



**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**

**THURSDAY, 3 SEPTEMBER 2020  
AT 10.00 AM**

**Continued from 2.9.20**

**DAY 22**

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

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

**MR N. YOUNG QC appears for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited**

5 **MR D. BARNETT appears for CPH Crown Holdings Pty Ltd**

**MS N. CASE appears for Melco Resorts & Entertainment Limited**

10 **<JASON PATRICK O'CONNOR, ON FORMER AFFIRMATION [10.01 am]**

**<EXAMINATION BY MS SHARP**

15 COMMISSIONER: Yes. Mr O'Connor, are you ready to proceed? I think you're on mute, or somebody might have muted you. Wait until we find that you're on air.

MR O'CONNOR: No. I think I'm okay this end.

20 COMMISSIONER: You're right now. We can hear you now. Thank you very much, Mr O'Connor. You're bound by the affirmation you gave yesterday to tell the truth. You understand?

25 MR O'CONNOR: Yes, I do.

MS SHARP: Mr O'Connor, I would like to take you back to the series of text messages we looked at yesterday afternoon. And I will have them called up. CRL.545.001.0628. They are in Crown confidential list 6 at tab 111, but it is an open document. Could we please go to pinpoint 0638. This can go to the live stream, please. Can you see the text messages before you, Mr O'Connor?

30 MR O'CONNOR: Not on the screen, Ms Sharp, but I've got – they're there now. Yes, I can. And I've also got the hard copy in front of me.

35 MS SHARP: And I will just have you taken to pinpoint – I beg your pardon, I gave the wrong pinpoint. It was pinpoint 8136. I beg – no, there are many numbers here. It's pinpoint 0638. Now, if I could direct your attention to the text message at the middle of the page, this is one I drew to your attention yesterday afternoon, Mr O'Connor. And I just wanted to have you read this and the next few text messages, and then ask you some questions about them. We've already read the one beginning:

40 *Hi, boss.*

And:

45 *I've just received a call from Xu.*

That's X-u. And you'll agree that Mr Anh sent you another text message:

*Boss, did you get my last message? Thanks, Veng.*

5 MR O'CONNOR: Yes. I can see that.

MS SHARP: Then, can I take you over the page to pinpoint 0639? Now, that box at the top in green is a message from you, isn't it, that says:

10 *Yes, Veng. Got the message. MC also heard that from someone else connected to Xu.*

That is X-u:

15 *Xu also told Ishan. Bit alarming.*

And then do you see a little bit further down there's another green text message:

20 *Where do you think Xu heard this news?*

Now, looking at these text messages, would you agree that there had been three separate communications to the effect that China was going to begin arresting people having anything to do with gambling and moving money out of the country. And those three communications were the one that Mr Veng Anh received, which he  
25 relayed to you. Do you agree with that first one?

MR O'CONNOR: Yes.

30 MS SHARP: And then you agree that MC, that is, Michael Chen, had also heard that news from somebody else?

MR O'CONNOR: Well, I think it's the same source, Ms Sharp.

35 MS SHARP: No. I will direct your attention back to the text message. MC also heard that information from someone else connected to Xu.

MR O'CONNOR: I can see that, yes. But I was suggesting that Mr Xu is the source for both of those messages.

40 MS SHARP: Well, that does appear to be contrary to what the text message you sent says, doesn't it:

*MC also heard that from someone else connected to Xu.*

45 MR O'CONNOR: Well, I guess, it's in – it depends on how you interpret that message, Ms Sharp. I'm interpreting it to be someone, but Mr Xu is the source of the

message. And Michael Chen has received it via somebody else, but from Mr Xu. It's a bit ambiguous.

MS SHARP: And then we see that:

5

*Xu also told Ishan.*

MR O'CONNOR: Yes.

10 MS SHARP: So three separate people had been told, at this stage, of this warning. Those three separate people being Veng Anh, Michael Chen and Ishan; do you agree?

MR O'CONNOR: Yes, I do.

15

MS SHARP: And those three separate people conveyed that message to you; do you agree?

20 MR O'CONNOR: I know that Veng conveyed it to me. I spoke with Michael, who confirmed that he'd heard it. I – I can't comment on whether the third person, Ishan, relayed the news or not. I can't recall that.

MS SHARP: All right. Well, would you agree that three separate people at Crown were made aware of this warning, being Veng Anh - - -

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MR O'CONNOR: Yes.

MS SHARP: - - - Mr Chen and Ishan.

30 MR O'CONNOR: Yes, I agree.

MS SHARP: You agree with that?

35 MR O'CONNOR: I agree, yes.

MS SHARP: And a fourth person was made aware of this warning, which was you. Do you agree with that?

40 MR O'CONNOR: Yes.

MS SHARP: Now, you found the warning to be a bit alarming, didn't you?

MR O'CONNOR: Yes, I did.

45 MS SHARP: And you found it so alarming that you went on to question Mr Anh about where he thought Xu had heard the news.

MR O'CONNOR: Yes, I did.

MS SHARP: Now, yesterday, you told us that you took no steps to arrange for the staff to leave mainland China at this time, and I would like to understand why not.

5 MR O'CONNOR: Well, we took a couple of steps to try to validate the – the information, Ms Sharp. One of those was to consult with another customer who we believed did have good access to law enforcement in China. And the second step that we took was to seek legal advice from our legal advisers in China, as well. The  
10 information that we received back from the check with the other customer indicated that there was no real cause for concern. The information that we received back from our legal advisers was that they were – they had no knowledge of anything of this nature occurring. And so, in light of that, those two fresh pieces of information, against our understanding of the legal position in relation to our staff in China at the  
15 time, my assessment was that withdrawing our staff from China at that point in time was not necessary. And I might add that nothing happened subsequent to this over the next two or three months.

MS SHARP: Who was that other customer you consulted with?  
20

MR O'CONNOR: Commissioner, can I seek some guidance before I name that customer, please? I'm not sure whether – this is a customer who obviously does have access to law enforcement intelligence in China. I'm not sure that disclosing that name in a public forum such as this will be beneficial for him. Can I please seek  
25 some guidance from you?

COMMISSIONER: Yes, of course. If you would like to write it down, give it to your solicitors and that can be sent to the solicitors assisting me, Mr O'Connor.

30 MR O'CONNOR: Okay. I will do that, Commissioner. Thank you.

COMMISSIONER: No difficulty with that, Ms Sharp, I presume?

MS SHARP: Not a problem. Thank you, Commissioner. Now, Mr - - -  
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MR YOUNG: Commissioner, can I - - -

MS SHARP: - - - O'Connor, you have a very clear recollection - - -

40 MR YOUNG: Commissioner, could I – Commissioner, please.

COMMISSIONER: I'm sorry, Mr Young. I do apologise.

MR YOUNG: Mr O'Connor sought some guidance.  
45

COMMISSIONER: Yes.

MR YOUNG: I thought I should say that the course you propose, Commissioner, is the appropriate one, and the piece of paper can be marked confidential, please.

COMMISSIONER: Yes, it will be marked confidential MF11.

5

MR YOUNG: Thank you.

COMMISSIONER: I presume it may actually – I think the course might be if we can do it electronically having regard to the COVID restrictions, it may just be that an email goes to Mr Sullivan, Michael Sullivan, the solicitor assisting the Inquiry, from Mr Ward on a confidential basis and that email will be in the holdings and marked confidential. Are you happy with that, Mr Young?

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MR YOUNG: Yes, I am, Commissioner. I'm not sure that Mr Ward can identify who the customer is without some communication with Mr O'Connor.

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COMMISSIONER: Yes, that will have to happen.

MR YOUNG: Thank you.

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COMMISSIONER: That will have to happen. There's no difficulty with that at all. I assume that – well, if there is any difficulty you will let me know, and whoever is going to communicate with Mr Sullivan, I will leave it to those who are representing Crown and any other lawyers who may be involved, if I may say it that way, Mr Young.

25

MR YOUNG: Yes, Commissioner. Thank you. Of course, that's fine.

COMMISSIONER: All right. Yes. I'm sorry, Ms Sharp.

30

MS SHARP: Mr O'Connor, you have a very clear recollection of the two steps you took in relation to this warning. Did you tell Mr Felstead about this warning?

MR O'CONNOR: Ms Sharp, you asked me that question yesterday. It was my standard practice to involve Mr Felstead or alert Mr Felstead to events such as this. I just have no strong recollection that I did so in the context of this particular event.

35

MS SHARP: In the context of what this warning was, and in the context of your usual practice, you would agree, wouldn't you, that it is most likely that you did tell Mr Felstead about this matter.

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MR O'CONNOR: I would agree that would – that was my normal practice, yes, but I can't say with any certainty that I did so in this case.

MS SHARP: Now, at this time you were meeting fairly regularly with Mr Michael Johnston, weren't you?

45

MR O'CONNOR: Yes, I think so. This would have been during the period of time when we were conducting our VIP workstreams meetings at which Mr Johnston participated.

5 MS SHARP: And it's fair to say that Mr Johnston was keenly interested in how business was developing in mainland China?

MR O'CONNOR: Yes, Mr Johnston took an interest in the business across all of our markets, including China.

10 MS SHARP: You agree, don't you, that the prudent course in receiving a warning like this would have been to make Mr Michael Johnston a director of Crown Resorts aware of this warning?

15 MR O'CONNOR: If we assessed the warning to be of such significance or that the risk assessment was assessed to be quite high then, yes, I would agree.

MS SHARP: Well, you assessed it as such significance that you went and obtained legal advice about it and obtained information from another customer, so we may  
20 take it that you did assess this warning to be of some significance; yes?

MR O'CONNOR: Well, the warning was of significance, yes, that's right, but subsequently - - -

25 MS SHARP: Well, in view of your assessment of this warning as significant, is it most likely that you did make Mr Johnston aware that you had received this warning?

MR O'CONNOR: No, I wouldn't suggest that it is most likely that I made Mr  
30 Johnston aware.

COMMISSIONER: Structurally, I presume if you had made Mr Felstead aware you would expect him to make Mr Johnston aware; is that right?

35 MR O'CONNOR: It's hard for me to know what Mr Felstead would do with information such as this, Commissioner. Presumably, if he felt it needed to be escalated then he would do so.

COMMISSIONER: But was it your usual process to report to Mr Johnston?

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MR O'CONNOR: No. No, if I had concerns about anything such as this, Commissioner, I would alert Mr Felstead.

COMMISSIONER: I see. Yes. Thank you.

45

MS SHARP: In evidence yesterday when I asked you about this particular warning, you told us, at page 1931, at line 44 to 45, that it was not every day that you received such a warning and I will quote:

5           *...but from time to time we did receive alarms or warnings, not quite of this nature, but of a similar nature.*

What warnings were you referring to there?

10       MR O'CONNOR: Well, Ms Sharp, I guess I was referring to incidents that had occurred both previously and subsequent to this point in time that gave rise to some concern amongst our sales staff in China. Typically, that example would involve perhaps a – one of our customers being questioned by the authorities or even  
15       detained by the authorities, and that would normally trigger some concerns amongst the staff and questions about whether they ought to come out of the mainland for a period of time.

MS SHARP: Were other warnings given to members of Crown staff warning them to get their staff out of mainland China?

20       MR O'CONNOR: I can't recall any examples of a warning coming directly from a customer such as this.

MS SHARP: That wasn't quite my question. I didn't ask whether a warning had  
25       come from a customer. What I did ask, and I will ask again, were there other occasions in which Crown staff were given warnings to remove Crown staff from mainland China?

MR O'CONNOR: Well, there was another example, Ms Sharp, prior to this point in  
30       time where an event in China gave rise to us deciding to bring some staff out of China. That occurred, I think, in 2012.

MS SHARP: Any other warnings of that nature?

35       MR O'CONNOR: I can't recall any specific examples.

MS SHARP: I will move to a different topic. You're – or are you familiar with a junket operator at Crown named Ng Chi Un, N-g C-h-i U-n?

40       MR O'CONNOR: I'm familiar with the name. I recognise the name, Ms Sharp.

MS SHARP: Could I take you to a document that you will find, Mr O'Connor, in Crown confidential list 3 at tab 10. I'm told that it is an open document. It's CRL.579.025.0337. This can go on the live feed. Have you got that document in  
45       front of you, Mr O'Connor?

MR O'CONNOR: Yes, I do.



MS SHARP: And you will see at the top of it you are sending this email.

MR O'CONNOR: Yes, I see.

5 MS SHARP: And the date is 1 August 2015.

MR O'CONNOR: Yes, I see that.

10 MS SHARP: And then if I show you the entire chain on that first page, what's happening, isn't it, is you are approving an amount of money to be made available to Ng Chi Un; is that correct?

MR O'CONNOR: Yes, that appears to be what's happening here.

15 MS SHARP: So you have, in the past, had some dealings in relation to Ng Chi Un?

MR O'CONNOR: Yes. This indicates that I have approved the reactivation of this customer's credit facility.

20 MS SHARP: Could I take you to another document, please. This you will find, Mr O'Connor, in Crown confidential list 3 at tab 7. Again, I'm told this is an open document. It's CRL.579.016.6049. I will just have this brought to the – yes. If that could be brought up to the live stream. Now, you will see this is – you're a recipient to this email, Mr O'Connor?

25 MR O'CONNOR: Yes, that's right.

MS SHARP: And you'll see that it's dated 28 January 2014?

30 MR O'CONNOR: Yes.

MS SHARP: And it seems to be a COD investigations report being sent to you. Would you agree with that?

35 MR O'CONNOR: Yes.

MS SHARP: So we may take it that some kind of internal investigation at Crown was being conducted into Ng Chi Un back in 2014?

40 MR O'CONNOR: Yes. That appears to be true.

MS SHARP: And you will agree that, just from the first page of the email, you are told that one of Ng Chi Un's key businesses is Meng Mun Seafood Hot Pot?

45 MR O'CONNOR: I see that. Yes.

MS SHARP: Did you understand at the time that Mr Ng was associated with a Hot Pot company?

5 MR O'CONNOR: I've no recollection of this at the time. It would have struck me as not – not terribly significant. But I can see from the email that he's associated with a seafood restaurant. Yes, I can see that.

10 MS SHARP: But one of the things that you were concerned with, at least from a credit perspective, was what business activities junket operators are engaged in, weren't you?

MR O'CONNOR: Yes, to determine their capacity to honour their credit lines; that's right.

15 MS SHARP: Yes. Now, you'll see there's an attachment to this email. You see in the – about two – no need to turn the page. I just need you to acknowledge that you can see there is an attachment to the email.

20 MR O'CONNOR: Yes. I see that.

MS SHARP: Now, we may take it that when emails are sent to you about due diligence reports on customers, you took the time to read them?

25 MR O'CONNOR: Well, Ms Sharp, I – I don't – I can't recall whether I read this one, in particular, and I wouldn't admit to reading every one that came across my inbox. But I saw that as - - -

30 MS SHARP: But didn't you have – didn't you have the ultimate decision-making responsibility as to whether to approve a junket operator at that time?

MR O'CONNOR: Yes, I did. And I did so on taking advice from people within my team who undertook those assessments. But I was responsible. Yes.

35 MS SHARP: Could we just take you to the attached due diligence report and I will call it up. It's CRL.579.016.6050. Now that – I think you've already got it, Mr O'Connor, but for the benefit of others appearing today, it's in Crown confidential list 3 at tab 6. But I'm told it's an open document. And could I ask you, please, Mr O'Connor, just to have regard to the second page of that document. And I will bring it up, pinpoint 6051. You will see there's an executive summary, and you'll agree  
40 that one of the matters thought to be significant enough to raise in the executive summary was the fact that Mr Ng Chi Un owned a Hot Pot company.

45 MR O'CONNOR: Well, I can see the reference to a – to a restaurant. I don't see that that described as a company. But I can certainly see the reference to a seafood Hot Pot restaurant.

MS SHARP: All right, I will take you through it a little more slowly. At dot point 2, do you see it says:

5       *Two real estate companies and one Hot Pot restaurant located at China are officially registered under the right hand person of Ng Chi Un. In fact, Ng Chi Un is the real owner?*

MR O'CONNOR: Of the three companies? Yes. I see that.

10    MS SHARP: Yes. Then, at the last dot point:

*Meng Mun Real Estate Company, Meng Mun Seafood Hot Pot, as well as Meng Mun Junket are the majority business of Ng Chi Un in Macau and China.*

15    MR O'CONNOR: Yes, I see.

MS SHARP: Now, surely you understand that a clear link is being drawn in this executive summary about Ng Chi Un and a Hot Pot restaurant?

20    MR O'CONNOR: Yes.

MS SHARP: And, then, if I could take you to pinpoint 6058. See down the bottom there's some photographs of the Meng Mun Seafood Hot Pot restaurant.

25    MR O'CONNOR: Yes, that's right.

MS SHARP: So would you agree that, in this due diligence report, obtained in respect of Ng Chi Un, a very clear link was drawn between Ng Chi Un and his ownership of a Hot Pot restaurant?

30    MR O'CONNOR: Yes.

MS SHARP: Why were you obtaining due diligence on Ng Chi Un at this time?

35    MR O'CONNOR: I really don't know, specifically, Ms Sharp. But it – it wasn't unusual for – for Crown's team to seek information such as this from – from our colleagues at Melco Crown in Macau. I - - -

40    MS SHARP: Because - - -

MR O'CONNOR: I don't know whether - - -

45    MS SHARP: At this time, the ordinary due diligence procedure for a junket operator involved obtaining a World-Check report and seeing that they obtained their visa in Australia. It seems that you've gone above and beyond that usual due diligence and have – someone at Crown has required extended due diligence on him. Are you able to assist with why?

MR YOUNG: I object to the question.

COMMISSIONER: Yes, Mr Young.

5 MR YOUNG: It misstates the evidence from yesterday concerning the due diligence process - - -

COMMISSIONER: I see.

10 MR YOUNG: - - - followed in relation to junkets.

COMMISSIONER: Yes, the various committees, etcetera.

15 MR YOUNG: Well, beyond that, Commissioner. The witness never said that the checks were confined to the two matters mentioned by Ms Sharp.

COMMISSIONER: Well, I think so far as the – it was an email. It was a little ambiguous I must say, Mr Young. But the – perhaps, you could ask generally, Ms Sharp - - -

20

MR YOUNG: Yes.

COMMISSIONER: - - - without injecting those two matters, and whether the due diligence was, in fact, escalated or it was of a higher quality than otherwise.

25

MS SHARP: Yes. Based on your experience at that time and your role as having the ultimate say on due diligence matters, did obtaining this investigation report on Ng Chi Un represent an escalation from your usual due diligence procedures at that time?

30

MR O'CONNOR: It – Ms Sharp, it's not unusual to call on the resources of the people at Melco Crown to add some additional information to our diligence processes. I know you're asking for what may have given rise to this particular event, and I simply can't answer that question because I don't know the answer, whether there was anything specifically that gave rise to this, but it certainly wasn't unusual for us to seek additional information about customers from our colleagues in Macau.

40 MS SHARP: Can I take you to a document from a little later in time. This one will be found for you, Mr O'Connor, in confidential Crown list 1 at tab 45, and it is CRL.579.018.5541. Please bring it up to the hearing room only. You will see it's an email chain headed Ng Chi Un and Pun Chi Man.

45 MR O'CONNOR: Yes, I have that.

MS SHARP: And you will see at the top that you are a recipient of an email dated 10 December 2015.

MR O'CONNOR: Yes.

MS SHARP: I beg your pardon, this is an open document, I'm instructed, so it can go to the live stream.

5

COMMISSIONER: Thank you.

MS SHARP: If you follow the email chain downwards, you will see at the bottom of that page Ari Lee, the vice president sales acceleration, sends an email dated 10 December 2015 requesting an extension on banking of personal cheques for these two gentlemen, and then states:

15

*For background, these two, particularly Ng are very influential characters in Macau, particularly the underground network.*

Now, we may take it that you saw this email at the time?

20

MR O'CONNOR: Yes, you can – you can take that, Ms Sharp. I tried to take note of all the emails that I received.

MS SHARP: What did you understand was meant when the reference was made to “these two, particularly Ng being very influential characters in Macau, particularly the underground network”?

25

MR O'CONNOR: Well, I had no recollection of this email or giving it consideration at the time, Ms Sharp, I'm sorry to say. And even today I'm not sure whether I could explain what Mr Lee meant by those comments. I would – I would only be speculating.

30

MS SHARP: Well, I'm sure you can – Mr O'Connor, I'm sure you can explain what you understand it to mean reading it today. What is that?

35

MR O'CONNOR: Well, again you're asking me to speculate, I guess. I gather being influential characters in Macau - - -

MS SHARP: No, Mr O'Connor, I'm not asking you to speculate in any way. I'm asking for your reasonable understanding of reading these words today. What do you think it means?

40

MR O'CONNOR: Well, it could mean one of two things. It could mean the underground network referring to the system of underground banking that is in place to support transmission of funds. Alternatively, it could mean that they are somehow connected to some kind of gangster activity or gang activity. I don't know. I guess the underground could be – could be used to explain that kind of activity.

45

MS SHARP: So you accept that one reasonable reading of this is that they're connected to the underground banking network.

MR O'CONNOR: Well, it could be. I mean, that underground banking network, that "underground" is a term that's used to describe that system, but he might be referring to something else. He could be referring to – or suggesting that they have some gangster connections. I just don't know.

5

MS SHARP: Well, you see this email is quite concerning, Mr O'Connor, because you receive it at the time and on any fair reading, I suggest, it's telling you that these gentlemen may have some unsavoury connections. Do you accept that?

10 MR O'CONNOR: Yes. Yes.

MS SHARP: But that doesn't stick out in your mind as troubling you in any way at the time?

15 MR O'CONNOR: I simply can't recall my reaction or response to this from the time, Ms Sharp.

MS SHARP: Can I take you to another document, please. It's an open document at Crown confidential list 9, tab 127. I will pull it up on the live feed.

20 CRL.579.018.1528. Now, this is a Crown Melbourne patron credit profile. Can you tell us what sort of document this is within Crown records, please, Mr O'Connor?

MR O'CONNOR: This is a document maintained by our credit control team to keep simple and easy access to some background information that would be relevant in  
25 deciding whether to renew customers' credit lines.

MS SHARP: Did it have any relevance to due diligence that may be conducted on junket operators?

30 MR O'CONNOR: It may. It could be the document that if there was any – if the credit team or anybody else, I suppose, had any information that they thought was relevant to record on this form then this form could be used for that purpose.

MS SHARP: Do you think it's reasonably likely that in making a due diligence  
35 assessment about a particular junket operator regard would be had to this document?

MR O'CONNOR: Yes, I suppose it would. This is a - - -

MS SHARP: All right.  
40

MR O'CONNOR: This is a document that – sorry. Go on.

MS SHARP: You will see it says date of visit 28 January 2014. May we take it that  
45 this document was brought into existence at about that time?

MR O'CONNOR: You should consider this a permanent document, I would suggest, Ms Sharp. I don't know when it would have been initiated. It's a document that is maintained and regularly refreshed for all ongoing customer relationships.

5 MS SHARP: And you will see it relates to Mr Ng Chi Un.

MR O'CONNOR: Yes, I see.

10 MS SHARP: And you will see there's reference to a credit check having been conducted on 6 August 2013.

MR O'CONNOR: Yes, I see.

15 MS SHARP: And you will see there's a central credit summary, eight other clubs listed, and then there seem to be references to information from other casinos. Is that right?

MR O'CONNOR: Yes, the casinos are listed alongside that comment, that's right.

20 MS SHARP: And what this shows us is that credit liaises with other casino operators in conducting credit checks about particular junket operators?

MR O'CONNOR: That – that is true, but what this is showing us is that these are the – these are the casinos that have referred to the central credit agency, not  
25 necessarily that these are the casinos that Crown's credit team has referenced.

MS SHARP: Can I take you down to the middle of the document where it summarises the turnover from Mr Ng Chi Un?

30 MR O'CONNOR: Yes.

MS SHARP: You will see that his total history for the financial years 2013 and back in 2012 is \$753 million.

35 MR O'CONNOR: Yes, that appears to be his total history. I'm not sure that we can conclude that it's across those two years.

MS SHARP: That makes him a pretty significant junket operator for Crown, doesn't it?  
40

MR O'CONNOR: Well, that's over a – an entire history, Ms Sharp.

MS SHARP: Well, it's over two years, Mr O'Connor.

45 MR O'CONNOR: Well, it – I'm sorry. It doesn't appear to be. You can see that '13 his total turnover was 17 million and, in '12 it was eight; that doesn't tally to 753.

MS SHARP: I accept that. I accept that, Mr O'Connor. In any event, a total history of 753 million in turnover makes him a pretty significant junket operator for Crown, in terms of bringing in revenue, doesn't it?

5 MR O'CONNOR: No, it doesn't. Relatively speaking, it doesn't.

MS SHARP: So he's not somebody who sticks out in your mind for any particular reason.

10 MR O'CONNOR: He – no, he doesn't.

MS SHARP: Could I take you down to the section on business interests.

15 MR O'CONNOR: Yes.

MS SHARP: You'll see it says that:

*The patron operates and guarantees junkets in Macau –*

20 and then there's a bracket –

*(Meng Mun junket) and also has various restaurants, owner of Meng Mun Gaming Promotion Company. Patron also owns Hot Pot restaurant located in China.*

25 MR O'CONNOR: Yes.

30 MS SHARP: Now, again, a connection is clearly being made in this summary of information about Mr Ng Chi Un to his ownership of a Hot Pot restaurant, you'd agree?

MR O'CONNOR: Yes.

35 MS SHARP: Can I – you'll see it's stated that he partnered with Lai, L-a-i, Kai, K-a-i, Ming, M-i-n-g in brackets "Goldmoon junket". Do you know anything about Lai Kai Ming?

MR O'CONNOR: No, I don't, Ms Sharp. I'm sorry.

40 MS SHARP: And you don't know anything about Goldmoon junket – Goldmoon junket?

45 MR O'CONNOR: I recognise the name Goldmoon junket. And I believe they were probably active in a VIP junket room in Macau, perhaps at City of Dreams. I recognise the Goldmoon junket reference.

MS SHARP: Can I take you down to the further commentary:



*Patron is associate with Tam –*

T-a-m –

5           *Yan –*

Y-a-n –

*Tak and brother Ngau –*

10

N-g-a-u –

*Gor who are associated with water room group.*

15       Now, did you know that the Water Room Group was one of the triad groups that operated in Macau?

MR O'CONNOR: No.

20       MS SHARP: Did you know that the Water Room Group was another reference to the Shui, S-h-u-i, Fong, F-o-n-g, triads?

MR O'CONNOR: No.

25       MS SHARP: And yet there's a reference in Crown's very own documents to an association between Ng Chi Un and the Water Room Group.

MR O'CONNOR: Yes, that's right. There's a reference here.

