing gambling services.

40

MR ASPINALL: I see. We might come back to that a little bit later. Thank you. And you were the AML compliance officer for what is now called Crown Perth since 2007; correct?

45

MR PRESTON: Yes, that's correct.

MR ASPINALL: And since 2017, as I understand it, you've been the AML compliance officer for both Crown Perth and Crown Melbourne?

5 MR PRESTON: That's correct.

MR ASPINALL: Do either Southbank Riverbank have an AML compliance officer?

10 MR PRESTON: They are not reporting entities so they do not.

MR ASPINALL: I see. And in terms of the AML compliance plan, I think you told Ms Sharp yesterday that at the moment, Crown Perth and Crown Melbourne have separate AML compliance plans; is that correct?

15 MR PRESTON: They have separate AML/CTF programs, yes.

MR ASPINALL: Neither of those compliance plans are what are called joint compliance plans?

20 MR PRESTON: They are not, at this point in time, a joint program.

MR ASPINALL: I see. So they do not apply to Riverbank or Southbank per se?

25 MR PRESTON: No, that's not what I said there, Mr Aspinall. The programs are - - -

MR ASPINALL: Can you .....

30 MR PRESTON: Certainly. The programs are designed so they do capture, within our transaction monitoring program, all of the transactions that go through our bank accounts, which includes Riverbank and Southbank and our other accounts that Crown holds.

35 MR ASPINALL: I see. But Southbank itself is not a reporting entity?

MR PRESTON: That's correct.

MR ASPINALL: And so it has no obligation to lodge reports to AUSTRAC?

40 MR PRESTON: That's correct.

MR ASPINALL: It has no compliance officer?

45 MR PRESTON: That's correct.

MR ASPINALL: And in terms of the compliance plan for, say, Crown Perth, the Southbank Investments is not an entity on a joint compliance plan?

MR PRESTON: No. The Crown Melbourne AML team reviews the bank accounts related to Crown Melbourne, including Southbank, and the Crown Perth team reviews the bank accounts related to Crown Perth, which includes Riverbank.

5 MR ASPINALL: I see. They might do that but is that a formal requirement of the AML compliance plan for Crown Melbourne or Crown Perth?

MR PRESTON: Yes. Well, our obligation is to have a transaction monitoring program to look at transactions and that includes the transactions on our accounts.

10

MR ASPINALL: When you say “our accounts”, does that include the accounts of Southbank and Riverbank?

MR PRESTON: Yes, that’s what our program is designed to do, to look at all of our accounts, almost in an agnostic manner. It doesn’t matter what they are called. They run them through the transaction monitoring program and report on them, whether they are Southbank or Riverbank or other Crown accountants.

15

MR ASPINALL: So in terms of the obligation, you say that Crown Melbourne or Crown Perth have the obligation to report on transactions within Southbank or Riverbank respectively which may be suspicious or which may be a threshold transaction; is that correct?

20

MR PRESTON: Well, what I say is that they are part of our review process. So part of our review process – our transaction monitoring program is to capture all of our accounts.

25

MR ASPINALL: If I could just ask you to answer the question that I asked you. Do you say that Crown Melbourne, in respect of Southbank, or Crown Perth, in respect of Riverbank, have an obligation to report in respect of the accounts of Southbank and Riverbank respectively on suspicious transactions or threshold transaction that go through the accounts of Southbank Riverbank?

30

MR PRESTON: I see it as our obligation, yes.

35

MR ASPINALL: Or is this the case: that what Crown Melbourne and Crown Perth do is monitor the accounts but do not have a legal obligation to report suspicious or threshold transactions to AUSTRAC?

MR PRESTON: Well, I’ve never contemplated in the context of whether we have an obligation or not from a technical legal perspective to report on it, or that we have drafted up our programs to respond to, which we have taken AUSTRAC through a number of times, including advising them about Southbank and Riverbank. We’ve always ensured that our transaction monitoring program responds to our accounts where there is transactional activity. So they review the accounts on a very regular basis and report on anything they deem appropriate to report on.

40

45

MR ASPINALL: But, as I understood it, you just told me that Southbank and Riverbank are not reporting entities because they don't provide a designated service and that's because they're not a gambling business; right?

5 MR PRESTON: Yes, they are not a reporting entity. That's what I said, yes.

MR ASPINALL: So there's no obligation to report transactions which go through them; is that right?

10 MR PRESTON: Well there's no obligation for Riverbank or Southbank to report.

MR ASPINALL: I see.

15 MR PRESTON: As I said, the reporting entities, being Crown Perth and Crown Melbourne, review their transactions and report on those transactions, as I've explained, through the transaction monitoring program.

MR ASPINALL: And as you understand it, that obligation arises from the AML compliance plans of Crown Perth and Crown Melbourne? Just excuse me - - -  
20

MR PRESTON: They're not - - -

COMMISSIONER: You go ahead, Mr Preston. Please proceed.

25 MR PRESTON: Yes, Commissioner. They are captured through our AML/CTF compliance programs for each respective property.

COMMISSIONER: Thank you.

30 MR ASPINALL: Are you able to tell us whether or not Crown Melbourne and Perth do report transactions to AUSTRAC in respect of the Southbank and Riverbank accounts?

MR PRESTON: Yes, they do.  
35

MR ASPINALL: And do you regard that obligation as arising from the AML compliance plans of those two entities?

MR PRESTON: Well, I absolutely believe that it is an obligation within our  
40 program. As to the next line that you're referring to before, I haven't exercised my mind to it.

MR ASPINALL: Can I ask you about the operation of these bank accounts on a day-to-day basis. Now, starting with Riverbank which you are probably more  
45 familiar with given that you live in Perth. Riverbank has held bank accounts for many years with various banks; correct?

MR PRESTON: That's correct.

MR ASPINALL: Are those only with Australian banks?

5 MR PRESTON: No, they – we had overseas banks at a point in time as well.

MR ASPINALL: I see. And who, in general terms, was the person or persons who operated those accounts?

10 MR PRESTON: Through the finance – finance arms generally at Crown Perth or Crown Melbourne for Southbank, and then there was obviously a key relationship through our Crown Resorts financing arm with the broader banking relationships.

MR ASPINALL: All right. And persons or entities are able to deposit money into  
15 the Riverbank account?

MR PRESTON: That's correct.

MR ASPINALL: And as you understand it, how do persons or entities become  
20 aware of the ability to deposit moneys into those accounts when they're operating?

MR PRESTON: Crown Perth will provide them with the account details.

MR ASPINALL: I see. Now, just breaking that down a little bit, when a person or  
25 an entity wants to make a deposit or wanted, now that they are closed, to make a deposit of money into the Riverbank account, what procedure would they follow?

MR PRESTON: In terms of an individual depositing money?

30 MR ASPINALL: Well, an individual or entity depositing money.

MR PRESTON: They would follow the banking procedures, I presume, at their end when they're depositing money.

35 MR ASPINALL: So they just take money and put it into that account?

MR PRESTON: And they would provide, obviously – yes, well, they put it into the Crown Perth, or the Riverbank account and they - - -

40 MR ASPINALL: Sorry.

MR PRESTON: Sorry.

MR ASPINALL: It goes into that account. How does Crown Melbourne or Perth  
45 know what the deposit is for?

MR PRESTON: Crown Melbourne or Perth will hold the money and then they will see it coming in with the relevant receipt number or a transactional ID through the bank accounts and that will either be allocated towards a known customer that we might already know. A customer might – will then obviously have to attend to the property to confirm the fact that it's their money that has been deposited so it can be allocated to their account. That would be one process.

MR ASPINALL: Right. Is it correct that when you are depositing – well, when you were depositing money into the Riverbank account, that you needed to quote a Crown signature club number?

MR PRESTON: Sorry, yes, that's an indicator – I think I might have mentioned – of that language, but that would be right; if they had a Crown Signature Club that would be the number they would reference so when Crown saw it they could allocate it to the necessary account.

MR ASPINALL: Thank you. And in terms of the Southbank – I'm hoping I get the transaction – the name right, would the person quote a Crown patron number?

MR PRESTON: I think you can just use a Crown patron number universally, that would be right.

MR ASPINALL: I see. And in terms of what the Crown patron number indicates to the staff at Crown, is that that deposit needs to be credited to an account with the casino itself, either Melbourne or Perth?

MR PRESTON: That's correct.

MR ASPINALL: Now, I understand the two casinos are more integrated nowadays, but back, say, in 2014, was the number for the patron account the same for Crown Perth and Crown Melbourne?

MR PRESTON: No, I do not believe it was.

MR ASPINALL: And so if I deposited money into the Riverbank account with, say, for example, the deposit number 123, or account number 123, that would only appear in my balance at Crown Perth?

MR PRESTON: As I understand it, that's correct.

MR ASPINALL: In other words, just to be clear, if I went to Melbourne and said, "Can I access account number 123?", they would say, "We don't have that"?

MR PRESTON: They wouldn't say that. I understand what they would say is if you can provide ID to confirm who they are, and they may have a Crown Melbourne account, and there has been a period of time – and I'm just not quite sure of the timing – where accounts were linked. So there could be access to observing a Crown

Melbourne account holder who had a Crown Perth account. You could see that. But there was a time when they were definitely separate. But if a person went to Crown Melbourne to access their Perth account, they wouldn't be able to access it there, to my knowledge, but they could provide ID to confirm they were at Crown Melbourne  
5 account holder, and they could then transact from that perspective if the money was then transferred.

MR ASPINALL: But you don't know off the top of your head when that  
10 integration, if I might call it that, occurred?

MR PRESTON: No, but the arrangements regarding the patron numbers and the like are certainly not in my level of expertise.

MR ASPINALL: I see. And for Riverbank, who was the person within Crown who  
15 was responsible for doing that procedure where the reconciliation of the deposit made into Riverbank was made with the accounts of the casino itself?

MR PRESTON: I believe it sat between finance and cage operations.

MR ASPINALL: I see. So would this have been the procedure: that every day or  
20 so an operative of Crown would look through the accounts of Riverbank and see if they can find the patron or Signature Club number and then credit to the casino account of that patron number the amount that had been deposited into the Riverbank account?  
25

MR PRESTON: It's not my specific area but I understand that's how it works; they  
review the accounts on a daily basis to identify which money has come in from a particular patron, allocate it to the patron account, and I can't recall whether it's specifically through the finance arm or cage arm or it's involving both. I couldn't  
30 say.

COMMISSIONER: And that's Crown Resorts?

MR PRESTON: That's Crown Perth but, Commissioner, I believe it applies to the  
35 same process for essentially Crown Melbourne as well.

COMMISSIONER: Thank you very much.

MR ASPINALL: And just to clarify, you're understanding is that the same  
40 procedure was happening in regard to Southbank at Crown Melbourne?

MR PRESTON: Yes. Money comes in from an account to be allocated to a particular patron number. If the patron number is not provided, then the transferor details will be noted and then someone will arrive at the casino, provide a receipt to  
45 confirm the transfer and that money has come from their account.

MR ASPINALL: I might come back to that question in a moment. But in terms of who was monitoring the transaction through these accounts in terms of the risk of money laundering occurring through them?

5 MR PRESTON: A combination of the AML teams and the cage teams.

MR ASPINALL: So the cage team was responsible for both reconciling the deposits with the casino account and also monitoring whether or not money laundering was happening through that account; is that right?

10

MR PRESTON: Well, all of the staff are definitely trained in looking for suspicious matters, which includes training, as I understand it, pertaining to transactional activity. And they would report suspect matters in through the AML team who was also reviewing the accounts independently on, I think it's a daily basis.

15

MR ASPINALL: So in addition to the reconciliation process, someone from the AML team was reviewing these accounts on a daily basis; is that right?

MR PRESTON: I think it's – I think it's daily.

20

MR ASPINALL: And you, as the AML compliance officer at Crown Perth from 2007, what was your role in reviewing the transactions through this account?

MR PRESTON: I wasn't reviewing the transactions. I had an AML officer who was reviewing the transactions, who would identify suspicious matters and report on them appropriately, and also to review for any other transactional matters that needed attention, for example, appropriate details for IFTIs. If it involved an IFTI from an overseas, they would review them for those purposes as well.

25

MR ASPINALL: Thank you. Now, in terms of the practice adopted in these accounts, is it your understanding that the deposits which were made to it would build up over the course of days or perhaps weeks, and when a sufficient amount had accrued in the accounts that those funds would be transferred across to the account of the casino itself?

30

MR PRESTON: I don't know the answer to that, sorry.

MR ASPINALL: You haven't reviewed the accounts?

40 MR PRESTON: No, I haven't reviewed the accounts.

MR ASPINALL: I might come back to that, then. But just in terms of that, did you understand there to be any procedure to be adopted in terms of verifying that there had been no money laundering activity before the money was transferred from the accounts of Southbank or Riverbank to the casino?

45

MR PRESTON: Can you repeat that, I'm not sure I understand that question.

MR ASPINALL: In terms of the – well, obviously, even on your understanding, the money that went into Southbank and Riverbank didn't stay there?

MR PRESTON: No.

5

MR ASPINALL: Because it was ultimately destined to go to the bank account of the casino?

MR PRESTON: That's correct.

10

MR ASPINALL: That was the whole intention?

MR PRESTON: Money transferred to Crown for gambling purposes, yes.

15

MR ASPINALL: Yes. Now, in terms of when money came into Southbank or Riverbank, it was received by that entity. My question to you is, before it was then transferred on to the casino, was anybody at Crown Resorts from the AML team or yourself authorising that the money could be received by the casino?

20

MR PRESTON: Well, the processes are followed in two respects, one of which is the transaction monitoring program is looked at on a daily basis. So as to the timing of the receipt from the money moving from Southbank or Riverbank into the casino accounts, I can't say exactly when the – that timing occurred but they were reviewing it on an ongoing basis. And also where there was money coming in from a – for example from a party that was an unidentifiable party or if it was a third party transfer and the process was to establish a relationship, if there was no appropriate relationship that was identified then the money would be returned.

25

30

MR ASPINALL: I see. And now in terms of breaking that down a little bit further, is your – is the summary of what you're saying that the AML team were monitoring the transactions through Southbank and Riverbank on a daily basis; correct?

MR PRESTON: Through the transaction monitoring program, yes. I believe it's daily.

35

MR ASPINALL: Yes. And that unless someone from the AML team raised a red flag or said "Stop" that the operatives within Crown in the finance team or the cage were simply at liberty to transfer the funds over to the casino whenever they wanted to?

40

MR PRESTON: No. No. The AML team looks at the transaction monitoring program. That's their function. In terms of the money coming in to establish, for example, a relationship between – if it's not the same person, if it's a third party transferring money to another person, that obligation would sit with, I would expect, the cage to identify and to make the necessary inquiries to determine whether there was an appropriate relationship between the parties before it would be transferred to the actual patron account.

45

MR ASPINALL: So the responsibility for whether to transfer it from these accounts into the casino account rested with the cage; is that correct?

MR PRESTON: Well, I'm not talking about, sorry, from an account to an account.  
5 I'm not – I don't know the answer to that. I'm talking about the release of the money to the patron. So it gets to, if I can call it the Crown accounts, and then the accounts to the patron. The accounts to the patron is the part that I'm referring to.

MR ASPINALL: I'm sorry, I need to just confirm.  
10

COMMISSIONER: It's the money to the patron.

MR ASPINALL: Yes.

MR PRESTON: Yes.  
15

COMMISSIONER: Is that what you mean, you mean the money to the patron, Mr Preston?

MR PRESTON: That's right, Commissioner.  
20

COMMISSIONER: All right. Yes.

MR ASPINALL: So just to be clear, the payment out of the funds that had come  
25 into Southbank or Riverbank was controlled by the cage; is that correct?

MR PRESTON: The release of the moneys that would come into the cage was ultimately distributed by the cage when they would – when patrons would attend the cage to redeem or to collect their money.  
30

MR ASPINALL: The transfer between Southbank or Riverbank and the relevant casino was not the responsibility of the cage?

MR PRESTON: No. I wouldn't suggest that. I don't believe it is. But, again, I'm  
35 not – I'm not exactly sure of the responsibility in terms of that movement.

MR ASPINALL: I see.

COMMISSIONER: So at the cage level, all the cage operator, if you will pardon  
40 that expression, can see is the money in the account of the patron; is that right?

MR PRESTON: They will see the account detail in terms of who transferred it, where it came from, and where it's allocated to.

COMMISSIONER: But in this instance, as I understand what Mr Aspinall has been  
45 asking you, is the money comes from, let's say, Riverbank into the Perth Crown

Casino account, so the transferor is Riverbank. The transferee is Crown Perth. Is that right?

MR PRESTON: As I understand it, Commissioner, that would be correct.

5

COMMISSIONER: And the person operating the cage who provide the patron with the cash money or chips equivalent, would merely see that the patron has a credit in his account or her account; is that right?

10 MR PRESTON: They would see that with some of the other account details. As to exactly what details are on the accounts, Commissioner, I'm not aware at this point.

COMMISSIONER: Thank you. Yes, I'm sorry to interrupt.

15 MR ASPINALL: We were discussing Riverbank, I think, specifically but do you understand the procedure in respect of the day-to-day operations of the account to have been any different with respect to Southbank?

MR PRESTON: I would – I would expect it not to be dissimilar.

20

MR ASPINALL: And during – you might want to give me an answer in terms of different time periods, but who was responsible for monitoring the accounts of Southbank with a view to preventing money laundering in the period since, say, 2013?

25

MR PRESTON: The AML or the cash transaction manager.

MR ASPINALL: That was at Melbourne?

30 MR PRESTON: That was at Melbourne, yes.

MR ASPINALL: Who was that, do you know?

MR PRESTON: It was a gentleman by the name of Scott Howell.

35

MR ASPINALL: Was Mr Howell the AML compliance officer for Crown Melbourne?

MR PRESTON: No, he was not.

40

MR ASPINALL: So what's the difference in the role of the AML compliance officer at Melbourne and the role of Mr Howell?

45 MR PRESTON: Mr Howell manages the program from a transaction perspective and complying with reporting obligations.

MR ASPINALL: So the AML compliance officer has no responsibility in respect of those two things?

5 MR PRESTON: I wouldn't say no responsibility, obviously. The AML/CTF compliance officer has got responsibilities pertaining to having a program in place ensuring compliance and then there are staff who assist in executing those responsibilities.

10 MR ASPINALL: And at Crown Perth during the time you were there, you were the AML compliance officer; who was the person in the position of Mr Howell at Crown Perth?

15 MR PRESTON: There were a number of people over the years. There has been three or four of them.

MR ASPINALL: I see. Now, at the time you were at Crown Perth, how large was the AML compliance team there?

20 MR PRESTON: It had one person.

MR ASPINALL: And what about the size of the AML compliance team at Melbourne at this time?

25 MR PRESTON: It had one person – one person as well.

MR ASPINALL: Is that Mr Howell?

30 MR PRESTON: Yes. That has changed over – over the period as well. That was at the time, the time reference you are referring to, I think was '13, '14.

MR ASPINALL: Yes.

MR PRESTON: That was the structure at that stage.

35 MR ASPINALL: So Mr Howell, as I understand it, was responsible for monitoring the accounts of Southbank from a money laundering perspective during that period?

MR PRESTON: Yes, Mr Howell reviewed the transactional accounts, yes.

40 MR ASPINALL: And Mr Howell had an equivalent at Perth who was doing the same thing with respect to Riverbank?

MR PRESTON: That's correct.

45 MR ASPINALL: Now, is it your understanding that the intention was that these accounts would not accept deposits from company or trust accounts?

MR PRESTON: No, that's not my understanding.

MR ASPINALL: Your understanding is that they would accept deposits from company or trust accounts?

5

MR PRESTON: There were certain exceptions where they would be accepted.

MR ASPINALL: All right. Could I show you – and this is a hearing room only document – it's in your Crown confidential list folder, Mr Preston, I hope, at tab 42, and for the hearing room, the Ringtail ID is INQ.950 – I'm sorry. Mr Preston, I may have misspoken but it's in your Crown confidential list 3 at tab 42. You may have said the wrong number. Just returning to the operator, that number was INQ.950.001.0095.

15 COMMISSIONER: That's just for the hearing room.

MR ASPINALL: If that could be shown to the hearing room only, please.

MR PRESTON: Sorry, Mr Aspinall. Can I trouble you to repeat the number?

20

MR ASPINALL: Of course, Mr Preston. For you, I think it should be in Crown confidential list 3.

MR PRESTON: Yes.

25

MR ASPINALL: Behind tab 42.

MR PRESTON: Yes, I'm there.

30 MR ASPINALL: Do you have a document that has got a picture of a Crown at the top?

MR PRESTON: I do.

35 MR ASPINALL: And that's Crown Perth?

MR PRESTON: No, that's Crown Melbourne.

MR ASPINALL: Is there another one behind that tab that has Crown Perth?

40

MR PRESTON: No.

COMMISSIONER: Perhaps it would be on the screen only for Mr Preston and he may – INQ.950.001.0095 for Mr Preston only.

45

MR PRESTON: Sorry. I've found 95. That's under tab 43. Sorry.

MR ASPINALL: Thank you, Mr Preston.

COMMISSIONER: Thank you. Just forget that. Thank you, Operator.

5 MR ASPINALL: Mr Preston, you gave me an answer just a moment ago but I would just like to invite your attention to the final words on this page.

MR PRESTON: Yes.

10 MR ASPINALL: Does that cause you to change your answer?

MR PRESTON: No, it does not. My understanding is that there is a process in place. I have to check what year this statement is from. I'm not quite sure what year this is from but my understanding is that we do, on occasion, accept company –  
15 moneys from company accounts if there is a process that is followed.

MR ASPINALL: I see. So payments on your evidence do not need to be from a personal bank account?

20 MR PRESTON: It's a rare occasion and there's a process to follow if there is a company account that is used.

MR ASPINALL: And why is that policy adopted, that it's a rare occurrence?

25 MR PRESTON: Because the risk associated with having moneys transferred through from a company.

MR ASPINALL: And what's that risk?

30 MR PRESTON: Inability to identify the true owner of the money, the ability for someone to use company moneys for personal matters.

MR ASPINALL: In other words, that the transfer is unauthorised?