30       MS SHARP: But is your evidence that it was never drawn to your attention, as the head of international VIP, that Crown had records associating Ng Chi Un with the Water Room Group?

MR O'CONNOR: That's right.

35

MS SHARP: Do you think there's been a bit of a due diligence failure here?

MR O'CONNOR: Well, it – if it's true that the Water Room Group is an active triad community and known as such, then, yes, I'd agree that it seems that there's  
40       been a failure to connect that information to this customer.

MS SHARP: So if it's true that Water Room Group is a reference to a triad – and you can take it from me that Mr Vickers gave us precisely that evidence the other day – then it would appear to you that, as at 2014, the business for which you were  
45       responsible was dealing with a junket operator associated with triads.

MR O'CONNOR: That – on the basis of what you've put in front of me, Ms Sharp, that does appear to be the case.

5 MS SHARP: There's something else I'd like to ask you about in relation to Mr Ng Chi Un. And that's a letter that this Inquiry recently received from Minter Ellison. But before I do, in the period since Mr Preston gave evidence last – or this July and early August, has anyone ever asked you any questions about Ng Chi Un from Crown?

10 MR YOUNG: Just a moment. I object.

COMMISSIONER: Yes, Mr Young.

15 MR YOUNG: If this is inquiring into communications between Mr O'Connor and his legal advisers in the immediate days preceding his evidence, I do object.

COMMISSIONER: I think it's directed more to whether Crown, in its enquires in relation to Ng Chi Un since Mr Preston gave his evidence, had consulted with Mr O'Connor for the purposes of that inquiry as opposed to any legally privileged  
20 communications in relation to - - -

MR YOUNG: Commissioner, I'm sorry. I only caught half of what you said. The volume from your microphone seems to fall away.

25 COMMISSIONER: I will see if I can do better, Mr Young. I'm sorry. I think it is more directed to whether Crown and its officers, in seeking to inquire into the matters that Mr Preston was going to assist with in relation to extra material to be provided, consulted with Mr O'Connor at all as opposed to any legally privileged communications between his lawyers and himself. I think that's the purpose, is it  
30 not, Ms Sharp?

MS SHARP: Yes.

35 MR YOUNG: Yes. Well - - -

COMMISSIONER: And so there's no intention - - -

MR YOUNG: Well, if the question is so confined, Commissioner, I understand. And I withdraw an objection, if it is so confined.  
40

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

45 MS SHARP: Thank you for that, Commissioner. I will ask it in a different way to confine it in the way that you have suggested. Mr O'Connor, when Mr Preston last gave evidence before this Inquiry, he said he would conduct some further

investigations into the Ng Chi Un junket and get back to us. Did he have any discussions with you for that purpose?

5 MR O'CONNOR: Ms Sharp, I'm hesitating because I – I've – I don't recall specific discussions on that topic. No. But Mr Preston would not necessarily need to contact me to get all of the evidence that Crown has in relation to this. Other people within the organisation have access to all of the same information that I do.

10 MS SHARP: Now – well, I will come back to that, Mr O'Connor. One of your responsibilities, as the head of this group, was to obtain as much market intelligence about junket operators as possible, wasn't it?

MR O'CONNOR: Yes. Yes, that's right.

15 MS SHARP: Well, you're a natural point of contact for understanding more about these junket operators, aren't you?

20 MR O'CONNOR: As the head of the department, yes. But, as I said, there were other people within my team who had just as much information available to them as I did; as deep an understanding of these customers and the diligence processes that were undertaken as I did.

25 MS SHARP: All right. But you don't cavil with the proposition that one of your functions as to obtain as much market intelligence about junket operators as you could.

MR O'CONNOR: No, that's right.

30 MS SHARP: Well, I suggest to you, on that basis, that you are a natural source of information about these junket operators. You agree with that, don't you?

MR O'CONNOR: Yes.

35 MS SHARP: Now, could I take you to a letter that Minter Ellison wrote to this Inquiry, dated 27 August 2020. For your assistance, Mr O'Connor, it's on confidential list 11 at tab 37. We'll bring this up just in the hearing room. CRL.660.001.0001.

40 MR O'CONNOR: Sorry. Ms Sharp, you said 11, tab 37?

MS SHARP: Tab 37. Yes. You're correct, Mr O'Connor.

MR O'CONNOR: Yes. Thank you. Have I that letter in front of me.

45 MS SHARP: Now, one of the things this letter did was report on the outcome of Mr Preston's investigations into Ng Chi Un and I would like to take you to that part of

the document, if we can go to point 0005, please, and can I direct your attention to paragraph 10.6.

MR O'CONNOR: Yes.

5

MS SHARP: Now, could I just draw your attention to subparagraph (c) that Crown staff did not draw links between Mr Ng and the junket referred to by the media as the Hot Pot junket because they did not regard references to Mr Ng's interests in the Hot Pot restaurants as linking him to a junket of that description. Let me ask you this: on the basis of the documents and the due diligence documents I've shown you this morning, does it seem reasonable that no link would be drawn between Ng Chi Un and the Hot Pot junket?

10

MR YOUNG: I object to the question, your Honour.

15

COMMISSIONER: Yes.

MR YOUNG: Sorry, Commissioner.

20

COMMISSIONER: No, that's all right. It's rejected.

MR YOUNG: The witness has given evidence that he himself - - -

COMMISSIONER: Mr Young, I've rejected the question.

25

MR YOUNG: Thank you, Commissioner. I missed that.

COMMISSIONER: That's all right. I'll keep my voice up, I'm sorry.

30

MS SHARP: Could I then direct your attention, Mr O'Connor, to 10.7 where it's stated:

35

*In relation to the reference to underground networks, Mr Lee has advised that he used this term to refer to unsavoury associates of Mr Ng and not to any underground banking network.*

And then it goes on at paragraph 10.8 to say:

40

*Mr Lee provided Mr Preston with some background. Then Mr Lee's team in Macau called him and expressed concern about the fact that a bounced cheque was a serious offence in Macau. Mr Lee's team expressed concerns that if cheques bounced, bad characters from Mr Ng and Mr Man's networks may take action against employees of Crown.*

45

Now, was that information that you knew about back in 2014 and 2015?

MR O'CONNOR: No, it wasn't.

MS SHARP: This seems to be information from people who report reasonably directly to you that they're well aware that Mr Ng has some unsavoury associates. You would agree?

5 MR O'CONNOR: Yes, I would agree.

MS SHARP: And that these associates are unsavoury to the extent that there was a fear within members of your team that those bad characters might take action against the employees of Crown.

10 MR O'CONNOR: That's – that's what this document indicates, Ms Sharp.

MS SHARP: Wasn't this the very sort of information that ought to have been expressly drawn to your attention back in 2014 to 2015?

15 MR O'CONNOR: Yes, I think that's right if we're to assess the suitability of these people as our junket operator business partners then that information should be factored into the decisions, yes, that's right.

20 MS SHARP: And I have to ask you this, is the correct position that in fact you just turned a blind eye to these matters at the time?

MR O'CONNOR: No, Ms Sharp.

25 MS SHARP: Now, those - - -

COMMISSIONER: Just before you leave it, I suppose if you had been told of the connections to what was described the other day by me as standover merchants, you would have stopped dealing with this person for that reason, wouldn't you?

30 MR O'CONNOR: Quite – quite probably, Commissioner, yes. We – we do take seriously the safety and wellbeing of our staff and if they felt that they were under any threat or discomfort of this nature then we certainly would have taken some steps.

35 COMMISSIONER: When you say “quite probably” you know from an outsider's point of view it might be much easier to review this some years later, Mr O'Connor, but when you see a situation where staff are threatened by – threatened with violence or possible violence, it presents, perhaps to some, that you wouldn't have a probability to stop dealing with them, you would have a certainty. Isn't that  
40 reasonable - - -

MR O'CONNOR: Yes, I'd – yes, I think that's fair, Commissioner. I think if we had have known then what we appear to know now I think that was what would have  
45 happened.

COMMISSIONER: Thank you.

MS SHARP: Although, just following on from that, from the records, the contemporaneous records of Crown back in 2014 and 2015 and from what Mr Lee now tells us, it appears that someone in Crown did know these matters as at 2014 and 2015.

5

MR O'CONNOR: If you're pointing to the language Mr Lee used in his email back then it suggests that he perhaps knew, yes.

10 MS SHARP: Well, in the reference to Mr Ng Chi Un being associated with the Water Room gang.

MR O'CONNOR: I don't think that the connection would have been made at the time, Ms Sharp, that the Water Room Gang was a triad community or some – of some sort.

15

MS SHARP: And you cannot assist us in any way in understanding why somebody thought it necessary to note that association in the credit profile I've just taken you to?

20 MR O'CONNOR: No, it's typically used to list customers business interests and I assume that that could have been the way it was interpreted at the time.

25 MS SHARP: Now, Mr O'Connor, I won't take you back to what I will call the underground network email, but I will remind you that it referred to another junket operator as well, also said to be involved in the underground network, and this is Pun Chi Man. I'll spell that: P-u-n C-h-i M-a-n. Do you have any recollection of him?

30 MR O'CONNOR: Similar to the last customer, I recognise the name, but I – it's hard to say what context or whether he was a large customer or a small customer, but I do recognise his name.

MS SHARP: And you do acknowledge that he was a junket operator as at 2014-2015.

35 MR O'CONNOR: Well, the evidence will show whether that's the case. He was certainly a junket operator with us at some point in time.

MS SHARP: Are you familiar with the Luck Star junket.

40 MR O'CONNOR: Sorry, Ms Sharp, can you repeat the name.

MS SHARP: Certainly. Are you familiar with the Luck Star junket?

45 MR O'CONNOR: Luck Star; no, I don't think I am.

MS SHARP: Are you familiar with the Billy Chi Man Pun junket?

MR O'CONNOR: I – I can recall a Billy Pun as a customer, but I don't know what capacity, I'm sorry.

5 MS SHARP: Well, I will suggest to you that Billy Pun is one and the same as Pun Chi Man. Does that ring any bells for you?

MR O'CONNOR: Yes, I think so. Yes, he could be one and the same person.

10 MS SHARP: Did you know whether he was associated with triads?  
MR O'CONNOR: No.

MS SHARP: Can I take you to a document, please. It's on Crown confidential list 10, tab number 12. I'm instructed it's open. It's CRL.579.018.1525 and it can go up  
15 on the live feed. Can you see that this is another credit profile document, Mr O'Connor, and you can see the date of visit there is 20 November 2013; do you see the name of the patron is Mr Billy Chi Man Pun? Yes. And you will agree this is a reference to the person we were just speaking about? We seem to have lost our  
20 audio for you, Mr O'Connor.

MR O'CONNOR: I'm sorry. Do you have me back?

MS SHARP: Yes, I do. Thank you.

25 MR O'CONNOR: Okay.

MS SHARP: You will see that in brackets it says the Lucky Star junket?

30 MR O'CONNOR: Yes, I see that.

MS SHARP: Now, I can just direct your attention to the total history of the turnover in the middle of the page.

35 MR O'CONNOR: Yes.

MS SHARP: Would you agree that Crown, to that point, in time has derived very significant turnover from this junket operator?

40 MR O'CONNOR: Yes, that's a large number, given the fact that most of it occurred in one financial year.

MS SHARP: Yes. And is it right that, given that very large turnover in that financial year, he is someone you expect would have been on your radar that  
45 financial year?

MR O'CONNOR: Yes, it's quite likely.

MS SHARP: And can you see there's a reference to his business interests?

MR O'CONNOR: Yes.

5 MS SHARP: And you see that he's a shareholder and director in some gaming promotion companies in Macau?

MR O'CONNOR: Yes. I see that.

10 MS SHARP: And do you see he's recorded as being one of the central figures of the Macau Grand Palace VIP Club?

MR O'CONNOR: Yes, I see that.

15 MS SHARP: And then can I take you to another document, which is – well, actually, it's the next page of this document. There's a due diligence report appended to it. If I can take you to pinpoint 1527. Is that right that, sometimes, due diligence reports would be appended to these patron credit profiles?

20 MR O'CONNOR: Yes. Sometimes they would.

MS SHARP: And they would be available for people in the credit part of your team to review?

25 MR O'CONNOR: Typically. Yes.

MS SHARP: And they would be available for your review should you look at it for either a credit or a due diligence purpose?

30 MS SHARP: Yes. They're usually appended to the credit profile document we were just looking over.

MS SHARP: Could I just – you will see that, at the top of that document, it says:

35 *Date commenced 9 September 2013.*

MR O'CONNOR: Yes.

40 MS SHARP: And then, if you look right at the bottom of the document, it says 19 September 2013. Right at the – I might have to – see, right at the footer of that document. See there's a date - - -

MR O'CONNOR: Okay.

45 MS SHARP: - - - 19 September 2013?

MR O'CONNOR: Yes. I see that date.



MS SHARP: Should we understand this to be a document created in September 2013 and on Crown's files from that time?

MR O'CONNOR: I think that's a safe conclusion.

5

MS SHARP: Could I just – and what – we don't have the due diligence report. But what we have is the executive summary here. Could you see that the fourth point in the executive summary says that:

10       *Pun Chi Man is one of the central figures of the Macau Grand Palace VIP Club.*

And then do you see it says:

15       *From an unofficial website, it's stated that the owner of the Macau Grand Palace VIP Club is Vong –*

V-o-n-g –

20       *Tat –*

T-a-t –

25       *Hou –*

H-o-u –

*who was jailed for 10.5 years for being a senior triad gang member.*

30       MR O'CONNOR: Yes. I see that reference, Ms Sharp.

MS SHARP: And then what's recorded is that:

35       *Vong is also the real owner of the Macau Lucky Star Group.*

MR O'CONNOR: I see that reference as well.

40       MS SHARP: Now, you would agree, wouldn't you, that you can't get better evidence of somebody being a triad than being convicted and jailed for being a senior member of a triad gang?

MR O'CONNOR: Yes. I would – I would concede that.

45       MS SHARP: But what this document is showing you is a very clear link between a convicted and jailed triad member and Pun Chi Man; do you agree?

MR O'CONNOR: It does appear that they are associated. Yes. They appear to be part of the same business network, I suppose.

5 MS SHARP: Yes. And, in fact, it goes a little bit further than that because the jailed triad member, Mr Vong, is identified here as being the real owner of the Macau Lucky Star Group. And if I take you back to that previous credit profile, another name for Mr Pun Chi Man is the "Lucky Star junket" in your own records.

10 MR O'CONNOR: Yes. I see.

MS SHARP: So isn't the fair reading of this due diligence report that the real owner of the junket you're dealing with is a convicted and jailed triad?

15 MR O'CONNOR: Yes, Ms Sharp, that's what this seems to indicate.

MS SHARP: Does this indicate another due diligence fail at Crown Resorts?

MR O'CONNOR: I would suggest so. Yes.

20 MS SHARP: We spoke a little bit yesterday about the Neptune Group. And that's one of the largest junket operators in Macau?

MR O'CONNOR: Yes.

25 MS SHARP: And the Neptune Group Limited is listed on the -- I think it's the Hong Kong Stock Exchange, isn't it?

MR O'CONNOR: That's my understanding. Yes.

30 MS SHARP: So it's pretty easy to get the annual reports of the Neptune Group, given it's - - -

MR O'CONNOR: Of their - - -

35 MS SHARP: - - - listed on the Stock Exchange?

MR O'CONNOR: Yes. Yes, it would be.

40 MS SHARP: In fact, it's your expectation that they would be available on the internet, isn't it?

MR O'CONNOR: Yes.

45 MS SHARP: Can I take you to the 2008 annual report for the Neptune Group. This is exhibit T69 and it is INQ.480.001.2288.

MR O'CONNOR: Sorry. Ms Sharp, can you repeat the reference so I can find that document?

5 MS SHARP: It's T69, Mr O'Connor. And would it assist you for me to give you the document ID again?

MR O'CONNOR: I have tab T69. And I can see it's an annual report.

10 MS SHARP: Yes. Mr O'Connor, my instructor has told me that I need to show this to you on the screen.

MR O'CONNOR: Okay.

15 MS SHARP: So I'll have this document brought – do you have it on the screen in front of you?

MR O'CONNOR: Not currently. I do now.

20 MS SHARP: Thank you. Can you see that it's the annual report of the Neptune Group Limited in 2008?

MR O'CONNOR: Yes.

25 MS SHARP: Could I take you, please, to pinpoint 2293.

MR O'CONNOR: Yes.

MS SHARP: And could I draw your attention to the executive directors, please.

30 MS SHARP: Yes.

MR O'CONNOR: Now, you'll see that one of the executive directors is Nicholas Niglio.

35 MR O'CONNOR: Yes, I see.

MS SHARP: Now, given that, for many years, Nicholas Niglio was one of your largest junket operators, did you know he was a director of the Neptune Group?

40 MR O'CONNOR: I'm not sure whether I agree he was one of our largest junket operators. He certainly was one of our junket operators. And we were aware that he was an executive of the Neptune Group. Yes.

45 MS SHARP: And I think you also said yesterday you were aware that he was associated with the Guangdong Club.

MR O'CONNOR: I'm not sure whether I said this person was associated with the Guangdong Club. I'm certainly aware that two other customers that we spoke of yesterday are associated with the Guangdong Club. I'm not sure whether this – Mr Niglio was. He may have been.

5

MS SHARP: We'll come back to that. Could you also note that another of the executive directors, in fact, the chairman, is Mr Lin, L-i-n, Cheuk, C-h-e-u-k, Fung, F-u-n-g. Now, were you aware that his brother was a junket operator at Crown, his brother being Cheuk Lin Chiu. I'll spell that C-h-e-u-k L-i-n C-h-i-u

10

MR O'CONNOR: Sorry. Is that Lin Cheuk Chiu?

MS SHARP: This is – I understand the way that he's been recorded as a junket operator in Crown records is as Cheuk Lin Chui. Again, I will spell that C-h-u-k L-i-n C-h-i-u.

15

MR O'CONNOR: I think we're referring to the same person, Ms Sharp. I recall Lin Cheuk Chiu. I think we're talking about the same person.

20 MS SHARP: And while we're there could I take you to pinpoint 2316? And have you got the record of substantial shareholders before you?

MR O'CONNOR: Yes, I do.

25 MS SHARP: And do you see that – well, one of those shareholders, the chairman, this is the chairman, is Mr Lin Cheuk Fung who has a 9.75 shareholding and do you see that Jumbo Boom Holdings Limited has an eight per cent shareholding?

MR O'CONNOR: Yes, I see.

30

MS SHARP: Did you know that that was Mr Cheung Chi Tai's company? He's the triad.

35 MR O'CONNOR: I don't believe we knew that that was his company. I certainly don't recall that knowledge.

MS SHARP: Did you know that Mr Cheung Chi Tai was associated with the Neptune Group Limited?

40 MR O'CONNOR: Yes, I understood that at a point in time he was.

MS SHARP: At a point in time he had quite a substantial shareholding in that group, did he not?

45 MR O'CONNOR: Well, this – I think this is consistent with what I understood. I believed it was about 10 per cent, so if it's eight per cent that's – that's close.

MS SHARP: Could I take you to a document – just pardon me. This is a document, Mr O'Connor, that you will find in Crown confidential list 9 at tab 107. I understand this is a confidential document so we will just bring it up to the hearing room. CRL.579.007.0021. Have you got a dossier in front of you on Mr Lin Cheuk Chiu?

5

MR O'CONNOR: Yes, I do, Ms Sharp.

MS SHARP: And he was the person who was nominated as the executive director and chairman in that 2008 annual report?

10

MR O'CONNOR: I don't think that's the same person. Sorry, Ms Sharp - - -

MS SHARP: I withdraw that. You're quite correct. You're quite correct. I withdraw that suggestion. I withdraw that. This is a – if I may describe it as a profile on the junket operator we were just speaking about, being Cheuk Lin Chiu. Do you agree?

15

MR O'CONNOR: Yes, this is – that's right. This is the profile on one of Crown's junket operators of that name.

20

MS SHARP: Thank you. Then could I – and just before you move any further, you see the date is 20 November 2015?

MR O'CONNOR: Yes, I do.

25

MS SHARP: And you will agree that this was a document obtained by Crown?

MR O'CONNOR: Yes, it appears to be the case.

MS SHARP: And could I please take you to page 3. Under the heading Profile you will see that he is identified as a co-owner of the Neptune Group.

30

MR O'CONNOR: I see that.

MS SHARP: So one of the junket operators with which Crown was dealing in 2015 was a co-owner of the Neptune Group, to Crown's knowledge.

35

MR O'CONNOR: Yes.

MS SHARP: Now, can I come back to – if you will pardon me for one moment, Mr O'Connor. Could I take you to an article; it's exhibit A125. I might need to show you on the screen. It's a Reuters article of 2010, INQ.500.0001.3394. Has a Reuters special report come up for you, Mr O'Connor?

40

MR O'CONNOR: Yes, I see it on the screen, Ms Sharp.

45

MS SHARP: And it's – I may have asked you about this special report – I might have asked you yesterday. You will see it's entitled Special Report: High Rollers, Triads and a Las Vegas Giant. Do you recall if you read that at the time in 2010? I know it's a long time ago.

5

MR O'CONNOR: I – no, I don't recall reading it at the time. I note that it was when I was in Canada, I believe, so it's unlikely.

10 MS SHARP: Could I take you, please, to pinpoint 3395. And if I just draw your attention to the second paragraph, perhaps it could be highlighted:

*The plot's mastermind according to testimony in previously undisclosed court transcripts obtained by Reuters was Cheung Chi Tai. At trial a witness identified Cheung as a leader of the Wo Hop To –*

15

and they were identified as triads. Now, what's happening in this article, would you agree, is that Cheung Chi Tai is identified as a triad, as named in court proceedings, and if you go a few paragraphs down he's also identified as being a major investor in the Neptune Group. Do you see that, if I highlight the – do you see that?

20

MR O'CONNOR: I can see that.

MS SHARP: Right. And you would accept that as at 2010 there was publicly available information linking the Neptune Group to a triad.

25

MR O'CONNOR: Yes, connecting to Mr Cheung who was accused of being a triad, yes, that's right.

30 MS SHARP: Well, not just accused. If you go back to that second paragraph it says that:

*At trial a witness identified Cheung as a leader of the Wo Hop To triad.*

35 I will stop there. Do you have any doubt in your mind today that Cheung Chi Tai is a triad?

COMMISSIONER: Member of.

40 MS SHARP: Member of a triad organisation?

MR O'CONNOR: Well, today looking at that it's pretty clear that in a court process he was identified as that.

45 MS SHARP: So he wasn't just being accused in 2010. There was some pretty clear publicly available information linking one of the owners of the Neptune Group to triads. Would you agree?

MR O'CONNOR: I would agree, although it's not clear at what time – sorry, Ms Sharp, my understanding was that he was once associated with the Neptune Group, that he had sold his shares and broken ties. I can't tell you at exactly what point in time that occurred, but I do believe that happened; perhaps it's prior to this 2010 article. My understanding was that it was - - -

MS SHARP: There was a period of time when Cheung Chi Tai was a junket operator at Crown, wasn't there, while you were in charge of international VIP?

MR O'CONNOR: I don't believe so.

MS SHARP: Well, if Mr Preston has given evidence saying that he was a junket operator at Crown following his investigations you would have no reason to doubt that, would you?

MR O'CONNOR: Well, if Mr Preston has determined that Mr Cheung Chi Tai was a junket operator at Crown, I'm sure his information is accurate.

MS SHARP: And if I could just take your attention to the Reuters publication at .3398, can you see in the second paragraph down there's a reference to Nicholas Niglio? And he claims not to be familiar with Cheung Chi Tai at all. Do you see that?

MR O'CONNOR: I see that.

COMMISSIONER: When you said that he had broken ties with the group, do you remember saying that, Mr O'Connor?

MR O'CONNOR: Yes, Commissioner.

COMMISSIONER: How did you become aware of that?

MR O'CONNOR: I'm familiar with the name Cheung Chi Tai, Commissioner, and I'm familiar with what I believed were accusations of triad activity. It was my understanding, and I – to answer your question I'm not sure whether this understanding developed following my inquiries or somebody else volunteered the information for me. Nevertheless, it was my understanding that Cheung Chi Tai had severed his ties with the Neptune organisation quite some years ago. I know we saw – Ms Sharp took us to the 2008 annual report so I concede that he was apparently still an investor at that point in time, but my understanding and belief is that some time thereafter, perhaps shortly thereafter, he did break ties with the Neptune Group, and that was the basis that we decided to continue to do business with some of the other people who we understood were part of that Neptune banner of junket businesses based in Macau.

COMMISSIONER: But when was it that you reached that understanding that he had broken the ties with the group?

MR O'CONNOR: I can't be specific, but it does – it does feel to me like a – a belief that I have held for quite a long time in the Crown context since coming pack into the business here after spending time in Canada, which makes it 2011. I – I'm surprised to hear Ms Sharp say that Mr Preston had shown that Mr Cheung Chi Tai was a  
5 junket operator. I concede he may have once been. I would be surprised to learn that he was still a junket operator during my time in this role, so from 2011 on. I'm sure the evidence will show, but I would be very surprised to learn that he was still active with us from that point in time on.

10 COMMISSIONER: I suppose on the one hand people have told me that it's difficult to accept information that people are connected to triads. But on the other hand, you say that you had information that he broke off with the triad and that was accepted, so I see some difficulties in the, perhaps, shadowiness of all of this.

15 MR O'CONNOR: Yes, I concede that, Commissioner, and I agree. It's – on one hand to say it's difficult to establish known links, it's probably equally difficult to establish the breaking of those links.

20 COMMISSIONER: I understand, Mr O'Connor, something that you said to me yesterday about the search and driving for profits. But I presume, from all of the things that you've been indicating that, at the time that you were doing business up there in China, it was a drive for increase of profits; is that right?

25 MR O'CONNOR: Yes. Commissioner, but not unlike most commercial operations.

COMMISSIONER: Yes, of course. Commercial operations, I do understand the need for driving profits, but, in respect of the things that you've been discussing with Ms Sharp in relation to these triad connections and, in particular, the communication from Mr Lee about the staff having threats, did you ever get a sense that people  
30 became desensitised to the way things operated in the far east?

MR O'CONNOR: Well, look, I – Commissioner, I guess it could be said that we did become rather familiar with Macau, in particular. I know that a lot of what we looked at today links directly back to the people in Macau. We have long had people  
35 in Macau maintaining relationships with junket operators and other people in Macau. If that led to a – some form of desensitising effect – perhaps it did – but our people on the ground in Macau were mainly Macanese people. They'd lived there their whole lives. They were familiar with the way the place operates. And they were familiar with the people. If they had ever expressed some sort of fear for their own  
40 wellbeing, then we absolutely would have paid very close attention to that.