35 MR PRESTON: Potentially.

MR ASPINALL: And with regard to Crown Melbourne, do you understand the procedure to be the same?

40 MR PRESTON: As I understand it, that's – that's the fact.

MR ASPINALL: Can I show you INQ. - - -

45 MR PRESTON: Sorry. Can I just add, there have been a number of changes to these policies over a period and more recently – we have changed it more recently to say no company – money is not to be taken from companies now. I can't recall when that change was made but for a period, there was moneys accepted by companies.

MR ASPINALL: Well, as I understand it, you closed both the accounts of these companies now, haven't you?

5 MR PRESTON: That's correct. But this is talking about a number of accounts, if – I'm just looking at the document quickly.

10 COMMISSIONER: Just so I'm clear, Mr Preston, from looking at the document, it was the usual practice to require payments from a personal bank account and there was a situation on rare occasions that it could be a company account; is that right?

MR PRESTON: That's correct, until – until relatively recently where we changed the process.

15 COMMISSIONER: Yes, I understand.

MR PRESTON: Yes.

20 COMMISSIONER: No, I understand. So choices prior to your changes to which you referred were personal bank account and, on rare occasions, in compliance with certain conditions from a bank account of a company; is that right?

MR PRESTON: That's entirely correct, yes.

25 COMMISSIONER: So you could only get the money into these accounts by transfer from another account; is that right?

MR PRESTON: Or if people deposited cash.

30 COMMISSIONER: Thank you. Yes.

MR ASPINALL: And with regard to the policy of generally not accepting payments from a company business or trust account but that on rare exceptions you would do so, did you understand that to be a policy for Southbank as well?

35 MR PRESTON: I can't talk about it historically, but that would have been my expectation. But, again, I can't talk about it historically.

40 MR ASPINALL: Yes, you can take that document down, please. Now, in terms of how we redeem the money or how we recover the money that was deposited into a Southbank or Riverbank account, you mentioned earlier that you could go to the cage and get the money which had been deposited into the Southbank or Riverbank accounts at the respective casinos, is that correct?

45 MR PRESTON: That's correct.

MR ASPINALL: And in terms of the procedure that you need to follow to recover the money or – I don't know what the proper term is – to withdraw the money - - -

MR PRESTON: Yes.

MR ASPINALL: - - - what would I need to show to the cage to get access to the money that had been deposited into the Southbank or Riverbank account?

5

MR PRESTON: Well, if you didn't have an account, a customer account, you would need to open an account, which there's a process to follow there, which is the provision of ID and the like. And you would also need to show some – some proof of the transfer of the money to confirm the amount as a – the amount and the details to confirm is another check. If you already had another account, a patron account, then you would have to have your identification verified and then the same process to provide the relevant details for the purposes of the transfer.

10

MR ASPINALL: And so if I went to the cage with, say, a deposit slip which showed that I had made a deposit into Southbank or Riverbank, and I had the patron number or the signature number, would the cage give me the money?

15

MR PRESTON: If your signature number reflected the fact that it was you as the customer.

20

MR ASPINALL: You mean that I have to be the patron whose number corresponds - - -

MR PRESTON: Yes. So if it's the – if you have deposited the money elsewhere and it arrives at the Crown, in the Crown – the Crown accounts and you arrive at the cage, then you will have to obviously prove that it is yourself, by verification of the identification and also provision of the deposit slip.

25

MR ASPINALL: I see. What about if a friend of mine deposited cash in the Southbank account for me and wanted to get the money out? My friend had given me the deposit slip. If I take that to the cage, will they give me the money?

30

MR PRESTON: That's where it would become within the third party transfer process that had historically existed, where there would be an inquiry made by the cage and it could be through to the relevant gaming staff member who might have a relationship with a patron to get confirmation of the relationship between a person who's transferring money to another.

35

MR ASPINALL: And can I get the amount that I deposited out as cash?

40

MR PRESTON: Yes, you can.

MR ASPINALL: Can I get a check?

45

MR PRESTON: Yes, you can.

MR ASPINALL: Or I can get chips; is that right?

MR PRESTON: Or you could get a chip purchase voucher or chips.

MR ASPINALL: Now, am I right in thinking that at all relevant times, the casino operators themselves, that is Crown Perth or Crown Melbourne, which was formerly  
5 called Burswood, had bank accounts of their own?

MR PRESTON: Yes, as I understand it, they had bank accounts of their own.

MR ASPINALL: And those entities are obviously registered as reporting entities  
10 with AUSTRAC?

MR PRESTON: Well, the corporate entity is registered as a reporting entity, not the bank account.

15 MR ASPINALL: Now, those accounts can receive – those accounts of Crown Melbourne and Crown Perth can receive deposits, can't they?

MR PRESTON: They can.

20 MR ASPINALL: Including cash deposits?

MR PRESTON: They can.

MR ASPINALL: Cheque deposits?  
25

MR PRESTON: Yes, they can.

MR ASPINALL: So why couldn't people just deposit money straight into the casino accounts rather than go through this process of depositing the money into  
30 either Southbank or Riverbank and then having the money transferred into the casino account itself?

MR PRESTON: Well, they could.

35 MR ASPINALL: Then why was there a need to have Southbank or Riverbank pass it through to the casino?

MR PRESTON: Well, I think as indicated in the very early correspondence, which as best I am instructed remains the same today, patrons have requested a level of  
40 anonymity and I think from that point – and that would be one reason. I think it has then become an account that has been historically used and patrons were familiar with.

MR ASPINALL: Did it occur to you as well as giving them privacy, by providing  
45 Southbank and Riverbank as a conduit to the casino, Crown was also providing persons with a means to disguise the transfers from their accounts or the deposits were actually going to a casino?

MR PRESTON: Well, our focus regarding the accounts, like any of the transactions, is through our review, from a transaction monitoring perspective, to identify anything unusual. So - - -

5 MR ASPINALL: Sorry. My question was, did it occur to you that that might be something that was – you were doing, by allowing patrons to deposit money into these accounts?

10 MR PRESTON: Yes, I do – I do accept the fact that that is a possibility.

MR ASPINALL: And when did that first occur to you?

MR PRESTON: I suspect when I first became aware of the Riverbank arrangement.

15 MR ASPINALL: Which was in 2007?

MR PRESTON: It would have been about then, yes.

20 MR ASPINALL: And that was when you became the AML compliance officer?

MR PRESTON: Possibly.

25 MR ASPINALL: And as AML compliance officer, you would have been aware that those companies have not only the word “Southbank” or “Riverbank” but also “Investment” in their name?

MR PRESTON: Yes.

30 MR ASPINALL: And that would imply to an ordinary person that those companies carry on some sort of investment activity?

MR PRESTON: Possible, yes.

35 MR ASPINALL: In fact, they do nothing of the sort?

MR PRESTON: Well, they’re not investment companies, I accept that.

40 MR ASPINALL: What they are is a conduit for deposits into the casinos, aren’t they?

MR PRESTON: Well, they’re a subsidiary entity that holds a bank account which I hear – I understand what you are saying. It’s a framework that is understood and specifically referenced – sorry.

45 MR ASPINALL: Do I take that as a, “Yes, they are a conduit to the casino”?

MR PRESTON: It's a form of where money is transferred into a subsidiary account – into a subsidiary account that is not the casino bank account and it provides money to the casino bank account, yes, so conduits in terms of the money coming through.

5 MR ASPINALL: I see. I think that was a yes, was it?

MR PRESTON: Yes.

10 MR ASPINALL: Thank you. Now, did it occur to you that the inclusion of the word "Investments" in the name of these companies exacerbated the problem of providing a disguise to depositors because it made it appear to anyone looking at the transferor's accounts that the payment was being made to a company which had some business involving investments?

15 MR PRESTON: Well, what occurred to me was that it was an account not in the name of Burswood. That's – that's what my mind was focused on, as I best recall, when I considered it in 2007.

20 MR ASPINALL: So was the answer to my question, "No, it did not occur to you that the inclusion of the word "Investments" in the name augmented the problem"?

MR PRESTON: I can't recall what I was considering in 2007 but I do recall that the concept of it being not in the name of the Burswood property was my main focus, and I can't recall whether I had a specific consideration regarding the word  
25 "Investments". I was more focused on how the accounts operated in that it was not in the name of Burswood.

MR ASPINALL: But as anti-money laundering compliance officer for Perth, did it not concern you deeply that Crown Perth was providing a method by which deposits  
30 to the casino could be disguised if desired as a deposit to a company that might have something to do with investments?

MR PRESTON: Well, what my main focus was was to ensure that our transaction monitoring program responded to the transactional activity.

35

MR ASPINALL: That wasn't the question that I asked you. Can you answer the question that I asked you, please?

MR PRESTON: Can you please repeat the question.

40

MR ASPINALL: As AML compliance officer it must have concerned you very deeply that Crown Perth was providing a method to depositors to disguise the fact that deposits were being made, in effect, to the casino as a deposit to a company that had some investment business?

45

MR PRESTON: As I indicated, I considered the concept of it not being in the name of Burswood and I made sure that our anti-money laundering program responded to that company and, therefore, I was taking consideration to it being an alternate name.

5 MR ASPINALL: Did it occur to you, for example, that when looking at the bank accounts of the transferor, the auditor or chief financial officer of a company might overlook the fact that a payment to the casino was actually a payment to an investment company and, therefore, miss the fact that money had been  
10 misappropriated?

MR PRESTON: Well, that's why there would be – you're talking about company transfers; was that what you were referring to, Mr Aspinall?

15 MR ASPINALL: Transfers from a company.

MR PRESTON: Well, that's why there was a process that was in place which is used on a rare occasion, as I understand it.

20 MR ASPINALL: So do you say that it did occur to you that that could happen?

MR PRESTON: I said that's why there was a process in place to follow through to reduce the risk of that occurring.

25 MR ASPINALL: Which means that it must have occurred to you; is that right?

MR PRESTON: Companies did transfer money to us, yes.

30 MR ASPINALL: Did it occur to you that the reason – the provision of a conduit with the name Riverbank Investments Pty Limited meant that a depositor would be able to hide the true nature of the transaction?

35 MR PRESTON: I'm trying to recall exactly what might have been going through my mind in 2007 but, again, the best I can explain is that I had due regard to the fact that it was not in the name of Burswood and I can't recall the specific thought processes that I was going through at that point in time. All I can say was - - -

40 MR ASPINALL: Can I suggest to you that providing an account of that nature whereby a transferor is able to hide the true nature of the transaction is a red flag for money laundering, isn't it?

MR PRESTON: Well, it's a vulnerability, yes.

45 MR ASPINALL: But it's a red flag, isn't it? If the person wants to hide what they're doing, that's a red flag for money laundering, isn't it?

MR PRESTON: It's a possible red flag, yes, if they're trying to hide their money.

MR ASPINALL: And did it occur to you that by providing this conduit to depositors, Crown was, in effect, facilitating that process?

MR PRESTON: I don't accept that.

5

MR ASPINALL: Well wasn't it giving them a disguise, a pretence to put money into the casino under a different name.

MR PRESTON: I don't accept that, Mr Aspinall. As I said, firstly, these accounts are well known. They're not hidden. Secondly, AUSTRAC are aware of these accounts. Thirdly, we report on these accounts to reduce the risk of that occurring.

COMMISSIONER: Just looking at it from the point of view of Mr Aspinall's question, what was happening here was a pretence, wasn't it, that the patrons were pretending to put money into an account for the purposes other than gambling. Isn't that right?

MR PRESTON: Well, I think – I think that might have been for some customers, Commissioner, particularly regarding the original arrangements pertaining to anonymity, however I do believe they just - - -

COMMISSIONER: All right. So whatever the numbers were, if you provide something for anonymity and you call it investments and not a gambling account, as I understood your evidence, it was for the purpose of making sure that people did not know (1) who they were, possibly; and (2) that they were actually using the money nor gambling; isn't that right?

MR PRESTON: That would have been with some of the customers.

COMMISSIONER: And so Mr Aspinall is exploring with you the question of whether at the time in your role as AML officer, it occurred to you that such a pretence was and should have been of concern to Crown not to facilitate. Do you remember that line of questioning?

MR PRESTON: I do.

COMMISSIONER: If you could just focus on Mr Aspinall's questions, I would be grateful. Mr Aspinall.

MR ASPINALL: Mr Preston, as the Crown AML compliance officer at Perth or now at the Resorts generally, have you ever raised with anyone within Crown whether it was appropriate in terms of the prevention of money laundering that these accounts should be permitted to operate in the name of Southbank Investments or Riverbank Investments?

45

MR PRESTON: Not that I recall.

MR ASPINALL: And why is that?

MR PRESTON: Well, my discussions regarding these accounts have been focused on the fact that our AML program responds to these accounts, and I might also - - -

5

MR ASPINALL: Sitting there now, having discussed the matter today, from an AML perspective, do you now accept that it is undesirable that these companies should have been able to receive deposits on behalf of the casinos?

10 MR PRESTON: Well, on reflection, the accounts have been closed and the line of inquiry now, it would have been a different position to close them taking into account the risk associated with them as considered now.

15 MR ASPINALL: So do you consider it desirable that they should be able to receive deposits or not?

MR PRESTON: Well, my view was that we were taking deposits from them. We were responding to them with our reporting framework which was duly addressing the risk that we looked at at the time. And this was a usual, as I understand it, casino industry arrangement. It's not Crown alone. It was not uncommon, and I believe that it became just an account that was used over a period of time for money to be deposited into, not so much anonymity or otherwise; it was just a standard account that was used.

20  
25 MR ASPINALL: But as I discussed with you earlier, the casinos themselves had the ability to receive funds into their own accounts, didn't they?

MR PRESTON: They did.

30 MR ASPINALL: So this pretence of depositing money into Southbank and Riverbank gave nothing but a pretence for a depositor to avoid showing that the payment was being made to the casino, didn't it?

MR PRESTON: Well not necessarily. It showed there was some anonymity in terms of the person at the end of the chain and I accept the fact that from the perspective you're putting, they could have transferred their money directly into the casino accounts where it could have been clearly observed.

35  
40 COMMISSIONER: I presume – we discussed this question of what we call tension yesterday, Mr Preston, between the burden on an AML officer and someone who wants to promote profits. Do you recall that short discussion we had yesterday?

MR PRESTON: I do, Commissioner.

45 COMMISSIONER: And isn't this a classic example where what the casino would like to do is to accommodate patrons who don't want their business known by others if they're a good patron versus the AML officer who says, "Look, we don't want to

do this because this can really provide the person with an excuse that's not true." So isn't that what the tension is here?

MR PRESTON: I think that's – that's accurate, Commissioner.

5

COMMISSIONER: And so I come back to the suggestion that particularly in your industry, there's a need to create a culture, as Ms Sharp referred to yesterday, where the AML officer is separate from the profit driver part of the business. Do you agree with that?

10

MR PRESTON: Yes.

COMMISSIONER: And that person should be cocooned from the burdens of having to make profits and reach budgets. Do you agree with that?

15

MR PRESTON: I do. I do agree with that, Commissioner.

COMMISSIONER: So if you can create an environment where that officer or officers are respected within a big organisation such as a public company that we are looking into, it would be an enhancement of the capacity to ensure money laundering were properly investigated and reviewed. Do you agree with that?

20

MR PRESTON: I do, Commissioner, and I might add that I do believe that that is the way that Crown is structured. It's not sitting with an operational profit-driving department. But I do accept that having - - -

25

COMMISSIONER: You have many hats – and you're a very busy person, Mr Preston.

30 MR PRESTON: True.

COMMISSIONER: And one of the hats is the AML person and you've got each of the other hats that go with it and that's what - - -

35 MR PRESTON: Commissioner, I agree entirely. I agree entirely and I might add, part of the structure to bring on a dedicated group general manager for AML is to achieve that proposition that you're putting.

COMMISSIONER: But you would want a separate unit, wouldn't you?

40

MR PRESTON: Yes. And I haven't really contemplated reporting lines of that unit, really, until you've raised it but I certainly accept the proposition as to the appropriate reporting line will be an important decision to make.

45 COMMISSIONER: Perhaps straight to the board?

MR PRESTON: Entirely possible, and most probably quite wise.

COMMISSIONER: Because the evidence that I received earlier in the year before the pandemic hit us suggested that if you can cocoon that group or officer to get the information directly to the boards of the relevant company, then you don't have the sniping that might occur at someone who wants to police it; do you understand that?

5

MR PRESTON: I couldn't agree with you more, Commissioner.

COMMISSIONER: I think we might take a short break, if that's suitable, Mr Aspinall.

10

MR ASPINALL: Just before we do, Commissioner, could I ask one thing of Mr Preston over the break.

COMMISSIONER: Yes.

15

MR ASPINALL: Mr Preston, you referred me earlier to an obligation, as you saw it, under the AML appliance plan to report and monitor in relation to the accounts of Southbank.

20 MR PRESTON: Sorry, you've referred to compliance plan a few times. I just want to make sure we're talking about the same - - -

MR ASPINALL: It's the Crown Melbourne compliance plan.

25 MR PRESTON: Compliance plan or compliance program?

MR ASPINALL: AML compliance plan – program, sorry.

MR PRESTON: Program? I'm with you now.

30

MR ASPINALL: I can see Ms Orr popped up. You referred me earlier in your evidence to what you saw as an obligation under that program to monitor and report in respect of the Southbank accounts?

35 MR PRESTON: Yes.

MR ASPINALL: But you couldn't remember where that obligation actually came from. I was wondering if, over the adjournment, you are able to have a look at that program and give me the clause or the point number which that obligation lies under.

40

MR PRESTON: Sorry, Mr Aspinall, I don't think I made myself clear if that was your impression. I was saying I'm not quite – I wasn't quite sure off the top of my head the legislative regarding reporting on Southbank and Riverbank transactions. What I did say was our obligation sits within our transaction monitoring program and our AML program.

45

MR ASPINALL: Well, to the extent that the obligation arises under the AML program, are you able to have look at it over the adjournment and point me to where you say that obligation does arise?

5 MR PRESTON: It sits within the transaction monitoring program as articulated within the annexure to the program.

COMMISSIONER: In the annexure, I think he said. Is that right, Mr Preston, did you say the annexure? What I think I will do, as I indicated, I will take an  
10 adjournment. And Mr Preston, if you have the time to just have a look quietly and then I will return in about 15 minutes. I will adjourn for a short while.

15 **ADJOURNED** [11.39 am]

**RESUMED** [11.56 am]

20 COMMISSIONER: Yes, Mr Aspinall.

MR ASPINALL: Thank you, Commissioner. Mr Preston, did you make any progress in respect of the AML compliance program or the monitoring program over the adjournment?  
25

MR PRESTON: I did. If you turn to annexure F at page 90, you will see the last two bullet points at the top, which is the relevant points that the cash transaction manager responds to.

30 MR ASPINALL: Okay. Thank you. A new document which is, for you, in exhibit list F, tab 6, and for the operator is INQ.130.001.2034, and is we can show that - - -

MR PRESTON: .....

35 MR ASPINALL: Pardon?

MR PRESTON: The list – I don't have a list F.

MR ASPINALL: I'm sorry. It's exhibit F6, is it not?  
40

MR PRESTON: I need to have a list number.

COMMISSIONER: It will come up on the screen.

45 MR ASPINALL: We will bring it up on the screen for you now.

MR PRESTON: Okay, thank you.

MR ASPINALL: No problem at all. I just have to find it myself.

COMMISSIONER: Yes, it's on the screen.

5 MR ASPINALL: You see that's the FATF report in respect of the Vulnerabilities of Casinos and Gaming Sector?

MR PRESTON: Yes.

10 MR ASPINALL: You would be familiar with that document?

MR PRESTON: Yes, I've read that in times past, yes.

15 MR ASPINALL: Could we turn to pinpoint 2067, please. You see at the bottom of the page, FATF are giving some indicia of money laundering using structuring and refining methods?

MR PRESTON: Thank you.

20 MR ASPINALL: Do you see that?

MR PRESTON: I do.

25 MR ASPINALL: And do you see one of the indicators that they've given there is the:

*Use of multiple names to conduct similar activity.*

30 MR PRESTON: Yes, I see that.

MR ASPINALL: And the one under that is:

*Depositing multiple amounts of cash and receiving multiple cheques drawn on that account.*

35

MR PRESTON: Yes, I see that.

MR ASPINALL: And another is:

40 *Multiple individuals sending funds to one beneficiary.*

MR PRESTON: I see that.

45 MR ASPINALL: If we go over to the next page, please, operator, you see there's some more there. One would be – the second one is:

*Transferring funds into third party accounts.*

MR PRESTON: Yes.

MR ASPINALL: And:

5           *Transactions on casino accounts conducted by persons other than the account holder.*

MR PRESTON: Yes.

10       MR ASPINALL: If we could scroll down a little bit. Just the second-last bullet point there is:

*Cash deposits or withdrawals just under thresholds.*

15       MR PRESTON: Yes, I see that.

MR ASPINALL: And if we scroll down a little bit further, just go down to the bottom of the page. Yes, thank you. And if you could go over to pinpoint 2071. You see there's a heading Indicators of Money Laundering Using Casino Accounts?

20

MR PRESTON: I do.

MR ASPINALL: And that one of those dot points is:

25           *Large amounts of cash deposited from unexplained sources.*

MR PRESTON: Yes.

MR ASPINALL: And third from the bottom is:

30

*Structuring of deposits / withdrawals or wire transfers.*

MR PRESTON: Yes.

35       MR ASPINALL: And in common money laundering parlance, one of the ways in which you structure is to break a big transaction down into little pieces?

MR PRESTON: Yes.

40       MR ASPINALL: And that's called smurfing?

MR PRESTON: Correct.

MR ASPINALL: And if we go over to 2072, you see about midway down the dot  
45       points is transfer of company accounts to casino accounts?

MR PRESTON: Yes.

MR ASPINALL: And that's one of the issues that we discussed earlier?

MR PRESTON: Correct.

5 MR ASPINALL: In that transfer of company – transfers from company accounts to casino accounts are a red flag for money laundering?

MR PRESTON: I don't think that was our discussion in terms of red flags, but the concern regarding inappropriate use of funds for inappropriate reasons, and I  
10 indicated - - -

MR ASPINALL: Yes, I'm sorry. I used the words "red flag" but the term that FATF is using is an indicator of money laundering?