COMMISSIONER: So they being, as you've said, the Macanese people, would know whatever they said would be, certainly, of importance to Crown.

45 MR O'CONNOR: Yes. I think the people that we had on the ground in Macau, we did rely on them to help us understand the people and machinations of the place.



COMMISSIONER: Yes, Ms Sharp. Thank you, Mr O'Connor.

MS SHARP: Could I take you to another document, please, Mr O'Connor. This is CRL – and I'll just see if I have an exhibit reference for you. Yes. It's exhibit S15.  
5 I'm told the position is still reserved on whether this is confidential.  
CRL.527.001.1969. Have you got that email exchange between you and Mr Felstead on the 4th of October 2015?

10 MR O'CONNOR: Yes. I do, Ms Sharp.

MS SHARP: This is just to the hearing room, please. You will see it's about Neptune.

15 MR O'CONNOR: Yes, it is.

MS SHARP: Now, it annexes an article from the South China Morning Post. Do you see that?

20 MR O'CONNOR: Yes, I do.

MS SHARP: And what that article says is that one of – or I withdraw that. If you go over to pinpoint 1970, you see that what this email is suggesting is the Neptune Group's run into a bit of financial trouble.

25 MR O'CONNOR: Yes. That seems to be the nature of the article.

MS SHARP: Can I just take your attention to the last paragraph on .1971.

30 MR O'CONNOR: Yes.

MS SHARP: And what that says is that:

35 *One of Neptune's former major shareholders, Cheung Chi Tai, is facing three charges of laundering Hong Kong dollars of 1 .8 billion through Hong Kong Bank accounts.*

MR O'CONNOR: Yes. I see that.

40 MS SHARP: Now, given that this article is an attachment to the email chain, we may take it you read it at the time?

MR O'CONNOR: Yes. I think that's a safe assumption to make.

45 MS SHARP: Yes. Well, let's go back to that first page, pinpoint 1969. See, in the middle of the page, the article is forwarded directly to you. Do you see that?

MR O'CONNOR: Yes, I do.

MS SHARP: And you forward it to Mr Felstead; agreed?

MR O'CONNOR: Agreed.

5 MS SHARP: And Mr Felstead makes the comment he makes up there. You will agree that relates to the credit you might extend to that junket.

MR O'CONNOR: Yes, that's right.

10 MS SHARP: Which is still being referred to as the Neptune junket in 2015.

MR O'CONNOR: Yes.

15 MS SHARP: And no mention whatsoever is made of the fact that Cheung Chi Tai is now facing these money laundering charges.

MR O'CONNOR: No mention is made of that; that's right.

20 MS SHARP: Surely, by this time, you knew you were dealing with some unsavoury characters in dealing with the Neptune junket, didn't you?

25 MR O'CONNOR: Well, no, not necessarily. As I explained before, our understanding was that Mr Cheung Chi Tai had severed his links with the organisation some time beforehand and, in fact, he's referred to as a former shareholder in this article.

MS SHARP: Well, you told us yesterday you watched the September 2014 Four Corners program High Roller – High Risk? At the time?

30 MR O'CONNOR: Yes, I said that; that's right.

MS SHARP: That article clearly asserted that Cheung Chi Tai was still an undisclosed owner of Neptune, didn't it?

35 MR O'CONNOR: It may have, Ms Sharp. I've got no memory of that point.

40 MS SHARP: All right. Well, knowing what you know about the Macau market – casino market – it wouldn't come as a surprise to you that somebody may be an undisclosed owner of a big junket company, would it?

MR O'CONNOR: It – it is possible. Yes.

MS SHARP: Well, it wouldn't come as a surprise to you, would it?

45 MR O'CONNOR: No, probably not. If – it wouldn't come as a surprise that, as we discussed yesterday, Ms Sharp, that there are stakeholders behind those that we know of that have an interest in the business.

MS SHARP: Now, I want to show you another document, this one on Crown confidential list 9 at tab 140. This, I understand, is still a confidential document. Could we bring it up to the hearing room only. CRL.579.026.0422. Have you got a patron information report before you?

5

MR O'CONNOR: Yes, I do.

MS SHARP: And you'll see it relates to Cheuk Chi Lin, the fellow we've previously identified as being a junket operator at Crown?

10

MR O'CONNOR: Yes, I see.

MS SHARP: Now, you can take it from me this document comes from August of last year and was created by Crown. You see he's identified as the co-owner of the Neptune Group.

15

MR O'CONNOR: Yes.

MS SHARP: And down the bottom, could I ask you to have a look at the adverse entries. You see one of the things that's noted is that he is a former gang member.

20

MR O'CONNOR: Yes. I see that reference.

MS SHARP: Again, are you suggesting that this was never made known to you, even though you were the head of the VIP international team?

25

MR O'CONNOR: I am suggesting that. Yes. I don't think that that was known at that point in time.

MS SHARP: Is it right, Mr O'Connor, that you just really didn't care about the probity of the junket operators with which you dealt?

30

MR O'CONNOR: No, that's not right.

MS SHARP: Well, we seem to have seen numerous examples of junket operators, which you were ultimately responsible for approving, which appear to have links with triads. What's your explanation for that?

35

MR O'CONNOR: Ms Sharp, I would concede that we have established that fact, that many of these customers, or some of these customers, appear to have links. My explanation would be that the probity process that was in place at the time relied on regular checks against global databases and some other checks, such as the Australian government being prepared to let these people into the country, as well as other components. And I would suggest that those checks, obviously, didn't highlight some of the issues that you're taking me through today. I admit and concede that there were - - -

40

45

MS SHARP: But Mr Preston - - -

MR YOUNG: Please.

5 MR O'CONNOR: Sorry, Ms Sharp.

MS SHARP: Please, you continue.

10 MR O'CONNOR: Sorry, Ms Sharp. I've lost – I've lost my train of thought. I've lost the point I was going to make.

COMMISSIONER: Yes, yes. I apologise. Yes, that's all right. I think you were about to say I admit and concede that there were something or other, but if it comes back to you - - -

15 MR O'CONNOR: That's right. There does appear to be failings in our processes; that's been laid pretty clear. I guess, the only other comment that I'd make in that context, Commissioner, is that rumours and even articles in magazines and newspapers from time to time would make suggestions about, whether it's Cheung  
20 Chi Tai or other names that we've looked at today; they would become known to us from time to time. And we would try to test the veracity of those rumours to establish the truth and the facts of the matter. But, as I think we discussed yesterday, it is very difficult to go behind the names of the people that we have registered to understand what might be going on behind the scenes, if you like, or what other  
25 stakeholders might, in fact, take an interest. It's all rather unknown to us and very – and certainly not – not at all clear.

COMMISSIONER: You said that you dealt with your colleagues at Melco Crown. Do you remember telling me that?

30 MR O'CONNOR: Yes, that's right. We had a relationship with those people. And we would call on their assistance from time to time to undertake – to assist with our probity processes.

35 COMMISSIONER: And so I assume that, if there had been a junket approved to operate in Macau via the Melco Crown joint venture, you might have had some comfort that you could deal with them in Sydney – I withdraw that – in Melbourne or Perth.

40 MR O'CONNOR: That is true. We did take a certain amount of comfort in the knowledge that junket operators were registered, if you like, in Macau and other jurisdictions. It was one of the data points that we looked to to establish whether it was suitable or not to do business with these junkets ourselves.

45 COMMISSIONER: Yes. Yes, Ms Sharp.

MS SHARP: Isn't one of the problems, Mr O'Connor, the standard of proof you appear to be applying in deciding whether the junket operators satisfy your probity requirements.

5 MR O'CONNOR: Sorry. Ms Sharp, can you rephrase your question?

MS SHARP: Yes. You refer to information available in public articles and so on and the difficulty of making a determination about whether a character has links with unsavoury persons. Isn't one of the problems here the standard of proof you're  
10 applying in drawing conclusions about whether your junket operators are associated with organised crime?

MR O'CONNOR: I'm still not certain I understand your question, Ms Sharp, but if you're suggesting that we weren't prepared simply to accept a rumour or an  
15 accusation written in an industry magazine or a newspaper, we did seek further evidence than just that. I'm sorry if that's not answering your question, but hopefully that's addressing your question properly.

MS SHARP: I will just take you – can I indicate, Commissioner, I - - -  
20

COMMISSIONER: Yes, Ms Sharp.

MS SHARP: - - - would very much hope I have under 10 minutes of examination to go and I wonder whether the mid-morning adjournment could occur after that to  
25 allow my learned friend Mr Bell to attend.

COMMISSIONER: Yes. Thank you for your courtesy. We shall - - -

MS SHARP: Could I - - -  
30

COMMISSIONER: Mr O'Connor, you're comfortable to proceed for the next 10 minutes before we take an adjournment, are you?

MR O'CONNOR: I think I've got 10 minutes in me, Commissioner. Thank you.  
35

COMMISSIONER: Thank you.

MS SHARP: Mr O'Connor, could I - - -

40 COMMISSIONER: I should indicate that's not the end of your examination.

MR O'CONNOR: Noted. Thank you.

COMMISSIONER: Mr Bell wants to ask you some questions. Yes, all right. Yes,  
45 Ms Sharp.

MS SHARP: Could I show you a document in exhibit O4. It's INQ.950.002.0112. Please bring this up to the hearing room only. Now, Mr O'Connor, do you have a memorandum copied to yourself that's dated 6 January 2014?

5 MR O'CONNOR: Yes, I do.

MS SHARP: And it's providing some updates to the VIP international sales team?

10 MR O'CONNOR: Yes, that's right.

MS SHARP: If I can direct your attention to the last third of the page, it is correct that as at January 2014 two of Crown's most important junkets were the Suncity junket and the Guangdong Club.

15 MR O'CONNOR: Yes, I believe that's true.

MS SHARP: And one of the things that was sought to be done at about that time was to deepen relationships with those two junkets.

20 MR O'CONNOR: Yes.

MS SHARP: Now, it's right, isn't it, that the Guangdong Club had a relationship with Nicholas Niglio, the junket operator.

25 MR O'CONNOR: Yes, that's right. I'm not sure exactly what that relationship was, but the Guangdong Club, as we discussed yesterday, was something of a spin-off from the Neptune Group and Niglio was an executive of that group.

30 MS SHARP: So when I see – and I don't need to take you to it – when I see a reference to one of Crown's platform junkets as being the Guangdong Club (NN junket) I should understand that's a reference to Guangdong Club (Nicholas Niglio junket).

35 MR O'CONNOR: Yes.

MS SHARP: Can I take you to a document that you will have as exhibit M257. I understand it is confidential, so if it can be brought up to the hearing room only, please. CRL.527.001.001.2006. Yes, I'm sorry, I will repeat the ID. It is CRL.527.001.2006. And this was a document that you had some input into, was it,  
40 Mr O'Connor?

MR O'CONNOR: This looks like a document that was probably prepared by Mr Chen.

45 MS SHARP: And would you agree it would appear to relate to a VIP international strategy workshop held in April 2016?

MR O'CONNOR: Yes, I agree.

MS SHARP: And you, of course, would have attended that workshop?

5 MR O'CONNOR: It's – I don't recall, sorry, Ms Sharp. It's likely that I did, yes. It's likely that I did. I'm trying to - - -

MS SHARP: I just have a - - -

10 MR O'CONNOR: I'm flicking through the document to try to establish where this workshop might have been held.

COMMISSIONER: Do we know where that one was?

15 MS SHARP: Are you able to assist in telling us where this workshop was held?

MR O'CONNOR: No, that's what I'm looking for. If it was held in Melbourne then it's virtually certain that I would have attended. I'm trying to see any evidence of where this workshop might have been conducted.

20

MS SHARP: In any event, it's the case, isn't it, that you've seen and, indeed, studied this document before?

25 MR O'CONNOR: Ms Sharp, I've seen very many documents of this nature. I can't be specific about this particular document. I'm sorry, I don't mean to sound evasive.

COMMISSIONER: That's all right.

30 MS SHARP: Could I just take you to the third page of this document which is pinpoint 2008.

MR O'CONNOR: Yes.

35 MS SHARP: Sorry, that's 2008.

MR O'CONNOR: Yes, I have that, page 3.

40 MS SHARP: And you would agree that as at – if I can just direct your attention to the middle of the document, you would agree that as at April 2016 one of the medium-term goals for the international VIP group was to accelerate and deepen the platform junket initiative?

MR O'CONNOR: Yes, I agree.

45 MS SHARP: Can I just take you, please, to pinpoint 2010. You would agree that what is happening on this page is the identification of certain pressures that the VIP market faces.

MR O'CONNOR: Yes.

MS SHARP: And can you see that one of those pressures, the second dot point from the bottom, is "WW banking and AML regulations"? Is that world-wide banking?

5

MR O'CONNOR: I would – I would make that assumption, yes.

MS SHARP: So you would agree that one of the pressures being identified was a tightening of anti-money laundering oversight?

10

MR O'CONNOR: I think they're probably two separate things. I think the pressure that we identified in this context then, Ms Sharp, was the – the message that we were hearing from our customers about the difficulties they were facing in transacting with us.

15

MS SHARP: So are you saying that one of the difficulties you were hearing from your customers was a tightening of anti-money laundering oversight?

MR O'CONNOR: Well, tightening of – sorry, let me rephrase that. The messages we were receiving from our customers was that they were finding it increasingly difficult to transact with us.

20

MS SHARP: Because of anti-money laundering laws?

25

MR O'CONNOR: Well, I don't think they said so. They simply told us that it's becoming increasingly difficult to transact with us in the way that they had been able to in the past.

MS SHARP: I'm just wondering why the VIP international group is recording one of the pressures it's facing as being a tightening in AML oversight.

30

MR O'CONNOR: Yes, it's a little curious, but I think it's accepted that AML is and always has been a big issue and is increasing in its importance all around the place, Ms Sharp. So it might be that it's the AML changes and restrictions that are in turn giving cause to the problems that the customers were describing.

35

MS SHARP: Let me take you to another document, if I can. This is exhibit R20 at CRL.638.001.0108. This is a confidential document to the hearing room only, please. Do you see the – have you got a document dated July 2015 in front of you?

40

MR O'CONNOR: I do.

MS SHARP: We may take it you saw that document at the time?

45

MR O'CONNOR: Yes, you can.

MS SHARP: Were you involved in preparing this document?



MR O'CONNOR: Typically, I would review this document before it was submitted.

MS SHARP: Let me just take you to pinpoint 0121, and you will see an update is being provided to – in respect of debts?

5

MR O'CONNOR: Yes.

MS SHARP: And you will see there's a complaint about customers delaying payments.

10

MR O'CONNOR: Yes.

MS SHARP: And reference is made in the second dot point to banks in Hong Kong and Singapore having strict AML requirements.

15

MR O'CONNOR: Yes.

MS SHARP: And this is having the consequence set out in that document?

20

MR O'CONNOR: Yes.

MS SHARP: Now, let me ask you this, Mr O'Connor: was strict AML requirements something that was identified by you as a problem for your VIP customers?

25

MR O'CONNOR: It was identified as us, myself included, as one of the pressures that our business was feeling as it was pursuing its growth agenda.

MS SHARP: And is that because the tighter the AML requirements, the less money that might flow into your casinos?

30

MR O'CONNOR: Well, I think as the example explains here, Ms Sharp, we were hearing experiences from our customers that their transactions were being, if you like, bounced back to them more often than they had been in the past. So I think we were just flagging, for the benefit of senior people in the organisation, that this was a challenge or an issue that the company needed to be mindful of.

35

MS SHARP: And it's something that – I withdraw that. Is it something that you sought to – I withdraw that, too. You're aware of the Southbank and Riverbank accounts, aren't you?

40

MR O'CONNOR: Yes, I am.

MS SHARP: Now, I'm asking you this question in your capacity as the head of this team and in view of what's been identified as a pressure coming from the tightening of AML. What did you understand to be the purpose of the Riverbank and the Southbank accounts?

45

MR O'CONNOR: Well, those accounts were to my understanding put in place quite some years before I came into this role, Ms Sharp, in response to requests, I guess, from the customers themselves who were sensitive to transaction labels appearing on their bank statements or other documents, perhaps, indicating that they were making  
5 payments to a casino company in Australia. And so the decision was made, at an early point in time, that perhaps these bank accounts might provide the – the confidentiality that the customers were looking for in making their payments to the casino.

10 MS SHARP: Now, I'm going to ask for your very frank evidence here. Did you understand that a purpose of the Southbank and the Riverbank accounts was to assist Crown customers avoid monitoring under the anti-money laundering framework?

MR O'CONNOR: No, Ms Sharp.

15 MS SHARP: I have no further questions.

COMMISSIONER: Yes. Thank you. You told me that it was – that they were set up a long time ago. Do you mean that they were – the arrangements that you've  
20 referred to were set up before you took over as the head of VIP international?

MR O'CONNOR: That's what I mean, Commissioner. Yes. I'm – I was certainly aware of both of the accounts. And I was aware of what they were used for.

25 COMMISSIONER: Yes. And so when you say that – when you gave the evidence – I'm sorry – that they were set up for that particular purpose, you were advised by someone else, I presume, that that was the purpose for which they were set up?

MR O'CONNOR: Yes, that's right.

30 COMMISSIONER: And so far as the history is concerned, it appears that they were set up as long ago as 1996 in respect of Southbank. Now, did you know that?

MR O'CONNOR: I didn't know, specifically, the year, but it is consistent with my  
35 understanding that they had been in place for quite a number of years.

COMMISSIONER: Yes. So whatever be the case, whilst you were the head of VIP, is it right that you inherited this process that had been established prior to your  
40 appointment?

MR O'CONNOR: That's right.

COMMISSIONER: And was it a selling point?

45 MR O'CONNOR: No. I wouldn't describe it as a selling point. I would simply describe it as an account that the customers could use to make their transactions with

us if they – if they chose to. We had a number of accounts. These were some of them.

5 COMMISSIONER: But how did they, in the market place – if I may ask – get to the junket? The junket operator has the customer. The customer may or may not be sensitive to having the Crown name appear on the bank account or the transaction account. How do you know who wants to use this special vehicle?

10 MR O'CONNOR: I don't know, Commissioner. I suppose that's dependent upon the relationship between our in-market sales people and the customers themselves.

COMMISSIONER: I see. That's something that you wouldn't involve yourself with, I presume; is that right?

15 MR O'CONNOR: That's right. I didn't get involved in that level of the business.

COMMISSIONER: But this was one aspect of the business available to the patrons of the junket or the junket operator to sell to the patron the way in which they could do business with Crown, I presume?

20 MR O'CONNOR: Well, I think perhaps – again, sorry, Commissioner. I don't know. I don't have much insight into the discussions or negotiations that occur between junket operators and their customers. I don't expect that the naming of some of Crown's bank accounts would ever be an important topic of discussion  
25 between the junket operator and the patron. I may be wrong. But it doesn't occur to me to have been – perhaps, be something of that significance.

COMMISSIONER: We've seen just for one year, as an example, there were over \$380 million transacted through one of the accounts. Having regard to what you said  
30 a little earlier, that may not be regarded by you as a large amount of money in this field; is that right?

MR O'CONNOR: I think that amount of money, in anyone's language, Commissioner, is quite a bit of money.

35 COMMISSIONER: Yes. And so if the – one of the things that the Inquiry is looking into is the aspects of those accounts. But I suppose if the patrons know that they can use the account to deposit funds in a way that doesn't trigger reporting obligations, in other words, they can do it privately and/or secretly, it would probably  
40 be attractive to them, wouldn't it?

MR O'CONNOR: Well, it may be, Commissioner. But I don't believe that any customers were ever of that belief. We certainly weren't of that belief internally.

45 COMMISSIONER: Now, have you followed the evidence of what happened in the accounts?

MR O'CONNOR: Not closely. Not closely. I've – I've seen some evidence during your Inquiry, but I've not seen all. And I haven't – I don't think I've seen much evidence in relation to these particular accounts.

5 COMMISSIONER: Just assume for the moment that the accounts were used to deposit small amounts, or amounts under \$10,000, on a daily basis, sometimes 10 to 20 deposits, and it's more probable than not that the people who were depositing it did so in the knowledge that the money that they were putting through the accounts was being laundered. Just assume that for the moment. That conduct means that  
10 Crown's reputation is tarnished, doesn't it?

MR O'CONNOR: Yes, it does.

COMMISSIONER: Because, in particular, if they're international patrons it knows  
15 and they know, that Crown's account can be used for that purpose; correct?

MR O'CONNOR: Well, I think that's right. But I would note that those transactions could have occurred through an account called Crown. I – it seems, in that example that you've explained, Commissioner, that there's an attempt to evade  
20 the threshold transaction reporting test - - -

COMMISSIONER: Yes.

MR O'CONNOR: - - - which would apply to an account labelled "Crown" - - -  
25

COMMISSIONER: Yes.

MR O'CONNOR: - - - as much as it does to the Southbank accounts.

30 COMMISSIONER: Yes. But irrespective of what it's called, if that conduct occurs and is allowed to continue, Crown's reputation is tarnished, because there's knowledge in the community that Crown's accounts can be used for that purpose. Do you agree with that?

35 MR O'CONNOR: Yes. I agree with that.

COMMISSIONER: And if that word spreads, as one might expect it to if it's an international type of transactional account, the reputation of Crown would be of that ilk more broadly than just in Australia. You'd agree with that?  
40

MR O'CONNOR: Yes. I would agree.

COMMISSIONER: And so it's not just Crown that loses, in terms of reputational loss. The regulator, also, who may have identified this process as appropriate, would  
45 also have people knowing that this account could be used without notification to the regulator. Do you agree with that?

MR O'CONNOR: Well, I just make a point, Commissioner, I'm not sure that anybody was of the view that these accounts were somehow removed from the normal review and monitoring and reporting programs. I - - -

5 COMMISSIONER: No, but if they're not – I'm terribly sorry. You go ahead.

MR O'CONNOR: No. I was – I was going to say if you're suggesting that the assumption is otherwise, and knowledge of that does disseminate across the customers, then, yes, that's obviously a probably. But my point was that I just can't  
10 see that that was the case or how that might come about.

COMMISSIONER: Well, if it is the case, more probably than not, that structuring or smurfing was occurring – money laundering was occurring – through these accounts, then the process is one where, if a regulator has, in fact, approved the  
15 accounts and is not made aware of it, then there's damage to it as well?

MR O'CONNOR: Yes. Yes. I think that's true.

COMMISSIONER: And so if you have a structure of regulation of casinos – and all  
20 your experience within them would probably tell you this – but if you have a structure of regulation of casinos where the community expects that money laundering would not occur through bank accounts of a public company or its subsidiaries, then you then have a problem with the community expectation; do you not?

25 MR O'CONNOR: Yes, you would.

COMMISSIONER: The reason I'm asking you these questions, Mr O'Connor, is because of your particular lengthy experience as the head of the VIP and the structural arrangements that were put in place to cater for the patrons. But as I  
30 apprehend it, you didn't have any day-to-day involvement with those accounts?

MR O'CONNOR: That's correct.

35 COMMISSIONER: And am I right in assuming that you didn't have any reports to you, at any time, about the transactional activity in those accounts?

MR O'CONNOR: The accounts were monitored by people within my team. But there was no regular reporting function that came to me. That would have gone  
40 through to our finance function, our treasury function and our compliance/AML function.

COMMISSIONER: And do I take it that you were never alerted to the prospect there was money laundering occurring in either Riverbank or Southbank Investments  
45 Proprietary Limited accounts?

MR O'CONNOR: That's right. I don't recall ever being alerted to that occurring.

COMMISSIONER: You would recall it if it had been?

MR O'CONNOR: I think I would, yes. That's right, I would. And I've no recollection of that happening.

5

COMMISSIONER: Yes. All right. Has there been anything that arises from what I've discussed with Mr O'Connor that affects the questions that you wish to ask, Ms Sharp?

10 MS SHARP: No. Thank you, Commissioner.

COMMISSIONER: All right then. Mr O'Connor, I will take a short adjournment, about 10 minutes, and then we will resume until the luncheon adjournment, with Mr Bell asking you some questions.

15

MR O'CONNOR: Okay. Thanks, Commissioner.

**ADJOURNED**

**[12.07 pm]**

20

**RESUMED**

**[12.16 pm]**

25 COMMISSIONER: Thank you. Yes, Mr O'Connor, are you ready to proceed?

MR O'CONNOR: Yes. Thank you, Commissioner.

COMMISSIONER: Yes, Mr Bell.

30

MR BELL: Commissioner, before I commence, I tender additional documents that have been notified to Crown Resorts Limited, the lawyers for other directors of Crown Resorts Limited as exhibit R, tabs 25 to 35.

35 COMMISSIONER: Yes, I will mark those as exhibit R25 to R35. Thank you.

**EXHIBIT #R25 TO R35 DOCUMENTS**

40

MR BELL: I understand that Crown Resorts has reserved its position.

COMMISSIONER: Yes, all right.

45

**<EXAMINATION BY MR BELL**

MR BELL: Mr O'Connor, you've told this Inquiry that you were the group executive general manager, VIP international gaming at Crown Resorts from 2011 to October 2016. Is that correct?

5 MR O'CONNOR: Yes, that's right.

MR BELL: And you've said that in that role that you reported to Mr Barry Felstead from May 2013 until October 2016. Is that correct?

10 MR O'CONNOR: That's correct.

MR BELL: And to whom did you report in that role from 2011 to May 2013?

15 MR O'CONNOR: I think there were two separate reporting structures during that time, Mr Bell. Initially, I reported to the then chief operating officer for gaming and a short time after that it was changed such that I reported directly to the CEO of Crown Melbourne at that time.

20 MR BELL: And who was the chief operating officer for gaming to whom you reported initially?

MR O'CONNOR: Mr Richard Longhurst.

25 MR BELL: And who was the CEO Crown Melbourne to whom you reported after that?

MR O'CONNOR: Mr Greg Hawkins.

30 MR BELL: Now, are you aware of the substance of the evidence that's been given to this Inquiry by Mr Felstead?

MR O'CONNOR: Not in its entirety, no.

35 MR BELL: Have you been made aware of the substance of some of it, have you?

MR O'CONNOR: Well, I watched some, but not a lot.

40 MR BELL: And have you been made aware of the substance of the evidence which Mr Ishan Ratnam has given to this Inquiry?

MR O'CONNOR: Yes.

45 MR BELL: And have you been made aware of the substance of the evidence that Mr Rowen Craigie has given to this Inquiry?

MR O'CONNOR: Again, I didn't see all of Mr Craigie's evidence, but I saw some.

MR BELL: Now, you've said that in 2014 and 2015 you prepared and presented a VIP international business update to CEO meetings of Crown Resorts. Is that correct?

5 MR O'CONNOR: Yes, they were prepared by members of my team and I reviewed them before they were submitted.

MR BELL: And you then spoke to them, did you, at CEO meetings?