15 MR PRESTON: Yes, I think that was the heading to the section.

MR ASPINALL: And you agree with that?

MR PRESTON: Yes.  
20

MR ASPINALL: And if we could take that document down and look at document INQ.220.002.0064 which is exhibit J89 and put that to the live stream, please. You see that's an AUSTRAC document?

25 MR PRESTON: Yes.

MR ASPINALL: And it explains what structuring is?

MR PRESTON: Yes.  
30

MR ASPINALL: And effectively, it is the splitting of cash transactions into a large – into pieces to avoid a large transaction being reported?

MR PRESTON: Yes.  
35

MR ASPINALL: And that's the same as smurfing, isn't it?

MR PRESTON: It's a same – similar – similar concept.

40 MR ASPINALL: And it says at the bottom:

*Structuring can be a money laundering technique and is against the law.*

MR PRESTON: Yes.  
45

MR ASPINALL: Can we take that document down now. Mr Preston, have you been through the documents which have been provided to you in preparation for this examination?

5 MR PRESTON: Mr Aspinall, you might need to be a little bit more specific, thank you. I have thousands of documents.

MR ASPINALL: I will ask you a question and you may or may not know the answer. I will just ask it and we can see. Were you aware that in January 2014  
10 Riverbank was operating a bank account with the ANZ Bank?

MR PRESTON: Yes, I was.

MR ASPINALL: And were you aware, in January 2014, that representatives from  
15 the ANZ Bank contacted people at Crown asking to discuss the operation of the bank account?

MR PRESTON: I am as a result of seeing the correspondence in these papers.

20 MR ASPINALL: Yes. And are you aware that the bank was asking a series of questions which had been sparked by an internal investigation?

MR PRESTON: Yes, as I have seen in the papers that – for the purpose of this  
25 hearing.

MR ASPINALL: And were you aware that that was because there were a series of transactions being multiple deposits on the same day at different Perth branches of cash amounts under \$10,000 by the same person?

30 MR PRESTON: Yes, I have seen that correspondence.

MR ASPINALL: And were you aware that ANZ asked to come to Crown and discuss this with people from Crown?

35 MR PRESTON: Yes, I am, from the documents.

MR ASPINALL: So you say at the time – this is 2014 – you were not aware that this communication had taken place?

40 MR PRESTON: Not that I can recall.

MR ASPINALL: Can you explain why, as AML compliance officer at the time, you were not aware that ANZ were raising with Crown a series of transactions which, in terms, amounted to smurfing?

45 MR PRESTON: No, I can't recall – I can't recall the detail.

MR ASPINALL: You can't the detail?

MR PRESTON: I saw the documents – sorry, I can't recall the incident. I saw the papers and that was the first I can recall ever being made aware of it.

5

MR ASPINALL: As AML compliance officer, if you had been made aware of it, it would have been highly concerning, wouldn't it?

MR PRESTON: It would have been concerning. It would have been an inquiry as to what reports may or may not have been lodged as a result of a process of observing those transactions and, obviously, I can't comment on what did or did not happen.

10

MR ASPINALL: My question was more along the lines of if it had happened that you had been told about it you would probably have remembered it?

15

MR PRESTON: Mr Aspinall, that's six years ago. That's some considerable time and there's a lot of activity that goes on. But that's not to say that the AML team weren't involved in it or the person, the officer wasn't involved in it, the AML officer. I just don't – I can't recall and I don't know.

20

COMMISSIONER: Mr Aspinall is really saying to you: look, if you had been notified of this, it is so significant that you would remember it today.

MR PRESTON: He might be saying that but I'm not sure that – I'm not sure that I would remember it even if I had been made aware of it.

25

COMMISSIONER: All right, then. Yes, Mr Aspinall.

MR ASPINALL: And having now prepared for this examination, are you aware that concern was raised within Crown that the Riverbank Investments accounts could even receive cash deposits?

30

MR PRESTON: I have seen – I have seen that correspondence.

35

MR ASPINALL: And were you aware at this time that the Riverbank accounts could receive cash deposits?

MR PRESTON: I was – I assumed that they could receive cash deposits.

40

MR ASPINALL: And would that not have been concerning to you as an AML compliance officer?

MR PRESTON: Well, it depends on the framework that sits around the process.

45

MR ASPINALL: Well, in terms of the purpose of these accounts, didn't we discuss earlier that the purpose, as you understood it, was to assist people from overseas to transfer funds to the casino privately?

5 MR PRESTON: Not the sole purpose.

COMMISSIONER: No, but one of the purposes?

10 MR PRESTON: Yes, absolutely, Commissioner. One of the purposes was for anonymity.

COMMISSIONER: Yes.

15 MR ASPINALL: And wasn't that what VCGLR had been told in respect of the Southbank account?

MR PRESTON: Yes, that's correct.

20 MR ASPINALL: And if it were restricted to overseas transfers only, there would have been no need to accept cash deposits, would there, locally?

25 MR PRESTON: Well, not necessarily. It could be a third party transfer. It could be someone with cash who has got an Australian bank account. I can't – I can't say with absolute – absolute clarity.

MR ASPINALL: All right. And are you aware, in respect of the communication that people at Crown asked the ANZ Bank for further details, of the transactions that they were referring to?

30 MR PRESTON: I've seen that correspondence, yes.

MR ASPINALL: And have you looked at the result of that communication?

35 MR PRESTON: I – I believe I did read it. I might have to refresh my memory, though.

40 MR ASPINALL: Yes. We might go to it. I just wanted to know how familiar you are with it such that I can gauge the speed with which we can work through it. Have you read through it?

MR PRESTON: As I said, I would have to refresh my memory. If you can point me to the relevant document, I will happily - - -

45 MR ASPINALL: Of course I will. It's in your bundle at Crown confidential list 1, tab 39 and for the operator to show the hearing room only, it is CRL.557.001.0719.

MR PRESTON: I will get you to repeat the tab number, Mr Aspinall.

COMMISSIONER: 39.

MR ASPINALL: 39 for you, Mr Preston.

5 MR PRESTON: My apologies. I can't seem to locate the - - -

COMMISSIONER: That's all right.

10 MS ORR: If it assists, I think that my bundles are the same as Mr Preston's and that document does not appear behind tab 39 in my bundles. A different document appears.

15 MR ASPINALL: Thank you. I will make inquiries to see if we can find the proper tab number. Do you have the document, if I might ask through you, Commissioner, Ms Orr?

MS ORR: No, I'm sorry. I don't have the document. If the number could be repeated, I will be able to get electronic access to it but Mr Preston will not.

20 MR ASPINALL: Yes, certainly. It's CRL.557.001.0719. I'm informed by those assisting me that this is behind your tab 25, Mr Preston. I'm sorry to mislead you.

MR PRESTON: I have a tab 25.

25 MR ASPINALL: Yes.

MR PRESTON: I'm not sure if it's the same document.

30 MR ASPINALL: Is it a spreadsheet?

MR PRESTON: No.

MR ASPINALL: Is that an email?

35 MR PRESTON: It is an email with the heading Riverbank Investments.

MR ASPINALL: Yes. It may be an attachment to that email.

40 MR PRESTON: I've got an A5 book with an attachment with some pictures incorporated into it.

MR ASPINALL: Correct.

45 MR PRESTON: I will do my best.

MR ASPINALL: I will just ask Ms Orr if she objects to me showing it to the parties so that then you can have it on your screen.

MS ORR: There is no objection. No confidentiality claims over this document.

COMMISSIONER: Thank you, Ms Orr.

5 MR ASPINALL: Thank you very much. Could this document be shared with the parties only, please, Operator? Can you see that, Mr Preston?

COMMISSIONER: Well, he has a hard copy of it.

10 MR ASPINALL: Yes, I imagine your hard copy is quite small. Is it on an A4 page?

COMMISSIONER: He has it on his screen now; is that right, Mr Preston?

15 MR PRESTON: It is and, unfortunately, I've got an A5 version of it, so the screen is very helpful. Thank you.

MR ASPINALL: Yes. Could you just have a look at that for a moment.

20 MR PRESTON: Yes.

MR ASPINALL: I think you may have seen from the email to which it's attached that it was sent to Crown in January 2014?

25 MR PRESTON: Yes, that's correct.

MR ASPINALL: And, as you can see at the bottom of this screen, if you look, it's an Excel spreadsheet and it has various dates at the bottom; do you see?

30 MR PRESTON: I do.

MR ASPINALL: And if I can get the operator to click on a few of those, you will see that what ANZ provided was a series of tables relating to particular days, so of the month of January 2014. Can you see that?

35 MR PRESTON: I do.

MR ASPINALL: And what they've given in respect of each day is a table which shows the cash transactions or deposits; you see that's in the fourth column?

40 MR PRESTON: I do.

MR ASPINALL: You agree?

45 MR PRESTON: Yes.

MR ASPINALL: And you see they've also given Crown the branch at which the deposit was made?

MR PRESTON: Yes, I see that.

MR ASPINALL: And the amount, in the third column?

5 MR PRESTON: Yes.

MR ASPINALL: A description, and they've given in respect of each of the days the actual deposit slips that relate to those transactions?

10 MR PRESTON: Yes.

MR ASPINALL: Now, have you seen this document before you prepared to give evidence?

15 MR PRESTON: Not – not to my knowledge.

MR ASPINALL: So the first time you have seen that is this year?

MR PRESTON: To the best I recall, yes.  
20

MR ASPINALL: And I asked you before, but in preparing to give evidence, you haven't looked at this document in any detail; is that right?

MR PRESTON: I've tried to get across as many as I possibly can.  
25

MR ASPINALL: Thank you, Mr Preston. If we go to the tab, the first tab, I might just take you through it, the best I can. You see that there are various transactions which are cash in the fourth column?

30 MR PRESTON: Yes.

MR ASPINALL: And that all of them are under the reporting threshold of \$10,000?

MR PRESTON: Yes.  
35

MR ASPINALL: And the description of the first five plus the one after row 13, which is 14, are to the same description?

MR PRESTON: Yes.  
40

MR ASPINALL: And do you see that starts with an AGT?

MR PRESTON: Yes.

45 MR ASPINALL: And then there's a number?

MR PRESTON: Yes.

MR ASPINALL: And do you agree that when we go down to, say, the first deposit slip, that the number in the description column corresponds to the number that has been written in handwriting in the bottom left of the deposit slip?

5 MR PRESTON: Yes, I see that.

MR ASPINALL: And that's called the agent deposit reference?

MR PRESTON: Yes.

10

MR ASPINALL: And so when we go back to the description in the table above, AGT must stand for agent?

MR PRESTON: Well, it appears so.

15

MR ASPINALL: And when we talk about the agent description number, you told me before that when somebody deposits money into the Riverbank Investment number, they need to quote the Crown's Signature Club number; correct?

20 MR PRESTON: No, that's not correct.

MR ASPINALL: The Crown patron number?

25 MR PRESTON: No, I indicated that they could quote their patron number or if they didn't have a patron number, they would deposit it and then they would provide the relevant detail when they arrived at the cage to withdraw the cash or to purchase a voucher or chips or otherwise.

30 MR ASPINALL: Yes, but in terms of when there is already a Crown patron account with the casino, what you do to alert the Crown operative who is reconciling the accounts is to quote the Crown patron number; correct?

MR PRESTON: That's correct, if they have their number and they should normally provide it.

35

MR ASPINALL: Yes, and that's what this is, isn't it?

40 MR PRESTON: It would – it would appear so but I'm not entirely familiar with the numbering structure, but that seems to reflect possible patron number. I can't be sure.

MR ASPINALL: So what we are seeing here, isn't it, is a series of deposits at least in respect of rows 8 to 12 and 14 by one or more people of cash under the threshold reporting limit to a single patron account at the casino?

45

MR PRESTON: Yes.

MR ASPINALL: And what we can also see is that the person or persons making those deposits have done so at different branches of the ANZ Bank in and around Perth?

5 MR PRESTON: Yes.

MR ASPINALL: Now, that is entirely consistent with smurfing, isn't it?

10 MR PRESTON: It has all the hallmarks of being someone trying to get underneath the threshold transaction level, yes.

MR ASPINALL: Thank you. Can we now go to the text tab, which you see relates to 6 January 2014. Do you see that?

15 MR PRESTON: Yes.

MR ASPINALL: And do you see, again, we see an agent number which is the same for all of these transactions?

20 MR PRESTON: Yes.

MR ASPINALL: And again, we see that they are all of cash and that they are all under the threshold?

25 MR PRESTON: Yes.

MR ASPINALL: Correct.

30 MR PRESTON: Yes.

MR ASPINALL: And they've been made at two different branches of the ANZ Bank in Sydney?

35 MR PRESTON: Yes, I see that.

MR ASPINALL: Now, if we scroll down there, do you see the first deposit slip is by a person who has identified themselves only as Maria?

40 MR PRESTON: Yes.

MR ASPINALL: And the second deposit slip hasn't given the name of the depositor at all?

45 MR PRESTON: Yes, I see that.

MR ASPINALL: It's not on the slip, do you see?

MR PRESTON: Yes, I see that.

MR ASPINALL: And if we go down to the next one, the depositor has identified themselves as Juwita; do you see?

5

MR PRESTON: Yes, I see that.

MR ASPINALL: But when we look at the handwriting on those three deposit slips – you can scroll back up please, operator – I’m not asking you to be a handwriting expert but the way in which the numbers and the depositor name are written are very similar, aren’t they, just to the ordinary person?

10

MR PRESTON: As you indicated, I’m not a handwriting expert, Mr Aspinall.

MR ASPINALL: And do you see the mobile phone number for Juwita is the same as the mobile phone number for the person who didn’t identify themselves earlier?

15

MR PRESTON: I do see that.

MR ASPINALL: Now, if it were the case – and could you scroll back up to cell 7 – that a person is trying to disguise their identity by making multiple deposits under different names, that would be obviously indicative of money laundering, wouldn’t it, because that was one of the indicia that we saw in the FATF guidelines?

20

MR PRESTON: Yes, if someone is trying to disguise who they are, it’s a fundamental part to the AML framework.

25

MR ASPINALL: And that’s a huge red flag, isn’t it?

MR PRESTON: If they are trying to disguise who they are, that is a red flag, yes. It’s an indication of potential money laundering.

30

MR ASPINALL: Yes, but irrespective of that, the very fact that someone is making transactions under the threshold at various branches of the ANZ Bank to the same patron number is of itself indicative of money laundering?

35

MR PRESTON: Well, it could be, yes.

MR ASPINALL: Yes. Well, can we go to the next tab. You see in this case there are four transactions that ANZ have told you about on this day, and that when we look at the number, the agent, they are all fairly similar, in the description anyway.

40

MR PRESTON: Well, no, there’s three different – three different patron numbers or agent numbers.

45

MR ASPINALL: Correct, but they’re very close; one is only off by one number.

MR PRESTON: Well, I'm not sure I can really comment on that form of a relationship

5 MR ASPINALL: All right. I will let you comment on it. Do you see the first agent deposit slip ends in the number 87?

MR PRESTON: Yes.

10 MR ASPINALL: Can you see on the actual deposit slip? Do you see?

MR PRESTON: If you could just move – yes, the cursor was on it. Yes, I can see now.

15 MR ASPINALL: Sorry. And then if you go down to the next one, you see that's also 87, where somebody has used a German 7?

MR PRESTON: It's cell number 10 that you referring to?

20 MR ASPINALL: Yes, do you see if you look at these two, in cell number 9 and number 10, they're by the same depositor - - -

MR PRESTON: Yes.

25 MR ASPINALL: - - - with the same mobile phone number. And whoever has written it, has written the seven in a German fashion, such that the bank seems to have messed it up with an eight.

MR PRESTON: Yes, I see

30 MR ASPINALL: When we look at it, we can tell it's the same number?

MR PRESTON: Between cell 9 and cell 10 it would appear that the agent depositor number would appear to be the same.

35 MR ASPINALL: Yes. And so if we scroll down a bit further, you see again it's the same number, with the same German 7.

MR PRESTON: Is this cell 11 or cell 12?

40 MR ASPINALL: Cell 11.

MR PRESTON: Yes, I see that's the same number.

45 MR ASPINALL: And if we scroll down a bit further, you see it's the same number?

MR PRESTON: Yes.

MR ASPINALL: Now, if we see the depositor there, you might see that that person has given a mobile phone number?

MR PRESTON: Yes.

5

MR ASPINALL: Do you have a pen, could you write that down?

MR PRESTON: Yes.

10 MR ASPINALL: And could you also write down the patron number which is with that deposit slip. And do you note the name of that depositor? You can remember that; you don't need to write it down.

MR PRESTON: Did you ask me to write down the name of the depositor?

15

MR ASPINALL: You don't need to as long as you can remember that for a few moments. Have you got that in your memory?

MR PRESTON: I've written it down just in case.

20

MR ASPINALL: All right. Can we now go back to the tab that relates to 2 January, please, and scroll down a little bit; just stop there. You see the deposit slip which relates to cell number 11?

25 MR PRESTON: Yes, I see it's the same telephone number, Mr Aspinall.

MR ASPINALL: Yes, but do you see it's a different name?

MR PRESTON: I do.

30

MR ASPINALL: And do you see that the deposit reference number is different?

MR PRESTON: Yes, I do.

35 MR ASPINALL: Which means that one person is probably masquerading as two people and depositing cash under the threshold limit into two patrons' accounts.

MR PRESTON: It's a possibility.

40 MR ASPINALL: Which is a red flag, again, for money laundering, isn't it, according to the indicia that we saw from FATF?

MR PRESTON: Yes.

45 MR ASPINALL: Now, I know that you didn't see this at the time, but having looked at it now, is it not obvious that ANZ was raising with Crown the possibility that its accounts were being used for smurfing?

MR PRESTON: Yes, that appears to be the nature of the conversation at the time.

MR ASPINALL: And, in fact, having looked at these documents for just five minutes or so, that is the irresistible conclusion from what we have seen, is it not?

5

MR PRESTON: Well, it would appear to be highly likely that it has got someone trying to disguise their identity for the purpose of depositing money under the threshold in our accounts.

10 MR ASPINALL: Yes. Now, I could take you through further examples if you would like, but if you've agreed with that proposition, we can move on. Would you like to see the other tabs?

15 MR PRESTON: Not necessarily, Mr Aspinall, if they are the same – if they are of the same theme.

MR ASPINALL: Yes. Mr Preston, I know that you didn't see this at the time, but if someone at Crown who was monitoring these transactions in the AML department had been provided with this information, wouldn't you expect that you would have been informed?

20

MR PRESTON: I think there's a broader answer to that. In terms of the monitoring of these, it's a combination of the cage and – it's 2014, I can't recall the exact processes but the first line was with the cage who would review these transactions and determine whether they believed anything to be suspicious. And then – and I can't recall at the time whether it was also the AML team reviewing them as well or whether they relied on the operational teams to forward through to them any suspicious matters.

25

30 MR ASPINALL: Yes, but it's clearly money laundering, isn't it, that's being raised and so wouldn't you, as AML compliance officer, be informed?

MR PRESTON: Sorry, I think I indicated it has got all the indicators of money laundering, and my expectation would be that if that occurred, then there would be a review of it and an appropriate report that may be made, depending on all the circumstances and - - -

35

MR ASPINALL: But to your recollection this was never reported to you?

40 MR PRESTON: I certainly, reading the documents, became involved at a later point in time, discussing the bank accounts, post – post this incident. I do not recall this incident specifically, but my expectation would be, then and now, is if this did occur, we would have a look at it, if it came to my attention. I would expect that there would – if these things did occur and it was a recurring position it would be raised to  
45 my attention. Otherwise, it would be reported, I would have thought, in the appropriate manner. And if for some reason it was not reported, I would like to look

at it to understand whether there was appropriate training or whether the staff had missed it and for what reason to ensure the right controls were in place to prevent it.

5 MR ASPINALL: Now, I think you told me just a little earlier that this was the first time you had recalled seeing this spreadsheet; is that correct, in preparation - - -

MR PRESTON: Yes, that's correct.

10 MR ASPINALL: But I think you just in your last answer told me that you had become aware of this incident at some time earlier than this year; is that right?

MR PRESTON: No, no. What I said was through the papers I had seen that I was involved in a discussion or an email chain post this incident, which was related - - -

15 COMMISSIONER: At a later point in time.

MR PRESTON: Yes, yes. After – after this – after the dates that Mr Aspinall was taking me to, there was correspondence that I was involved in related to these accounts.

20 MR ASPINALL: And at the time, as you recall – I'm sorry. But is your evidence that prior to seeing that document you had no independent recollection of having been made aware of this?

25 MR PRESTON: Not that I can recall, sorry, Mr Aspinall.

MR ASPINALL: And so you can't really assist me any further as to what investigations Crown did in respect of these – this information?

30 MR PRESTON: Not – not that I can recall specifically. All I can say is the usual process would have been to understand – obviously, if it came to our attention in terms of the AML team, to understand the nature of the transaction, understand what level of reporting was done and then if there was any weaknesses to identify those and react accordingly.

35 MR ASPINALL: Well, I'm a bit surprised that you have any doubt that it would have come to the attention of the AML compliance team because isn't this exactly the sort of thing that must have come to their attention?

40 MR PRESTON: And if it did come to their attention and, again, I can't recall, my expectation – sorry, maybe I mis-phrased.

45 COMMISSIONER: That's a different question. Just pause, Mr Preston. If you just focus on the actual question that Mr Aspinall is asking you, please. Yes, Mr Aspinall.

MR ASPINALL: The question, in effect, was: it would be incredible, wouldn't it, if a document like this which was alleging, in effect, money laundering in Riverbank accounts, did not come to the attention of the AML team?

5 MR PRESTON: It would be surprising.

MR ASPINALL: And so your assumption of the processes is that somebody within the AML compliance team must have seen this?

10 MR PRESTON: I would have – I would have hoped so.

MR ASPINALL: Even though it wasn't you?

MR PRESTON: Not that I can recall.

15

MR ASPINALL: And as you recall, if anybody from the compliance team did see this, they didn't raise this with you?

MR PRESTON: Again, not that I can recall.