10 MR O'CONNOR: Yes, that's right?

MR BELL: And did you understand that the purpose of the CEO meetings was to brief the chairman of Crown Resorts on various issues prior to a board meeting?

15 MR O'CONNOR: I don't think I recognised the connection to upcoming board meetings, but my understanding was that the purpose of the meeting was to share pertinent information about our part of the business with some senior members of the organisation.

20 MR BELL: But in particular did you understand that the purpose of the meeting was to brief the chairman of Crown Resorts?

MR O'CONNOR: And others, yes, Mr Bell, sorry. It was a rather large meeting.

25 MR BELL: And did you understand that one of the purposes of the CEO meetings was to brief the chairman of Crown Resorts on issues of importance relating to VIP international business?

MR O'CONNOR: On certain matters, yes.

30 MR BELL: What do you mean by that?

MR O'CONNOR: Well, the format of our presentation was quite defined, Mr Bell. Each time we had certain topics that we were to report under, so we reported under  
35 those – under that structure.

MR BELL: And it's the case, is it, that the CEO meetings were usually attended either by the chairman of the board or, in his absence, Mr John Alexander as deputy chairman?

40 MR O'CONNOR: That's right, yes.

MR BELL: And is it the case that some time after Mr Rankin took over as chairman of Crown Resorts from Mr Packer in August 2015 that Mr Rankin discontinued the  
45 practice of holding the CEO meetings?



MR O'CONNOR: The practice discontinued, yes. I'm not sure that I understood then or now why that occurred.

5 MR BELL: Are you able to give some precision as to the date on which they ceased to occur?

MR O'CONNOR: I can't, I'm sorry.

10 MR BELL: Now, could I ask you to look at CRL.545.001.2038 which is exhibit M for Mike, tab 87. Do you see that this email attaches papers for a CEO meeting on 30 July 2014?

MR O'CONNOR: Yes, I see that.

15 MR BELL: And one of the documents attached is a VIP update. Do you see that?

MR O'CONNOR: Yes, I do.

20 MR BELL: And in respect of the next document, Crown Resorts has reserved its position on confidentiality, operator, so please call it up to the hearing room only. The attachment to that email, Mr O'Connor, is exhibit M for Mike, tab 88 which is CRL.522.001.0238. To be accurate I should have said one of the attachments to that email. Do you see that it's described as the VIP international business update, July 2014?

25 MR O'CONNOR: Yes, I have that document.

MR BELL: And is that the general form of the VIP international update which you reviewed and which you spoke to regularly at CEO meetings in 2014 and 2015?

30 MR O'CONNOR: Yes.

MR BELL: And was it your practice at the CEO meetings to identify any issues of importance relating to the VIP international business which you considered that the chairman and the CEO of Crown Resorts ought to be aware of?

35

MR O'CONNOR: Not necessarily, Mr Bell. As I said, we had a pretty structured approach to these meetings and that's – they're the topics that we were to report on.

40 MR BELL: Does it follow from that that there were occasions when you were aware of issues of importance relating to VIP international business which you did not disclose these CEO meetings?

45 MR O'CONNOR: Yes, that could have been true.

MR BELL: Now, you've given evidence that commencing in about mid-2013 you attended VIP workstream meetings which involved Mr Michael Johnston, a director of Crown Resorts; is that correct?

5 MR O'CONNOR: Yes, that's correct.

MR BELL: And did Mr John Alexander sometimes attend those meetings?

10 MR O'CONNOR: I don't believe that he did, Mr Bell.

MR BELL: Now, could I ask you to look at CRL.638.001.0690 which is exhibit R, tab 2. Do you see that on 5 October 2014 Mr Michael Chen sent you materials for a VIP marketing kick-off workshop?

15 MR O'CONNOR: Yes, I see.

MR BELL: And, operator, confidentiality is reserved on the next document. Could I ask you to look at CRL.638.001.0691, which is exhibit R tab 3. Som Mr O'Connor, this is the material which Mr Chen sent you in the email to which I have  
20 just taken you. Is it likely that you read this material at the time?

MR O'CONNOR: Yes. It is likely that I did.

25 MR BELL: And do you recall whether you attended this particular workshop?

MR O'CONNOR: I think I did, Mr Bell.

MR BELL: Now, can I ask you to look at the page ending in .0696, top right-hand corner. Do you see it sets out a staff structure for the VIP international team?  
30

MR O'CONNOR: Yes.

MR BELL: Can you confirm that it accurately sets out the staff structure of the VIP international team as at October 2014?  
35

MR O'CONNOR: It's a little difficult to read. But, yes, it appears to be accurate at that point in time.

40 MR BELL: Right. This might be hard for you to read, Mr O'Connor.

MR O'CONNOR: It is.

MR BELL: But do you see in the chart, for the China mid-north region, which includes Beijing, there's an employee called Jolin Zhao, Z-h-a-o?  
45

MR O'CONNOR: I'm sorry, Mr Bell, that – the document is really quite blurry at that point and I can't – I can't accurately read that.

MR BELL: Do you recall that there was an employee in Beijing known as Jolin Zhao?

MR O'CONNOR: Yes. I – yes. I think I do remember the name Jolin. Yes.

5

MR BELL: And did you know that her Chinese name was Ling Zhou?

MR O'CONNOR: No, I wouldn't have known that. No.

10 MR BELL: All right. Can I ask you to look at the next page, .0697. Do you see that it identifies key stakeholders with an active involvement or interest in VIP?

MR O'CONNOR: Yes.

15 MR BELL: And do you see that Mr Ishan Ratnam is described as a special assistant to the chairman?

MR O'CONNOR: Yes, I see that.

20 MR BELL: Did you understand – yes. Did you understand, in the period 2014 to 2016, that Mr Ratnam was a special assistant to the chairman, Mr James Packer?

MR O'CONNOR: Well, that – whilst Mr Packer was the chairman for a period of time, I think that was the title that Mr Ratnam used.

25

MR BELL: Right. And what did you understand Mr Ratnam's responsibilities were as special assistant to the chairman?

MR O'CONNOR: Well, I'm not entirely sure, to be honest. I think he – he was entrusted with tending to the chairman when he was visiting our properties. He would be at the property that the chairman was visiting and act as a – somewhat of a valet, I suppose, just providing any sort of services that the chairman might require while he was visiting the property.

30

35 MR BELL: What did you understand were Mr Ratnam's activity involvement or interest in VIP?

MR O'CONNOR: He – he became involved in VIP because he's had many years experience with the organisation and, across that entire time, I think he's been active in the provision of service to VIP customers, in particular, international VIP customers. A lot of his time, he's been doing that at our Capital Golf Course, but also on property. So his function within the VIP team was to, I guess, be a bit of an extension of the international service team and to provide the high standards of service and response that our international customers expect.

45

MR BELL: And in the period 2014 to 2016, did you observe Mr Ratnam to take an active role in the discussions and decision-making about operational matters concerning the VIP international business in China?

5 MR O'CONNOR: Sorry? In China?

MR BELL: Yes.

10 MR O'CONNOR: He – he was involved in the discussions about our business, Mr Bell. Yes.

MR BELL: And you see on the right-hand side of this page, at .0697, there's a reference to "key meetings"?

15 MR O'CONNOR: Yes.

MR BELL: And one of those is the CEO meetings which you've given evidence about; is that correct?

20 MR O'CONNOR: Yes, that's right.

MR BELL: And is it correct that those meetings occurred, approximately, monthly?

25 MR O'CONNOR: That's my recollection. Yes.

MR BELL: And the second key meeting is described as the "CPH VIP working group". Do you see that?

30 MR O'CONNOR: I see that. Yes.

MR BELL: And would you understand that to be a reference to the VIP work stream meetings involving Mr Michael Johnston that you've given evidence about?

35 MR O'CONNOR: That's what I believe it's referring to. Yes.

MR BELL: And if I could ask you to look at the page ending in the numbers .0700. Do you see that, under the first bullet point on that page, it states that:

40 *The operating model for the VIP international business required escalating approvals for many market decisions.*

Do you see that?

45 MR O'CONNOR: Yes. I see that reference.

MR BELL: And under the third bullet point on that page, it states that:

*Key commercial decisions are explored and kicked around the VIP international leadership team: Barry, Jason, Ishan, MC 2, Jacinta and Roland.*

MR O'CONNOR: Yes, I see that.

5

MR BELL: Firstly, do you understand "MC2" to be a reference to Michael Chen, who reported to you?

MR O'CONNOR: Yes.

10

MR BELL: And do you understand the reference to "Jacinta" to be a reference to Jacinta Maguire, the general manager commercial based in Melbourne who reported to you?

15 MR O'CONNOR: Yes.

MR BELL: And do you understand the reference to "Roland" to be – and I may not be pronouncing this directly – but Mr Roland Theiler, a senior vice president international business who reported to you?

20

MR O'CONNOR: Yes.

MR BELL: And is it correct, as stated here, that:

25 *Key commercial decisions were explored and kicked around VIP international*  
–

by that leadership team?

30 MR O'CONNOR: Well, to – or a subset of, Mr Bell, depending on what the issue was. It wasn't such that we had everybody on that list included in every discussion. They are – they are the – the key people that were involved in those sorts of decisions on behalf of the business unit.

35 MR BELL: Yes. And do you see that, immediately under that it states:

*Ultimate VIP decision-maker JOC –*

which I take it is a reference to you –

40

*unless issues involved CCF approvals greater than 5 million dollars, but for major strategic pricing capital investments, critical customer relationships decisions, Barry often consulted and involved.*

45 Firstly, do you agree that that's an accurate statement at the time?

MR O'CONNOR: Yes, I do. Michael's reflecting the fact that I was the leader of the VIP international department and that Barry Felstead was often regularly involved in these sorts of discussions as well.

5 MR BELL: And does "CCF" refer to credit facilities or cheque cashing facilities, in particular?

MR O'CONNOR: Yes. CCF - - -

10 MR BELL: You would understand – you would understand it to be generally a reference to credit facilities?

MR O'CONNOR: Yes.

15 MR BELL: Is that correct? Now, you gave evidence yesterday about semi-regular meetings which you had with Mr Felstead, Mr Chen and Mr Ratnam to discuss operational issues concerning VIP international business. Do you recall that?

MR O'CONNOR: Yes, I do.

20

MR BELL: And did those operational meetings occur usually on a weekly basis, depending on need and the availability of attendees?

MR O'CONNOR: Yes, that's true.

25

MR BELL: And you gave evidence yesterday that Mr Michael Johnston sometimes attended those operational meetings; is that correct?

MR O'CONNOR: Yes. Sometimes he did.

30

MR BELL: And did you observe in the period 2014 to 2016 that Mr Johnston seemed to have a good working knowledge of the business being conducted by the VIP international business unit in China?

35 MR O'CONNOR: It's difficult for me, Mr Bell, to describe accurately the knowledge that Mr Johnston had at that time.

MR BELL: I'm only asking you for your impression, of course.

40 MR O'CONNOR: Well, my impression was that Mr Johnston had an understanding of how our business was structured and what we were trying to do. He wouldn't have had a – what I would say a day-to-day understanding of everything that occurred within the business, but he had some level of understanding, yes.

45 MR BELL: Could I ask you to look at CRL.527.001.0487 which is exhibit M for Mike, tab 84. Now, do you see at the bottom of the first page you sent an email to Mr Johnston which goes over to the next page, .0488, on 17 July 2014 about a

proposal to offer a particular player a \$1 million bet limit by using an existing junket revenue share program framework. Do you see that?

MR O'CONNOR: Yes, I see that.

5

MR BELL: Do you recall why you considered you needed to get Mr Johnston to approve that proposal?

MR O'CONNOR: I think – I think the suggestion was that by virtue of the fact that Mr Johnston was very numerate and understood well the workings of VIP gaming and the mathematics of VIP gaming, if I can put it that way, and that this was proposed to be quite a variation of – or a variation from our normal limits; I think the proposal was to have Mr Johnston understand what was being proposed, utilising his financial and mathematical skills to give some comfort and verification that the proposal was sound.

10  
15

MR BELL: Yes. Now, if you could look at your email to Mr Felstead on 18 July in the middle of page .0487, you see that it refers to a conversation you had with Mr Johnston?

20

MR O'CONNOR: Yes, I see that.

MR BELL: And you stated that:

25       *Mr Johnston had suggested to be mindful of the credit risk position given Chinese government activities of late.*

And you've said, "Good thing someone's listening". But what did you understand Mr Johnston's reference to "Chinese government activities of late" was referring to?

30

MR O'CONNOR: Mr Bell, you've taken me back many years. I – I really don't know specifically what that might have been in relation to.

MR BELL: So why, generally as you understood it, was Mr Johnston interested in the VIP international business to the extent to which he was?

35

MR O'CONNOR: Well, he was one of Crown's directors, and I – as I explained, I assumed it was because he is a financially-minded person, very numerate. Our part of the business really relies on a strong understanding of those factors, and I think Mr Johnston was offered up as somewhat of a sounding board or someone who might be able to provide some counsel in assessing some of the proposals that were being put forward in relation to our business.

40

MR BELL: And when you say "Mr Johnston was offered up", who offered him up?

45

MR O'CONNOR: I really don't know how that came about initially, Mr Bell.

MR BELL: Now, Mr Michael Chen reported directly to you in the period 2014 to 2016. Is that right?

MR O'CONNOR: Yes, that's right.

5

MR BELL: And did you usually speak with Mr Chen about VIP international business at least once a day in the period 2014 to 2016?

MR O'CONNOR: I spoke to him very often, about once a day would be right. If it  
10 wasn't every day it would be every second day.

MR BELL: All right. And I think you told the Inquiry yesterday that you typically had discussions with Mr Felstead a few times a week. Is that right?

15 MR O'CONNOR: Yes, that's right.

MR BELL: And was it your practice to alert Mr Felstead to any issues concerning the VIP international business which you considered important?

20 MR O'CONNOR: That was my practice, yes.

MR BELL: Now, do you know when it was that Crown Resorts first employed staff who lived and worked in China as opposed to staff who travelled to China from  
25 neighbouring places like Hong Kong?

MR O'CONNOR: I believe it was back as early as the year 2000 or 2002, thereabouts.

MR BELL: Whenever it was, I take it from your answer that it occurred before you  
30 assumed responsibilities for the VIP international business.

MR O'CONNOR: That's right, yes.

MR BELL: And did you understand in the period up to October 2016 that neither  
35 Crown Resorts nor any subsidiary had any licence or permission from the Chinese government to conduct any business activities in China?

MR O'CONNOR: I understood that we didn't hold any licence of that nature, yes.

40 MR BELL: And you were aware, were you, that in the period up to October 2016 that the Chinese government would issue a licence for a company to conduct a representative office which had the business of marketing hotels or resorts?

45 MR O'CONNOR: Well, yes, if that was the – the extent of the operations. I think that's true, yes.



MR BELL: And are you aware that Mr Craigie has given evidence to this Inquiry that he understood that Crown Resorts had legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia without any business licence from the Chinese government?

5

MR O'CONNOR: I am aware that Mr Craigie gave that evidence, yes.

MR BELL: And are you aware that Mr Craigie has also given evidence to this Inquiry that he understood that Crown Resorts had legal advice to the effect that to establish an office in China you would need a business licence which could be issued for the business of marketing hotels and resorts but not for the business of recruiting premium gamblers?

10

MR O'CONNOR: Sorry, is that – are you asking if I'm aware that that was Mr Craigie's evidence?

15

MR BELL: That's right.

MR O'CONNOR: I watched most of Mr Craigie's evidence. I think I remember him saying that.

20

MR BELL: So do you say that you understood that in the period up to October 2016 that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office in China?

25

MR O'CONNOR: That was my understanding Mr Bell, yes.

MR BELL: Could I ask you to look at CRL.545.001.0615 which is exhibit M for Mike, tab 27. And do you see that this email chain includes an email from Mr Chen to you and others dated 19 February 2013 containing legal advice from a Mr Zhou of WilmerHale in relation to Crown Resorts' activities in China?

30

MR O'CONNOR: Yes, that appears to be what this is.

35

MR BELL: Yes. Now, the next document I want to show you, Crown has reserved its position on confidentiality, operator. It's CRL.625.001.0107, which is exhibit R, tab 29. And do you see that it's an email chain which concludes with an email from you to Debra Tegoni, dated the 20th of February 2013?

40

MR O'CONNOR: Yes, Mr Bell. I see that.

MR BELL: And do you see that it starts, at page .0108, with Mr Zhou's email to Mr Chen dated the 19th of February 2013, which we just looked at?

45

MR O'CONNOR: Yes.

MR BELL: And if I could ask you to look at the bottom of page .0107. But just before I take you to – to that, could I ask you to look at Mr Zhou’s advice at page .0109. Do you see that, in the second last paragraph on page .0109, Mr Zhou wrote:

5        *With respect to potential liability on institutions, we would note that conducting  
business in China requires a business licence or, otherwise, government  
approval. And casino business is not allowed in mainland China and, thus, no  
licence will be issued. As such, marketing casino business may run the risk of  
being deemed by government as exceeding the permitted scope of business.*

10

Do you see that?

MR O’CONNOR: Yes, I do.

15        MR BELL: Now, if I could take you to an email from a Mr Stefan Albouy – I might not be pronouncing that correctly – it starts at the bottom of the page .0107 and goes over to page 0108. Do you see that email?

MR O’CONNOR: Yes.

20

MR BELL: And to whom did Mr Albouy report in 2013?

MR O’CONNOR: To Michael Chen.

25        MR BELL: And do you see that Mr Albouy was making the point that you couldn’t simply rely upon the technical letter of the law when it came to protecting the team in China?

MR O’CONNOR: Well, I see the statement that he makes:

30

*I do not believe we can risk relying on the information below.*

MR BELL: Yes. And did you understand him to be making the point that you couldn’t simply rely upon the technical letter of the law when it came to protecting  
35        the team in China?

MR O’CONNOR: Well, that’s – that’s what he – that’s what he said in this email, Mr Bell.

40        MR BELL: And did you agree with Mr Albouy about that?

MR O’CONNOR: I – I was inclined to rely a little more heavily on legal experts, Mr Bell, than somebody within our sales team.

45        MR BELL: And if you look at the first page, .0107, do you see that you were arranging to discuss Mr Zhou’s advice with Debra Tegoni at a conference the following day, according to these emails?

MR O'CONNOR: Yes, that appears to be what happens.

MR BELL: And if we could look at another document in respect of which confidentiality is reserved, operator, it's CRL.625.001.0114, exhibit R, tab 28. Do  
5 you see that this is another email chain concerning Mr Zhou's advice of the 19th of February 2013, which became the subject of emails between you and Ms Tegoni?

MR O'CONNOR: Yes.

10 MR BELL: And it's clear, would you agree, that you had considered Mr Zhou's advice carefully enough at the time to arrange to discuss it with Ms Tegoni?

MR O'CONNOR: Yes. Hard to know exactly what was going through my mind at the time, Mr Bell. It was a very long time ago. But I think we can say that, given the  
15 nature of this document contained some legal advice, I thought it was appropriate to provide that information to our most senior legal person on the property at the time.

MR BELL: And it's likely, even if you can't recall it now, that you considered Mr Zhou's advice at the time?

20 MR O'CONNOR: Yes, that's likely.

MR BELL: And in relation – can I just take you back to that paragraph I read to you earlier. In this document, it's at the start of the page numbered .0116. You  
25 appreciated, at the time, I take it, that the lawyer in Beijing was advising that it was necessary to have a business licence or other government approval to conduct business in China?

MR O'CONNOR: That's how I interpret this advice, Mr Bell. Yes.

30 MR BELL: Yes. And you also appreciated, at the time, that Crown Resorts did not have a licence, at the time, to conduct business in China?

MR O'CONNOR: That's right. I knew we didn't have a licence. Yes.

35 MR BELL: And were you concerned, when you read this, that the advice from the Chinese lawyer was that it was necessary to have a licence?

MR O'CONNOR: Well, it seemed like quite general advice to me, Mr Bell. The  
40 presence that we had in China didn't feel to me like it was conducting business. Our business is based in Australia, and these people were international representatives of our business. I never felt that we based – even after reading this information, that we needed to get a licence. And, as you see, he also points out that, given the nature of our business, we would likely not be successful in securing a licence anyway.

45 MR BELL: You're not suggesting, by that last answer, that the employees of the subsidiary of Crown Resorts in China weren't conducting business activities?

MR O'CONNOR: Well, I'm not about to debate the legal interpretation of that, Mr Bell. I'm just trying to explain to you my thinking, my opinion. But relying heavily on the point that was indicated to us that seeking a licence in China would be futile; it wouldn't be – it wouldn't be provided.

5

MR BELL: You knew that the employees in China were recruiting VIP Chinese gamblers to come to gamble at Crown's casinos in Australia?

MR O'CONNOR: Yes. That was their purpose. They were there to maintain relationships with current and potential customers.

10

MR BELL: And one aspect of their role as to arrange for credit limits to be issued by Crown Resorts to permit the VIPs to gamble at the Australian casinos?

MR O'CONNOR: They facilitated that process; that's right. They would provide the provide to Melbourne to do that.

15

MR BELL: And you understood that part of their role was to assist with the travel arrangements of the Chinese gamblers to Australia?

20

MR O'CONNOR: When requested to do so. Yes, that's a service that they provided.

MR BELL: And another service they provided was to arrange for the issue of visas – Australian visas – to permit Chinese VIP gamblers to travel to Australia; correct?

25

MR O'CONNOR: Yes, that's also correct.

MR BELL: And you understood that another aspect of their activities was to encourage VIP gamblers who had incurred a debt to Crown Resorts from gambling at the Australian casinos to repay it; correct?

30

MR O'CONNOR: When required. Yes.

MR BELL: Do you not agree that those activities sound very much like business activities?

35

MR O'CONNOR: They do, Mr Bell. Yes.

MR BELL: And what I asked you originally was were you concerned when you read this advice that the Chinese lawyer was advising that to conduct business activities in China one required a licence from the Chinese authorities?

40

MR O'CONNOR: It's hard to say what I was thinking at the time, Mr Bell. It was a very long time ago, but I can say to you that I was always of the understanding and the belief that seeking a licence in mainland China would not be successful, given the nature of our business.

45

MR BELL: And do you agree that this lawyer was – this lawyer in Beijing was asserting that to conduct business in China required a business licence or other government approval.

5 MR YOUNG: Just a moment. I object to the question.

COMMISSIONER: Yes.

10 MR YOUNG: Mr Bell is not reading the whole sentence. It's qualified by the opening words:

*With respect to the potential liability on institutions –*

15 and there are other advices relevant to that issue.

MR BELL: Well, I'm happy to read the whole sentence to you, Mr O'Connor. Can you see that Mr Zhou in Beijing is saying:

20 *With respect to potential liability on institutions, we would note that conducting business in China requires a business licence or other government approval and casino business is not allowed in mainland China and thus no licence will be issued.*

25 Do you see that, Mr O'Connor?

MR O'CONNOR: Yes, I see that, Mr Bell.

30 MR BELL: Now, did you report to Mr Felstead this time that the Chinese lawyer was giving this advice to Crown Resorts?

MR O'CONNOR: Mr Bell, I can't recall whether I reported this particular piece of advice to Mr Felstead. I'm quite comfortable he has seen subsequent pieces of advice of this nature.

35 MR BELL: But it would have been consistent with your usual practice, would it not, to convey the information which the Chinese lawyer was advising to Mr Felstead; correct?

40 MR O'CONNOR: That was my usual practice, yes.

MR BELL: Now, was it your understanding up to October 2016 that there were no Crown-branded offices in China and staff worked from their homes?

45 MR O'CONNOR: Yes.

MR BELL: And was that because you understood that if Crown Resorts had offices in China, they would need a business licence?

MR O'CONNOR: No, I don't think that was the – I felt it was unnecessary. The role that they were performing, Mr Bell, was a role that they could conduct effectively from their homes. The need for a formal branded office in China just didn't seem to be there.

5

MR BELL: But you do recall giving evidence to this Inquiry a little earlier that you understood, in the period up to October 2016, that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office in China. Remember giving that evidence?

10

MR O'CONNOR: Yes, that's right. I do.

MR BELL: Do you stand by that evidence?

15

MR O'CONNOR: Yes.

MR BELL: And so did you understand that if Crown Resorts did have offices in China, Crown Resorts would require a business licence?

20

MR O'CONNOR: Mr Bell, I don't recall that thought process occurring to me at the time. I was of the view that we simply didn't require an office presence in China and therefore didn't turn my mind to the next step about licensing that office.

25

MR BELL: But you did understand, did you, that the strategy of having the staff in China work from their homes was linked to the fact that Crown Resorts and its subsidiaries had no licences from the Chinese government to conduct any business in China.

30

MR YOUNG: I object. I object to the question.

COMMISSIONER: Yes, Mr Young.

35

MR YOUNG: I mean, the proposition was having staff conducting businesses from their homes was linked to the need for a business licence or - - -

COMMISSIONER: It was linked to the fact that Crown Resorts had no licences, so it's linked to the fact that, really, they were in their homes was linked to the fact that they had no licences to conduct the business in China. That was the question.

40

MR YOUNG: If that's the way it's put, I withdraw my objection, Commissioner. I didn't understand that.

COMMISSIONER: All right. That's all right. Yes, Mr Bell, you may ask again.

45

MR BELL: Mr O'Connor, I will ask you the question again. You did understand, did you, that the strategy of having the staff in China work from their homes was

linked to the fact that Crown Resorts and its subsidiaries had no licences from the Chinese government to conduct any business.

5 MR O'CONNOR: No, Mr Bell, I put it the other way around, I suppose. My view was that - - -

MR BELL: How would you put it?

10 MR O'CONNOR: Sorry, the staff were working effectively from their homes and therefore we had no need for an office and no need for a licence.

MR BELL: But you did understand that if you had a representative office in China – a branded representative office in China, you would require a business licence from the Chinese authorities; correct?

15 MR O'CONNOR: Yes, I think I understood that, yes.

MR BELL: Now, you were aware, weren't you, that from at least 2012 there was an unofficial office being operated by Crown Resorts in Guangzhou?

20 MR O'CONNOR: I wouldn't refer to it as an office, Mr Bell. I was aware that facilities were rented in a residential apartment building, I believe.

MR BELL: But those facilities were rented, were they not, in order to permit visa applications to be processed in Guangzhou on behalf of VIP gamblers from all over China?

30 MR O'CONNOR: Well, my understanding was that that function was performed from staff's homes and of course by nature of what they were doing they were needing to take photocopies of documents and store them, and the homes that these people lived in in China at the time were naturally quite small and they needed somewhere extra to store these documents. And so this facility was identified as somewhere where they could store the documents, but it was also used for an admin function, I suppose. It contained copying equipment and the like.