20

MR ASPINALL: Thank you. Now, can I suggest to you that if you were the AML team at this point what you would have done next, having been informed of money laundering suspicions in respect of certain days in January, would be to go back and check the accounts of this ANZ account earlier in the piece to see if it had occurred before. Do you agree that that's a reasonable thing to expect?

25

MR PRESTON: Possibly.

30 MR ASPINALL: Possibly? Do you think it would be reasonable, having been informed by your bank that it is concerned about smurfing in your account, not to look back and see whether this was a pattern or had occurred before?

MR PRESTON: I think it's reasonable to assume - - -

35 MR ASPINALL: Would that be consistent with prudent risk management?

MR PRESTON: I think it would be reasonable to assume that having a look at the relevant details that were captured within those slips would be an appropriate step to take.

40

MR ASPINALL: Do you think you should confine the inquiry merely to the information that the bank served to you in a spreadsheet?

45 MR PRESTON: No, as I indicated, I think it would be useful to interrogate that information which includes looking where that information leads.

MR ASPINALL: Yes. Now, have you looked at those earlier bank statements in respect of this ANZ account, Mr Preston?

5 MR PRESTON: I might need you to be more specific, Mr Aspinall. Which accounts are you referring to specifically?

MR ASPINALL: Have you performed that activity to review the earlier statements from this Riverbank ANZ account?

10 MR PRESTON: No, I have not.

MR ASPINALL: Okay. Well, I would like to do that with you now, if you don't mind. I will just call up the document. The document has been redacted and we would like to have the redacted version shown, please, operator, which is – Mr  
15 Preston, I will tell you where it is. It's at your ANZ and CBA Riverbank statement bundle at tab 15. And while he is doing that, the version is ANZ.334.001.0066. And could you just show that to the hearing room for the moment, please. And that has to be the R, redacted version.

20 MR PRESTON: Mr Aspinall, I don't have a folder named with that convention. Can you just – I've got a CBA and ANZ Riverbank bundle.

MR ASPINALL: That's it.

25 MR PRESTON: I've got – that's it.

MR ASPINALL: Have a look behind tab 15 and see if it matches what's on my screen, which is a statement number 1 of an ANZ account.

30 COMMISSIONER: The 28<sup>th</sup> of?

MR ASPINALL: 28<sup>th</sup> of June.

35 COMMISSIONER: Two thousand?

MR ASPINALL: '13.

MR PRESTON: It's a date end period?

40 MR ASPINALL: Pardon?

MR PRESTON: Is that the date end period?

45 COMMISSIONER: Yes.

MR ASPINALL: Yes.

MR PRESTON: Yes, I have a statement that reflects that.

MR ASPINALL: Thank you, Mr Preston, I'm just going to get my own copy. Can we scroll over, operator, to 0069, if you could do that for me, Mr Preston, as well.

5

MR PRESTON: Mine doesn't go to 69, sorry.

MR ASPINALL: Is it the number in the top right-hand corner?

10 MR PRESTON: I go up to 0041.

MS ORR: Could I assist by identifying the document ID of the document that Mr Preston and I are looking at, which appears to be different.

15 MR ASPINALL: Yes, thank you.

MS ORR: It is ANZ.334.001.0001. That is the document we have.

MR ASPINALL: I'm sorry.

20

MS ORR: Behind tab 15 of that bundle.

MR ASPINALL: I must have the wrong tab.

25 COMMISSIONER: Thank you, Ms Orr.

MR ASPINALL: I'm looking for ANZ.334.001.0066.

MS ORR: That appears to be behind tab 14.

30

COMMISSIONER: Thank you, Ms Orr.

MR ASPINALL: I'm grateful to you. Can you find that, Mr Preston?

35 MR PRESTON: Yes.

MR ASPINALL: Do you have now page 0069?

MR PRESTON: Yes, I do.

40

MR ASPINALL: If you look at the entry for 19 August, you see what has happened there?

MR PRESTON: I do.

45

MR ASPINALL: Those are a series of transactions all to the same patron account and all under the reporting threshold, all on the same day?

MR PRESTON: I do.

MR ASPINALL: And that's consistent with smurfing, isn't it?

5 MR PRESTON: It has got the hallmarks of it, yes.

MR ASPINALL: If we look at the next page, you see there's 17 individual transactions to the same patron number under the reporting threshold on that day?

10 MR PRESTON: I do.

MR ASPINALL: And do you see the next day, there are seven more transactions under the reporting threshold to the same patron number?

15 MR PRESTON: I do.

MR ASPINALL: You do?

MR PRESTON: Yes.

20

MR ASPINALL: You see the next day, there are five more transactions under the reporting threshold to the same patron number?

MR PRESTON: I do.

25

MR ASPINALL: And all that is consistent with smurfing, isn't it?

MR PRESTON: Certainly got the indicators of it being smurfing without any other knowledge.

30

MR ASPINALL: Pardon?

MR PRESTON: Without knowing much more about it, it has got the hallmarks of being, potentially, activity relating to smurfing, yes.

35

MR ASPINALL: Then we look at the next day, we see the same kind of activity?

MR PRESTON: Yes.

40 MR ASPINALL: And the day, 27 August?

MR PRESTON: Yes.

MR ASPINALL: You turn over to 0073, 16 September?

45

MR PRESTON: Yes.

MR ASPINALL: 17 September?

MR PRESTON: Yes.

5 MR ASPINALL: 20 September?

MR PRESTON: Yes, it would appear that that's not cash, those transfers.

10 MR ASPINALL: Well, they're all by the same AGT, aren't they? They are all under the reporting threshold?

MR PRESTON: They're split between two.

15 MR ASPINALL: I see. What about 11 October?

MR PRESTON: Yes.

MR ASPINALL: 25 October, which is on 0075?

20 MR PRESTON: Again, not – not cash but all amounts less than the threshold to the same agent number.

25 MR ASPINALL: Are you able to flip through this account without me taking you to them and just satisfy yourself that this account is riddled with examples of deposits which are consistent with smurfing?

MR PRESTON: There are various entries in here that are below the threshold by the same agent and a number of them are cash.

30 MR ASPINALL: And that's consistent with smurfing, isn't it?

MR PRESTON: That is an indicator, yes, that it's suspicious activity.

35 MR ASPINALL: And you agree with me, do you, that this account is riddled with those examples?

MR PRESTON: There are numerous examples in there, as I said, without knowing the background to all of the details, that are below the threshold by the same agent.

40 MR ASPINALL: Now, Mr Preston, you told me earlier that every transaction on this account would have been monitored under your transaction monitoring program; correct?

45 MR PRESTON: The transactions are looked at – all the transactions are looked at in terms of the accounts, yes.

MR ASPINALL: Yes. And you told me that although Riverbank had what might be described as a misleading name, it refers to itself as Riverbank Investments, but that wasn't a problem because the transaction monitoring program meant that the transactions in this – through this account were subject to a very rigorous process of review, didn't you?  
5

MR PRESTON: I indicated that as part of the transaction monitoring program and the accounts were reviewed.

10 MR ASPINALL: What we have just seen in this account is entirely inconsistent with proper review for money laundering purposes, isn't it?

MR PRESTON: I don't necessarily accept that.

15 MR ASPINALL: Why not?

MR PRESTON: Because it might well have been the fact that all of these were reported.

20 MR ASPINALL: Yes, but whether or not they were reported, they're still consistent with money laundering, aren't they?

MR PRESTON: Yes. There is that potential that this could be suspicious activity.

25 MR ASPINALL: And it's your evidence, is it, that if you reported it, that was the end of the story, the problem was solved; is that right?

MR PRESTON: Not necessarily.

30 MR ASPINALL: No.

MR PRESTON: That's not my evidence.

MR ASPINALL: Pardon?

35

MR PRESTON: That's not my evidence.

MR ASPINALL: Well, I thought we – I thought I asked - - -

40 MR PRESTON: I didn't say just reporting - - -

MR ASPINALL: Sorry, Mr Preston, you go on.

45 MR PRESTON: I didn't say just reporting and that was the end of the story. I didn't say that that was the fact.

MR ASPINALL: But can I suggest to you that whatever transaction monitoring was done in respect of these accounts at that time, the problem of money laundering persisted, didn't it?

5 MR PRESTON: There is certainly evidence - - -

MS ORR: I'm sorry. Perhaps if that question could be framed in a more specific way in relation to these patrons or this account.

10 MR ASPINALL: Well, I think I had put to you earlier, Mr Preston, that this account was riddled with examples consistent with smurfing; do you remember that?

MR PRESTON: Yes, that's your language, yes.

15 MR ASPINALL: And my question to you was that despite the transaction monitoring process which you considered would be sufficient to protect these accounts against money laundering, that it persisted through the period of the statements that we've just looked at; correct?

20 MR PRESTON: There are transactions of a not dissimilar nature within this statement, yes.

MR ASPINALL: And we can be relatively – sorry, have you finished?

25 MR PRESTON: There's multiple transactions of that nature in this statement, yes.

MR ASPINALL: Yes. And I know that you were somewhat reluctant to agree with me that each of these transactions that we saw were smurfing. Until you undertook the process that ANZ did for you in January 2014, you couldn't know one way or the other whether they were smurfing, could you?

MR PRESTON: Well, yes, the transaction monitoring program is designed to look at account transactions and if they saw transactions of this nature, they would assess them, and I would expect the appropriate reports would be lodged.

35 MR ASPINALL: Right. But I remember that we discussed before the sweeping of the funds into the Crown account; do you remember that?

MR PRESTON: Yes.

40 MR ASPINALL: If we look at the statement here, I will just get my – I will just find an example of a sweep here for you. . Do you have page 0072?

MR PRESTON: Yes, I do.

45 MR ASPINALL: Do you see on 4 September the balance of the account was 9.8 million or so?

MR PRESTON: Yes.

MR ASPINALL: And do you see on 5 September, there's a transfer of 7 million out of the account which leaves it with 2.9?

5

MR PRESTON: Yes.

MR ASPINALL: See, that is money that is being transferred into the main casino account, isn't it?

10

MR PRESTON: I'm not sure.

MR ASPINALL: Well that's all this account does, on your evidence, right: receives deposits and transfers it to the casino. Correct?

15

MR PRESTON: Yes. But again, I can't tell from looking at this record exactly to confirm that, in terms of looking at this record.

MR ASPINALL: But logically that must be so, must it not?

20

MR PRESTON: As I understand the functioning of the accounts, that's how it operates.

MR ASPINALL: Yes. My question to you is: if what we have seen in the previous entries was in fact money laundering, then that transfer into the casino account should not have occurred, should it?

25

MR PRESTON: I don't agree with that. The AML framework is a risk-based framework and has controls in place to identify suspicious behaviour. There's a program in place which has been reviewed numerous times by AUSTRAC and by external agencies. It reports where there are suspicious matters. If they don't report everything, it's reviewed where they identify it and controls are changed. So the concept of it should not have been transferred over, I don't accept as you put it.

30

COMMISSIONER: But if it had been identified as money laundering, surely you would agree with Mr Aspinall's proposition?

35

MR PRESTON: That if should not have been transferred over?

40

COMMISSIONER: Yes.

MR PRESTON: Well, I'm not sure, Commissioner, on the basis that - - -

COMMISSIONER: Just pause for a moment. You see, if it is identified as money laundering – smurfing, as it has been called – and it was identified by the AML team that it had come into Riverbank's account as laundered dirty money, you wouldn't want it transferred into the casino, would you?

45

MR PRESTON: If we knew it was - - -

COMMISSIONER: Yes.

5 MR PRESTON: If we knew it was, we wouldn't want it transferred but if there was a suspicion - - -

COMMISSIONER: No.

10 MR PRESTON: If there was a suspicion but we didn't know it was, that is a different proposition, Commissioner.

COMMISSIONER: No, I am asking you if it had been identified as money laundering, the last thing you would want to do would be to transfer it into your  
15 casino; isn't that right?

MR PRESTON: If we're told by the police it's proceeds associated with – if it's money laundering, if it's proceeds of crime, we won't. We will engage with the police on those matters. But if it is a suspicious that it is – there's many suspicious  
20 - - -

COMMISSIONER: No, no, Mr Preston, please. Please, if you just address it. The question is, if you knew that this was dirty money from crime, the last thing you would want would be to infect Crown Casino's accounts with it; would you agree  
25 with that?

MR PRESTON: If we knew that it was proceeds of crime - - -

COMMISSIONER: That is the question.  
30

MR PRESTON: - - - or dirty money, yes. If we knew it was, we would not want it to be in our accounts.

COMMISSIONER: Thank you, Mr Preston. Yes, Mr Aspinall.  
35

MR ASPINALL: And what follows from that, Mr Preston, is that the AML team who were reviewing the transactions before that transfer must have considered that it was not dirty money, mustn't they, otherwise they wouldn't have transferred it.

40 MR PRESTON: As I indicated before, Mr Aspinall, I can't recall the timing in terms of processes as to who was reviewing the transactions. I indicated that cage was reviewing transactions and/or AML team. I can't recall the coincidence of timing in 2014. If the cage identified this and reported it through to the AML team by way of a suspicion, they would consider it and my expectation is that they would  
45 have lodged it with AUSTRAC as a suspicious – on a suspicious matter report. Not confirmed, not law enforcement agency. We can't confirm whether it is or is not, but we lodge in accordance with our obligations that is a suspicious matter. If we know

that it is from the proceeds of crime – and we often do not – we would not be dealing with it. But if we – if it’s lodged as a suspicious matter report it is a suspicion.

5 MR ASPINALL: Well, my question is, in effect, this, Mr Preston: doesn’t the fact that money, this money, was transferred to the casino account indicate that the transaction monitoring which is undertaken on this account was either defective in that the transaction monitoring program did not detect it or else that those in that program turned a blind eye to the fact that this was clearly money laundering?

10 MR PRESTON: If this was not being reported by way of a form of some sort of suspicion again, and I can’t talk to specifics, if it - - -

15 MR ASPINALL: I’m not talking about reporting, Mr Preston. I’m talking about the fact that the money was transferred into the casino account.

MR PRESTON: And your question was pertaining to the transaction monitoring program, if it wasn’t picked up under the transaction monitoring program.

20 MR ASPINALL: No. My question was – you told me earlier that people were monitoring, people from the AML department were monitoring these accounts daily; correct?

MR PRESTON: Either the AML team and/or the cage team.

25 MR ASPINALL: Yes. And what we see - - -

MR PRESTON: And I have said, I believe - - -

30 MR ASPINALL: What we see here are numerous examples which are consistent with smurfing and despite that, it’s clear that that money which was potentially tainted by that has been transferred into the casino’s own accounts; correct?

35 MR PRESTON: There is money that’s transferred there that is from the receipt of these entries under \$10,000. That is true. What is also true is a framework around reviewing the transactions and making the necessary reports where it’s identified.

MR ASPINALL: And what I want to suggest to you - - -

40 MR PRESTON: And obligation - - -

MR ASPINALL: - - - is that the fact that that money was transferred indicates that the AML team that were monitoring this program were either ineffective in detecting this money laundering or they turned a blind eye to it. What do you say to that?

45 MR PRESTON: I don’t accept – Mr Aspinall, I don’t accept that because there is a framework around reporting of suspicious matters. It is a suspicion. They deem this

to be – if they reported it when they were looking at it – deemed it to be suspicious and they reported it accordingly. Well, if they did report it. Again, I can't say.

5 MR ASPINALL: Thank you, Mr Preston. Is that a convenient time, Commissioner?

10 COMMISSIONER: Yes. Mr Preston, we're going to resume at 2. We're taking just a little longer. I think if once again if I could ask you just to address the questions. And that's not a criticism of you; I'm just asking that you listen to Mr Aspinall's questions. So I think what will happen is we will continue on this afternoon and then we will have to resume on Monday, I'm afraid. But can I just before we adjourn, you have referred a number of times to a reporting process. Just put aside the legislative structure for money laundering reporting. In any event, you would want to look at your accounts, irrespective of your reporting obligations, 15 wouldn't you?

MR PRESTON: Our accounts are looked at all the time, Commissioner.

20 COMMISSIONER: But one would have to total control over your accounts irrespective of any reporting obligation to a law enforcement or regulatory body; correct?

25 MR PRESTON: Yes, yes. And I believe our finance department do to that effect have a look at the accounts with the details as to where the money is and the volume and the like.

30 COMMISSIONER: Yes. And so the position, so far as regulatory requirements is concerned, is one thing. But the actual control of one's accounts is independent of that, isn't it?

MR PRESTON: Yes.

35 COMMISSIONER: So you would – I withdraw that – not you, but one would want to make sure that even if you complied with all the laws to tell AUSTRAC or some other regulatory body about what was happening in your accounts, you would want to have your own review of your accounts to make sure that they were conducted in a fashion that was consistent with the ethics of your company. You would agree with that?

40 MR PRESTON: I would accept that.

COMMISSIONER: So one could have a wonderful reporting record but fail to look at their own accounts separately from that reporting regime, couldn't they?

45 MR PRESTON: That's possible, Commissioner.

COMMISSIONER: So you have to have concurrent streams of checking, don't you?

MR PRESTON: That's certainly – certainly valuable.

5

COMMISSIONER: Yes. All right. Now, having said all that, thank you for that, Mr Preston. We will adjourn until 2 pm and your time 12 noon, I think. Did you want to say something, Ms Orr?

10 MS ORR: Yes, Commissioner, I'm sorry to interrupt.

COMMISSIONER: That's all right.

15 MS ORR: Before you rise could I respectfully just ask whether there is any possibility with extended sitting time today that we may be able to finish Mr Preston's evidence given he has been under examination since Monday?

20 COMMISSIONER: Yes, I understand the difficulty of someone being in the witness box for a period of time but unfortunately not. We did have that break on Tuesday and Wednesday to accommodate you.

MS ORR: Yes.

25 COMMISSIONER: And I think, in the circumstances, although it is not ideal for anyone to be in any witness box anywhere, I would have thought, but I'm conscious and I would like to try and assist and I will do my very best but I can indicate to you that Monday will be the final part of Mr Preston's evidence. Mr Aspinall, I understand, will deal with this aspect of it, and then Ms Sharp will finalise the other evidence.

30

MS ORR: Thank you for that indication, Commissioner.

35 COMMISSIONER: Thank you, Ms Orr. I will now adjourn until 2 o'clock. Thank you.

**ADJOURNED**

**[1.00 pm]**

40 **RESUMED**

**[1.58 pm]**

45 COMMISSIONER: Yes. Thank you, Mr Aspinall. Thank you, Mr Preston. Yes. Mr Aspinall.

MR ASPINALL: Thank you, Commissioner. Mr Preston, do you remember earlier in the day we were with looking at the spreadsheet which had come from ANZ in January 2014?

5 MR PRESTON: Yes, I do, Mr Aspinall.

MR ASPINALL: Could I ask you to turn up in your bundle Crown confidential list tab 26, please? And that for the operator is CRL.557.001.0911 and that's an internal Crown email. Do you see that?

10 MR PRESTON: I do, Mr Aspinall.

MR ASPINALL: Commissioner, I understand that was initially one of the documents that confidentiality was sought in respect of, but I understand that's not pressed anymore.

15 COMMISSIONER: All right, then. Thank you.

MR ASPINALL: In which case that document can be shown to the VC.

20 COMMISSIONER: Yes. Thank you.

MR ASPINALL: Mr Preston, do you see at the bottom of that page there's an email from Mr Birch to Mr Costin; do you see that?

25 MR PRESTON: Yes, I do, yes.

MR ASPINALL: He is asking – this is the email that started the ball rolling in terms of this concern from ANZ. And do you see – what has happened next, if you scroll up the page, is that Mr Costin has then emailed Mr Barton; do you see that?

30 MR PRESTON: Yes, I do.

MR ASPINALL: And could you just take a moment to read that email to yourself, please.

35 MR PRESTON: Yes, I see that.

MR ASPINALL: You see, Mr Costin there has mentioned a Craig. Do you know what the Craig being referred to is?

40 MR PRESTON: No, I don't. I can assume that it would be Craig Spence.

MR ASPINALL: What was Mr Spence's role?

45 MR PRESTON: At that time, possibly CFO of Crown Perth.

MR ASPINALL: CFO?

MR PRESTON: Yes, possibly, at that time.

5 MR ASPINALL: I see. Would that be because the CFO at that time was the person who was monitoring the transactions going through these accounts?

MR PRESTON: I can't answer that. Sorry, Mr Aspinall. I don't know.

10 MR ASPINALL: All right. If we scroll back down to the bottom of the page and on to the next page, you see the third dot point from the bottom, which is ANZ was asking why the entity utilised investments in their company name?

MR PRESTON: Yes, I see that.

15

MR ASPINALL: Were you made aware at the time that ANZ was asking that question?

MR PRESTON: No, I was not.

20

MR ASPINALL: And then if we put that back, the first page of the email, do you see what Mr Costin has said to Mr Barton on that score is that in terms of Paul's query, can you see – are you following me?

25 MR PRESTON: Yes.

MR ASPINALL: I'm on the second paragraph of Mr Costin's:

30 *In terms of Paul's query, I can take him through the use of the account names, etcetera, but I am not 100 per cent sure what we should or shouldn't mention around the use of the company names.*

Was it some sort of policy at Crown to withhold from its banks why "Investments" was used in the name of these entities?

35

MR PRESTON: Absolutely no policy that I'm aware of. But I can't talk to, obviously, this communication. I wasn't involved.

40 MR ASPINALL: But, obviously, the issue of using "Investments" in the names was known to Crown by this stage because ANZ had raised it?

MR PRESTON: It was known to, by this chain of emails, Ken Barton and Travis Costin.

45 MR ASPINALL: Can you recall at any time around this period any discussion within the AML team or with any of your colleagues whether the "Investments" part of the name should continue to be allowed to be used?

MR PRESTON: No, I can't recall any such conversations.

MR ASPINALL: Thank you. Do you see in the first paragraph of the email from Mr Costin to Mr Barton, it says:

5

*I have spoken to Craig and he has explained what happened on the transactions. These are overseas patrons who use a moneychanger to provide the money into Crown's account when money cannot be - - -*

10 COMMISSIONER: When Crown cannot.

MR ASPINALL:

*...when Crown cannot accept the money in that currency.*

15

He mentioned Indonesia and Malaysian customers. Now, bearing in mind what we saw in the ANZ account, would you regard that as a credible explanation?