35 MR BELL: And it contained computers with Crown Resorts confidential information on them; correct?

40 MR O'CONNOR: Well, I assume that it would have, yes.

MR BELL: And it contained Crown Resorts confidential documents, did it not?

45 MR O'CONNOR: Yes, it would have. It would have contained – primarily, it would have contained customer documents in relation to their visa applications.

MR BELL: And it wasn't just a storage facility. It was where administration work was being conducted to process visa applications, as you understood it. Is that right?

MR O'CONNOR: Yes, that's what I understood.

MR BELL: It sounds very much like an office, doesn't it?

5 MR O'CONNOR: Well, it's not an office that – in the normal context of what you  
might expect an office to look like here. It was a flat that was used primarily as a  
storage facility and, of course, in doing so people used the photocopier that was in  
there as well. If by definition, a workspace is an office, well, I will concede that, but  
10 it certainly wasn't a marketing office or any other public office. It was – was a place  
where people were able to store documents that they could no longer store in their  
homes and a place to leave things like their laptop computers and their – and a  
photocopier.

MR BELL: I don't want to labour the point with you, Mr O'Connor, but it was a  
15 place which Crown Resorts leased for the purpose of its business activities; correct?

MR O'CONNOR: Yes, it did. It leased it in support of its activities in processing  
visa applications for our Chinese customers.

20 MR BELL: Is that a convenient time, Commissioner?

COMMISSIONER: Yes, it is. Mr O'Connor, we're now going to take the luncheon  
adjournment and we will resume at 2 pm. Thank you.

25 MR O'CONNOR: Okay. Thank you, Commissioner.

COMMISSIONER: Yes, we'll adjourn.

30 **ADJOURNED** [1.04 pm]

**RESUMED** [1.59 pm]

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

MR BELL: Mr O'Connor, you said before lunch, I think, that Mr Albouy reported  
to Mr Chen in the period 2012 to 2013; is that right?

40 MR O'CONNOR: Yes, that's right.

MR BELL: And did you have a role in setting Mr Albouy's key performance  
objectives in that period?

45 MR O'CONNOR: I don't think so.



MR BELL: Can I ask you to look at – confidentiality is reserved on this document, operator. It's CRL.605.001.0060, which is exhibit P, tab 3.

MR O'CONNOR: Mr Bell, was that P for Peter?

5

MR BELL: Yes. Do you see it's a series of emails, in June 2012, headed Guangzhou Office?

MR O'CONNOR: Yes.

10

MR BELL: And if you could turn to the first email in the chain, which is from Mr Albouy, apparently, to Mr Chen starting at the page ending in the numbers .0065.

MR O'CONNOR: Yes, I see.

15

MR BELL: Now, before we go to the terms of that email, do you see that, at the page ending in .0064, there's an email from you to Mr Albouy?

MR O'CONNOR: Yes.

20

MR BELL: So it would appear, do you agree, that you were one of the recipients of the email from Mr Albouy to Mr Chen starting at the page ending in the numbers .0065?

25 MR O'CONNOR: Yes. That would appear to be correct, Mr Bell.

MR BELL: So if we look at the bottom of page .0065, do you see that Mr Albouy said he had a proposal for a new Guangzhou office and upgrade. Do you see that?

30 MR O'CONNOR: Yes, I see.

MR BELL: And do you see that he said that this was part of his plan:

35 *...as discussed, to give each region a more stable environment to work from without risking our presence.*

Do you see that?

MR O'CONNOR: I see that.

40

MR BELL: And he said:

*This has been part of my financial year 2012 key performance objectives for China.*

45

See that?

MR O'CONNOR: I see. Yes.

MR BELL: And he said that:

5           *Guangzhou will undertake to be the test base for Shanghai and Peking.*

Do you see that?

MR O'CONNOR: I see that.

10

MR BELL: And if you turn over to page .0066, do you see that he says:

15           *The current Guangzhou office is not legally registered and the environment  
unsuitable for our team. We are based in a semi-residential building which is  
subject to random checks by authorities and poses many risks.*

Do you see that?

MR O'CONNOR: Yes, I do.

20

MR BELL: Would you agree that Mr Albouy didn't seem to be in any doubt that  
what was going on in Guangzhou was an office?

MR O'CONNOR: Well, he refers to it as an office. I see that.

25

MR BELL: Yes. And do you see that Mr Albouy says, at this page, that he was  
proposing:

30           *...new premises near the Australian consulate with business registration to give  
the team a more safe and professional environment to work in.*

Do you see that?

MR O'CONNOR: Yes.

35

MR BELL: Would you agree Mr Albouy didn't seem to be in any doubt that work  
was being conducted at the Guangzhou premises?

MR O'CONNOR: Yes. And I don't dispute that activities were being undertaken at  
40 that existing Guangzhou residence.

MR BELL: And if we could go back to page .0064, you've said – you've sent an  
email to Mr Albouy saying:

45           *Do we understand the legal implications of doing something like this? Do we  
need to seek some guidance from our legal people?*

Do you see that?

MR O'CONNOR: Sorry, Mr Bell. Your audio broke up, momentarily. Can you repeat?

5

MR BELL: If you could go to page .0064.

MR O'CONNOR: Yes. I have that page.

10 MR BELL: Do you see that you've sent an email to Mr Albouy saying:

*Do we understand the legal implications of doing something like this? Do we need to seek some guidance from our legal people?*

15 Do you see that?

MR O'CONNOR: I see that. Yes.

MR BELL: And were you referring to the legal implications of registering a business in China, as Mr Albouy was suggesting?

20

MR O'CONNOR: Mr Bell, it's such a long time ago, I really can't say with any certainty what I might have been referring to with those comments.

25 MR BELL: All right. Now, do you see that page .0060, you've sent an email, in about the middle of that page, to Mr Albouy and Mr Chen? Do you see that?

MR O'CONNOR: Yes, I do.

30 MR BELL: And you've said:

*The recent advice seemed to support registering a business in China for the purpose of processing visa applications.*

35 And you asked them whether they thought the same as you. See that?

MR O'CONNOR: Yes.

MR BELL: And look at Mr Chen's reply to you at the top of the page. Do you see that he said that he was not sure it was so clear. He said that his:

40

*...sense was that it was a double-edged sword.*

He said that:

45

*By having a registered office, you then have a formal entity onto which penalties and fines could be levied and, if that were to happen, it might be harder to operate.*

5 He said that:

*On the other hand, it would legitimise an operation –*

from the lawyers - - -

10

COMMISSIONER: “That the lawyers”.

MR BELL:

15

*...that the lawyers had said was clearly legal, but could be subject to harassment because of the sensitive nature of the activities.*

See all that?

20

MR O’CONNOR: I see all that. Yes.

MR BELL: Now, is it the case that, in light of Mr Chen’s comments, no action was taken to register a business in China at this time?

25

MR O’CONNOR: That’s – that’s right. I’m not aware that we ever took any steps to register a business; that’s right.

MR BELL: And is it the case, also, that no steps were taken at this time, in light of those comments, to move into the new premises near the Australian Consulate in Guangzhou that Mr Albouy had suggested?

30

MR O’CONNOR: That’s also my belief. Yes.

MR BELL: And does that mean that until, at least, 2015, Crown Resorts continued to utilise business premises in Guangzhou in a semi-residential building?

35

MR O’CONNOR: I understand we continued to lease that – what I referred to earlier as “a flat” in the residential building in Guangzhou; that’s right.

40

MR BELL: Which Mr Albouy had said was subject to many risks; correct?

MR O’CONNOR: They are the words that he used, I believe. Yes.

MR BELL: Now, could I ask you to look at exhibit R4, tab 4, which is INQ.950.002.0160. Do you see that someone at Crown Melbourne had asked someone in Guangzhou to confirm:

45

*What, if any, signage is displayed to indicate that your office is a Crown office?*

Do you see that?

5 MR O'CONNOR: They had asked the question of all of the people in our overseas network, Mr Bell, not specifically of Guangzhou.

MR BELL: No. I didn't mean to intend to suggest that. But do you see that the response from Guangzhou is from an email address called the "Guangzhou office"?  
10 Do you see that?

MR O'CONNOR: Yes. I see that.

MR BELL: Were you aware that emails were being received and transmitted from  
15 an email address called the Guangzhou office in 2015?

MR O'CONNOR: I can't recall whether I was aware of that. I probably was. I received emails from that address, as – well, I'm not on this email so - - -

20 MR BELL: Yes. And do you see that – I'm sorry.

MR O'CONNOR: I'm sorry. I was going - - -

MR BELL: I'm sorry. Did you want to say something else?  
25

MR O'CONNOR: Sorry, Mr Bell. I was just going to point out that I wasn't – I don't appear to be a recipient to this email.

MR BELL: Right. But you say it's likely that you were aware there was an email  
30 address having those characteristics in 2015?

MR O'CONNOR: I'm not surprised to see that.

MR BELL: Do you see that this person from the Guangzhou office has said:  
35

*No official office in Guangzhou, hence, no signage.*

MR O'CONNOR: I see that. Yes.

40 MR BELL: You see that?

MR O'CONNOR: Yes.

MR BELL: So is it the case that you understood that, from 2012, Crown Resorts  
45 was conducting business activities from premises in Guangzhou which it was attempting to ensure were not visible to the Chinese authorities?

MR O'CONNOR: Not – not – I don't agree with every component of that statement, Mr Bell. I don't think it's true to say we were trying to conceal our activities from the Chinese authorities, Mr Bell.

5 MR BELL: Well, if you weren't attempting to conceal your activities from the Chinese authorities, why not lease premises branded as Crown Resorts premises in the normal way?

MR O'CONNOR: Well, I never saw the need to do that, Mr Bell.

10

MR BELL: You were content, were you, for the Guangzhou facilities to be continued to conducted from the premises which had the characteristics which Mr Albouy had described to you in 2012. Is that a fair way of putting it?

15 MR O'CONNOR: I was satisfied with the status quo at the time. Yes, I was comfortable enough with what was occurring there to – and that the model was appropriate.

MR BELL: Can I ask you to turn back to exhibit P3 – P tab 3, CRL.625.001.0060.  
20 Now, if you could look at page .0061, Mr O'Connor. Do you see that your email on that page to Mr Albouy was copied to Michael Chen, Roland Theiler, William Mackay and Jan Williamson?

MR O'CONNOR: Yes, I can see that.

25

MR BELL: So far as you're aware, it wasn't being kept a secret at Crown Resorts or Crown Melbourne, was it, that these unofficial premises without any branding or signage were operating in Guangzhou since at least 2012?

30 MR O'CONNOR: No, no, we weren't – that wasn't a secret.

MR BELL: You told the Inquiry yesterday that you and Mr Felstead typically had discussions in person every few days. Is that right?

35 MR O'CONNOR: On various matters, yes, that's – that's true.

MR BELL: In the period up to October 2016, surely you discussed with Mr Felstead the fact that Crown Resorts was leasing premises for business purposes in Guangzhou without any Crown Resorts branding or signage.

40

MR O'CONNOR: I don't recall specifically having that discussion with Mr Felstead.

MR BELL: But would it have been in accordance with your normal business  
45 practice to have had a conversation of that nature with him in that period?

MR O'CONNOR: If the matter arose, yes, but I just don't recall having a discussion specifically about the model of the office in Guangzhou. It may have occurred, but I have no recollection of it occurring.

5 MR BELL: So if you were discussing facilities in Guangzhou or any other part of China with Mr Felstead in the period up to 2016 it would have been in accordance with your usual practice to raise this matter with him. Is that correct?

10 MR O'CONNOR: Well, matters that were considered important for Mr Felstead to be aware of would be raised. If you're asking me if I can recall raising this specific issue my answer is I can't recall raising this specific issue. It is true and fair to say that matters considered important were raised with Mr Felstead.

15 MR BELL: Well, Mr Albouy had told you, and I'm looking at page .0066, that:

*The current Guangzhou office was not legally registered and the environment unsuitable for our team. We're based in a semi-residential building which is subject to random checks by the authorities and poses many risks.*

20 That was a matter which you would have regarded as serious, surely.

MR O'CONNOR: Yes, the – the proposal that authorities potentially raid these facilities, yes, that's serious.

25 MR BELL: And so in accordance with your usual practice it's likely that you raised this matter with Mr Felstead in the period up to October 2016; is that right?

30 MR O'CONNOR: Well, it's possibly right, Mr Bell, but I simply say again I can't recall specifically raising this issue with Mr Felstead.

MR BELL: I know that but I'm asking you about your practice which you've told us about a few times.

35 MR O'CONNOR: Yes.

MR BELL: You do understand that.

MR O'CONNOR: Yes.

40 MR BELL: It would have been in accordance with your usual practice to have raised this matter with him in that period, do you agree?

MR O'CONNOR: Yes. Yes, I think I agree.

45 MR BELL: Right. Now, is it the case that from 2012 Crown Resorts or its subsidiary also had premises which it was leasing in Beijing?

MR O'CONNOR: Not to my knowledge, Mr Bell.

MR BELL: Confidentiality is reserved on this document. operator. Could I ask you to look at INQ.950.002.0223 which is exhibit R, tab 35. Now, Mr O'Connor, this  
5 document is information provided by the lawyers for Crown Resorts in response to a summons issued by those assisting this inquiry which included a request for documents recording any arrangements by Crown Resorts or any subsidiary to lease or otherwise use office or other accommodation in China between 2012 and 2017. Do you follow what I'm telling you?

10 MR O'CONNOR: Yes, I think I do, yes.

MR BELL: Now, do you see that items 34 and 35 on the second page of this document identify two documents for Beijing, one being for the period October 2012  
15 to October 2013, and another for the period October 2013 to October 2015?

MR O'CONNOR: I see that, Mr Bell.

MR BELL: And can I take you to the English translation of the first of those  
20 documents which is behind tab 27A in exhibit R which is INQ.950.002.0224. Do you see that?

MR O'CONNOR: No, Mr Bell, all that I have behind tab 27 is a Chinese document. I have been handed a couple of other English translations that are probably the  
25 documents – or one of these will be the document that you're referring to, I suspect.

MR BELL: Right. Yes, your solicitors were asked to provide you with English translations to go in as tabs 27A and tab 30A. Did you say you have one of those  
30 documents?

MR O'CONNOR: I have two separate documents. They are both English translations. They are referred to as document 3A and 6A.

MR BELL: All right. Yes, I think in your list it would be tab 3A, but do you see  
35 that in the first of those documents the lessee is Ling Zhao

MR O'CONNOR: Yes, I see.

MR BELL: Zhao Ling. And the premises are identified and the term of the lease is  
40 2012 to 2013?

MR O'CONNOR: I see, yes.

MR BELL: And the English translation of the second document which the lawyers  
45 for Crown Resorts produced should have the number at the top INQ.950.002.0227. Do you have that one?



MR O'CONNOR: I have another document. It doesn't have that reference number on it, Mr Bell. It has reference 6A?

5 MR BELL: Yes. I think it might have been provided to you as tab 6A. Is that right?

MR O'CONNOR: Yes. I have that.

10 MR BELL: Good. And do you see that it's a lease to the same person for the same premises for the period 2013 to 2015?

15 MR O'CONNOR: Sorry, Mr Bell, I'm just having some difficulty navigating the document. I can see it's the same person. Yes, I can now see it's the same – it appears to be the same premises, and I see the dates you're referring to, yes.

MR BELL: Is it your evidence that you're not aware of Crown Resorts leasing any premises in Beijing in the period 2012 to 2015?

20 MR O'CONNOR: I'm not aware of that, Mr Bell.

MR BELL: And could I ask you to look at exhibit R32. Confidentiality has been reserved on this document, operator. It's INQ.950.002.0222. And do you see that it's a similar email to the one we looked at earlier in relation to Guangzhou and an employee has said:

25 *There is no official office in Beijing so no signage.*

Do you see that?

30 MR O'CONNOR: I see that. Yes, I see that.

MR BELL: But is it your evidence to this Inquiry that so far as you're aware that there was no office of any kind in Beijing in the period up to October 2016?

35 MR O'CONNOR: Yes, that's my evidence, Mr Bell. I was aware of the premises that we've discussed in Guangzhou. I wasn't aware of any similar premises used for a similar purpose in Beijing.

40 MR BELL: Thank you. Now, the next document - also the confidentiality is reserved, operator. It's CRL.527.001.2274, and Mr O'Connor, it's exhibit M for Mike, tab 119.

45 MR O'CONNOR: Sorry, Mr Bell, I've got the wrong one. Yes, I have that document.

MR BELL: Do you see it's an email from Mr Chen, Mr Felstead and yourself dated 20 January 2015 referring to sales summit 8?

MR O'CONNOR: Yes.

MR BELL: And you may have been taken to this document yesterday, but do you recall that sales summit?

5

MR O'CONNOR: We had several. I don't know that I recall this one specifically.

MR BELL: Let me take you to the attachment to this email. Confidentiality is reserved on it as well, operator. CRL.527.001.2277. It's exhibit M for Mike, tab 10 120.

MR O'CONNOR: Sorry, Mr Bell, can I please confirm am I referring to tab 120 in this packet?

15 MR BELL: Yes, it should be a document headed January 2015 Sales Summit 8 Synthesis.

MR O'CONNOR: Yes.

20 MR BELL: Now, are you able to recall whether you attended this sales summit? January 2015?

MR O'CONNOR: I'm looking for clues, Mr Bell. It was my practice to generally attend the sales summit meetings. I'm afraid I can't be certain that I attended this 25 one.

MR BELL: All right. Well, could I ask you to look at the page ending in .2309.

30 MR O'CONNOR: Yes.

MR BELL: You see this is headed The Wrap-Up of the Sales Summit and there seem to be a number of ideas that are listed; do you see that?

35 MR O'CONNOR: Yes, I do.

MR BELL: And you see that one of the ideas discussed at the summit was to establish physical offices in Beijing, Shanghai and Guangzhou?

40 MR O'CONNOR: Yes, I see that.

MR BELL: And that appears to have been a popular idea, as I read this, with 27 votes in favour. Is that correct?

45 MR O'CONNOR: I would interpret it the same way, Mr Bell.

MR BELL: And could I ask you to look at a different document, CRL.625.001.0046 which is exhibit P, tab 9.

MR O'CONNOR: Yes, Mr Bell. I have that document.

MR BELL: And if I could ask you to turn to the second page of it, page ending in .0047, you see that a few days after the sales summit you emailed Mr Chen asking  
5 him how he felt about the proposal to establish offices in mainland China? Do you see that?

MR O'CONNOR: Yes, Mr Bell, which – and this clue along with one or two others I've spotted indicates to me – or suggests to me that I probably didn't attend this  
10 summit meeting in response to a question you put to me earlier.

MR BELL: Right. Thank you. And if you look at the bottom of page .0046 going over to .0047 Mr Chen replied to you that he thought it would be very good and would help a lot.  
15

MR O'CONNOR: Yes.

MR BELL: And then you replied to him:

20 *Are you not sensitive to the legal implications?*

Do you see that?

MR O'CONNOR: Yes.  
25

MR BELL: Did you mean by that your understanding that Crown Resorts could not have offices in China to promote the business of gambling?

MR O'CONNOR: It's unclear to me, Mr Bell, what exactly I might have meant by that question. I think perhaps it's – perhaps it's more pointing towards the uncertainty about whether or not we ought to be – sorry, let me start over. The uncertainty about whether or not we needed a licence to be present in China.  
30

MR BELL: You seem to be alive to there being legal implications associated with establishing an office officially, would you agree?  
35

MR O'CONNOR: Yes, I think I was alive to the broader legal implications of our presence in China, Mr Bell. Perhaps more so towards other aspects of the Chinese law than the administrative requirements of an office, but that comment applies to several aspects, yes.  
40

MR BELL: Well, you tell me in your own words what – what were the legal implications which you were asking Mr Chen whether he was sensitive to as you understood it?  
45

MR O'CONNOR: Well, Mr Bell, it is a little difficult to think back very clearly, but I suspect my issue would have been the question of whether or not a legally registered office was required in China in support of what we were doing.

5 MR BELL: Surely it went beyond whether it was required, it went beyond – it went, surely, to the question of whether there was some legal issue associated with establishing it.

10 MR O'CONNOR: I don't think that was my issue. I think the issue that I was alive to, Mr Bell, through this period was – to my mind, I was quite comfortable with the status quo despite proposals coming from the sales team to establish offices. I never really felt that there was a need to do that. There was no – it has costs involved in doing something like that. I don't think it was in response to any issue about the legality of our operations or any such matter. We have received legal advice about  
15 our operations that I was comfortable with. I'm not sure - - -

MR BELL: From your perspective, was it just a cost issue; it was cheaper to have people work from their homes than to have an office. Is that what you thought were the legal implications?

20 MR O'CONNOR: Well, the cost issue is not a legal issue, Mr Bell.

MR BELL: No, it's not. So what were the legal implications as you saw them at the time?

25 MR O'CONNOR: I'm not sure I – I'm not sure I know, Mr Bell.

MR BELL: Right. Okay. Do you see that Mr Chen replied to you saying his support is:

30 *...predicated on us getting comfortable, Jacinta leading investigation.*

Do you see that?

35 MR O'CONNOR: I see. Yes, I see that.

MR BELL: Would you understand that to be a reference to Jacinta Maguire?

40 MR O'CONNOR: Yes.

MR BELL: And what investigation did you understand she was conducting at this time?

45 MR O'CONNOR: I – I can't recall, Mr Bell.

MR BELL: At any time in the period up to October 2016 did you ever investigate whether any of your competitors were conducting business in China without any business licence whatsoever as Crown Resorts was doing?

5 MR O'CONNOR: Well, I would answer that in two parts, Mr Bell, if I may. I was aware that some competitors quite some years before us, before this period of time I should say, had their offices closed in somewhere in mainland China, and I will refer to them as – I think they were American operators. The second part of my response is that I wasn't aware of any other casino company who was operating in China from  
10 any formally registered offices.

MR BELL: So can I ask you the question again. In the period up to October 2016 did you investigate whether any of your competitors were conducting business in China without any business licence whatsoever as Crown Resorts and its subsidiaries  
15 were doing?

MR O'CONNOR: No, I don't think we did, no.

MR BELL: Now, in early February 2015 did you become aware of an  
20 announcement by the Chinese authorities that they were cracking down on foreign casinos recruiting Chinese citizens to gamble in other countries?

MR O'CONNOR: Yes, I was aware of that announcement.

25 MR BELL: And if I could ask you to look at CRL.522.001.0344, exhibit M for Mike, tab 130.

MR O'CONNOR: Yes, I have that tab, Mr Bell.

30 MR BELL: So do you see that these are some emails between you, Mr Felstead and Mr Chen dated 7 February 2015?

MR O'CONNOR: Yes.

35 MR BELL: And if I could ask you to look at the second page, .0345 you've attached a link to an article from Reuters?

MR O'CONNOR: Yes.

40 MR BELL: And if we could look at that article which is at exhibit M for Mike, tab 131, INQ.100.001.0003, you see that the article refers to the fact that:

*China would fight attempts by foreign casinos to lure its citizens abroad,  
according to a senior police official.*

45 Do you see that?

MR O'CONNOR: I don't see it, but I'm sure it's in there.

MR BELL: Well, do you have exhibit M for Mike, tab 131?

5 MR O'CONNOR: Yes, I'm looking at that.

MR BELL: It's headed INQ.100.001.0003.

10 MR O'CONNOR: Yes, I have that document, Mr Bell.

MR BELL: So you see in the first paragraph it says:

*China will fight attempts by foreign casinos - - -*

15 MR O'CONNOR: Yes.

MR BELL:

20 *to lure its citizens abroad, a senior police official said on Friday.*  
Do you see that?

MR O'CONNOR: Yes, I do.

25 MR BELL: And in the next paragraph, you see it refers to the fact that Chinese gamblers:

*...often travel to Macau, South Korea, the Philippines or Australia.*

30 MR O'CONNOR: Yes.

MR BELL: And down the bottom of that page going over the next page quotes a deputy bureau chief of the Ministry of Public Security stating:

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

MR O'CONNOR: Yes.

40 MR BELL: Do you see that?

MR O'CONNOR: Yes.

45 MR BELL: And at the top of the next page it quotes the official as saying:

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

5 Do you see that?

MR O'CONNOR: Yes.

10 MR BELL: So you appreciated, I assume, that this announcement by the Chinese authorities had the potential to create a risk to Crown's existing business operations in China?

MR O'CONNOR: Yes, I – I interpreted this to represent a risk to our business, that's right.

15 MR BELL: Yes. And it was a matter that you needed to treat seriously as a senior executive responsible for the VIP international business, I'm sure.

MR O'CONNOR: Yes.  
20

MR BELL: And could I ask you to look at CRL.522.001.0572 which is exhibit M for Mike, tab 136. Do you see there's an email to you in the second half of the page from Howard Aldridge dated 7 February 2015?

25 MR O'CONNOR: I see that.

MR BELL: And do you see it attached the Reuters article about the crackdown which you had sent to Mr Felstead?

30 MR O'CONNOR: Yes.

MR BELL: And Mr Aldridge asked you if there were any concerns about – Mr Aldridge asked you if there were any concerns for the Crown staff working in China. Do you see that?

35 MR O'CONNOR: Yes, I do.

MR BELL: And look at your email back to Mr Aldridge. You say:

40 *Personally, I'm very concerned with the international business near term prospects for reasons I'm sure you're well aware of.*

Do you see that?

45 MR O'CONNOR: Yes, I do.

MR BELL: What did you mean by that?

MR O'CONNOR: I think I meant, by that statement, Mr Bell, I was referring to the expectations of business volumes and business profits that were on this part of the business, relative to our capacity to deliver on those expectations.

5 MR BELL: Do you mean by that that you were concerned that the expectations from those to whom you reported, you considered, might be greater than your ability to deliver?

10 MR O'CONNOR: Yes. I felt that, at the time, there was something of a disconnect between the business volumes and profits that our business unit was able to deliver relative to what was expected.

MR BELL: Yes. And you go on to say:

15 *Our challenge will be convincing our masters that they need to temper their expectations. With the development plans ahead, talk of conservative expectations won't be well received.*

Do you see that?

20

MR O'CONNOR: I do see that.

MR BELL: So who did you mean by "our masters"?

25 MR O'CONNOR: Well, I guess, I was referring to the expectations set in the business planning process. In other words, people higher than myself in the organisation.

30 MR BELL: So did you mean by that Mr Felstead, but also the board of Crown Resorts, was setting expectations which were beyond your capacity to reasonably deliver?

35 MR O'CONNOR: Yes. I think I was using a pretty general term to be quite broad in its application.

MR BELL: Yes.

40 MR O'CONNOR: I don't think I was trying to be specific about any individuals, Mr Bell. I think I was just pointing to the general expectations - - -

MR BELL: But it was a reflection – I'm sorry. I didn't mean to interrupt you.

MR O'CONNOR: No.

45 MR BELL: But was it a reflection of your perception of the culture of the organisation at the time?



MR O'CONNOR: Well, not so much the culture, but the expectation of what our business unit was able to deliver.

MR BELL: Yes. And what were the development plans to which you referred?

5

MR O'CONNOR: Given the timeframe, Mr Bell, I would suggest it may be referring to the capital program that Crown had outlaid, probably, particularly, the Sydney development.

10 MR BELL: Yes. Now, you added, in your email, to Mr Aldridge that:

*As for the staff, we're always very concerned for their wellbeing.*

Do you see that?

15

MR O'CONNOR: Yes, I do.

MR BELL: And then you say:

20

*In the meantime, we all need to take extra care.*

That is, in the meantime, while some legal advice was being sought. Do you see that?

25

MR O'CONNOR: Yes.

MR BELL: Did it occur to you, in the context of your acknowledged need for extra care to be taken, to notify Mr Stuart and the other officers of Crown Resorts and Crown Melbourne responsible for risk management, about the announcement of the crackdown on foreign casinos and the need for extra care to be taken?

30

MR O'CONNOR: That didn't occur to me at the time, Mr Bell.

MR BELL: Did you discuss the crackdown on foreign casinos announced by the Chinese authorities with Mr Michael Johnston at any time up to October 2016?

35

MR O'CONNOR: I don't believe so. No.

MR BELL: Quite sure about that?

40

MR O'CONNOR: Quite sure.

MR BELL: So it wasn't discussed in the context of one of the meetings of the VIP focus group, which Mr Johnston was involved with?

45

MR O'CONNOR: I've really got no recollection to be able to make a comment about that, Mr Bell. I don't – I don't know.

MR BELL: But the fair answer is you don't recollect one way or the other whether you discussed it with Mr Johnston?

MR O'CONNOR: I think that's a fair reflection. Yes.

5

MR BELL: Now, could I ask you to look at CRL.545.001.0025, which is exhibit M for Mike, tab 139.

MR O'CONNOR: Yes.

10

MR BELL: Do you see that's an email from Michael Chen to VIP international offices dated the 9 February 2015?

MR O'CONNOR: Yes, I see.

15

MR BELL: Were you one of the recipients of emails to VIP international offices in February 2015?

20

MR O'CONNOR: I don't know. I think I was added to that email address group at some point in time. I can't say whether I was on that list at this point in time. I just don't know.

25

MR BELL: All right. And do you see, in the middle of the page, at the second numbered point 2 Mr Chen said:

*We will be applying for Hong Kong Singapore work permits for all our China staff that does not currently hold a foreign passport. This is purely a precautionary measure that will allow you to say that you work out of an overseas location and are on business travel in China.*

30

See that?

MR O'CONNOR: Yes, I see that.

35

MR BELL: I assume that you had discussed this proposal with Mr Chen before he announced it to VIP international officers?

MR O'CONNOR: Once again, Mr Bell, I'm sorry, but I don't recall discussing that.

40

MR BELL: You can't say one way or the other?

MR O'CONNOR: I can't say one way or the other.

45

MR BELL: Now, could I ask you to look at CRL.545.001.0563, which is exhibit M for Mike, tab 140.

MR O'CONNOR: Yes.

MR BELL: Just before we go on, perhaps, we could go back again to that document, exhibit M, tab 139, CRL.545.001.0025. You would agree, would you not, that the proposal which Mr Chen was suggesting was contrary to the core principles of Crown Resorts Limited to act legally, ethically and with the highest standards of integrity?

MR O'CONNOR: Yes, I would.

MR BELL: I'm moving on to exhibit M tab 140, CRL.545.001.0563. Do you see, at the bottom of the page, an email from Mr Aldridge to you, dated the 10th of February 2015?

MR O'CONNOR: Yes, I do.

MR BELL: And you see that he says that he had:

*...heard that MGM had sent out a directive to their managers not to travel to China to meet players or collect debts.*

Do you see that?

MR O'CONNOR: Yes, I do.

MR BELL: And you responded to Mr Chen with an email asking him to let you know once he had spoken with WilmerHale, the Beijing lawyers. See that?

MR O'CONNOR: Yes, that's right.

MR BELL: And do you see that Mr Chen replied to you saying he already had, but he had a follow-up question then he said:

*I will forward the politburo the entire response once he answers the follow-up.*

Do you see that?

MR O'CONNOR: Yes, I do.

MR BELL: Did you understand what Mr Chen meant by the politburo?

MR O'CONNOR: Well, I think that was a tongue-in-cheek reference to the three senior people back here at Melbourne.

MR BELL: They being?

MR O'CONNOR: Well, I imagine he would have been referring to Barry Felstead, myself and to Ishan Ratnam.

MR BELL: I see. And could I ask you to look at CRL.545.001.0021 which is exhibit M, tab 141. Do you see this is an email chain including an email from Mr Chen, dated the 10th of February 2015 containing the advice from WilmerHale which you had asked him about?

5

MR O'CONNOR: Yes.

MR BELL: And you were concerned about the crackdown on foreign casinos and the implications for the safety of staff in China, weren't you?

10

MR O'CONNOR: Amongst other things that I was concerned about, yes.

MR BELL: Yes.

15 MR O'CONNOR: I was – sorry, go ahead, Mr Bell.

MR BELL: No, no, if there's something else you wanted to add.

MR O'CONNOR: No. Sorry. Continue.

20

MR BELL: It's very likely that you read the advice from WilmerHale at the time; is that right?

MR O'CONNOR: Yes.

25

MR BELL: Now, can you see that Mr Zhou's advice starts about halfway down the page ending in the numbers .0022 and goes over to page .0023?

MR O'CONNOR: Yes, I see.

30

MR BELL: And if I could take you to the first bullet point on page .0023, do you see that Mr Zhou says:

35 *Foreign resort hotels rep offices and employees in China are protected under law so long as the rep office's employees' activities are not in violation of law. Introducing hotel resort facilities to potential customers itself should not be any problem because this is what the rep offices are supposed and licensed to do: liaison and marketing.*

40 Do you see that?

MR O'CONNOR: I do.

MR BELL: Then the third bullet point, Mr Zhou says:

45

*Given the highlighted government efforts to crack down on rep offices with core business to facilitate Chinese individuals gambling abroad, companies rep*

*office's employees in China should focus its business on introducing the hotel resort and facilities rather than engaged in any activities which may be viewed as directly facilitating Chinese individuals gambling offshore.*

5 Do you see that?

MR O'CONNOR: Yes, I do.

10 MR BELL: And do you agree that the first and third bullet points which I've read to you indicate that Mr Zhou appears to be labouring under the impression that Crown Resorts had a licence to conduct liaison and marketing for hotel and resort facilities?

MR YOUNG: Just a moment. I object to the question.

15 COMMISSIONER: Yes.

MR YOUNG: I mean, this is asking a question about assumptions that are said to have been made by Mr Zhou which is not a matter for this witness and, secondly, it's a misleading of the email. The email is addressing the premise - - -

20

MR BELL: I read the email - - -

COMMISSIONER: Yes, Mr Bell.

25 MR BELL: I read the email to Mr O'Connor and I'm asking him for what he understood by it.

COMMISSIONER: Yes. I will allow it.

30 MR BELL: Do you agree from your reading of this, Mr O'Connor, that you understood that Mr Zhou appeared to be labouring under the impression that Crown Resorts had a licence to conduct liaison and marketing for hotel and resort activities?

35 MR O'CONNOR: I'm not – I'm not certain that I would draw the same conclusion, Mr Bell, but I would point out that I was of the understanding that he knew we didn't, based on one of his earlier advices.

MR BELL: Which advice was that?

40 MR O'CONNOR: We received a number of advices from Mr Zhou over an extended period of time, Mr Bell, and it was my understanding that he knew, and even indicated at a point in time, based on my recollection, that we weren't operating with a licence.

45 MR BELL: Well, I've taken you earlier to the advice of 19 February 2013 in which Mr Zhou referred to companies' representative office licences. Do you recall?

MR O'CONNOR: Yes.

MR BELL: So which advice are you referring to when you said that you understood that he knew that you didn't have such a licence?

5

MR O'CONNOR: I'm sorry, Mr Bell, I'm just responding to your question. You suggested he seems to be labouring under the impression. I'm just trying to explain to you my impression at the time was that he knew that we didn't have a licence. It's going to be very difficult for me to point to that piece of advice that gave me that impression, but that was the impression that I had at the time.

10

MR BELL: So are you suggesting that when you read this advice, it gave you the impression that Mr Zhou knew that Crown did not have a licence for a representative office?

15

MR O'CONNOR: I'm not suggesting that this piece of advice gave me that impression, I'm suggesting that I had an impression formed before this point of time that Mr Zhou did know that we didn't have a licence for activities.

20 MR BELL: If you would please try and focus on my question - - -

MR O'CONNOR: Sorry.

25 MR BELL: - - - I'm asking you whether when you read this advice it seemed to you that Mr Zhou was labouring under the impression that Crown Resorts had a licence to conduct liaison and marketing for hotel and resort activity.

30 MR O'CONNOR: Well, it's difficult for me to say, Mr Bell. I'm sorry. It's - he makes a statement; I can see the statement that he's making there. He's quite general in his language.

MR BELL: So even looking at it now some years later, you still can't see, can you, that Mr Zhou appears to be assuming that Crown Resorts had a licence to conduct liaison and marketing for hotel and resort activities. Is that your evidence?

35

MR O'CONNOR: Well, Mr Bell, he does - if you allow me a moment to read this, please, for my own benefit. He says:

40 *Rep offices and employees in China are protected under law so long as the rep offices or employees' activities are not in violation of law. Introducing hotel resort facilities to potential customers itself should not be any problem because this is what the rep offices are supposed and licensed to do.*

45 MR BELL: So looking at it now, can you see that Mr Zhou appears to be labouring under the impression that Crown Resorts would be okay as long as it stuck to its licensed activities of hotel resort marketing.

MR O'CONNOR: I don't read it the same way, Mr Bell, I apologise. It was my understanding that Mr Zhou understood we didn't have a licence. He understood that we were unlikely to be issued a licence if we applied for one because of the nature of our business. That's – that's advice that I recall reading from some of his earlier pieces of advice.

MR BELL: So I'm asking you, though, about this email, and I will ask just one more time. Do you read this even today - even today, on the basis that Mr Zhou is not assuming that Crown Resorts is licensed to conduct liaison and marketing for hotels and resorts?

MR O'CONNOR: Well, Mr Bell if you're asking me to read this and ignore what I believed Mr Zhou understood prior to this point in time then I can understand why you might form that impression.

MR BELL: Do you think that with the assistance of Crown Resorts lawyers you would be able in due course to provide this Inquiry with the legal advice which you say you read which gave you the impression that Mr Zhou thought that no such licence was held?

MR O'CONNOR: Well, I think I'm – yes is the short answer, if I can find it. The advice that I'm referring to - and I can't tell you what date it was received, but it's in my mind where he recognises that - almost that an application for a licence would not be granted given the nature of our business.

MR BELL: Now, you see that Mr Chen's communication with Mr Felstead in light of that advice, this is at page .0021, he says:

*Given the advice, I would still be supportive of pushing forward with the establishment of hotel offices in key cities but keeping all gaming-related content out of the offices.*

Do you see that?

MR O'CONNOR: Yes, I see that.

MR BELL: And you understood, I assume, when you read that, that Mr Chen was suggesting applying for a licence from the Chinese Government to establish offices to market the hotels and resorts of Crown Resorts; correct?

MR O'CONNOR: Yes.

MR BELL: And you see that Mr Felstead's response was to the effect it was too big a risk to proceed with offices in China.

MR O'CONNOR: Yes. I see that comment.

MR BELL: Did you agree with Mr Felstead about that?

MR O'CONNOR: I agreed with not pursuing offices in China. The risk assessment that Mr Felstead is proposing – it's hard to say how he assessed the risk – but I  
5 certainly agreed with the point that there was no need to pursue offices in China.

MR BELL: So, from your point of view, in light of this advice and all the other information you had at the time, including the crackdown on foreign casinos, you were content, as the senior executive responsible for VIP international, for the staff  
10 in China to continue to work from their homes without any official Crown Resorts premises; is that right?

MR O'CONNOR: That's right, yes.

MR BELL: Now, could I ask you to look at CRL.527.001.0406, which is exhibit O, tab 23. Do you see that these emails indicate that there was a discussion between you, Mr Felstead, Mr Ratnam and Mr Chen on the 11th of February 2015, at which a number of matters were agreed?

MR O'CONNOR: Yes. I see that's what it is.

MR BELL: And point 2 indicates that you had decided to avoid travel to mainland China for a while in view of the government crackdown; correct?

MR O'CONNOR: That's right, yes.

MR BELL: And point 3 indicates that you were to prepare a list of options and recommendations to avoid the China-based staff providing sensitive information to customers. Do you see that?

MR O'CONNOR: Yes. I see that.

MR BELL: What was the sensitive information you were concerned not be provided to customers?

MR O'CONNOR: I can't specifically recall what that might have been, Mr Bell. It's likely to have been the kind of marketing collateral that we would use in China from time to time, promoting some of our upcoming events or cultural events or activities.

MR BELL: Perhaps making sure that none of the documents referred at all to gambling?

MR O'CONNOR: Well, they never did in China, Mr Bell.

MR YOUNG: Probably right?



MR O'CONNOR: They never did in China.

MR BELL: So what would be the new sensitive information – I withdraw that.  
What would have been the sensitive information that you were concerned about, at  
5 this stage, if the marketing collateral never did refer to gambling?

MR O'CONNOR: Well, I can't specifically recall. But I propose that it would just  
be our typical marketing collateral that might promote activities or events that we  
would be promoting from time to time.  
10

MR BELL: But I thought you said that the marketing collateral for China never did  
refer to gambling; is that right?

MR O'CONNOR: That's right. That's right. It didn't.  
15

MR BELL: So what could the sensitive information be that you were referring to?

MR O'CONNOR: Well, I'm proposing it could have been – it could have been  
marketing information that, perhaps, carried a Crown logo promoting events other  
20 than gambling.

MR BELL: Do you remember if you did prepare a list of options and  
recommendations?

MR O'CONNOR: I don't remember. I don't recall one way or the other. I don't  
recall preparing it.  
25

MR BELL: Now, point 4 indicates that a decision was made to defer establishing  
offices in China. In the context of that discussion, having regard to your earlier  
evidence, is it likely you discussed the fact, at this time, that there were premises in  
30 Guangzhou leased by Crown Resorts for business purposes?

MR O'CONNOR: It is possible, Mr Bell. Yes. If we had a fulsome discussion  
about establishing new offices in those three cities, very likely that reference would  
35 have been made to the existing premises that were used.

MR BELL: Now, can I ask you to look at CRL.545.001.0128, which is exhibit M  
for Mike, tab 154.

MR O'CONNOR: Yes. I have that document, Mr Bell.  
40

MR BELL: Exhibit M, tab 154?

MR O'CONNOR: Yes. Thank you. I have that.  
45

MR BELL: Do you see at the bottom of page .0128, Mr Chen sought further advice from Mr Zhou on the 24th of February 2015, which goes over to the next page, .0129?

5 MR O'CONNOR: Yes.

MR BELL: Do you see that he says to Mr Zhou that:

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

15 Were you aware that Mr Chen had sought this advice from Mr Zhou at the time?

MR O'CONNOR: I was aware that Mr Chen had sought advice from Mr Zhou and his firm subsequent to the announcement made by the government about casinos. Yes.

20 MR BELL: Were you aware that Mr Chen had sought this advice from Mr Zhou at this time?

25 MR O'CONNOR: I'm sorry, Mr Bell. I thought I answered the question. I was aware that Mr Chen had sought advice from the firm at this point in time, which appears to be just after the announcement was made. If you're asking if I was aware of this particular email, I don't think I was. I note that I wasn't copied on the email.

30 MR BELL: I am asking you whether you were aware that Mr Chen sought advice from Mr Zhou saying:

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

Were you aware that whether Chen had sought this advice from Mr Zhou?

MR O'CONNOR: Not in those terms. No.

40 MR BELL: Were you aware that he had sought advice to that effect?

45 MR O'CONNOR: I was aware, Mr Bell, that Mr Chen sought advice in relation to the legal position in China, in relation to our activities there, subsequent to the announcement made by the Chinese authorities. I'm sorry if that sounds circular, Mr Bell. I'm just trying to respond to the question. I'm not sure what you're looking for.

MR BELL: Well, I'm really just trying to understand – I'm really just trying to understand whether you were aware that this advice had been sought?

MR O'CONNOR: I was aware that advice was sought from our lawyers.

MR BELL: All right. Okay. And do you see that Mr Zhou advised that:

*It would be prudent to limit travel of senior executives to mainland China at this point, given that the regulatory environment is being tightened up and the picture is not entirely clear. I'm not sure whether it's come to the point that you have to pull the entire team out of China. One option is that you could have some key employees tentatively work outside China.*

Were you aware that advice to this effect had been given to Crown Resorts at this time?

MR O'CONNOR: That does seem consistent with the – with my recollection of the advice that was coming back from Michael to Crown Resorts.

MR BELL: And did you discuss this advice and the terms on which it had been sought at this time with Mr Felstead?

MR O'CONNOR: Yes. I believe we did.

MR BELL: And did you discuss it, also, with Mr Ratnam?

MR O'CONNOR: I believe so. He certainly would have been aware of the issue.

MR BELL: Did you discuss it, also, with Mr Michael Johnston?

MR O'CONNOR: I don't think I did. No.

MR BELL: Now, could I ask you to look at CRL.545.001.0382, which is exhibit M for Mike, tab 157. Do you see that you were sent an email on the 4th of March 2015 concerning roadshows, including roadshows in March 2015, in China?

MR O'CONNOR: I do see that.

MR BELL: And you responded by saying that you really thought:

*...we should reconsider going into the People's Republic of China.*

Do you see that?

MR O'CONNOR: Yes, I do.

MR BELL: At this stage, you were still concerned, weren't you, about executives travelling to China having regard to the crackdown on foreign casinos, which had been announced by the authorities in February?

5 MR O'CONNOR: Yes. And in conjunction with another event that I referred to there in that email. Yes.

MR BELL: Yes. And did you discuss those concerns that you had with Mr Felstead?

10 MR O'CONNOR: Yes. I believe we did. Yes.

MR BELL: And did you discuss those concerns that you had with Mr Ratnam?

15 MR O'CONNOR: Yes, I believe so.

MR BELL: Did you discuss those concerns that you held with Mr Michael Johnston?

20 MR O'CONNOR: No. I don't think so.

MR BELL: Why not? You were meeting him or discussing matters with him concerning VIP operational matters from time to time? Why didn't you raise your concerns with Mr Johnston?

25 MR O'CONNOR: Well, my approach, Mr Bell, was to ensure that my direct superior, Mr Felstead, was aware of important matters, and this matter he was aware of.

30 MR BELL: You were discussing VIP international operational matters, including operational matters in China, with Mr Johnston from time to time during the whole of this period, both in terms of the VIP focus group meetings and through Mr Johnston's occasional attendances at the operational meetings; correct?

35 MR O'CONNOR: That's correct, yes. Yes.

MR BELL: And you're quite sure, are you, that you didn't ever raise with him the concerns that you held at this time about the safety for executives travelling into China in light of the crackdown on foreign casinos?

40 MR O'CONNOR: I don't recall having that discussion with Mr Johnson, Mr Bell. But it's difficult to say that I am quite sure. I have no recollection of having that discussion with him.

45 MR BELL: You have no recollection, one way or the other. Is that a fair way of putting it?

MR O'CONNOR: Yes.

MR BELL: Now, could I ask you to look at CRL.527.001.0377, which is exhibit M for Mike, tab 189.

5

MR O'CONNOR: Sorry, Mr Bell. I've found that now.

MR BELL: Do you see that, on the 20th of June 2015, you were informed by Mr Michael Chen that:

10

*South Korean casino marketing staff working in China had been detained or arrested.*

MR O'CONNOR: Yes, I see that. Yes.

15

MR BELL: Were you informed that, a few days later after the arrests, Mr Robert Rankin, who was to become the chairman of Crown Resorts, had said that the company:

20

*...should be on high alert for this type of regulatory action in China in view of the arrests of the South Koreans.*

MR O'CONNOR: No.

25

MR BELL: You became aware, in July 2015, did you not, that two of the Crown Resorts staff based in China had been questioned by the Chinese police; correct?

MR O'CONNOR: I think one, Mr Bell.

30

COMMISSIONER: You mean one member of staff?

MR O'CONNOR: Yes, Commissioner. I think one member of staff was questioned at that time.

35

MR BELL: Could I ask you to look at INQ. – I'm sorry, this is a document on which confidentiality is reserved, operator. INQ.950.002.0140. That's exhibit O, tab 28. Do you have that, Mr O'Connor?

MR O'CONNOR: Yes, I do.

40

MR BELL: Do you see that you've sent an email to Mr Felstead on Friday, the 10th of June 2015 at 9.44 am:

45

*Hi Baz. For your information, we had another employee questioned by the Chinese police yesterday.*

COMMISSIONER: I think that's July; 10th of July.

MR BELL: I'm sorry. The 10th of July 2015, if I said something else.

COMMISSIONER: That's all right.

5 MR BELL: Do you see you've said to Mr Felstead in this email:

*We had another employee questioned by the Chinese police yesterday.*

10 So it would appear you were aware by this date, the 10th of July, that two employees had been questioned by the Chinese police; is that right?

MR O'CONNOR: Yes, that's right. I think the other employee that I was referring to was questioned some time beforehand.

15 MR BELL: Right.

MR O'CONNOR: Perhaps 12 to 18 months prior to this.

20 MR BELL: When you say – when you say “some time beforehand”, it was in the immediately preceding period; was it not?

MR O'CONNOR: I'd suggest 12 to 18 months before this time.

25 MR BELL: I will come back to that. But you were aware, by the 10th of July, that an employee in Wuhan had been accused of organising gambling operations; correct?

30 MR O'CONNOR: Yes, that's right. That's what I've – that's what I've specified in my email to Mr Felstead.

MR BELL: And you were aware that the employee in Wuhan had said that he worked for a hotel resort company and helped with visas and travel arrangements?

35 MR O'CONNOR: Yes.

MR BELL: Correct?

MR O'CONNOR: Yes.

40 MR BELL: And that the Chinese police had asked for a letter from his employer verifying that.

45 MR O'CONNOR: Yes. They'd asked for some sort of certificate. And I think we had proposed, or our lawyers, had proposed to write a letter.

MR BELL: Could I ask you to look at exhibit N, tab 23. N for November, tab 23. And without identifying what this document is, could I ask you to read to yourself paragraphs 25 and 26 at page INQ.140.020.0006.

5 MR O'CONNOR: Sorry, Mr Bell. If I've got the right reference tab – and I'm looking at N23, there's actually nothing there.

MR BELL: Just before I go on, confidentiality is reserved on this document, operator. So please bring it up only in the hearing room. It's exhibit N for  
10 November, tab 23. I don't want you to identify the document. But do you have that tab?

MR O'CONNOR: I've got the tab. There's nothing behind the tab.

15 MR BELL: What about behind the previous, tab 22? Anything there?

MR O'CONNOR: 22, there is. Would you like me to describe what I see behind tab 22, Mr Bell?

20 MR BELL: Sorry, so you've got nothing at all behind tab 23, is that right, Mr O'Connor?

MR O'CONNOR: I have a pink - blank pink piece of paper.

25 MR BELL: We will endeavour to try and get N23 emailed to you, but I will come back to that later. Returning, if we can, to exhibit O, tab 28, you see that your email was sent at 9.44 am?

MR O'CONNOR: Yes.

30 MR BELL: Now, could I ask you to look at this document - confidentiality is reserved; it's CRL.636.001.1747, exhibit R, tab 16.

MR O'CONNOR: Sorry. I have R16, Mr Bell.

35 MR BELL: Do you see that your email to Mr Felstead about three-quarters of the way down the first page, .1747 was sent at 9.47 am, a few minutes later after the email we just looked at.

40 MR O'CONNOR: Yes.

MR BELL: And you forwarded to Mr Felstead with this email an email from Mr Chen concerning the interview with an employee in Wuhan by the Chinese police?

45 MR O'CONNOR: Yes.

MR BELL: Was Mr Chen the source of your information about the staff member in China being questioned by the police?

MR O'CONNOR: Yes, I believe he was.

5

MR BELL: Now, you were aware from reading Mr Chen's email starting at .1747 and going over to .1748 that the employee in Wuhan had been detained by the police for two hours; correct?

10 MR O'CONNOR: Yes.

MR BELL: That the employee had denied that he was organising gaming tours and said that he worked for Crown Resorts assisting organising leisure trips for customers.

15

MR O'CONNOR: Yes.

MR BELL: And that the police had requested that Crown Resorts furnish a letter by the next day, corroborating what the employee had said.

20

MR O'CONNOR: Yes.

MR BELL: And you see that Mr Chen said:

25 *If you have no objection, we will prepare the letter per the WilmerHale template. I will send you the final version and barring any hanged before 11 am China time tomorrow will provide such letter to the police.*

Do you see that?

30

MR O'CONNOR: Yes.

MR BELL: Did you understand what he meant by "barring any hanged before 11 am China time tomorrow"?

35

MR O'CONNOR: I've no idea what that means.

MR BELL: But I take it that you considered that it was serious that an employee of Crown Resorts in China had been questioned by the Chinese police about organising gambling tours?

40

MR O'CONNOR: Yes.

MR BELL: And I take it that one reason why you escalated the issue to Mr Felstead was because you appreciated at the time that an employee in China being questioned by the police about his involvement in gambling tours so soon after the Korean arrests was an escalation of the risk to the safety of the staff in China; correct?

45



MR O'CONNOR: I think we would have recognised that as an escalation of risk in any circumstance.

5 MR BELL: Yes. And you appreciated, did you, when you read Mr Chen's email, that the employee in Wuhan had denied that he was involved in organising gaming tours and said that he was only involved in organising leisure trips?

10 MR O'CONNOR: I can't recall specifically what struck me about this communication at the time, Mr Bell. I'm sure I read that point and would have noted it.

MR BELL: Yes. The employee in Wuhan was involved in organising gambling tours to Crown's casinos in Melbourne and Perth, wasn't he?

15 MR O'CONNOR: He was.

MR BELL: And Crown – did you appreciate at the time that Crown was being asked to corroborate the employee's statement that he was not involved in gambling tours?  
20

MR O'CONNOR: Not entirely, no. I appreciated at the time that what was being asked was a certificate to give evidence to who this employee's – sorry, who this employee's employer was to validate what he had claimed - - -

25 MR BELL: But you understood that – I'm sorry, I've interrupted you. You go on.

MR O'CONNOR: Sorry, Mr Bell. I was going to say the suggestion that the letter ought to corroborate everything that the employee said, that's not something that I identified at the time. I was happy to take advice from our internal and external  
30 lawyers on the format of the letter.