MR PRESTON: Complicated, Mr Aspinall, in that I don't know the circumstances but based on what I've seen with the transaction sheets you've shown me, we didn't have Indonesian or Malaysian currency accounts.

MR ASPINALL: Yes, but if a patron needed to use a moneychanger to change money into cash, there would have been no reason why that moneychanger needed to break it into amounts under the reporting threshold, would there?

25

MR PRESTON: I can't answer that, Mr Aspinall. Sorry. I don't know.

MR ASPINALL: And there would have been no reason for the moneychanger to visit different branches of the ANZ Bank to deposit those amounts under \$10,000, would there?

30

MR PRESTON: Again, Mr Aspinall, I don't know if I can answer that question.

MR ASPINALL: All right. And do you see Mr Barton then has told Mr Costin that he can have a discussion with the ANZ in the first instance?

35

MR PRESTON: Yes.

MR ASPINALL: And can I now take you to the document which is behind your tab 28 in the folder that you are in and for the operator, that is CRL.559.001.0164. Do you have that, Mr Preston?

40

MR PRESTON: Yes, I do, Mr Aspinall.

45

MR ASPINALL: You see this is another – what they call a thread of an email. So the email at the bottom of this page is the email we were just looking at from Mr

Birch to Mr Costin, but what we're seeing here is a different line of conversation that emerges from that initial email.

MR PRESTON: Yes, I see the email.

5

MR ASPINALL: And do you see the middle email on that page says "Travis", in other words, Mr Costin:

10 *This afternoon, keen to hear what the transactions are about. However, also interested to get answers to the questions below.*

Do you see?

MR PRESTON: Yes.

15

MR ASPINALL: And then at the top of the page, Mr Costin writes to Mr Theiler; do you see?

MR PRESTON: Yes.

20

MR ASPINALL: And he says:

25 *I just had a meeting with ANZ to discuss some transactions that occurred through the Riverbank Investments, specifically moneychangers putting in multiple transactions. I got ANZ comfortable around the accounts but one outstanding question was why the moneychangers deposit multiple amounts under 10K at different branches.*

Do you see?

30

MR PRESTON: Yes.

MR ASPINALL: Well, isn't the obvious answer to that one outstanding question was that the deposits were being made at different branches under the 10K limit to avoid one single bank branch or bank teller seeing the total amount of the cash deposit?

35

MR PRESTON: That's one explanation.

40 MR ASPINALL: Is there any other?

MR PRESTON: Well, I wasn't privy to the nature of the conversation. Sorry, Mr Aspinall. So I can't readily answer what the multiple other answers might be, but that is a possibility.

45

MR ASPINALL: Well, you were the AML compliance officer for this – for Crown Perth at this time and I have shown you the accounts and I've shown you the ANZ

statements. Is there any other explanation than I have just given you to the question which was outstanding in Mr Costin's email?

5 MR PRESTON: Well, I'm sorry, Mr Aspinall. I don't know the full detail because as I understand it, Mr Costin did make some inquiries with others as to an explanation around that and I'm unsure exactly what the explanation might have been.

10 MR ASPINALL: Can you explain to me why, in respect of an allegation or a concern being raised by ANZ in relation to money laundering, Mr Costin is speaking to Mr Barton and then Mr Theiler rather than speaking to you, the AML compliance officer?

15 MR PRESTON: No, I can't explain that. Sorry.

MR ASPINALL: Did you attend this meeting or any of these meetings with ANZ Bank?

20 MR PRESTON: No, not to my knowledge .....

MR ASPINALL: Can you explain why as the AML compliance officer at the time, you weren't party to these meetings?

25 MR PRESTON: No, I cannot.

MR ASPINALL: Doesn't the failure of you to be aware of these allegations at the time and to be involved in the discussions with ANZ surrounding them indicate that the culture of compliance at Crown at this time was severely lacking?

30 MR PRESTON: Well, not necessarily, Mr Aspinall, because I don't know the great detail that possibly sits behind these transactions as to whether, for example, there were suspect matter reports considered and lodged, whether the controls were tested, whether they were checked, whether they were enhanced as a result of these transactions. I just do not know. Sorry. All I can see is what is on the pages in front  
35 of me.

MR ASPINALL: Isn't that the very issue: you didn't know any of those things and you were the AML compliance officer at the time?

40 MR PRESTON: I think I said I don't recall about that. I don't know the full detail behind this because I can't recall, and I most probably was not involved in a portion of it as evidenced by the documents you are taking me to.

45 MR ASPINALL: I see. Now, if we could go to the document behind your tab 32, please. That, for the operator is CRL.557.001.0730. Do you see that?

MR PRESTON: I do.

MR ASPINALL: That's an email forward Riverbank Investments.

MR PRESTON: Yes.

5 MR ASPINALL: You see Mr Birch has written to Mr Barton.

MR PRESTON: Yes.

10 MR ASPINALL: And Mr Barton had forwarded that email which refers to the closure of the Riverbank Investments account to various people including Mr Spence, Costin, O'Connor and Theiler?

MR PRESTON: Yes, I do.

15 MR ASPINALL: And it would seem fairly obvious from the documentation that we have seen that the reason that ANZ wanted to close the account is because it was concerned about the transactions that it had raised with Crown late in January 2014, wouldn't it?

20 MR PRESTON: That would appear to be definitely a reason. I'm not sure of the full reasons, sorry, Mr Aspinall; I wasn't privy to all the discussions.

MR ASPINALL: Yes, I wanted to ask you about that. Can you explain to me why Mr Birch – Mr Barton has forwarded the email regarding the closure on that basis to  
25 all these other people but not to you, the AML compliance officer?

MR PRESTON: You will have to ask Mr Barton that, Mr Aspinall; I can't speak for what Mr Barton might have been thinking.

30 MR ASPINALL: But as AML compliance officer at the time it must be of grave concern to you that you were not included in this correspondence, wouldn't it?

MR PRESTON: To the best of my recollection, I wasn't, and yes, looking at the detail, it would have been helpful for me to have seen the granular detail.  
35

MR ASPINALL: Well, it's more than helpful, isn't it; it would be vital to your compliance culture that you were informed as the AML compliance officer?

MR PRESTON: Again, I don't know the full detail. I'm not aware of or I do not recall what role the AML team played, if any, just because I do not recall the details of it within the transactions, and by that I mean they may have been - - -  
40

COMMISSIONER: I'm sorry to interrupt you, but Mr Aspinall's question was it would be vital for you as the AML officer to know of this, would it not?  
45

MR PRESTON: It would be vital for me or the AML team, Commissioner.

COMMISSIONER: All right. Yes, Mr Aspinall.

MR ASPINALL: Mr Preston, could I now show you the document which is behind  
tab 3 of your folder which is called Crown confidential list, please. And that, for the  
5 operator is CRL.605.017.8619. Did you see – did I tell you it was list 2, Mr Preston?

MR PRESTON: No, sorry.

MR ASPINALL: Sorry for that. It's Crown confidential list 2 and it should be  
10 behind tab 3.

MS ORR: Commissioner, could that document be taken off the screen while I make  
a submission about it, please. Thank you.

15 COMMISSIONER: Yes, certainly.

MS ORR: All of the documents referred to so far this afternoon have not been the  
subject of a confidentiality claim at any time. This document that is now being  
referred to is part of list 2, which is a list over which I do not have instructions. So  
20 there is a default, if I could call it that, position of confidentiality in relation to these  
documents.

COMMISSIONER: Thank you. So what we will do, Mr Aspinall, if that suits you,  
is just show it to me and we will deal with it on a confidential basis as best we can.  
25

MR ASPINALL: Yes. Mr Preston, you can see it?

MR PRESTON: I can.

30 MR ASPINALL: Is it correct that you were invited or informed of a meeting with  
ANZ Bank by email on 25 March 2014?

MR PRESTON: This would indicate that I'm an invitee, yes.

35 MR ASPINALL: Can you tell me; did you attend any meeting with ANZ Bank on  
or after that date?

MR PRESTON: I do not recall, sorry, Mr Aspinall.

40 MR ASPINALL: I see. So is it your evidence that even though you might have  
been invited to a meeting with ANZ, you didn't ultimately attend one?

MR PRESTON: I think my evidence is I just don't recall, sorry, Mr Aspinall.

45 MR ASPINALL: So you may have – is it the case that you may have attended one  
but you can't recall now?

MR PRESTON: That's correct.

MR ASPINALL: All right. Now, I want to interrogate that answer a little bit more.  
Do you ever recall attending a meeting with ANZ where allegations of money  
5 laundering through the accounts of Riverbank Investment or any other Crown  
accounts were raised?

MR PRESTON: Not that I can recall, sorry, Mr Aspinall.

10 MR ASPINALL: All right. Thank you. Again, given that allegations of money  
laundering had been raised, do you regard it as a problem that you, as AML  
compliance officer at the time, did not attend the meeting with ANZ?

MR PRESTON: Well, I can't say whether I attended or not, Mr Aspinall. I just  
15 don't recall, sorry, and I haven't had a chance to check.

COMMISSIONER: If you didn't – let's assume you didn't so we can get on with it,  
assume that you didn't attend the meeting, it would be a concern to you that you  
weren't included in that particular meeting; is that right?  
20

MR PRESTON: If it was to do with money laundering-related issues,  
Commissioner, yes.

COMMISSIONER: Yes, thank you, Mr Preston. Yes, Mr Aspinall.  
25

MR ASPINALL: Now, Mr Preston, you've told me, I think, that you were aware at  
some time after you came to Crown Perth in 2007 that the Riverbank account was  
able to accept cash deposits. Do you remember that?

30 MR PRESTON: Yes, I believe so.

MR ASPINALL: Is that an independent recollection that you have or do you recall  
that now, do you think, because I've just shown you that you could?

35 MR PRESTON: No, that's an independent recollection to the best I can recall.

MR ASPINALL: And as AML compliance officer at the time, did you turn your  
mind to whether or not it was desirable that the account could accept cash deposits?

40 MR PRESTON: I can't recall whether I turned my mind to it. Our focus was on the  
transaction monitoring program in 2007 to ensure that it was responding to the risks  
associated with the casino business. So I can't say whether I turned my mind to that  
specifically. Obviously, cash is a key – a key point to consider pertaining to our  
AML program and cash deposits might have been considered.  
45

MR ASPINALL: Yes. Well, you told the Commissioner earlier, I think, in your evidence that that is one of the reasons that casinos are vulnerable to money laundering because they're cash-heavy businesses; correct?

5 MR PRESTON: That is a reason yes.

MR ASPINALL: And it's also because cash deposits are harder to trace; correct?

10 MR PRESTON: Well, cash deposits that are made at a bank go through the bank system, certainly in terms of the bank processes. So it's not - - -

15 MR ASPINALL: We saw earlier – I'm sorry. We saw earlier that there are problems with that process because the deposit slip may not have any name and the bank obviously doesn't check the identity or ID credentials of persons making cash deposits, do they?

20 MR PRESTON: Well, I can't speak for what the bank processes are, but I would expect the banks to comply with their AML obligations in the same way the gambling industry has its obligations.

MR ASPINALL: But as a member of the public, you must know that when you go into a bank and make a cash deposit, they don't ask you for identification, do they, when you deposit an amount of \$10,000?

25 MR PRESTON: I haven't been into a bank for a very long time to deposit \$10,000 cash, Mr Aspinall.

30 MR ASPINALL: Is that your answer, that you don't know whether a bank asks you for identification when you make a cash deposit?

MR PRESTON: Look, I'm unsure. Look, I can't recall the last time I was in a bank to deposit – to deposit cash, but banks will follow their AML obligations like, you know, the gambling industry has its obligation to follow.

35 MR ASPINALL: But isn't the problem with that answer, Mr Preston, that you are the AML compliance officer for a very large casino and that casino has operated accounts which can accept cash deposits and you don't know what identification requirements the bank requires at the time of the deposit?

40 MR PRESTON: Yes, I am unaware of exactly what process the banks go through.

MR ASPINALL: And so you can't be sure that you know the identity of the person who is making the cash deposit, can you?

45 MR PRESTON: I accept that.

MR ASPINALL: You just don't know either way because you don't know what they require?

MR PRESTON: True.

5

MR ASPINALL: Now, given what we have seen in respect of the ANZ accounts and the cash transactions and the examples of smurfing that I showed you, had you been aware of that, would you not agree that it was undesirable for Riverbank from that point to open another account that accepted cash deposits?

10

MR PRESTON: I've referred to it before; there is a program in place to respond to the transactions, and our obligation is to look at those transactions and report where we deem it suspicious. That was the control in place for the purpose of these transaction ..... accounts.

15

COMMISSIONER: Once again, you are limiting yourself to reporting regime. What you are being asked about is something much more integral to the operation of the casino. It is whether, in having been shut down, you would then open it up in the same way but just at another place and don't you think, as Mr Aspinall put to you, that was inappropriate?

20

MR PRESTON: Commissioner, I don't – I don't agree that it's inappropriate. If that's Mr Aspinall's question.

25

COMMISSIONER: All right. Well, just wait for the next question. Yes, Mr Aspinall.

MR ASPINALL: Thank you Commissioner. Could I now ask you, Mr Preston, to have a look at the document – if we go back to your folder Crown confidential list 1, at the document behind tab 34, please. And for the operator's benefit, the Ringtail number for that is CRL.557.001.0805, please. I don't understand that to be the subject of a confidentiality application but if I'm wrong, Ms Orr will tell me. Do you see, Mr Preston, that at the bottom of that page there is an email from Mr Costin to various people including Mr Theiler and yourself; correct?

30

35

MR PRESTON: Yes.

MR ASPINALL: And it says:

40

*All, following on from our meeting a few weeks back with ANZ regarding the Riverbank investments account, Ken and I –*

and by that I take it to be Mr Barton; is that correct?

45

MR PRESTON: I can't say, I wasn't at that meeting.

COMMISSIONER: Could you keep your voice up please, Mr Preston.

MR PRESTON: Sorry, Commissioner. I can't say for certain - - -

COMMISSIONER: All right.

5 MR PRESTON: - - - but obviously following the chain of emails it would seem to be that it was Mr Barton.

COMMISSIONER: Yes. Thank you.

10 MR ASPINALL: Yes. And you see it continues on:

15 *Had a meeting with our relationship manager this afternoon. ANZ have advised they will be closing the Riverbank Investments account both AUD and foreign currency account. They have also advised that Asian patron deposit accounts with Southbank in Hong Kong and Singapore are to be closed. They have given Crown 90 days to transition to other banks. The closure of the Riverbank accounts was expected and these accounts are in the process of being transitioned to CBA with the AUD account open, and I understand the*  
20 *foreign currency accounts may also be active. Can customers be advised by relevant people that multiple cash deposits in branch under the \$10,000 reporting threshold will not be accepted in the new CBA accounts as we don't want this process to occur again with CBA in six months time deciding to close the Southbank and Riverbank accounts due to the suspect transactions.*

25 Do you see that?

MR PRESTON: Yes, I do.

MR ASPINALL:

30

*Ken and I were surprised by the decision to close the Southbank accounts in Asia and Ken –*

you expect that would be Mr Barton; correct?

35

MR PRESTON: Sorry. Is that a – sorry. Yes.

MR ASPINALL:

40

*Stressed the importance of the accounts to the VIP team with ANZ. Ken is trying to set up a meeting with some more senior management within ANZ to discuss these accounts but in the interim, I will attempt to find another bank who will be willing to offer us patron accounts in Hong Kong and Singapore. I will let you know of the progress.*

45

Now, in terms of what I raised with you before in terms of the desirability of preventing cash deposits to any subsequent bank account which is set up, do you not agree that that was a good idea?

5 MR PRESTON: Sorry. Can you repeat that? Sorry, Mr Aspinall.

MR ASPINALL: I suggested to you earlier that in light of what we had seen in the ANZ Bank accounts that in terms of any future bank account which Riverbank set up, it would be a good idea from an anti-money laundering perspective to prevent it  
10 accepting cash deposits.

MR PRESTON: That would have been an added control to reduce the risk.

MR ASPINALL: Yes, and I asked you earlier whether you thought that would be a  
15 good idea and I understood you to disagree or to not agree with that proposition because I think you said the transaction monitoring program would cover that; is that correct?

MR PRESTON: The transaction monitoring program did respond to cash deposits  
20 like it would respond to any other transactions on an account, but I take your point regarding - - -

MR ASPINALL: Do you see that Mr Costin has asked that customers be informed  
25 that multiple cash deposits in branch under \$10,000 reporting will not be accepted to the new CBA accounts?

MR PRESTON: Yes, I do see that.

MR ASPINALL: And were you aware of that at the time?  
30

MR PRESTON: Well, I was privy to this email. I was on this email chain.

MR ASPINALL: And so you would have known from that point that Mr Costin  
35 was suggesting that cash deposits would not be accepted anymore, wouldn't you?

MR PRESTON: Yes, I can see this email and I was part of this email chain.

MR ASPINALL: And yet I think you told me this morning that your understanding  
40 from this period was that cash deposits were accepted, didn't you?

MR PRESTON: If I'm mistaken, then I apologise.

MR ASPINALL: And do you know if, in fact, the CBA account which was opened  
45 did prevent cash deposits?

MR PRESTON: I do not recall, Mr Aspinall.

MR ASPINALL: And do you know whether it is possible to instruct a bank that it not accept cash deposits to an account held with it?

5 MR PRESTON: I'm – I'm not sure of the process associated with that, Mr Aspinall.

MR ASPINALL: And are you aware of any communication to the Commonwealth Bank that it not accept cash deposits into the Riverbank Investments account?

10 MR PRESTON: Not that I can recall.

MR ASPINALL: Thank you, Mr Preston. Could I now ask you to turn up Crown confidential list 7. That's to the hearing room only. It's CRL.605.016.4170.

15 MS ORR: To assist Mr Preston, I believe that document is behind tab number 2 in that folder.

COMMISSIONER: Thank you, Ms Orr.

20 MR ASPINALL: I'm grateful to my friend.

MR PRESTON: Thank you, Ms Orr. Yes, I have that, Mr Aspinall.

25 MR ASPINALL: You have that one. Do you see the second email down, it says – it's an email from Mr Costin to Mr Hancock and, if I'm correct, from the title beneath his name or next to his name in the email above, he was the cage and count operations at Crown Melbourne?

MR PRESTON: That's correct.

30 MR ASPINALL: And he's discussing, I think, the closure of ANZ accounts in Singapore; is that correct?

35 MS ORR: I'm sorry, Commissioner. We need to exercise a little care while discussing the contents of this document while it does remain a default confidential document.

MR ASPINALL: I did not know the confidentiality claim was pressed and if it is  
- - -

40 MS ORR: I don't have instructions in relation to this document yet. This is a set of documents we received, I think, yesterday.

MR ASPINALL: All right.

45 COMMISSIONER: So what Ms Orr has described is the default position - - -

MR ASPINALL: I see.

COMMISSIONER: - - - and as soon as Ms Orr is in a position –

MS ORR: Yes.

5 COMMISSIONER: But at the moment – if you can just accept that for the moment, Mr Aspinall.

MR ASPINALL: Yes, I will.

10 COMMISSIONER: Thank you.

MR ASPINALL: Do you see that discussion within Crown at this time was that – to the effect that opening – finding new bank accounts for Crown to use would be difficult?

15

MR PRESTON: Sorry, Mr Aspinall. As Ms Orr indicated, I've only recently received these documents. I might have to trouble you to let me read through them, if that's okay.

20 MR ASPINALL: Yes, of course.

COMMISSIONER: Yes.

MR ASPINALL: Of course.

25

MR PRESTON: Yes, I have read that, Mr Aspinall.

MR ASPINALL: And do you agree with me that the effect of this communication is that Crown Casino would need good luck to find another bank that would accept its accounts?

30

MR PRESTON: Well, that's the language used by the people in this email chain.

MR ASPINALL: What I wanted - - -

35

MR PRESTON: By one person in this email chain.

MR ASPINALL: What I wanted to ask you is, were you aware at this time that Crown was attempting to find banks which would accept its business from Riverbank or Southbank?

40

MR PRESTON: I – I would have been aware that they were looking to transition the accounts if they were being closed. I would have been aware of that.

45 MR ASPINALL: And were you aware of any difficulty finding a bank that would accept Crown as a customer or Southbank or Riverbank as a customer?

MR PRESTON: Not that I can recall.

MR ASPINALL: Thank you. That document can be taken down, please.

5 COMMISSIONER: Yes. Thank you.

MR ASPINALL: Now, Mr Preston, I assume that you were aware that after the ANZ account was closed that, as foreshadowed in the email we looked at earlier, the business – the account of Riverbank was transferred to the Commonwealth Bank; do  
10 you recall that?

MR PRESTON: That's correct.

MR ASPINALL: And are you aware that despite what Mr Costin had said in the  
15 email that we looked at earlier, the Commonwealth Bank account did accept cash deposits?

MR PRESTON: Sorry. Can you repeat that, Mr Aspinall?

20 MR ASPINALL: Were you aware that despite what Mr Costin had said about the desirability of the CBA not accepting cash deposits, the CBA did accept deposits?

MR PRESTON: I do believe I've seen reference to cash deposits in there, yes.

25 MR ASPINALL: Have you looked through the statements for the CBA Riverbank account in the course of preparing for this examination?

MR PRESTON: Not to any great extent, Mr Aspinall. I received them relatively  
30 recently and they're voluminous.

MR ASPINALL: All right. We might go through some of them, if you don't mind. The first one will be in your CBA Riverbank bundle at tab 3 and for the operator, that is – sorry.

35 MR PRESTON: I don't have a CBA Riverbank bundle. Sorry. My apologies. I do.

MR ASPINALL: That's all right. Can the operator call up to the hearing room only  
40 the redacted version of CBA.050.001.0357\_R, please.

MS ORR: To assist Mr Preston, tab 3, I believe, in the folder that he has.

MR ASPINALL: Yes. I'm sorry. I should have told you that, Mr Preston.

45 MR PRESTON: Thank you, Ms Orr.

COMMISSIONER: Yes.

MR ASPINALL: Do you see that, Mr Preston?