MR BELL: Did you discuss with Mr Felstead what the letter which Crown Resorts was going to send to the Chinese police would say?

35 MR O'CONNOR: I don't recall discussing it with him, to be frank. As you can see from the emails, I've provided him a couple of updates, but I don't recall having a conversation with him about the contents of the email.

40 MR BELL: Now, can I ask you to look at CRL.522.001.0830 which is exhibit M for Mike, tab 210.

COMMISSIONER: Did you appreciate that the – Mr O'Connor, you appreciated that the employee had not told the truth to the authorities.

45 MR O'CONNOR: I'm sure that point would have occurred to me, Commissioner, yes.

COMMISSIONER: Yes, all right. Yes, all right.

MR O'CONNOR: Although if I might add, Commissioner - - -

5 COMMISSIONER: Yes.

MR O'CONNOR: - - - I recall receiving a report from the particular employee where he set out in his own version - his own words what had occurred, and one of the points that he had made was that he was asked whether Crown was a casino and  
10 he responded that it was. So it is fair to say that I did note in that email that he denied organising gaming trips, but I also note that he was asked if it was a casino and he responded that it was.

COMMISSIONER: Yes. So you had the situation of him being involved with a  
15 company that had integrated resorts which included a casino, and that he had informed the authorities falsely that he was not promoting gambling in China.

MR O'CONNOR: I think that's right.

20 COMMISSIONER: Yes. Yes, Mr Bell.

MR BELL: Just before we go on, Mr O'Connor, I'm told that the solicitors for Crown Resorts have now received exhibit N23. Has that been furnished to you?

25 MR O'CONNOR: No, it hasn't, but I'm not sure that there's anybody who can do that for me. Perhaps it's been emailed. Perhaps it's on my phone.

MR BELL: Do you have access to emails where you are at the moment?

30 MR O'CONNOR: I have my phone over there, Mr Bell, if you would like me to refer to it.

MR BELL: Would you mind just checking to see whether you've been provided with exhibit N for November 23 by email or on your phone?  
35

MR O'CONNOR: Yes, it appears that I do.

MR BELL: Please don't identify the document, but would you please read to yourself paragraphs 25 and 26 and tell me when you've done so.  
40

MR O'CONNOR: Bear with me, Mr Bell, while the document loads.

MR BELL: Have you read those two paragraphs?

45 MR O'CONNOR: No. Sorry. It's just loaded. So you're referring me to documents 25 and 26?

MR BELL: Just to paragraphs 25 and 26 on page 4 of the document.

MR O'CONNOR: I've read those two paragraphs, Mr Bell.

5 MR BELL: Does it assist you to you recall that, when you were referring to Mr Felstead to "another employee having been questioned by the police", you were in fact referring to another employee who had, very recently, that is, very recently as at the 10th of July 2015, been questioned by the police, rather than an event that had occurred some 12 or 18 months earlier?

10 MR O'CONNOR: No, Mr Bell. I read the name of the employee who is subject of this document. And this is the first that I've – that I've been aware that this event happened. The event I was referring to was a different employee.

15 MR BELL: Okay. Now, could I take you to exhibit M for Mike, tab 210, CRL.522.001.0830.

MR O'CONNOR: M210, Mr Bell? Sorry.

20 MR BELL: Yes.

MR O'CONNOR: Yes.

MR BELL: Now, this was the letter which was provided to the Chinese police. Did  
25 you see that letter prior to it being sent?

MR O'CONNOR: Perhaps not in its final form, but I believe I saw an early – an early draft.

30 MR BELL: And you see that the letter makes no mention of the fact that Crown Resorts operates casinos in Australia?

MR O'CONNOR: Yes. I see that.

35 MR BELL: Did you appreciate, at the time, that the letter in its terms was misleading as to the nature of the business activities being conducted by Crown Resorts in Australia?

40 MR O'CONNOR: Well, yes, it does omit that fact, Mr Bell, that we do operate a casino here. But it also omits the fact that we operate restaurants. This – this letter – I took comfort from the fact this letter was drafted by our internal and external lawyers, Mr Bell.

MR BELL: But you said you saw a draft of it before it was sent; correct?

45 MR O'CONNOR: Yes. I believe I did.

MR BELL: And did you appreciate, at that time, that the letter omitted an important fact, namely, that a central activity being conducted by Crown Resorts in Australia was casinos?

5 MR O'CONNOR: It didn't strike me as that at the time, Mr Bell. The request was for some kind of verification or validation that this employee was an employee of the company that he claimed to be and, on that basis, this was the form that the letter took.

10 MR BELL: Can I ask you to look at CRL.638.001.0001, which is exhibit R, tab 17. Confidentiality has been reserved on this document, operator, so please bring it up only in the hearing room. Yes. CRL.638.001.0001. You see some emails exchanged between Mr Chen and Ms Jan Williamson - - -

15 MR O'CONNOR: Yes, I do.

MR BELL: - - - of July 2015? If I could ask you to look at page .0003. Were you aware that the Mintz group had advised, in July 2015, that the letter being provided by Crown Resorts to the Chinese police had the effect of contributing to an  
20 evidentiary pile that the Chinese police could decide to draw upon in the future?

MR O'CONNOR: No, Mr Bell. I don't recall having the Mintz people involved in this event.

25 MR BELL: But I assume you would have reached the same conclusion, in any event, at the time; correct?

MR O'CONNOR: Yes.

30 MR BELL: Yes. Now, can I ask you to look at INQ.950.002.0153, exhibit O, tab 35. Confidentiality has been reserved on this document. Do you see, at the bottom of page .0153, an email from Michael Chen to Jan Williamson, which is copied to you, that goes over to page 0154?

35 MR O'CONNOR: Yes.

MR BELL: And it attaches the employee in Wuhan's record of his interview with the police, and asks for someone to translate it. Do you see that?

40 MR O'CONNOR: Yes, I do.

MR BELL: And do you see that Mr Chen says:

*We don't want it spread too widely so as not to alarm anyone.*

45 See that?

MR O'CONNOR: Yes. I see that.

MR BELL: Did you have any discussions at this time with Mr Chen about not  
5 telling too many people at Crown Resorts about the fact that an employee had been  
questioned by the Chinese police and asked to provide a letter corroborating his  
statement?

MR O'CONNOR: No. I don't believe so.

10 MR BELL: And if you look at the first page of this email chain at page 0153. You  
see that, on the 15th of July, Jan Williamson forwarded you a translation of the  
Wuhan employee's interview with the police?

MR O'CONNOR: Yes. I see that.

15 MR BELL: And can I take you to that translation. Confidentiality is reserved on  
this document, operator. It's INQ.950.002.0157, exhibit O, tab 36. I think you told  
the Commissioner, a little earlier, that you reviewed this document at the time; is  
that right?

20 MR O'CONNOR: Yes. This is the document that I remembered when I referenced  
it a few minutes ago.

MR BELL: And do you see that the police asked the employee if he had an office.  
25 And he said, no, that the company was in Hong Kong.

MR O'CONNOR: Yes. I see that.

MR BELL: And do you see that the police asked him how he worked without an  
30 office? Do you see that?

MR O'CONNOR: Yes.

MR BELL: And that the police asked if his company had casinos in Australia. And  
35 he said that they did.

MR O'CONNOR: Yes.

MR BELL: See that?  
40

MR O'CONNOR: Yes, I do.

MR BELL: And he was asked whether he knew whether the clients gambled in  
45 Australia. And he said he didn't know. See that?

MR O'CONNOR: Yes.

MR BELL: Did it occur to you, at the time, that the Chinese police seemed to be focusing on the fact that this employee was working in Wuhan, but not in an office?

MR O'CONNOR: That didn't occur to me at the time, Mr Bell. No.

5

MR BELL: The significance of that being that there was no legal basis for any activities which the employee was conducting, because there was no business licence. That didn't occur to you at the time?

10 MR O'CONNOR: No.

MR YOUNG: I object to the question.

15 COMMISSIONER: That's objected to. Just pause there, Mr O'Connor. Yes, I reject it in that form.

MR BELL: In any event, it didn't occur to you that the Chinese police seemed to be zeroing in on the fact that this employee was working without an office; is that right?

20

MR O'CONNOR: That's right.

MR BELL: Now, you must have been concerned, at this time, not only about the safety of the staff in China, but also about the risk of the existing business strategy of VIP international in China; is that right?

25

MR O'CONNOR: Yes. We did have concerns at this time; that is right.

MR BELL: So what discussions did you have with Mr Felstead, at this time, in relation to these events?

30

MR O'CONNOR: Well, we sought external advice, Mr Bell. Mr Felstead would have been aware of that. We sought legal advice. And we sought advice from an investigations firm in China to help us understand what was really, perhaps, going on there, and how that might impact on our business.

35

MR BELL: What discussions did you have with Mr Felstead in relation to these events?

MR O'CONNOR: I can't specifically recall the precise nature of the discussions, Mr Bell. I'm sorry.

40

MR BELL: Did you have any discussions with Mr Felstead about who should be informed about these events?

45

MR O'CONNOR: I don't think so, no. I don't recall those discussions, if they occurred.

MR BELL: Apart from Mr Felstead, who else at Crown Resorts did you discuss this issue with?

5 MR O'CONNOR: I can't tell you with any certainty who I discussed this issue with, Mr Bell. I had several discussions with Mr Chen, discussions with Mr Ratnam. I'm sure I had discussions, internally, within my team – with the senior members of my team.

10 COMMISSIONER: Do you recall anything that Mr Ratnam said to you about these issues?

MR O'CONNOR: Not specifically, Commissioner. No. No, I - - -

15 COMMISSIONER: What about generally?

MR O'CONNOR: Well, I think I recall a brief email exchange from Mr Ratnam where he remained supportive of the staff in China, and to the notion of travelling to China, still. That's about the only specific piece of communication that I can recall on this matter.

20 COMMISSIONER: So why did it matter that he was supportive, at that stage? Or did it matter that he was supportive?

MR O'CONNOR: It mattered, in the sense that he had – that he was trying to express support to the people in the sales team in China, who he thought may have been feeling some level of anxiety, given what was occurring up there.

30 COMMISSIONER: I see. So the anxiety that was brought about by the intrusion by the police, you mean?

MR O'CONNOR: No. I mean, more generally, about certain statements that had been made by the authorities. I'm referring, specifically, to the February 2015 announcement.

35 COMMISSIONER: Yes, I see. Yes, Mr Bell.

MR BELL: So did it occur to you, Mr O'Connor, that this development needed to be drawn to the attention of Mr Drew Stuart and the other risk management officers at Crown Melbourne and Crown Resorts so that appropriate strategies could be considered to deal with the risk to the safety of the staff in China?

MR O'CONNOR: That didn't occur to me, Mr Bell.

45 MR BELL: Would you agree that you did not sufficiently engage, at this time, with the formal risk management processes of the Crown Resorts group in relation to the risk to the safety of the staff in China, which the questioning of this employee indicated?

MR O'CONNOR: Mr Bell, I took the action I thought was appropriate. And I escalated to my direct superior and made sure he was aware. The legal people at Crown were aware. Our external lawyers from China were aware, and advising. I think, I felt at the time that we were responding to this adequately to mitigate the risk.

MR BELL: But even looking back on it now with the wisdom of hindsight, do you still say that you sufficiently engaged, at the time, with the formal risk management processes of the Crown Resorts group in relation to the risk to the safety of the staff in China which this questioning indicated?

MR O'CONNOR: No, Mr Bell. I've got a slightly different view, now, looking back with the benefit of hindsight and the experiences that I have enjoyed since then.

MR BELL: So, looking back on it now, why do you think that you didn't see this as a matter, at the time, which needed to be dealt with by the formal risk management processes of the Crown Resorts group?

MR O'CONNOR: Well, I felt at the time, Mr Bell, that it was being adequately dealt with on the ground, operationally. It was assessed against the back drop of the consistent and regular legal advice and the advice that we had received from our research investigations firm, that we were not in breach of the relevant Chinese laws. So the risk - - -

MR BELL: Why didn't you see – my question – looking back on it now, why didn't you – why do you think that you didn't see this as a matter that needed to engage the formal risk management processes of the Crown Resorts group?

MR O'CONNOR: It's difficult to say, Mr Bell. I believe that, at the time, we didn't assess the risk as high enough to warrant doing that. And I felt that the team on the ground, operationally, across Michael, myself, Mr Felstead and our advisers, were responding in an appropriate way.

MR BELL: And, now, could I ask you to look at CRL.638.001.0589, which is exhibit R, tab 21. Do you see that it's a – these emails attach the July 2015 VIP international business update for the CEO meeting?

MR O'CONNOR: Yes.

MR BELL: And could I ask you to look at that update. Confidentiality is reserved. It's exhibit R, tab 22, CRL.638.001.0590. Do you recall speaking to this update at the CEO group meeting in July 2015?

MR O'CONNOR: Well, not this one, specifically, Mr Bell. But I recall speaking to many similar documents.



MR BELL: This would have been the appropriate opportunity, wouldn't it, for you to inform the leadership group of Crown Resorts, including the CEO and managing director, Mr Craigie, about the questioning of the staff in Wuhan and the requirement by the Chinese police for a corroborating letter from Crown Resorts; do you agree?

5

MR O'CONNOR: This would have been one of a number of opportunities to do that, Mr Bell.

MR BELL: And can you see that this update makes no mention of those matters, at all?

10

MR O'CONNOR: Yes, I do. As I mentioned earlier, there was a defined format for these reports, and we – we followed that.

MR BELL: But when you spoke to this paper at the CEO group meeting, do you recall mentioning that an employee in China had been questioned by the Chinese police; that Crown Resorts had been required to provide a letter corroborating what the employee had said?

15

MR O'CONNOR: No, I don't.

20

MR BELL: Now, can I ask you to look at INQ.950.002.0133, exhibit O, tab 38. Do you have that document, Mr O'Connor?

MR O'CONNOR: Yes, I do.

25

MR BELL: Were you aware that in August 2015 the team working in Guangzhou moved into a new office?

MR O'CONNOR: No.

30

MR BELL: Could I ask you to look at CRL.604.001.0014. Confidentiality is reserved. It's exhibit P, tab 14. Do you see this is a lease of premises in Guangzhou commencing on 8 August 2015 in the name of two employees of Crown Resorts?

35

MR O'CONNOR: Yes, that appears to be what it is.

MR BELL: And do you tell the inquiry that you had no knowledge that this occurred at the time?

40

MR O'CONNOR: That's right. I had knowledge that we – as we discussed earlier, that we had leased premises in Guangzhou. I have no recollection of moving.

MR BELL: All right. Now, by August 2015 you were aware that the continuing operation by the Chinese police against foreign casinos was now being codenamed by the Chinese police as Operation Chain Break. Is that right?

45

MR O'CONNOR: I don't think I was aware of that, no.

MR BELL: Could I ask you to look at VCG.001.001.0536 which is exhibit P, tab 15.

5

MR O'CONNOR: Yes, have I that document, Mr Bell.

MR BELL: Do you see that on 12 August 2015 Mr Todd Nisbet sent you an article from The Gaming Industry Daily Report; correct?

10

MR O'CONNOR: Yes.

MR BELL: And in the third paragraph on that page, do you see that it states:

15

*According to China News, police in Jiangsu, Shanghai, Hebei and Beijing implemented Chain Break, the operation against foreign casinos. Beijing wants to break the foreign casinos money chain flows and clamp down on the individuals who scout gamblers from China.*

20

You were concerned when you read this in August 2015, weren't you?

MR O'CONNOR: Yes, I was by virtue of my response at the top of the page.

25

MR BELL: Yes. You were concerned about the safety of the staff in China and your own personal safety. Is that a fair way of putting it?

MR O'CONNOR: Yes, I was – I was concerned about what this messaging actually meant for our business and for our people, yes.

30

MR BELL: And did you discuss with Mr Felstead at this time the fact that there was a continuing operation against foreign casinos in China now being codenamed Operation Chain Break?

35

MR O'CONNOR: The reference to Operation Chain Break, Mr Bell, I don't recall. I don't recall picking up on that point at the time. So I would suggest, no, I don't - I don't have any recollection of discussing those sorts of matters with Mr Felstead.

40

MR BELL: But leaving to one side whatever name the operation was called, do you recall discussing with Mr Felstead at this time the fact that the press were reporting that there was a continuing operation in August 2015 against foreign casinos operating in China?

45

MR O'CONNOR: I don't have a recollection of that conversation, Mr Bell, specifically in relation to the ongoing operation. I know discussions were had with Mr Felstead about the announcement back at February 2015. The ongoing nature of the project, I don't recall that discussion, no.

MR BELL: This is an article in August 2015, six months after the February announcement, isn't it?

MR O'CONNOR: Yes.

5

MR BELL: Correct?

MR O'CONNOR: Yes, it is.

10 MR BELL: And you've told the Inquiry that you were concerned about this, not only for your own personal safety, but for the safety of the staff in China generally; correct?

MR O'CONNOR: Yes, this gave me concern, Mr Bell, that's true.

15

MR BELL: And you regarded the continuing operation as a serious matter, didn't you?

20 MR O'CONNOR: Well, as I said, I think the continuing operation reference was probably something that was a little lost on me at the time of receiving this email. I would say, Mr Bell, that this – during this period of time we received advice from our lawyers and from our investigation advisers, so these sorts of pieces of information were assessed against that backdrop of advice about how the law works in China.

25

MR BELL: You've told the Commission that when you read this information you were concerned about the safety of the staff in China. Is that right?

MR O'CONNOR: Yes, concerned about our staff and our operations, yes.

30

MR BELL: And did you raise your concerns with those above you in the hierarchy at Crown Resorts: Mr Felstead, Mr Ratnam, Mr Johnston?

35 MR O'CONNOR: Mr Felstead was aware of what was occurring. He was receiving all of the intelligence that I was. He was receiving the same messages that I was.

MR BELL: Did you raise your concerns with Mr Michael Johnston at this time?

MR O'CONNOR: I don't believe I did.

40

MR BELL: Is this another case where you can't really recall one way or the other?

45 MR O'CONNOR: I'm sorry, Mr Bell, I – I don't recall having a conversation with Mr Johnston where I raised these concerns. I may have. If I did, I've got no recollection of it.

MR BELL: Okay. Now, could I ask you to look at INQ.100.001.0284. It's exhibit M for Mike, tab 227. Do you see that it's a report from the Asia Gaming Brief on 14 October 2015 about South Korean casino operators being arrested in China?

5 MR O'CONNOR: Yes, I see that.

MR BELL: And do you see that it refers in the first paragraph to the Chinese police having arrested 13 South Korean casino managers in China?

10 MR O'CONNOR: Yes.

MR BELL: And do you see that it reports at the bottom of the page that this followed the arrest of 14 South Korean casino operators in June 2015 for the same offences? Do you see that?

15

MR O'CONNOR: I believe – yes, I do. I believe it's referring to the same incident, though, Mr Bell.

MR BELL: Sorry, I didn't hear what you said.

20

MR O'CONNOR: I said I believe it's referring to the same incident.

MR BELL: That was going to be my next question, whether you understood that this was identifying a separate series of arrests to the arrests which had occurred in June.

25

MR O'CONNOR: No. No, I understand it's the same.

MR BELL: Thank you. And could I ask you to look at CRL.545.001.0512, exhibit M, tab 229. You see that on 15 October 2015 you forwarded to Mr Felstead and Mr Ratnam an email sent by Mr Chen to VIP international offices?

30

MR O'CONNOR: Yes.

MR BELL: And if we just look back at the original email, which is exhibit M, tab 228, CRL.545.001.0084. See that's Mr Chen's original email to VIP international officers?

35

MR O'CONNOR: Yes.

40

MR BELL: And going back to exhibit M, tab 229, CRL.545.001.0512, it would appear by this time, at least, you were a recipient of emails which were sent to VIP international officers; is that right?

45 MR O'CONNOR: Yes.

MR BELL: And do you see that the email from Mr Chen referred to a:

*Recent CCTV news story.*

MR O'CONNOR: I see that.

5 MR BELL: Did you know at the time that that was a reference to the Chinese national TV channel?

MR O'CONNOR: Yes.

10 MR BELL: And do you see that Mr Chen was telling everyone to:

*...avoid any overt sales and marketing activity until there was some guidance from advisers.*

15 See that?

MR O'CONNOR: Yes. I see that.

20 MR BELL: And if I could ask you to look at CRL.522.001.0493, which is exhibit M for Mike, tab 239. Do you see that at the – if you look at page .0494, at the bottom of the page, you'd forwarded an article in October 2015 about South Korean casino employees being arrested in China?

MR O'CONNOR: Yes, I see.

25

MR BELL: And do you see that Mr Chen said in his email to you on this page that:

*Mintz had advised that there had been a targeted effort against the Korean casinos, rather than a broad-based effort against foreign casinos.*

30

MR O'CONNOR: Yes.

35 MR BELL: If you turn back to page .0493. You'd asked Mr Chen to gauge the mood of the team in China to let you know if he sensed heightened concerns. Do you see that?

MR O'CONNOR: Yes, I do.

40 MR BELL: And Mr Chen replied to you that there were definitely heightened concerns. And he would hold a conference call to address questions. See that?

MR O'CONNOR: Yes.

45 MR BELL: Did you take any steps, at this time, to find out what had been reported on the Chinese national TV channel in October 2015?

MR O'CONNOR: No, I don't think so. I think I remember reading about what the contents of the report were in various news clipping services.

MR BELL: Commissioner, I have no further questions.

5

COMMISSIONER: Yes. Mr Young? Any clarification at all? I think you're muted, Mr Young. Sorry.

MR YOUNG: Commissioner – no, I don't think so. I couldn't hear you; that was what I observed.

10

COMMISSIONER: I see. I was asking whether you sought to clarify anything with Mr O'Connor?

MR YOUNG: Yes, I do. I have some questions.

15

COMMISSIONER: Yes.

MR YOUNG: They may occupy something like 30 to 40 minutes.

20

COMMISSIONER: Yes.

MR YOUNG: Now, I'm just seeking some guidance about whether we proceed forthwith with that.

25

COMMISSIONER: Yes. You may proceed forthwith, Mr Young.

MR YOUNG: Thank you. All right.

COMMISSIONER: I'll make sure that the microphone is near to you.

30

MR YOUNG: Yes.

COMMISSIONER: Thank you, Mr Young.

35

MR YOUNG: Would you just excuse me while I clear my decks for a minute?

COMMISSIONER: Yes, of course.

40

<EXAMINATION BY MR YOUNG

[3.59 pm]

MR YOUNG: Mr O'Connor, over the course of the last two days, you've been asked various questions by Ms Sharp and Mr Bell about a series of meetings that were variously described as VIP work stream meetings involving some CPH people.

45

MR O'CONNOR: Yes.

MR YOUNG: And then, at other times, as the CPH working group. Do you recall those questions?

5

MR O'CONNOR: Yes. I do. Yes.

MR YOUNG: Can you tell the Commissioner over what period such meetings occurred, to the best of your recollection, and how frequently?

10

MR O'CONNOR: Well, the frequency, Mr Young, was approximately monthly, I believe. I think I made reference in my statement to the period of time that these occurred. Can I refer to that to answer your question?

15 MR YOUNG: Yes. You're referring to your Federal Court statement, which is the last tab – no, tab 34 of exhibit R; is that right?

MR O'CONNOR: I believe so. In fact, it's tab 34. Yes, that's right.

20 COMMISSIONER: This is already in evidence.

MR O'CONNOR: Yes. I'm sorry for the silence, Commissioner. I'm not able to find that in my statement.

25 COMMISSIONER: No. That's all right, Mr O'Connor. It's already in evidence. And if Mr Young wants to refer to something, there's no problem with you leading, Mr Young, if it's already in evidence.

MR YOUNG: Thank you. I think you're looking for paragraph 19, Mr O'Connor.

30

MR O'CONNOR: Thank you, Mr Young. Paragraph 19. I apologise. It's been quite a day. Yes. I suggest that it commenced in or about mid-2013. Unfortunately, it doesn't suggest when those ceased.

35 MR YOUNG: No.

MR O'CONNOR: So they - - -

MR YOUNG: What I'm asking you is whether they - - -

40

MR O'CONNOR: They persevered. Sorry, Mr Young. Go on.

MR YOUNG: What I was trying to ask you was whether they continued from mid-2013 with the regularity of being approximately monthly or, at some point, did their frequency alter?

45

MR O'CONNOR: They were quite regular for a period of time, Mr Young. And then the frequency started to drift away. It's very difficult for me to be precise about when that occurred. It felt – it feels to me, now, that they were conducted on a monthly basis for approximately 12 months and, thereafter, perhaps the frequency started to drift.

MR YOUNG: All right. Are you able to be any more specific about whether they were occurring and, if so, how frequently in 2015?

MR O'CONNOR: Not with any certainty, Mr Young. I'm sorry.

MR YOUNG: Thank you. Next, Mr O'Connor, you were asked some questions by Ms Sharp about the process for approving a junket operator in 2014. That was at transcript 1905 to 1906. Do you recall that set of questions?

MR O'CONNOR: Yes, I do.

MR YOUNG: Now, you went through the process step-by-step. Can I ask you this: was part of the process giving notice to the VCGLR - - -

MR O'CONNOR: Yes.

MR YOUNG: - - - concerning the applicant?

MR O'CONNOR: Yes, it was. Yes.

MR YOUNG: And why was that a step in the process?

MR O'CONNOR: Well, it was an obligation that we held to notify the VCGLR. And so we did that. But it also allowed the VCGLR to notify us that if, in their view, there was a reason why we ought not do business with a proposed new junket operator.

COMMISSIONER: Do you - - -

MR YOUNG: In that regard - - -

COMMISSIONER: Do you remember whether that, at that time, VCGLR issued licences to the junket operator?

MR O'CONNOR: No. I believe the licence was issued by the casino, Commissioner.

COMMISSIONER: All right.

MR O'CONNOR: But the regulator had the authority to – a right of veto, I suppose.



COMMISSIONER: A right of veto.

MR O'CONNOR: They could instruct us not to do business with an individual.

5 COMMISSIONER: And at the time – any time that you were head of VIP, the department within Crown, do you remember a time that the VCGLR did licence the junkets or not?

MR O'CONNOR: Not during my time as the - - -

10

COMMISSIONER: Not during.

MR O'CONNOR: No, not during the time that I was the leader of the department.

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

MR YOUNG: Mr O'Connor, was there any occasion that you can recall that the VCGLR, after notification from Crown, exercised their power under statute to prohibit an arrangement with a particular junket operator?