MR PRESTON: I see a document, yes. I'm not sure we're looking at the same one. I'm hoping we are.

5

MR ASPINALL: What I'm looking at is a document that starts "Your statement, statement 5" in the top right-hand corner.

MR PRESTON: No, I have a different document.

10

MS ORR: Perhaps if we could clarify by document ID because I do see that reference on this document at tab 3.

COMMISSIONER: Yes.

15

MR ASPINALL: Tab 3.

COMMISSIONER: Yes. I think, Mr Preston, if you have another look at the top right-hand corner of that document, what does it say in the top right-hand corner?

20

MR PRESTON: 0492.

COMMISSIONER: Yes. Yes. Ms Orr.

25

MS ORR: I think it's possible Mr Preston is not in the correct folder, Commissioner. There are a number of bank statements folders.

COMMISSIONER: Yes.

30

MS ORR: I understand it to be a folder with 15 tabs in it called CBA - - -

MR PRESTON: My apologies.

MS ORR: CBA and ANZ.

35

MR PRESTON: Yes. CBA and ANZ. My apologies.

COMMISSIONER: That's all right. No need for apology. This new mode of hearings in the pandemic is trying everyone and it's very - it's a slower process, Mr Preston. But with Ms Orr's assistance, I think we have got you there; is that right?

40

MR PRESTON: I have a document which says "Your statement, statement 5" at the top right-hand corner now.

45

COMMISSIONER: Thank you.

MR PRESTON: Thank you, all.

MR ASPINALL: Thank you, Mr Preston. Could you now turn over on what on my document is one page, which is to the document pinpoint 0358.

MR PRESTON: Yes.

5

MR ASPINALL: And if you see the entries for 17 March – do you see there, the attached deposits of \$5,000 to the same patron account number?

MR PRESTON: Yes, I see that.

10

MR ASPINALL: So that immediately raises the question of why someone would break a deposit of \$10,000, which is the reporting threshold, into two separate deposits, doesn't it, in cash?

15 MR PRESTON: It's an indicator that raises a question, yes.

MR ASPINALL: And the same occurred on 19 March at the bottom of that page, didn't it? If you scroll down please, Operator.

20 MR PRESTON: Yes, it did.

MR ASPINALL: And if we then turn over to the next page, which is 0359, do you see there are a series of transactions on 20 March?

25 MR PRESTON: Yes, 20 March, yes.

MR ASPINALL: And do you see they're all to the same patron number?

MR PRESTON: Yes, I do.

30

MR ASPINALL: On 20 March. And do you see they're all for \$50,000?

MR PRESTON: Yes, I do.

35 MR ASPINALL: And do you see they're made into quick cash machines?

MR PRESTON: I see that reference, yes.

40 MR ASPINALL: And do you see that they're made at different quick cash machines in Sydney?

MR PRESTON: That's what the statement indicates, yes.

45 MR ASPINALL: And do you see on 23 March there's another quick cash deposit for the same patron number of \$50,000?

MR PRESTON: Yes.

MR ASPINALL: Would you scroll down please, Operator. And do you see on 23 March, the same day, there is a quick cash deposit to the same branch in Sydney for another \$50,000, even though it doesn't have a number on it?

5 MR PRESTON: Yes, I see that.

MR ASPINALL: And if we go down to 24 March do you see there are three cash deposits under the cash transaction reporting threshold?

10 MR PRESTON: Yes, I see that.

MR ASPINALL: At different branches around Sydney?

MR PRESTON: Yes, I see it.

15

MR ASPINALL: And then if we turn over to the next page, you see there on the 10<sup>th</sup> of April there is another one of these transactions that has been split into two amounts of \$5000 in cash?

20 MR PRESTON: Yes.

MR ASPINALL: And that they're to the same patron number?

MR PRESTON: Yes.

25

MR ASPINALL: On the same day?

MR PRESTON: Yes.

30 MR ASPINALL: Yes, but the branch number is different?

MR PRESTON: It would appear so.

35 MR ASPINALL: And then if we turn over to the next page, which is 0361, you see on the 29<sup>th</sup> of April there are three - - -

MR PRESTON: Yes.

40 MR ASPINALL: - - - more quick cash deposits of \$40,000, \$50,000 and \$50,000 all to the same patron number?

MR PRESTON: Yes, I see that.

45 MR ASPINALL: And do you see the branch numbers for those quick cash machines are different?

MR PRESTON: Yes.

MR ASPINALL: And do you see on the 29<sup>th</sup> of April there is also another deposit which does not even have a patron number on it?

MR PRESTON: I see that.

5

MR ASPINALL: And then if we turn over to the next page, which is 0362, on 21 May you see there are five deposits in the first six lines – sorry, five deposits in the first six lines which are to the same patron number although the third entry is not the same patron number?

10

MR PRESTON: Yes, I do.

MR ASPINALL: And do you see those amounts are all under the transaction threshold limit?

15

MR PRESTON: I do.

MR ASPINALL: And they're all in cash?

20

MR PRESTON: Yes.

MR ASPINALL: And they're made at different branches of the Commonwealth Bank, although a few of them are made at Footscray; so you see that?

25

MR PRESTON: Yes.

MR ASPINALL: Then if you go to the 25<sup>th</sup> of May, you see there's another cash transaction under the reporting threshold?

30

MR PRESTON: Yes.

MR ASPINALL: The Werribee branch. And do you see that number – the patron number is the same as the patron number which was used on 21 and 22 May?

35

MR PRESTON: Yes, I do.

MR ASPINALL: And do you see that number occurs again on the 25<sup>th</sup> of May at a different branch – I'm sorry, on 26 May at a different branch?

40

MR PRESTON: Yes, I see that.

MR ASPINALL: And, again, on 26 May at a different branch again?

MR PRESTON: Yes, I see that.

45

MR ASPINALL: And then do you see towards the bottom of this page, on the 28<sup>th</sup> of May there were more quick cash deposits of 40,000 and \$50,000?

MR PRESTON: Yes.

MR ASPINALL: We could you go on, Mr Preston, but can you accept at this point  
5 that from what I have just shown you, it is very clear that the CBA account which  
replaced the ANZ account was used for money laundering?

MR PRESTON: Well, I can agree with you to the extent that it was used with  
multiple cash deposits which are underneath the threshold, which my view is an  
10 indicator of potential money laundering. I will agree with you to that extent.

MR ASPINALL: Yes. And in terms of, say, the reason – if we go back to the 20<sup>th</sup>  
of May, we see those cash and quick cash deposits which add up to \$206,000 or so?

MR PRESTON: Sorry, which date, Mr Aspinall?  
15

MR ASPINALL: The 20<sup>th</sup> of March.

COMMISSIONER: 20<sup>th</sup> of March, did you say?

MR ASPINALL: The 20<sup>th</sup> of March which is 0359.  
20

COMMISSIONER: Thank you.

MR PRESTON: Yes, I do.  
25

MR ASPINALL: You say that this may not be money laundering. I was just  
interested in what your alternative hypothesis could possibly be why someone would  
split those transactions into amounts of \$50,000 at three different quick cash  
30 machines?

MR PRESTON: I can't answer that, sorry, Mr Aspinall. As I said, it's an indicator  
of money laundering.

MR ASPINALL: It's more than an indicator, isn't it; it's clearly money  
35 laundering?

MR PRESTON: Mr Aspinall, it is – I don't know the full circumstances pertaining  
to these matters. My view is that it is suspicious behaviour.

MR ASPINALL: Yes.  
40

COMMISSIONER: So in the circumstances you would know the identity of the  
person to whose account was going?

MR PRESTON: That's correct, we would have an understanding of who – who the  
45 money goes to.

COMMISSIONER: And so you would be able to do some research as to whether that person was running a business that gave him a lot of cash or otherwise?

MR PRESTON: That is – that’s an inquiry that could have been made, yes.

5

COMMISSIONER: Yes. Sorry, Mr Aspinall.

MR ASPINALL: Not at all, Commissioner. Can I ask you now, Mr Preston, to go to tab 8 of your CBA Riverbank bundle, please?

10

COMMISSIONER: Just before you do, if I may just clarify one matter. Mr Preston, you’ve been asked about this reference to “quick cash”. Do you see that?

MR PRESTON: Yes, I do.

15

COMMISSIONER: Do you have an understanding of the difference between a cash deposit and a quick cash deposit?

MR PRESTON: I understand that quick cash functionality was a machine where there was limited identification requirements required to deposit cash, which is different to the - - -

20

COMMISSIONER: Did you say no identification required?

MR PRESTON: As I understand it, it had – it didn’t require identification for those quick cash deposits which was obviously well reported.

25

MR ASPINALL: Just before we leave that statement on that point, Mr Preston, do you see at 0359 that after all those quick cash deposits had been made on the 20<sup>th</sup> of March, on the 26<sup>th</sup> of March there was a sweep of \$5 million into the Crown group finance account?

30

MR PRESTON: Yes, I do.

MR ASPINALL: And that indicates, doesn’t it that whatever anti-money laundering procedures were followed, did not pick up the fact that these transactions were likely to be money laundering?

35

MR PRESTON: No, I don’t agree with that.

40

MR ASPINALL: Well, isn’t the corollary of what I just said or the complement of what I said, was that if the team did think it was money laundering, that that transaction wouldn’t have occurred?

MR PRESTON: Our team will review the transactions to identify any suspicious behaviour as we’re obliged to do, and they lodged suspicious matter reports on a whole range of things, including transactional details, because they have formed a

45

suspicion. They do not know for sure. If they knew for sure, as I think we covered this ground before, they would engage with the relevant authorities if they knew that it was money laundering. But we don't have the ability to determine whether it is or is not. We are reporting matters that we deem to be suspicious.

5

MR ASPINALL: You told me earlier that your view was that these accounts were monitored by members of the AML team on a daily basis; correct?

MR PRESTON: I indicated I believe it's daily, and also I said AML and/or cage.

10

MR ASPINALL: And is that based upon your understanding that the compliance program required that to happen?

MR PRESTON: That is part of the procedures that are followed by the compliance team.

15

MR ASPINALL: You say that, but can you tell me how you know for a fact that that occurred?

MR PRESTON: That they review the transactional accounts every day or - - -

20

MR ASPINALL: Yes, how do you know that occurred for a fact?

MR PRESTON: Well, because I have engaged with the AML officer on a very regular basis about them carrying out their duties and they inform me that they respond to and review all reports in accordance with their responsibilities.

25

MR ASPINALL: So you check by asking them, do you?

MR PRESTON: Well, I'm engaged with them on a regular basis and that would have been - - -

30

MR ASPINALL: But that's different. I don't understand what engage with them on a regular basis; I want to know how you confirm that they are actually monitoring these accounts on a daily basis.

35

MR PRESTON: Do I ask them every day whether they're monitoring their accounts and following their jobs as they're obliged to do; no, I do not.

MR ASPINALL: Well, doesn't this account – the accounts that we've looked at indicate that they in fact weren't monitoring these accounts every day because if they had been, none of these cash deposits would have been accepted or, alternatively, within very short order, this account would have been – the bank would have been told to accept no more cash deposits?

45

MR PRESTON: As I said before, Mr Aspinall, our team would have been looking at them primarily to determine whether there was any suspicion. If they determined there was a suspicion, they would report it to AUSTRAC.

5 COMMISSIONER: I think there's a different question here now. Mr Preston, I know that there have been a number of questions, but I would be most grateful if you would just attend to Mr Aspinall's question. Yes, Mr Aspinall.

10 MR ASPINALL: I think I've taken that issue as far as I can. So we will move to a new document, Mr Preston, please. It is in your Riverbank bundle behind tab 8, I think. And for the benefit of the operator, it is a redacted version of CBA.050.001.0386\_R, please. If that could be brought up on the screen.

15 COMMISSIONER: It's just the hearing room screen.

MR ASPINALL: The hearing room screen.

COMMISSIONER: Yes, thank you, Mr Aspinall.

20 MR ASPINALL: Do you have that one, Mr Preston?

MR PRESTON: I do, Mr Aspinall.

25 MR ASPINALL: I just wanted to show you – it has been redacted obviously to protect the identity of the company in question – but do you see that on the 1<sup>st</sup> of June a company – a limited company deposited money, \$41,000, into this account?

MR PRESTON: I do.

30 MR ASPINALL: And do you see that the patron number there, did you note that?

MR PRESTON: I see, or there's a reference and an RE number and I presume that's the RE number.

35 MR ASPINALL: Yes. Do you see that number and then do you see on the 6 June, you can take it from me that it's the same company, deposited nearly \$2 million but under a different patron number?

40 MR PRESTON: Yes.

MR ASPINALL: And if we turn over the page, you see – and you can take it again from me, that the company name is the same – on the 9<sup>th</sup> of June that company deposited nearly another million dollars with yet another reference number.

45 COMMISSIONER: Do you see that, Mr Preston?

MR PRESTON: Yes, I do.

COMMISSIONER: Yes.

MR ASPINALL: And then if we move to the 15<sup>th</sup> of July - - -

5 MR PRESTON: I might add, I don't believe those reference numbers are Crown's. They seem to be too long to be a Crown reference number, it seems to - - -

10 MR ASPINALL: Well, that one might be but the others are six digits as we have seen before with the Crown patron number, aren't they?

MR PRESTON: Yes.

15 MR ASPINALL: And do you see on the - if we turn over to 0388, do you see on the 15<sup>th</sup> of July that company is again depositing money, 49,000-odd dollars?

MR PRESTON: Yes.

MR ASPINALL: And do you see that happens again on the 27<sup>th</sup> of July?

20 MR PRESTON: Yes.

MR ASPINALL: The same company. Now, we looked earlier at indicia of money laundering in casino accounts.

25 MR PRESTON: Yes, that was one of the indicators.

MR ASPINALL: And we discussed, didn't we, the fact that a deposit by a company itself is an indicator of money laundering, didn't we?

30 MR PRESTON: It can be, yes.

MR ASPINALL: And we also discussed where one party deposits money to various patrons within the casino, that was also an indicator of money laundering, isn't it?

35 MR PRESTON: I was reading that list as quickly as I could, Mr Aspinall, and if I missed that point specifically - - -

40 MR ASPINALL: But as a matter of principle, you don't need to look at it again, but isn't that correct?

MR PRESTON: It could be.

MR ASPINALL: Well, it is, isn't it?

45 MR PRESTON: Well, it could be an indicator in that, per se, it could be, depending on the circumstances.

MR ASPINALL: Because if a person wanted to launder money, wouldn't it be a good idea to spread that money through various patrons such that those patrons can withdraw the money in a less conscious way than if you put it all into one patron? Doesn't that make logical sense to you?

5

MR PRESTON: That's a possibility.

MR ASPINALL: But isn't it an indicator of money laundering?

10 MR PRESTON: I said it's a possibility. It could be an indicator of money laundering.

MR ASPINALL: If we turn to that same page, you see that, again, on 14 July, there's another example of smurfing?

15

MR PRESTON: Sorry. You might have to point me a bit closer to the mark, Mr Aspinall.

MR ASPINALL: 14 July is on page 0388.

20

MR PRESTON: Yes, there's a number of other cash deposits under the threshold numbers.

MR ASPINALL: Yes, and all at different branches, aren't they?

25

MR PRESTON: It would appear so.

MR ASPINALL: And that's pretty clearly money laundering, isn't it?

30 MR PRESTON: Well, it's suspicious behaviour, possibly. There's no reference to the patron number there but it could be deemed suspicious.

MR ASPINALL: Well, without the patron number, it's even more suspicious, isn't it, because it means that the person depositing it is completely anonymous?

35

MR PRESTON: I'm not sure it matters either way, Mr Aspinall.

MR ASPINALL: Now, if we go over to the last page, which is 0390, you see the second transaction on that page is a transaction from the Star Pty Ltd?

40

MR PRESTON: Yes, I see that.

MR ASPINALL: That's for \$2.14 million.

45 MR PRESTON: Yes, I see that.

MR ASPINALL: Why would this money be used from the Star Casino when the Star Casino does not need any privacy in respect of the funds that it transfers?

5 MR PRESTON: I think I indicated earlier a couple of times, Mr Aspinall, that this is a fund – this is an account that was used by way of almost common practice. It wasn't – it was used as a general account number that was just used for people to deposit money in.

10 MR ASPINALL: And that was despite the fact that the regulator in Victoria was understanding that this was for overseas patrons? In fact, this account is being used for just general deposits to the casino, is it?

15 MR PRESTON: No, it's all pertaining to gambling activity but what I'm saying is this was like a number of other accounts that Crown holds, is that there were options for them to use.

MR ASPINALL: But why? Why should the Star of all people need to deposit into this account when Crown itself has its own account?

20 MR PRESTON: I don't know. You might need to speak to the Star about that.

COMMISSIONER: Does it suggest that a patron of the Star is – has an account with Star and wants to move its money across to you or not?

25 MR PRESTON: That's correct, Commissioner. It would be the patron. The patron holds money with the Star and they wanted to transfer to Crown and it happens on the other way as well.

30 COMMISSIONER: So it would have an account with Star and then when it wants to either get some money in a particular way or use some money for gambling, it can transfer or ask the Star to transfer it to the investment account here; right?

MR PRESTON: That's correct.

35 COMMISSIONER: Yes.

40 MR ASPINALL: Mr Preston, can we have a look at a new statement now, which should be behind your tab 1 in your CBA Riverbank bundle. And for the operator, it is redacted document CBA.050.001.0347. Do you have that one, Mr Preston?

MR PRESTON: I do, Mr Aspinall.

MR ASPINALL: Mr Preston, can you turn over to page 0349. Do you see that?

45 MR PRESTON: Yes, I'm there.

MR ASPINALL: You see we, again, have this series of quick cash deposits starting  
- - -

MR PRESTON: Yes, I do.

5

MR ASPINALL: Starting 26 September and, again, we have – if you see the patron number at 26 September, that patron number follows through on 30 September.

MR PRESTON: Yes, I do.

10

MR ASPINALL: And then there's a series of transactions on the 1st and 2nd of October. And then if we turn to the 3rd of October, you see there's quite an egregious series of quick cash deposits in the amount of \$50,000 at various quick cash machines around Perth, all to the same patron number. Do you see that?

15

MR PRESTON: I do.

MR ASPINALL: And you see that continues on to the next page, in fact – can we see the next page, please – at the top. Then if we go down below the redaction box there, you see another egregious set of transactions in cash under the reporting limit?

20

MS ORR: I'm sorry. Just to assist Mr Preston, his version does not have any redaction box.

MR ASPINALL: Mr Preston, it starts at the second deposit on 21 October.

25

MR PRESTON: Yes, I see a number of those deposits.

MR ASPINALL: And that must be money laundering, mustn't it? There's no other reason for those sorts of deposits being made all around town?

30

MR PRESTON: I apologise to repeat myself, Mr Aspinall, but it would seem to be suspicious behaviour which could be money laundering.

MR ASPINALL: And it obviously wasn't stopped, was it?

35

MR PRESTON: Well, I'm not sure of the circumstances that's behind any of these transactions. All I know is that they would have been viewed and the necessary reporting then would have been made.

40

MR ASPINALL: And if we go to 0351, you see on and on it goes, entry after entry, cash deposits?

MR PRESTON: Yes, I see that, Mr Aspinall.

45

MR ASPINALL: Different branches?

MR PRESTON: I do.

MR ASPINALL: If we turn over to the next page, 0352, on and on it goes at \$50,000 amounts, usually at different cash machines; do you agree?

5

MR PRESTON: Sorry. Was that a question? Sorry, Mr Aspinall.

MR ASPINALL: Yes.

10 COMMISSIONER: Yes. On and on it goes; do you agree?

MR ASPINALL: You see on and on it goes down that page?

MR PRESTON: Sorry. I see those pages, yes.

15

MR ASPINALL: And then on to the final page of this statement – I don't think I need to take you to any more in regards to this statement before I ask you this question. It is clear isn't it, that despite what ANZ had raised with Crown in January 2014, that the replacement account with CBA of Riverbank Investments was used for the purposes of money laundering repeatedly, wasn't it?

20

MR PRESTON: Mr Aspinall, I will say again that this has the indicators of money laundering, which would have been reviewed by our transaction monitoring – through our transaction monitoring program and appropriate reports, my expectation, would be made.

25

COMMISSIONER: As for the proposition – apart from the people who look at it to see if they comply with the legislative requirements to report to various bodies, just looking at this, Mr Aspinall suggests to you, would indicate that this money is being laundered. Would you agree with that proposition?

30

MR PRESTON: I would agree with the proposition that it indicated, Commissioner. I don't think that was the question that Mr Aspinall put to me but it is an indicator of possible money laundering.

35

COMMISSIONER: Yes. And so having looked at it, it is fairly widespread throughout that month, though, isn't it?

MR PRESTON: There are many entries, I accept.

40

COMMISSIONER: And Mr Chapman who was one of the experts told me about this, this smurfing in the evidence a little earlier in the year, in fact in February; he told me that it's the tasking of various people to run around and do various things to assist with refining. Did you become aware of that?

45

MR PRESTON: I did.

COMMISSIONER: And that's, they're referred to as runners, in some instances at the lower level of the work, for the criminal?

MR PRESTON: Yes, I heard that evidence.

5

COMMISSIONER: So when you see people popping into banks and depositing these very large dollops of cash and you see it on one particular day and you see numerous ones, it's almost impossible to resist the conclusion that it's money laundering, isn't it?

10

MR PRESTON: It has got some very clear hallmarks, Commissioner, that it is questionable behaviour.

COMMISSIONER: Yes. Yes, Mr Aspinall.

15

MR ASPINALL: Thank you, Commissioner. Now, I know, Mr Preston, that you, at the time until 2017, weren't the compliance officer for Crown Melbourne in this period. Do you know – can you tell me who the AML compliance officer was?

20

MR PRESTON: Debra Tegoni.

MR ASPINALL: And Ms Tegoni no longer works for Crown?

MR PRESTON: That's correct.

25

MR ASPINALL: I would like to show you some of the accounts of Southbank and get your views on what was occurring in that account. If we go to Crown Southbank bundle behind tab 41 and for the operator, it's redacted version CRL.563.001.0700\_R. Do you have that document, Mr Preston?

30

MR PRESTON: I do, Mr Aspinall.

MR ASPINALL: It should be a statement, number 6, do you see?

35

MR PRESTON: Yes.

MR ASPINALL: And if you look at the deposits made on 3 March that year, 2014, you see the now familiar pattern that we've looked at in the Riverbank accounts of cash deposits underneath the reporting threshold. We have here 14 transactions in a row on the 3<sup>rd</sup> of March, do you see, because it goes over the page?

40

MR PRESTON: I do see them, Mr Aspinall.

MR ASPINALL: And they're all made at different branches in Sydney; do you see?

45

MR PRESTON: Yes.

MR ASPINALL: And they're all made to the same patron number.

MR PRESTON: It would appear so.

5 MR ASPINALL: And then we go to the next day and do you see it continues with the same patron number. We have 11 transactions that day all under the reporting threshold.

MR PRESTON: I see that.

10

MR ASPINALL: All made at different branches of the Commonwealth Bank around Sydney; correct?

MR PRESTON: I'm just counting the numbers but there are a number of cash  
15 deposits made at different branches, yes.

MR ASPINALL: Yes, and you see then on the next day, the 5<sup>th</sup> of March, it continues, and over the page?

20 MR PRESTON: Yes, there's a small number on the next page.

MR ASPINALL: And so, again, I don't want to waste your time, Mr Preston, but it's evident from this that money laundering was occurring through the Southbank account as well, isn't it?

25

MR PRESTON: I will repeat myself again, Mr Aspinall, that there are clear entries in here that, through a review, would seem to give an indication of a suspicion regarding money laundering.

30 MR ASPINALL: And if we turn over to 0704.

MR PRESTON: Yes.

MR ASPINALL: Do you see at the bottom of that page, 25<sup>th</sup> of March it has  
35 happened again; the three transactions on the bottom of that page are all under the reporting limit and all made at different branches. It's the same patron number.

MR PRESTON: Yes, I see that.

40 MR ASPINALL: Then if you turn over to the next page you see that on it goes?

COMMISSIONER: .....

MR ASPINALL: Do you agree?

45

MR PRESTON: I see two entries there that I can really see - - -

MR ASPINALL: You see that despite that on the 31<sup>st</sup> of March money was swept from this account into the Crown Melbourne account?

MR PRESTON: Yes, I see that.

5

MR ASPINALL: Can I now take you to this document which is – I'm just going to find you the document, Mr – it should be behind tab 44 of your bundle. Sorry, I'm sorry, Mr Preston, just excuse me. Yes, it should be behind the Crown Southbank bundle that you have at tab 41, and for the benefit of the operator, it is redacted version CRL.653.001.0700\_R.

10

MR PRESTON: Is that the document we were just on or am I mistaken?

MR ASPINALL: I'm sorry, I'll just check that. Yes, I'm sorry, Mr Preston, that's right. What I want to show you was the deposit on 7 March which is at 0702. Do you see that?

15

MR PRESTON: Which - - -

MR ASPINALL: Someone appears to have deposited \$200,000 in cash in Adelaide.

20

MR PRESTON: I see that.

MR ASPINALL: Would that not be suspicious for money laundering, too?

25

MR PRESTON: Yes, it could be suspicious.

MR ASPINALL: Would that suspicion not be heightened when we see at 0703 that on the 14<sup>th</sup> of March another cash deposit of \$200,000 was made at the same branch?

30

MR PRESTON: It would be suspicious.

MR ASPINALL: Is that something you would expect the monitoring program to have detected?

35

MR PRESTON: Possibly.

MR ASPINALL: Because large cash transactions are themselves an indicator of money laundering, aren't they?

40

MR PRESTON: They can be an indicator, yes.

MR ASPINALL: Thank you. If we now go to tab 40 of your Crown Southbank bundle, please.

45

MR PRESTON: Yes, I'm there, Mr Aspinall.

MR ASPINALL: Could you turn – and for the operator, that’s redacted document CRL.653.001.0916\_R.

MS ORR: I think it might be 563, not 653.

5

MR ASPINALL: I see. My fault.

COMMISSIONER: That’s all right.

10 MR ASPINALL: 653.

COMMISSIONER: No, 563.

15 MR ASPINALL: 563, operator. That’s it. If we go to the entry for 26 February, please, which is at 920. Do you see on 26 February someone has deposited \$999,000 and the reference is for the purchase of a house?

MR PRESTON: Yes, I do see that.

20 MR ASPINALL: Now, that must be indicative of money laundering, mustn’t it?

MR PRESTON: Well it’s certainly suspicious.

25 MR ASPINALL: Yes. And yet I think we see on 27 February the sweep occur, don’t we?

MR PRESTON: Yes, like any matter we deem suspicious and we deem a suspicion, identify it and we report on it.

30 MR ASPINALL: Can we try this one. It is behind your tab 88 and its number is CRL.563.001.0542\_R.

MR PRESTON: You’ll just have to bear with me please, Mr Aspinall, I have to change volumes.

35

MR ASPINALL: Of course, Mr Preston, I know you have been giving evidence for a long time.

40 MS ORR: I’m sorry; to assist Mr Preston, this should be in the same volume that he was in before, towards the very back of that volume.

COMMISSIONER: Thank you, Ms Orr.

MR PRESTON: What tab was it, sorry, Ms Orr?

45

MS ORR: Tab 88.

MR PRESTON: Mine only goes to 70. Can I just confirm that I'm in the right book, and my apologies if I've got the book - - -

MR ASPINALL: I think it should be Crown Southbank bundle, Mr Preston.

5

MR PRESTON: My volume only goes up to 70. If you could give me two seconds.

COMMISSIONER: Yes, of course.

10 MR ASPINALL: I'm informed it's the folder that has tabs 1 to 154 in it.

MR PRESTON: I don't have that folder. I have the two folders, I believe, that – or three folders that splits it all, my apologies. Sorry, can you repeat that tab number?

15 COMMISSIONER: 88, is it?

MR ASPINALL: 88.

MR PRESTON: Thank you. I have a document behind a tab 88. I will see if it's the right one.

20

MR ASPINALL: Is it statement 53?

MR PRESTON: Yes, that's the right one.

25

MR ASPINALL: The stars have aligned, Mr Preston. Could you turn to 0548 for me, please? Do you have that one?

MR PRESTON: Yes, I'm at that page.

30

MR ASPINALL: And do you see on 30 January somebody has made a deposit of \$128,000 for what is quoted to be school fees.

MR PRESTON: Yes, that's clearly suspicious.

35

MR ASPINALL: And then if we turn over the page, you see the sweep occurred on 1 February?

MR PRESTON: Yes, I do.

40

MR ASPINALL: Can you tell me why these transactions which give misleading reference numbers are suspicious, in your view?

MR PRESTON: It's an indicator that they might be trying to conceal the purpose of the funds.

45

MR ASPINALL: Yes. That's the mirror image of the problem with having the name of Southbank Investments for the account, isn't it? Because it gives extra credence to the idea that it may be for a purpose other than gambling or some investment purpose?

5

MR PRESTON: Possible, yes.

MR ASPINALL: Did you know that by 2018 Southbank had an account with the ASB Bank?

10

MR PRESTON: Yes, I'm aware of that.

MR ASPINALL: And were you aware that in 2018 that account was also closed?

15

MR PRESTON: Yes, I was aware of that.

MR ASPINALL: And are you aware of why it was closed?

MR PRESTON: Yes, I have seen the correspondence.

20

MR ASPINALL: Why was that – why was it closed?

MR PRESTON: If I can get you to point me to a particular document so I can refresh my memory, if you don't mind, Mr Aspinall.

25

MR ASPINALL: Yes, of course. I thought you might know off the top of your head but if you look at Crown confidential list 1, tab 63.

MR PRESTON: Bear with me. Sorry. 63?

30

MR ASPINALL: Yes. For the operator, that's CRL.563.001.7842.

COMMISSIONER: That's for the hearing room?

35

MR ASPINALL: Yes.

MR PRESTON: Yes, I see that, Mr Aspinall.

MR ASPINALL: Have you seen that document before?

40

MR PRESTON: I have briefly as I went through these papers and I - - -

MR ASPINALL: By this time in 2008, you were the anti-money laundering compliance officer for Crown more generally, and so including the Southbank account; is that correct?

45

COMMISSIONER: That's in 2018.

MR ASPINALL: Yes. By 2017, you had assumed that role at both casinos; is that right?

MR PRESTON: That's correct.

5

MR ASPINALL: And do you see at the bottom of that page, 7842, a representative of ASB Bank had written to Mr Costin asking a series of questions which are related to the account; do you see?

10 MR PRESTON: I do.

MR ASPINALL: Including what oversight it was subject to, whether it was covered by Crown's AML policy audits, whether it was periodically audited, and asking to confirm that you had transaction monitoring in place to detect unusual activity. Go over the page, the next page, operator, please. Next page. Processes and procedures in place to identify cash deposits into the account and processes and procedures in place to confirm the source of cash deposits; do you see?

20 MR PRESTON: I see that.

MR ASPINALL: And if you go down to the bottom of that page, do you see Ms Teria from ASB had asked Mr Costin to urgently answer these due diligence questions and that was on 10 July; do you see?

25 MR PRESTON: Yes, I see that.

MR ASPINALL: If we go back to the previous page, do you see what happened was that Mr Costin forwarded that email to Louise Lane?

30 MR PRESTON: Yes, I see that.

MR ASPINALL: And if we go to the second email in the chain, do you see that by 18 September, Ms Lane had done nothing to answer those, had not provided answers back in response to the urgent due diligence questions - - -

35

MR PRESTON: I can see that.

MR ASPINALL: - - - and that Mr Costin had to follow up with what was happening?

40

MR PRESTON: I can see that he followed her up, yes.

MR ASPINALL: And that, eventually, on 29 September, several months later, Ms Lane said that she was pulling together a response.

45

MR PRESTON: Yes, I see that.

MR ASPINALL: You see, were you aware as the AML compliance officer that these inquiries had been made by the ASB?

5 MR PRESTON: Not – not that I recall, in terms of this correspondence between Mr Costin and Ms Lane.

MR ASPINALL: You can't recall being informed of this?

10 MR PRESTON: Not this portion of the communication but I certainly was engaged, I think, at the end of it.

15 MR ASPINALL: It's a very strange thing in terms of an organisation which claims to be very – have a high compliance culture that it takes three months or so for somebody to pull together what would seem to be fairly simple questions in regards to the operation of these accounts by a bank – by its bank?

20 MR PRESTON: On the face of it, I accept that that is a period of delay that is unusual but, again, I don't know what communications were happening outside of this line of communications. I can't talk to that.

MR ASPINALL: Well, it's pretty obvious that there hadn't been a response, isn't it, because - - -

25 MR PRESTON: Well, there had been no response - - -

MR ASPINALL: - - - Mr Costin is chasing up Ms Lane months later?

30 MR PRESTON: All I can go on is the papers, Mr Aspinall, and there is an indication that there's a delay in terms of the written response coming back and from - - -

MR ASPINALL: Are you aware that, eventually, a response was given to ASB?

35 MR PRESTON: Yes, I am aware of that.

MR ASPINALL: Are you aware after that that ASB decided to close the account, Southbank?

40 MR PRESTON: I am aware that ASB closed the account, yes.

MR ASPINALL: And are you aware of why?

45 MR PRESTON: I believe I've seen the correspondence. I can't recall the specifics of it.

MR ASPINALL: Have you reviewed the accounts of Southbank at ASB?

MR PRESTON: I've explained that I don't review accounts in that nature. I haven't reviewed the accounts in that nature of the ASB account.

5 MR ASPINALL: Would it surprise you to learn that they also show examples consistent with money laundering?

MR PRESTON: I would have to have a look but based on what you have shown me, there might be indicators in there of money laundering.

10 MR ASPINALL: I see. If we now look at the document behind tab 2 of Crown confidential list 7, which I understand is – I will try to be confidential about because I understand you haven't given instructions in relation to that document. I'm sorry. Excuse me. Just excuse me for just a moment. Having a document problem. I do apologise, Commissioner.

15 COMMISSIONER: That's all right, Mr Aspinall. I might provide an opportunity to have a five-minute break.

20 MR ASPINALL: I have found the document now but I'm happy to have a break. I have found the document which is – if I'm not mistaken, starts with the capital letters "RE"; is that correct? Is that on your version?

MR PRESTON: I'm sorry, Mr Aspinall. I might have lost the thread of which list we're in. Are we back to this - - -

25 COMMISSIONER: I don't think you did, Mr Preston. We will have a five-minute – we're going to have a little break and come back in about five or 10 minutes, Mr Preston.

30 MR PRESTON: Thank you.

**ADJOURNED** [3.29 pm]

35 **RESUMED** [3.36 pm]

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

MR ASPINALL: Mr Preston, the document that I was - - -

COMMISSIONER: We'll just wait for Mr Preston to come back.

45 MR ASPINALL: Yes, that might be a good idea.

COMMISSIONER: There you are, Mr Preston.

MR PRESTON: My apologies.

COMMISSIONER: No, not at all. Not all. Yes, Mr Aspinall.

5 MR ASPINALL: Thank you, Commissioner. Mr Preston would you be able to find the document, if you have not already, which is in your Crown list 1 at tab 71, please? And for the operator, that is CRL.557.001.0803 and that's not a confidential document, as I understand it.

10 COMMISSIONER: Thank you.

MR ASPINALL: Ms Orr will tell me.

15 MR PRESTON: I will get you to confirm which tab number it was, Mr Aspinall.

MR ASPINALL: On my notes it says it should be tab 71, in your Crown list 1 folder.

20 MR PRESTON: I think I have a different number but maybe I'm mistaken, sorry. Could I get you to repeat the last four numbers?

MR ASPINALL: 0803.

25 MR PRESTON: Yes, I'm there.

MR ASPINALL: Do you see that's an email which was sent to you at the top and other people – cc'd to you, I'm sorry, and other people, regarding the closure of the account at ASB of New Zealand.

30 MR PRESTON: Yes.

35 MR ASPINALL: And you see it starts at the bottom with an email of 22 January last year where Mr Costin seems to have written that the account would be closed and that then that was – there was an email sent from Xavier Walsh to Travis Costin and copied to other people where Mr Walsh asked Mr Costin whether it would be possible to set up an account with another bank or a different bank; do you see?

MR PRESTON: Yes, I do.

40 MR ASPINALL: And Mr Costin replied to Mr Walsh that he could take a look and let you know but he would think it was unlikely, with the brief look at banks that operate in New Zealand, Mr Costin noted that:

45 *ANZ have already shut down our Southbank investment accounts in Australia due to AML concerns, hence the switch to CBA in Australia. The Chinese, European and US banks won't go anywhere near patron account which really only leaves us with Westpac and the Bank of New Zealand owned by NAB.*

Do you see that?

MR PRESTON: Yes, I do.

5 MR ASPINALL: Did that reflect your understanding of the difficulty which Southbank had in finding banking facilities given the concerns that the banks had with regard to the anti-money laundering risks of Southbank Investments?

10 MR PRESTON: Well, it's an indication based on what Mr Costin is saying pertaining to ANZ. I can't say that I could say that for the rest of the banks.

15 MR ASPINALL: No, but my point is, did you understand – did you read what Mr Costin wrote and understand that he was saying that, really, no bank wanted to take the Southbank accounts because of the problems that it represented in terms of money laundering risk. Is that how you understood that email?

MR PRESTON: Certainly, with respect to ANZ and obviously he's indicating that it is a challenge to find other banking arrangements.

20 MR ASPINALL: And that must have been of great concern to you as the anti-money laundering officer, compliance officer for Crown Resorts?

MR PRESTON: Well, it's certainly of interest, absolutely.

25 MR ASPINALL: Because it indicates, doesn't it, that the banks, both in Australia and internationally, were gun-shy of this account because it represented a money laundering risk, doesn't it?

30 MR PRESTON: Well, it certainly does potentially have a money laundering risk. I think one of the - - -

MR ASPINALL: And that the anti-money laundering procedures which Crown had adopted for many years were completely inadequate to stop money laundering through its accounts, isn't it?

35

MR PRESTON: I don't accept that.

MR ASPINALL: Well, you were sent this email. What else could you infer from it?

40

MR PRESTON: ANZ had a concern with our account based on what Mr Costin is saying, due to AML concerns, which Mr Costin has articulated, and I accept that.

COMMISSIONER: Do you agree with him?

45

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

COMMISSIONER: Do you agree with him?

MR PRESTON: I agree that, based on what Mr Costin is saying, that ANZ expressed concerns pertaining to AML concerns over the account, yes.

5

COMMISSIONER: No, but do you agree that Mr Costin – you see, Mr Costin is saying, as Mr Aspinall described it, you've got real problems because no one wants you. Do you agree with that?

10 MR PRESTON: Yes, there's an indication there that there's a number of banks that won't go anywhere near patron accounts, as far as I've just read it so - - -

COMMISSIONER: Yes, I can read that for myself. I would like you to attend to, please, Mr Preston, do you agree or not agree that this account was effectively an  
15 untouchable one so far as the banks were concerned?

MR PRESTON: As far as these banks, it would appear so.

COMMISSIONER: Thank you. Yes, Mr Aspinall.  
20

MR ASPINALL: And, Mr Preston, you told me at the beginning of this examination today that both Riverbank and Southbank had had their accounts closed by the banks; is that correct?

25 MR PRESTON: They have, that's correct.

MR ASPINALL: And that occurred late last year?

MR PRESTON: I believe so.  
30

MR ASPINALL: And why, to your knowledge, did those banks close that account, those accounts?

MR PRESTON: I – I can't recall the exact detail. I would have to refresh my  
35 memory with the document.

MR ASPINALL: I don't need the exact detail, Mr Preston. I need – the gist will be fine.

40 MR PRESTON: Again, I prefer to refer back to the document, if I can.

MR ASPINALL: You are resisting answering my question, Mr Preston, because the reason they were closed was because of money laundering concerns yet again.

45 MR PRESTON: I'm not resisting. I would like to answer the question but not mislead you, so I don't want to rely on my memory.

MR ASPINALL: I see. If it were because of money laundering concerns surely you would remember, Mr Preston?

MR PRESTON: Well, I'm – I would prefer to refer back to the document.

5

COMMISSIONER: Let's just see if we can get through this. You are being asked do you remember – effectively, do you remember whether they closed the accounts because of concerns about money laundering. Do you remember that or not?

10 MR PRESTON: I – my apologies, Commissioner, I just – I just can't recall without looking back at the document. They were obviously being closed and I can't recall the specific reason, but it would not surprise me if that was one of the reasons.

MR ASPINALL: Can we now move to a new topic, Mr Preston. You know that  
15 over a course of time, a recurring question has arisen as to whether, both with the banks within Crown and with AUSTRAC, whether Riverbank and Southbank should have been registered as reporting entities. Do you accept that?

MR PRESTON: I'm not sure I would accept the concept of concerns. I do know  
20 that there has been queries raised about whether they are reporting entities or not.

MR ASPINALL: Yes, and it's correct, isn't it that over time, Crown has repeatedly  
25 asserted to the banks and to AUSTRAC that they did not need to be registered. Is that correct?

25

MR PRESTON: That is the – that is correct.

MR ASPINALL: And you asserted that to me this morning when I asked you,  
30 didn't you?

30

MR PRESTON: That's correct.

MR ASPINALL: And as I understood it, the reason that you said that was because,  
35 in your view, Riverbank and Southbank did not carry on a gambling business; is that right?

MR PRESTON: I think I indicated to you I couldn't recall specifically but that was  
the essence of the advice that we had taken.

40 MR ASPINALL: Well, it's not your view, it's – you're repeating the advice that you've received from somebody else?

MR PRESTON: Well, our view historically has been they were not reporting  
45 entities and we checked that more recently.

45

MR ASPINALL: Did you ever think to yourself that in view of the fact that Southbank and Riverbank were vulnerable, as being associated with a casino, to

money laundering and at high risk of being exploited for the purpose of money laundering, that it would have been prudent to self-assess that Southbank and Riverbank did provide a designated service due to that risk?

5 MR PRESTON: Well, our view was historically and to this day that they are not reporting entities by way of structure of the legislation. And I might add that AUSTRAC is aware of that and so if AUSTRAC haven't indicated otherwise that would seem to me – and our advice is they are not reporting entities.

10 MR ASPINALL: All right. But AUSTRAC did ask you, didn't it, why they weren't registered - - -

MR PRESTON: They did.

15 MR ASPINALL: - - - as reporting entities.

MR PRESTON: They did.

MR ASPINALL: And you told them that in your view they weren't.

20

MR PRESTON: Sorry, they didn't ask me.

MR ASPINALL: No, they asked Crown, to your knowledge.

25 MR PRESTON: They – I have seen the correspondence, yes.

MR ASPINALL: Now, can we look at this document, which is exhibit A115, a public document and it's INQ.070.001.0001, and could we go to pinpoint 076. You see this is the AML Act, and we're looking at the table in section 6 that deals with  
30 what a designated service is. This is a public document. Can you show it to the VC, please. Or it could even be shown to the live screen. You can look at the screen if it's easier, Mr Preston.

MR PRESTON: Yes.

35

COMMISSIONER: Yes, I think Mr Preston has it.

MR PRESTON: Yes, I do.

40 MR ASPINALL: Do you see it?

MR PRESTON: Yes.

MR ASPINALL: And – sorry.

45

COMMISSIONER: Yes.

MR ASPINALL: Do you see, Mr Preston, that one of the items in table number 4 is paying out winnings in respect of a bet, where the service is in the course of providing – carrying on a gambling business. Do you see that?

5 MR PRESTON: Yes, I do.

MR ASPINALL: And you don't think that Southbank or Riverbank do that?

10 MR PRESTON: That's certainly the position that we have taken for a very long period of time and, indeed, has been confirmed by external legal advice. I'm not quite sure what I can add to your question, Mr Aspinall.

15 MR ASPINALL: So you don't have a thought on that; you just rely upon what the advice to you is. Is that right?

MR PRESTON: I think I've indicated earlier on that the original view was that they were not reporting entities and that has remained true to this day.

20 MR ASPINALL: But I'm asking you what you think now, not what the advice - - -

MR PRESTON: My view is that they are not reporting entities as I have indicated.

25 MR ASPINALL: I see but you have considered whether or not they fall within that item within that table?

MR PRESTON: Well, I indicated, apologies for repeating myself but as I indicated, it was considered when the AML frameworks were set up and it has been considered subsequently that they do not fall within the gambling service definition.

30 MR ASPINALL: Could I show you now this document which should be in your Crown confidential list 1 behind tab 57 which, for the operator, is CRL.557.001.0069. Operator, you can take that down from the live stream.

35 COMMISSIONER: Yes.

MR ASPINALL: Do you see – do you have that document, Mr Preston?

MR PRESTON: Yes, I do.

40 MR ASPINALL: You see that - - -

COMMISSIONER: Could you speak up a little, if you wouldn't mind, Mr Preston.

45 MR PRESTON: Sorry, Commissioner. Yes, I do.

MR ASPINALL: You see that's a resolution of the board of directors of Riverbank Investments.

MR PRESTON: Yes, I can see that.

MR ASPINALL: And if you turn over to the next page, do you see it's from September 2017?

5

MR PRESTON: Yes, I do.

MR ASPINALL: And that was the time when you were the secretary of Riverbank Investments?

10

MR PRESTON: I was company secretary, yes, that's correct.

MR ASPINALL: So you would have been aware of this resolution?

15

MR PRESTON: I would expect I saw a copy of it.

MR ASPINALL: Yes, and if we look at resolution number 1, do you see that the board is resolving to open a patron deposit bank account for the repayment of patron debts and funds for gaming.

20

MR PRESTON: Yes, I see that.

MR ASPINALL: And you were aware that the board of directors had resolved that?

25

MR PRESTON: Yes, I am aware of that.

MR ASPINALL: And so how, after that resolution, could you maintain a position that Riverbank did not fall within item 4 of the table that we just looked at?

30

MR PRESTON: I'm not sure I can answer your question at this point, Mr Aspinall.

MR ASPINALL: Because you see, as we discussed at the very beginning of the day, Riverbank is a wholly owned subsidiary of the Perth casino company, isn't it?

35

MR PRESTON: That's correct.

MR ASPINALL: Its accounts were operated by agents of Crown Perth?

40

MR PRESTON: That's correct.

MR ASPINALL: And on your evidence, all the transactions through its accounts were monitored by agents of Crown Perth as well, weren't they?

45

MR PRESTON: Yes.

MR ASPINALL: And so what else could it be doing than carrying on a gaming business?

MR PRESTON: Mr Aspinall, all I can say is that the way it was set up originally it was deemed not to be a reporting entity and we have taken advices since that point of time to confirm that is not a reporting entity and, indeed, it is a specific example contemplated in AUSTRAC guidelines.

5

MR ASPINALL: Just to cut through to the question, the proposition that I wanted to put to you, AUSTRAC came to you and asked you why – well, asked Crown why these entities hadn't been registered, didn't it?

10 MR PRESTON: I can't recall, or they came to Crown Melbourne and I've seen the correspondence. I can't recall whether they asked why they weren't registered or not, I can't recall the language in the correspondence.

15 MR ASPINALL: But you had what I might describe as an argument that they did not need to be; correct?

MR PRESTON: It's the position that was determined, as I read the correspondence, if you're referring to that interaction.

20 MR ASPINALL: And what would have been the downside to registering them as reporting entities for abundant caution against the proposition that the argument that you made was incorrect?

25 MR PRESTON: I don't think there would have been a downside. If it was deemed that they were to be registered, of course we would have registered them and hence the reason we - - -

30 MR ASPINALL: AUSTRAC had already queried you as to why they weren't registered so it would have been safe to assume that AUSTRAC would have no objection to them being registered; isn't that right?

35 MR PRESTON: I can't say what AUSTRAC would have been assuming. What I can say is that post that discussion we were provided with – we did provide AUSTRAC with the details of Southbank in a compliance assessment and at no point in time did they - - -

MR ASPINALL: And yet you didn't register them as reporting entities, did you?

40 MR PRESTON: No, but my point is that we explained to them the operation of Southbank as an account and at no point in time in their compliance assessment did they recommend that they be registered reporting entities, sorry.

45 MR ASPINALL: It's not for AUSTRAC, though, to give you legal advice, isn't it? You're the chief legal officer of Crown Resorts?

MR PRESTON: Yes, and our view was subsequently confirmed by external advices, that they were not. And, indeed, I would expect that if AUSTRAC did have

a particular view that they needed to be, particularly when you've got direct engagement with AUSTRAC, then they would have made reference to that point.

5 MR ASPINALL: Could I suggest to you that the reason Crown did not take steps to register in Southbank and Riverbank as reporting entities was because it perceived there were advantages in not doing so and that is why it resisted.

MR PRESTON: I don't accept that.

10 MR ASPINALL: Can I suggest to you that those advantages were that unregistered, the regulatory oversight of the operations of Riverbank and Southbank were reduced. Do you accept that?

15 MR PRESTON: I do not accept that. I do not accept that.

MR ASPINALL: And that persons who deposited money into those accounts were better protected from regulatory scrutiny, do you accept that?

20 MR PRESTON: I do not.

MR ASPINALL: And that it augmented inflows into Crown Resorts into the various casinos, in other words, that it was to the financial advantage of Crown that they were not registered as reporting entities.

25 MR PRESTON: I do not accept that.

MR ASPINALL: Correct.

30 MR PRESTON: No, I do not accept that.

MR ASPINALL: I suggest to you that you resisted registering as a reporting entity despite clear evidence that they were being used for money laundering purposes. Do you accept that?

35 MR PRESTON: I do not accept that.

MR ASPINALL: Mr Preston

40 COMMISSIONER: Mr Preston, when you said a little while ago that, in answer to Mr Aspinall's question about the self-assessment process – do you recall that evidence?

MR PRESTON: I need to refresh my failing memory.

45 COMMISSIONER: There's no problem with that. There was one option for Crown or Riverbank and that was to self-assess it to provide a designated service. Do you remember that?

MR PRESTON: Yes, sorry, I do now recall from about three minutes ago; I do recall the concept that Mr Aspinall had referenced about a self-assessment.

5 COMMISSIONER: Yes. And you said that, obviously, it's not a reporting entity under the legislation; that's right? That's your view, isn't it?

MR PRESTON: It's my view and external legal advice. Yes, Commissioner.

10 COMMISSIONER: You've had external legal advice. And so when you have the accounts that we have seen today and you do have a company or two companies that is outside the purview of the regulator, would you agree that it imposes a heavier burden on the company itself to regulate its own accounts?

15 MR PRESTON: I'm not quite sure how to answer that question, Commissioner, without most probably making a point that the way we look at our accounts with Riverbank and Southbank are the same lens that we put over with any other account that we have, in terms of reviewing the nature of the transactions and we provide that to AUSTRAC without fear or favour.

20 COMMISSIONER: Of course, but where you have what Mr Aspinall has shown you, of day after day, day after day, dollops of cash going in, in the amounts that we've seen, one would have thought that the company might have closed its own accounts without the bank having to do so, wouldn't you think?

25 MR PRESTON: I think on reflection, looking at those transactions, there are a number of indicators repeated. But I'm not sure I understand the detail as to each and every one of those transactions and also the reports - - -

30 COMMISSIONER: I think it would take you very long time, Mr - it just seems that what you've seen today is incredibly worrying, isn't it?

MR PRESTON: It is worrying for me to see that but again I do need to reference the - sorry.

35 COMMISSIONER: So I do understand you have a policy in Crown but this inquiry is looking not only at Crown but to the future and if this were to happen again, it would be unthinkable, if it could happen again, wouldn't you think?

40 MR PRESTON: I certainly don't want to be looking at those transactions again, Commissioner, because I believe that it does have hallmarks and to understand the detail behind, for example, the reporting nature as to those transactions would be important. Certainly, I take your point.

45 MR ASPINALL: Now, Mr Preston, today when I've asked you questions about the bank accounts and transactions that we've looked at, you focused very heavily on the fact that there is a reporting structure in relation to those transactions and your

assumption that where a transaction crops up, that that would have been reported; agree?

5 MR PRESTON: No, that's not what I indicated. I indicated that the reports are reviewed and they are – reviewed for the purpose of whether there's suspicious activity and if there's deemed suspicious activity then there will be a report, which is a bit different

10 MR ASPINALL: As the AML compliance officer for Crown generally now, you would be aware that the anti-money laundering legislation in this country is not limited to a reporting regime, wouldn't you? There are also criminal sanctions against dealing with what might reasonably be suspected to be the proceeds of crime; do you agree?

15 MR PRESTON: Yes, I'm aware of the related legislation.

MR ASPINALL: And you're aware that those prohibitions are, in effect, at both a State and federal level in Western Australia and Victoria?

20 MR PRESTON: Yes, I am.

MR ASPINALL: Now, in respect of your anti-money laundering program, what training do you give your operatives in regard to their obligations with respect to the criminal law, not to deal with the proceeds of crime?

25 MR PRESTON: Well, we have a general introductory training program which articulates the nature of a regulated industry. We have an online training program which is a deeper program which develops further information. We have an online anti-money laundering training program which generally references proceeds of crime. And all people who are involved in the provision of a designated service are provided with that training. We also have a dealing with proceeds of crime company policy as well which articulates steps to take.

30 MR ASPINALL: Now, in respect of the operation of the accounts that we saw, are you satisfied that the people who arrange the transfer of the funds or the sweep from the Riverbank and Southbank accounts had received the training that you described in relation to the obligations under the criminal law?

40 MR PRESTON: I would expect they received the anti-money laundering training and also they would be aware of the relevant company policy.

MR ASPINALL: Is that your expectation or you actually know that they have?

45 MR PRESTON: Well, I don't know exactly who manages the accounts and I don't know exactly what training they have had. That would be my expectation.

MR ASPINALL: But wouldn't that be important things to know as the AML compliance officer for Crown?

5 MR PRESTON: Well, as I said, that's my expectation. My expectation is – and I just don't want to be black and white because I just don't know exactly. My expectation is that those people will have done the AML training and they are all subject to the company policies, one of which is the proceeds of crime policy.

10 MR ASPINALL: All right. Can I show you now a newspaper article which is at INQ.100.010.0092, which is exhibit F65 and this can be put on the feed. Do you see that's an article which was, I think, published in the Fairfax newspapers on 5 August 2019?

15 MR PRESTON: Yes, I do.

MR ASPINALL: And did you read that at the time?

MR PRESTON: Yes, I did.

20 MR ASPINALL: And do you see – did you see at the time that the allegation made in that newspaper article was that drug traffickers have used two private companies which were set up by Crown Resorts with Crown Resorts executives as directors, the bank suspected proceeds of crime.

25 MR PRESTON: I see that.

MR ASPINALL: Can we go to the next page, please. And do you see there in the next paragraph, Southbank Investments and Riverbank Investments were specifically named?

30 MR PRESTON: Yes, I see that.

MR ASPINALL: And do you see on the next page, if you could go to the next page, that there were various allegations and then at the bottom of the page, the fourth last paragraph, the newspaper reports that:

40 *In a statement in response to questions, a Crown Resorts spokeswoman said the company was set up, the companies were set up for receiving and transferring funds to and from casino customers.*

MR PRESTON: Yes.

MR ASPINALL: And that:

45 *Both accounts were authorised to be used for that purpose in accordance with casino regulated and legislative requirements*

MR PRESTON: Yes.

MR ASPINALL: But in respect of the Riverbank account, they hadn't actually been authorised; they were deemed to be authorised, weren't they?

5

MR PRESTON: I think it's not too dissimilar a concept, Mr Aspinall.

MR ASPINALL: Well, doesn't this statement give the impression that the regulators are aware of what's happening in these accounts? Isn't that why it's being made?

10

MR PRESTON: No.

MR ASPINALL: Isn't it being made to reassure the public that the regulators are aware of what is happening in these accounts?

15

MR PRESTON: Well, it's making the point, the factual point.

MR ASPINALL: I see. And then in the next paragraph, it says:

20

*Transactions through these accounts are subject to all of our usual reporting obligation including our obligation under AML/CTF legislation.*

Do you see?

25

MR PRESTON: Yes. Yes.

MR ASPINALL: But that belies the fact, doesn't it that neither Southbank or Riverbank were reporting entities?

30

MR PRESTON: No, that's – that's accurate.

MR ASPINALL: And that Crown had made a decision not to make them reporting entities?

35

MR PRESTON: That's a decision that has been made, again, with confirmation from external legal advice. But they are not reporting entities. But even still, we treat them like any of other bank accounts for the purpose of analysis under our program and comply with that program.

40

MR ASPINALL: Yes, but that's not a formal requirement, is it? This statement is implying that the transactions are subject to the usual reporting obligations under the AML Act; correct?

45

MR PRESTON: They're our reporting obligations and we subject them to the review under our anti-money laundering transaction monitoring program.

MR ASPINALL: But they're not reporting entities so they can't have any obligations under that Act, can they?

MS ORR: I hesitate - - -

5

COMMISSIONER: Yes, Ms Orr.

MS ORR: I hesitate to object, Commissioner.

10 COMMISSIONER: All right. That's all right.

MS ORR: I'm unsure what the purpose is of these questions and propositions being put repeatedly when answers have been given repeatedly by Mr Preston and he is not the person - - -

15

COMMISSIONER: I'm sorry, I think the purpose of the questions are to see if Mr Aspinall can obtain from Mr Preston, focus on the words rather than giving the answers that he is giving. I think it's important. I think there was a public statement by Crown which may impute – the imputation from that is clear, that these accounts were subject to the usual reporting obligations under the AML Act. And Mr Aspinall is entitled to explore it, I think, so I will allow him to proceed.

20

MR ASPINALL: In fact, I was wanting to move to a new document, Commissioner, which is the final document.

25

COMMISSIONER: Yes.

MR ASPINALL: Which is exhibit A219 and that's, again, a public document, which is INQ.100.010.0895.

30

COMMISSIONER: Yes.

MR ASPINALL: You see, Mr Preston, we've looked at this document before. It's the media release from the board of Crown Resorts, which was released to the Stock Exchange.

35

MR PRESTON: Yes, I see that, Mr Aspinall.

MR ASPINALL: If we go to the next page, which is pinpoint 0896, you see part of this announcement related to anti-money laundering.

40

MR PRESTON: I see that.

MR ASPINALL: Do you see?

45

MR PRESTON: Yes, I do.

MR ASPINALL: And it says here that the program made, which is the 60 minutes program - - -

MR PRESTON: Can I trouble the operator to increase it, Mr Aspinall.

5

MR ASPINALL: ..... in a box, the last paragraph on that page.

COMMISSIONER: The left-hand column.

10 MR ASPINALL: No, I'm sorry, the left-hand column under anti-money laundering. Correct.

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

15

COMMISSIONER: Or turns.

MR ASPINALL: Turns a blind eye to it.

20

*In fact, Crown has a comprehensive anti-money laundering and counterterrorism financing program which is subject to ongoing regulatory supervision by AUSTRAC. Crown takes its regulatory obligations very seriously and works closely with all of its regulatory agencies including state and federal law enforcement bodies. Crown provides a range of information in a proactive manner in accordance with its regulatory obligations including the reporting of all transactions over \$10,000 and the reporting of subject transactions of any value.*

25

30 In the light of what we've seen was occurring in the accounts of Southbank and Riverbank, do you consider that that accurately reflects the strength of the anti-money laundering policies at Crown Resorts?

MR PRESTON: I do.

35

MR ASPINALL: Did we not see that by giving depositors a pretence of depositing money through Southbank Investments and Riverbank Investments, Crown was giving them a method to disguise the fact that they were depositing money into a casino?

40

MR PRESTON: It doesn't shift me from my position, Mr Aspinall. Those accounts were - - -

COMMISSIONER: Do you agree with the proposition?

45

MR PRESTON: Mr Aspinall's proposition being that we gave a method to – I think the language was disguise.

COMMISSIONER: Yes.

MR PRESTON: I think they the original language was contemplated as anonymity, but it could be used to disguise payments, yes.

5

MR ASPINALL: And in respect of that, wasn't Crown facilitating money laundering?

MR PRESTON: No.

10

MR ASPINALL: And when we've seen that Crown made a decision not to register Southbank and Riverbank as reporting entities, wasn't it facilitating money laundering because the transactions through those accounts were subject to less regulatory supervision?

15

MR PRESTON: I do not agree.

MR ASPINALL: And when we have seen – and based upon the transactions through the accounts that we saw day after day, month after month, wasn't it clear that Crown's policies were either ineffective to detect and stop money laundering or that Crown was turning a blind eye to the fact that money laundering was occurring in its accounts?

20

MR PRESTON: It was not turning a blind eye to it, Mr Aspinall. As I said, there is a framework which captures the review of those transactions and it reports accordingly.

25

COMMISSIONER: It looks like it didn't work on this occasion, doesn't it?

30

MR PRESTON: Commissioner, in terms of the reporting function, my expectation is the reporting function continued to operate pertaining to our obligations with AUSTRAC. As to the detail - - -

COMMISSIONER: Putting aside the reporting obligations in respect of these accounts because there weren't any, it looks as though the framework didn't work on these occasions. Would you agree with that proposition?

35

MR PRESTON: Looking at those accounts, there are obviously a number of indicators that lead to suspicious matters potentially of suspect money laundering.

40

COMMISSIONER: So do I translate what you have just said to me as yes?

MR PRESTON: Sorry, Commissioner, if I can trouble you to repeat your question.

45

COMMISSIONER: Of course. It looks like the framework that was in place did not work on these occasions.

MR PRESTON: It would – it would appear, subject to, again, the level of reporting that was undertaken that there could have been weaknesses. But again, subject to the level of reporting that we’re undertaking to make to the regulatory agency.

5 COMMISSIONER: But you see, reporting – I think I discussed this with you earlier. AUSTRAC can’t do everything in the world. There is a regime for reporting. You didn’t have to report because these were not registered for reporting purposes; correct?

10 MR PRESTON: That’s correct.

COMMISSIONER: So let’s just put that to one side. Whatever else the framework did in the years between 2013 and 2018 through which Mr Aspinall has taken you, it looks, doesn’t it, like the framework did not work with these two accounts?

15

MR PRESTON: There are – there are weaknesses that have been observed through looking at the transactions, Commissioner; I accept that. Again, I’m very cautious about providing much more because there is a framework that does sit around that that Crown does comply with. So my apologies I can’t answer your question without the further explanation.

20

COMMISSIONER: I understand that and I understand your caution and the reasons therefore, and it’s very important to ensure that when there’s a message given publicly that this is a highly regulated environment and industry, that you just can’t simply say, well, because we are regulated ergo we’re okay. In this instance, the dependency for proper conduct was not something that burdened AUSTRAC but burdened Riverbank and Southbank. Would you agree with that?

25

MR PRESTON: Yes, it’s certainly an obligation on Crown itself, not to rely just on others.

30

COMMISSIONER: So you could be the best reporting company in the world but where you have companies that aren’t reporting entities, it’s necessary to do the things that we have spoken about a little earlier; you agree with that.

35

MR PRESTON: Yes, I accept the fact and I make the point again those references by Mr Aspinall, if we had a view that they were to be a reporting entity or AUSTRAC had given us any indication we would, without doubt, have made them reporting entities.

40

COMMISSIONER: Well, I think you were asked about that and you resisted AUSTRAC, did you not?

MR PRESTON: No, AUSTRAC – well, AUSTRAC asked – sorry, I wasn’t directly involved in it, but AUSTRAC did ask a question whether they were reporting entities and our legal position was that they were not.

45

COMMISSIONER: So I will put it again: AUSTRAC did but you resisted, did you not?

5 MR PRESTON: We provided them with an interpretation of what we understood to be the legislation, Commissioner.

COMMISSIONER: And that was a resistance, was it not, to any companies being registered?

10 MR PRESTON: Well, it was a response to their query. I wouldn't suggest it was resistance.

COMMISSIONER: The response to the query was, "We resist registering because our legal advice is that we don't have to." Isn't that right?  
15

MR PRESTON: I don't – sorry, Commissioner, I don't think we were asked to register them, so I'm hesitant to say resist. I think - - -

COMMISSIONER: I see.  
20

MR PRESTON: I think we were asked a question as to whether they were and we responded based on the advice that was – the position that the company took at the time.

25 COMMISSIONER: And that was to not register them even though AUSTRAC had asked about them; correct?

MR PRESTON: That's correct.

30 COMMISSIONER: Mr Aspinall.

MR ASPINALL: Mr Preston, isn't the fact that Riverbank Crown and Southbank persisted in opening new accounts in circumstances where banks had repeatedly closed or refused to allow accounts of those companies to continue and the fact that  
35 we saw that Crown allowed cash deposits to be made into the CBA account after what had happened in the ANZ account indicative of Crown facilitating or turning a blind eye to money laundering?

40 MR PRESTON: Sorry, Mr Aspinall, that was quite a long number of questions, I believe.

COMMISSIONER: Yes, Mr Preston, I think in the circumstances if I may say, I agree with you. The question is rejected.

45 MR ASPINALL: Isn't the fact that Crown, Riverbank and Southbank persisted in opening accounts with new banks in circumstances where previous accounts had

been closed on the basis of money laundering concerns, indicative of the fact that Crown facilitated or turned a blind eye to money laundering?

5 MR PRESTON: No, I don't accept that proposition.

MR ASPINALL: And I want to finally put to you the fact – the proposition that far from being incorrect and deceitful, the allegations that the program made and the newspaper made in respect of money laundering happening at Crown were, in fact, true?

10 MR PRESTON: I entirely disagree with that, Mr Aspinall.

MR ASPINALL: Thank you, Mr Preston.

15 COMMISSIONER: Yes. Mr Preston, that brings us to the end of today's proceedings. And then we will resume on Monday morning and I'm in a position to indicate to you that I anticipate that Ms Sharp will finish her examination of you during Monday, and it may be that your counsel may make an application, I'm just not sure, but we hope to have you away from the witness box at least in this round  
20 some time on Monday.

MR PRESTON: Thank you, Commissioner.

25 COMMISSIONER: Yes, I will adjourn until Monday, at 10 am Sydney time, 8 am Perth time. Thank you.

**MATTER ADJOURNED at 4.23 pm UNTIL MONDAY, 3 AUGUST 2020**

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