20

MR O'CONNOR: I do recall one, yes, Mr Young. Yes.

MR YOUNG: And do you recall in what year that occurred?

25 MR O'CONNOR: I think that would have been about – perhaps during 2014 or 2015.

MR YOUNG: Now, staying with the same question of the approval process that was followed by Crown in 2014, why was it a step in the process that the junket applicant, the applicant to be a junket operator, was required to obtain a visa and to travel to Australia?

30

MR O'CONNOR: Because we understood that our capacity to conduct our own probity process was, if you like, limited to public information and we felt that law enforcement and the government and the relevant department would have had access to information that we didn't, and we also understood that there were character tests and suitability tests for applicants, particularly from China, in order to secure a visa. So we thought that if we had overlooked something of that nature, that the border control process would pick it up in the application for a visa.

40

MR YOUNG: Thank you. You were taken to various Crown records that showed the dealings between the particular patron or junket operator with other casino operations, both in Australia and overseas, were noted in those records. Now, can you explain what role that fact played in Crown's due diligence processes; in other words, what significance did Crown attach to the fact that a particular applicant had dealings with other casinos?

45

MR O'CONNOR: Well, it was a – it was another data point, Mr Young, that we considered in undertaking our own process, and I guess you could say we drew – we drew some – some comfort from the knowledge or the understanding that these people had been deemed fit in other jurisdictions that had applied their own process  
5 in order to issue licences to these junket operators. It was one of the data points we assessed in determining suitability.

MR YOUNG: Yes. And how did you obtain information from other casinos in that regard?  
10

MR O'CONNOR: There is a strong network of information sharing across the casino network where intelligence and information would be shared amongst select people at each of those properties.

15 MR YOUNG: Yes. Now, just – can I take you back in the context of other casinos to an earlier question you were asked about City of Dreams, and there was reference to another casino in Macau in that context. I can't for the moment recall its name, something like Althea; do you recall that?

20 COMMISSIONER: Altira.

MR O'CONNOR: That's probably referring to Altira. Yes.

MR YOUNG: Altira. Now, Mr O'Connor, you referred to a relationship with  
25 Melco Crown under which Crown obtained information from Melco Crown about particular individuals or junket operators. Do you recall that?

MR O'CONNOR: Yes.

30 MR YOUNG: Now, was there any similar arrangement with the other casino that you just mentioned, the other Macau casino?

MR O'CONNOR: Well, the other Macau casino was part of the same corporate entity, Mr Young, so Melco Crown Entertainment owned and operated City of  
35 Dreams. It also owned and operated Altira. It's the same group.

MR YOUNG: I want to turn then to some questions Ms Sharp asked you about the visas at transcript 1906, and she put various questions to you suggesting some impropriety in the visa process that operated in China, which you rejected. But one  
40 of your answers was that:

*It was the consulate staff which in fact asked for Crown to provide information concerning Crown's knowledge of particular visa applicants.*

45 Do you recall that?

MR O'CONNOR: Yes.

MR YOUNG: Now, can you explain to the Commissioner what role you played in establishing the arrangement that existed with the Australian Consulate in Guangzhou in China?

5 MR O'CONNOR: Yes. Hurry me along, Mr Young, if I labour this point.  
Commissioner, shortly after coming into the role, it was brought to my attention that  
there were problems in mainland China with our customers securing their visas and  
that, if you like, it was identified as one of the barriers to our business. So I  
investigated to understand what the issue was, discovered that there was something  
10 of a bit of a breakdown in the relationship between Crown's people on the ground  
and the consulate office. So I reached out to the consulate office to understand their  
perspective, to understand more about what their needs were, to understand where  
our own shortcomings were, and set about rectifying any of those shortcomings.  
Many of them were ours. We weren't handling the process particularly well, so it  
15 was obviously critical for us to improve that and so we set about improving that in  
conjunction with the consulate. And they outlined what they saw the problems to be,  
and they outlined some suggestions about how we might address those problems.  
And we took their advice and we worked with them to achieve a shared goal, if you  
like. The suggestion that there was some impropriety is completely wrong.

20 MR YOUNG: Mr O'Connor, I want to take you to some documents in exhibit S  
because, as I understand it, they were documents that you were directly involved in  
dealing with. Now, let me just get one document out of the way that was the subject  
of questions at an earlier hearing. Under tab 2 of exhibit S, that's S2, Mr O'Connor,  
25 you will see that the top of the page starts off with the greeting, "Dear Jason".

MR O'CONNOR: Yes.

30 MR YOUNG: There's no date attaching to what appears at the top of the page. The  
bottom half of the page is an email of 20 October 2010. You see that?

MR O'CONNOR: Yes.

35 MR YOUNG: Now, October 2010 predated your role in the VIP division, did it  
not?

MR O'CONNOR: Yes, it did.

40 MR YOUNG: Were you in Canada at that time?

MR O'CONNOR: I think I was in transition. I had come back from Canada. I was  
in Melbourne at Crown, but in a different capacity. I wasn't involved in the VIP  
international business at that point.

45 MR YOUNG: All right. Now and you started in the VIP international business at  
what date?

MR O'CONNOR: I think it was February 2011.

MR YOUNG: Yes. Now, when you started and when the issues about the efficient processing of visas were brought to your attention, what steps did you take? The  
5 first steps that you took?

MR O'CONNOR: Well, I endeavoured to understand the issues, Mr Young. So I did some research. I spoke to the staff to try to understand their perspective, I researched the visa process myself, which is not hard to do. The information is all  
10 available. And then when I thought I had enough understanding I made contact, or I asked our staff in China to make contact on my behalf with the consulate in Guangzhou and offered a meeting, or requested a meeting, to discuss this issue.

MR YOUNG: Now, the document S2, can you explain the origin of those, it seems,  
15 somewhat historical papers?

MR O'CONNOR: Well, this is an email that Stefan sent to me. He was, at the time, responsible for the Chinese sales team. He refers to Craig, who was the, if you like, Michael Chen's predecessor. And Stefan forwards an email from a David Tudehope,  
20 who was based in the Guangzhou consulate at the time, where he outlines some of the challenges and some of the problems, from his perspective, that he felt needed to be addressed.

MR YOUNG: All right. Can you turn to S3, please. That's - - -  
25

COMMISSIONER: Just before you leave that, Mr Young.

MR YOUNG: Yes.

COMMISSIONER: Mr O'Connor, I understand what you've said about the visit to  
30 the consulate in China. But that was - which part of China was that?

MR O'CONNOR: Guangzhou, Commissioner.

COMMISSIONER: Guangzhou. Yes. One of the reasons that you're being troubled with all of these questions, both by your own counsel and by those assisting me, is that there was an allegation in the media last year that it seems, allegedly, Crown employees "shopped around" for the consulate officials perceived to have the most ineffective vetting process for visa applicants. Did you know of that  
40 allegation?

MR O'CONNOR: No. No. I - I didn't take that from the allegations, Commissioner. I simply took - - -

COMMISSIONER: All right.

MR O'CONNOR: I took from the allegations that there was some kind of cosy relationship that allowed us to circumvent due process or to get favourable treatment of some inappropriate fashion.

5 COMMISSIONER: Yes, that's the one in relation – that's the one in relation to the Australian connection. But in respect of the Chinese connections, I think, I perceive it to be that the company, or those working for the company, shopped around for the consulate that had the least effective processes. But from what you're telling me, the only consulate that you visited was Guangzhou; is that right?

10 MR O'CONNOR: Yes, that's right. And the intention was that the Guangzhou consulate would be our central point where we would submit applications from right across China, via our own staff in Guangzhou, to the Guangzhou consulate, who would process our applications for us.

15 COMMISSIONER: Yes, I see. Were there any other consulates that your staff in China visit in respect of visas?

20 MR O'CONNOR: There would have been. Yes. There would have been reasons, from time to time, where they felt it was more appropriate to deal with their local consulate office, I imagine, rather than using the Guangzhou route. But they would be exceptions and relatively small in number, I would propose.

25 COMMISSIONER: Yes. All right. Thank you. Yes, Mr Young. I'm sorry to interrupt.

MR YOUNG: Mr O'Connor, just to round that off, did you do any shopping around before determining to set up this arrangement with the consulate at Guangzhou?

30 MR O'CONNOR: No. No, we weren't shopping around.

MR YOUNG: No. Are you aware of anything like that occurring within the Crown organisation?

35 MR O'CONNOR: No.

MR YOUNG: Now, I would just like to take you, briefly, to some of these other documents just for you to explain your involvement. Would you go to S3, please.

40 MR O'CONNOR: Yes.

MS SHARP: I apologise for interrupting. It would be of great assistance if Mr Young could refer to the document ID as well.

45 COMMISSIONER: Yes. Thank you. Thank you.

MR YOUNG: I'm happy to do that. I was about to ask whether I should. The document ID is CRL.571.001.0001.

COMMISSIONER: Thank you.

5

MR YOUNG: Mr O'Connor, you will see that that is an email from Mr Craigie to James Packer and others, attaching a copy of a visa issues paper, and the paper follows from the second page onwards.

10 MR O'CONNOR: Yes.

MR YOUNG: Did you have a role in the preparation of that issues paper?

MR O'CONNOR: Yes, I did.

15

MR YOUNG: Could you explain what it was?

MR O'CONNOR: Well, I was the main author of the paper, Mr Young. It was perhaps edited in a small way by others, including Mr Craigie, but I was the main author.

20

MR YOUNG: Yes. Would you turn, then, to exhibit S4, reference number CRL.570.001.0063. And you will see, Mr O'Connor, that that is a set of minutes for a meeting with government officials, including the responsible minister. And the attendees are listed at the top of the second page, .0064. And you can see that you attended by telephone.

25

MR O'CONNOR: Yes.

MR YOUNG: Now, can I then move to a document a little bit further on. There's a document under S10, reference number CRL.571.001.0031.

30

MR O'CONNOR: Yes. Thank you, Mr Young. I have that document.

MR YOUNG: Yes. Now, that's a memo headed Improvements made to Crown's Visa Lodgement System that seems to be dated 23 June 2011. Were you involved in the preparation of that document and other documents in the series like it?

35

MR O'CONNOR: Yes. I would have been. Yes.

40

MR YOUNG: Now, there's another version of the same document under S11. This is the reference number CRL.570.001.0195, and that's a similar document.

MR O'CONNOR: Yes.

45

MR YOUNG: And is your answer the same: you were involved in its preparation?

MR O'CONNOR: Yes. I was preparing documents such as this for Mr Craigie, for him to use in his discussions with relevant ministers and bureaucrats.

5 MR YOUNG: Yes. Now, was a version of that document sent to the Department of Immigration and Citizenship?

10 MR O'CONNOR: That was my understanding of the intent of these documents, Mr Young. I believe this was – Mr Craigie was using this information to forward to the department. Yes.

MR YOUNG: Can I take you to S6, being document CRL.571.001.0016. Now, do you understand this document to set out the department's response to the matters that had been raised by the department – raised by Crown with the department?

15 MR O'CONNOR: Yes, that's what I understand this is.

MR YOUNG: Now, can I direct your attention to the pinpoint 0019. It's page 4 of the actual document. There's a heading Document Requirements, Mr O'Connor. Can I direct your attention to the last paragraph.

20

MR O'CONNOR: Yes.

MR YOUNG: Now, that says:

25 *A Crown China visa application checklist has also been provided to Crown representatives.*

MR O'CONNOR: Yes.

30 MR YOUNG: And it goes on to describe the document. Now, unfortunately there's not a checklist appended to that document, but do you understand the checklist provided by the department was a version of the checklist that we see at the back of exhibit S10, for instance.

35 COMMISSIONER: The number, Mr Young?

MR YOUNG: Yes, CRL.571.001.0031 is the document under S10.

40 COMMISSIONER: Thank you.

MR O'CONNOR: Yes, Mr Young. That's the checklist that the department would have been referring to and it underwent some minor tweaks and edits from time to time, but substantially this is what it is.

45 MR YOUNG: In that checklist would you look at the second last page, .0035, there are some entries in that checklist on that page headed Relationship to Crown, Summary, Level of Crown Support. Do you see that?

MR O'CONNOR: Yes, I see that.

MR YOUNG: Do those items set out information that the department was requesting that Crown provide?

5

MR O'CONNOR: Yes.

MR YOUNG: Could I ask you to go back to the department's document under S6. That's back to document CRL.571.001.00016. I was asking you some questions about the entry at pinpoint 0019, page 4 of the actual document. The last sentence on the page, can you just read that to yourself for a moment. Now, that refers to the department's independent verification of the applicant's claims as an integrity check. To your understanding did the arrangements that you worked out with the consulate affect in any way the department's own integrity checks?

15

MR O'CONNOR: No. No, Mr Young, the intention was that certain pieces of information were requested by the department and that would just simply be another data point in the process that they worked through in assessing applications.

MR YOUNG: Yes. Now, at page 0020, the second last entry refers to a meeting in May between a departmental official, yourself and Mr Hawkins who was then at Crown. Do you see that?

MR O'CONNOR: I see that, yes.

25

MR YOUNG: Now, did you have a series of meetings with departmental officials to work out the details that the department was setting out in this memorandum?

MR O'CONNOR: We did have a series of meetings with the department, Mr Young, yes, and the intention of those meetings was to discuss the processes, provide some feedback, explore any further opportunities to improve the process, I suppose.

MR YOUNG: All right. Now, I won't – I will just take you to the next document, exhibit S7. This is a letter of 22 July 2011. The reference is CRL.570.001.0797. It goes from Mr Craigie to the assistant director of the migration and visa policy division, and Mr Craigie says that he's providing a response to the department's suggestions about improvements that might be made to the process. Do you see that?

35

MR O'CONNOR: Yes.

40

MR YOUNG: Now, were any of the further suggestions made by Crown in this response to the department adopted, as you recollect?

MR O'CONNOR: It's an awfully long time ago, Mr Young, but I think we were – we were attempting to adopt any of the logical recommendations that is were made by the department, so I would suggest, broadly speaking, we would have taken very

45



seriously any recommendations that were made by the department to improve our processes.

5 MR YOUNG: Yes. Now, for instance, can I direct you to page .0798. The first paragraph refers to the – both the department’s obligation to do its own vetting, but also to the checklist the department has provided to Crown setting out the types of verification steps that Crown could undertake. Do you see that? The first paragraph at .0798.

10 MR O’CONNOR: Yes. Yes.

MR YOUNG: And the department’s suggestion was that:

15 *Crown may wish to encourage representatives to ensure that vetting is undertaken to a consistently high standard.*

And then Crown responded with a number of concrete suggestions about how the vetting process might be enhanced. Do you see that?

20 MR O’CONNOR: Yes.

MR YOUNG: Just looking at that list, were all or any of those enhancements adopted?

25 MR O’CONNOR: It’s hard for me to remember, but I would suggest that if it was proposed as a recent enhancement to the checklist, Mr Young, I would suggest that they – they were likely to have been in place.

30 MR YOUNG: Yes. Now - - -

COMMISSIONER: I presume you were overseas at the time that the department identified some fraudulent processes within the visa applications, and you didn’t know about that. Is that right, Mr O’Connor?

35 MR O’CONNOR: That’s right, Commissioner, yes. This was brought to my attention when I – very early on in my tenure in this role.

COMMISSIONER: Yes. Thank you. Yes.

40 MR YOUNG: Now, I think, lastly, Mr O’Connor, would you go to S8, please. It’s a document CRL.571.001.008.

MR O’CONNOR: Yes, Mr Young.

45 MR YOUNG: Now, that’s a departmental letter to you some 10 months further down the track. Now, did you have ongoing meetings with the consulate or their

officials to ensure that the arrangement was working to the satisfaction of the consulate and the department?

5 MR O'CONNOR: We did, yes. We had regular meetings with them, Mr Young.

MR YOUNG: And did you ever receive any complaints from the department that Crown was not carrying out the verification steps that the department had requested?

10 MR O'CONNOR: No, I think as a general principle they were quite pleased once we had executed some of these modifications to our own processes. I think they were quite satisfied with the way the system was working.

MR YOUNG: Now, thereafter did the – this arrangement with the consulate continue through until October 2016?

15 MR O'CONNOR: I believe it did, yes.

MR YOUNG: And at any point of time, did you become aware of anything improper occurring in relation to this arrangement with a consulate?

20 MR O'CONNOR: No. No, I don't think so.

MR YOUNG: All right. Thank you. You can put exhibit S to one side, Mr O'Connor. You were asked some questions, this morning, concerning steps you took following a text message that you got from Mr Veng Anh. Do you recall that text message?

MR O'CONNOR: Yes. Yes, I do.

30 MR YOUNG: I believe it was in list 6 at tab 111, if you'd like to look at it. I'll have the document called up. It's CRL.545.001.0628, and the entry is at pinpoint 0638.

35 COMMISSIONER: Thank you.

MR YOUNG: Now, Mr O'Connor, you were asked by Ms Sharp about the steps you took to try and assess and validate the information that was provided. And one of the steps you referred to was seeking legal advice.

40 MR O'CONNOR: Yes.

MR YOUNG: Do you recall that?

45 MR O'CONNOR: Yes.

MR YOUNG: I want to ask you to look at a document, please. It's in the M series, volume 3, exhibit M70. Now, that's an email chain, you'll see. The reference is

CRL.545.001.0061. Now, Mr O'Connor, if you go to the start of the email chain, down the bottom of the second page. It's an email from Michael Chen to partners of WilmerHale, the law firm. Do you see that - - -

5 MR O'CONNOR: Yes, yes.

MR YOUNG: - - - of 6 March 2014. And it says:

10 *The reason I'm writing to you is we've recently received a tip from a well-placed government family –*

etcetera.

15 MR O'CONNOR: Yes.

MR YOUNG: And then what follows is, in the next email above that, advice from Kenneth Zhou of WilmerHale. Do you see that?

20 MR O'CONNOR: Yes, I do.

MR YOUNG: And then that advice is passed on by Michael Chen to, amongst others, yourself and Barry Felstead by the top email. Do you see that?

25 MR O'CONNOR: Yes.

MR YOUNG: Now, did you initiate that chain of communications by requesting Mr Chen to get further legal advice addressing the matters that Mr Veng Anh had raised?

30 MR O'CONNOR: Well, I suggest Michael and I discussed it and, between the two of us, we decided to get some fresh legal advice. I can't recall, specifically, whether it was at my suggestion or Michael's, but I'm sure we were both in agreement.

35 MR YOUNG: Thank you. You can put aside M70, Mr O'Connor. Not long before the luncheon adjournment, Mr O'Connor, the Commissioner asked you some questions about the occurrence of money laundering transaction in that structured form of many small deposits. And she put to you – the Commissioner put to you a question to the effect that if it became known that the account could be used without notifying the relevant regulators of such transactions going through it, that would be a matter that was likely to tarnish Crown's reputation and the reputation of the  
40 regulator. Do you recall that line of questions?

MR O'CONNOR: Yes. I do recall.

45 MR YOUNG: Now, I want to ask you about your state of mind throughout the period 2011 to October 2016. At any stage, were you aware of the operation of any bank accounts by Crown in which reporting obligations were not being carried out in respect of potential money laundering transactions?

MR O'CONNOR: No.

MR YOUNG:

5 COMMISSIONER: Have you been made aware of Mr Preston's statements about the cage staff, in dealing with the Southbank and Riverbank accounts, or is that not something of which you're aware, Mr O'Connor?

MR O'CONNOR: I'm not aware of that, Commissioner.

10

COMMISSIONER: So you didn't see that evidence?

MR O'CONNOR: No.

15 COMMISSIONER: I see. Yes, Mr Young. Cage staff aren't under your – or weren't under your control, were they?

MR O'CONNOR: No, they weren't.

20 COMMISSIONER: Yes. Thank you.

MR YOUNG: Mr O'Connor, throughout your tenure, from the start of 2011 until your detention in October 2016 in China, what was your belief, throughout, as to the legality of all of Crown's operations in China?

25

MR O'CONNOR: I believed that they were legal, Mr Young. The key piece of regulation, as I understood it, was article 303, which was comprised of two key tests, as it was described to me. And to offend that piece of legislation one had to, if you like, offend each of those tests. And those two tests were described to me as one  
30 needed to organise groups for the purpose of gambling overseas in groups of 10 or more people and, in so doing, the second test would be that you would receive some kind of commission or kickback in performing that function for that group of 10 or more people. That's my understanding of the legal framework that we needed to be mindful of at all times in China, and that didn't change. Each time we went back for  
35 fresh advice, the advice was the same.

MR YOUNG: And was it your understanding, throughout your tenure as head of the division, that at all times the operations in China complied with those two requirements?

40

MR O'CONNOR: That's my understanding. Yes. That was my belief.

COMMISSIONER: So there wouldn't have been any problem for the young man to tell the police that he was engaged in the conduct in which he was engaged; is that  
45 right?

MR O'CONNOR: I would suggest that's right, Commissioner. But I understand why he may have responded the way he did, getting a knock on the door from - - -

COMMISSIONER: And so – yes.

5

MR O'CONNOR: Sorry. I was going to suggest that receiving a knock on the door from the authorities in China can be somewhat unsettling. So I can understand why he might have suggested that he had no part to play in organising trips for gamblers.

10 COMMISSIONER: I think he did. There's no doubt that he did indicate that to the officers.

MR O'CONNOR: Yes, that's right. And I'm suggesting that I can kind of sympathise with why he might have done that. But you're right, he didn't need to. I think he could have said, "So? Yes, I do that. But I don't do it for any more than 10 people at a time. I don't receive any kind of kickback or commission," and I believe he would have been fine.

20 COMMISSIONER: But the sophistication of the understanding of the legal layers that you've just put on, that may not have been something that he had, I suppose.

MR O'CONNOR: Well, I know that Mr Chen in particular had taken steps to try to communicate that understanding to everybody in the team in China. He had undertaken face-to-face meetings with staff, he had shared the legal advice that we had received, he had convened conference calls where staff would dial in and listen. So efforts were certainly made to explain that position, that legal position to staff. Perhaps they didn't completely understand.

30 COMMISSIONER: Yes, Mr Young.

MR YOUNG: I don't think there's anything further, Commissioner, but may I check for a moment?

35 COMMISSIONER: Yes, of course.

MR YOUNG: No, nothing further by way of questions from me, Commissioner.

COMMISSIONER: Thank you, Mr Young. Mr Barnett? Anything?

40 MR BARNETT: No, Commissioner, no questions.

COMMISSIONER: And Ms Case?

45 MS CASE: No questions. Thank you, Commissioner.

COMMISSIONER: Mr O'Connor, I have read a great deal of the material from – you can sit down for a moment. I've read a great deal of the material between Mr

Chen and the sales staff up in China and it would be reasonable to describe it, I think you might agree, as a robust approach to sales. Is that reasonable?

5 MR O'CONNOR: Yes, Commissioner, that's – that's a reasonable way to describe the approach.

10 COMMISSIONER: And in trying to deal with some of the things that have been put to you in due course, that is, in myself trying to deal with it, there is a balancing, obviously, of trying to make judgments on the ground in China in relation to the safety of the staff and you have these alerts where people have been arrested or detained or questioned by the police with what you were trying to achieve in China of ramping up sales and getting the platform junket going, and from one perspective it looks as though the complexity of those two things might have been a reason why things could have been overlooked at the time. Is that unreasonable?

15 MR O'CONNOR: If I can clarify, Commissioner, are you asking whether we overlooked the signals?

20 COMMISSIONER: Yes.

MR O'CONNOR: Commissioner, I will be the first to concede that we overlooked some of the key signals at the time. It's hard to explain to you why that was. I can only say from my perspective I continued to refer to the legal advice and the other advice that we received during that period of time, but I think perhaps one of the mistakes that I made was that I was assessing that legal advice through the eyes of a westerner with some familiarity to the western legal system, and simply assumed that the advice said that we aren't offending the law in China so therefore we continue approaching the business the way we were and continue to maintain our discretion and respect for the authorities and the culture in China, that we would continue to be tolerated, as I thought we had been tolerated for quite some time.

30 I think that was a mistake on my part. I assessed that through the eyes of a westerner and I didn't fully appreciate that China's legal system doesn't operate the same way as the western legal system does and just because one might feel that they are on the right side of the strict letter of the law doesn't necessarily mean that that's the way it will be applied in China.

35 COMMISSIONER: But from the perspective that I put to you it was the – what you said to me yesterday about getting caught up in the pressure to chase profit. It does seem to me on one view - on one view - that that was a very big factor, what was happening in the team in chasing business that may have blinkered some – I'm not suggesting you, but some from seeing the signals.

40 MR O'CONNOR: It may have blinkered some, Commissioner, yes, I will concede that. Michael was a cheerleader in the way he communicated with his team. He was – he's an American raised in America. He's very driven and he brought a lot of that culture to the way he managed his team of salespeople. He was very encouraging,

very supportive and I use the term “cheerleader” because he was very vocal about it as well.

COMMISSIONER: Yes, I’ve read all that.

5

MR O’CONNOR: Yes.

COMMISSIONER: Yes. Thank you, Mr O’Connor.

10 MR O’CONNOR: I’m not sure whether that – I’m sorry, I’m wrapping up by saying I’m not sure whether that caused people to be blinkered to some of these signals. It could have had that effect on some.

15 COMMISSIONER: Yes, I think if you’re being told that it’s critical to achieve budgets and you’re far behind and your competitors are doing better, that’s the feeling I get from looking at it, to be fair to you, and it looks like Mr Chen was a great motivator, on one view of the documents, but I understand your description of him. Thank you, Mr O’Connor. Ms Sharp, did you want to raise something?

20 MS SHARP: I do have a few questions arising from the examination by my learned friend Mr Young, if I may.

COMMISSIONER: Yes, all right. Yes.

25

**<EXAMINATION BY MS SHARP**

**[4.52 pm]**

30 MS SHARP: Can I have a document shown to you, Mr O’Connor. It is exhibit M338. It’s CRL.522.001.4133. I will have this brought up to the hearing room only, please.

COMMISSIONER: Yes.

35 MS SHARP: Mr O’Connor, do you have exhibit M338 before you?

MR O’CONNOR: Yes, Ms Sharp, I do.

MS SHARP: And this is a document that you’ve seen before?

40

MR O’CONNOR: Yes, I would have – I would have seen this before.

MS SHARP: Yes. May we take it you had some input into this document given that it’s a strategic business plan?

45

MR O’CONNOR: Yes, you can accept that.

MS SHARP: Can I take you, please, to - - -

MR YOUNG: Commissioner, just a moment, may I say something?

5 COMMISSIONER: Yes, of course.

MR YOUNG: I do not see how this arises out of the questions I asked.

10 COMMISSIONER: Yes, yes, Ms Sharp.

MR YOUNG: There must be an end to this process.

MS SHARP: Yes - - -

15 COMMISSIONER: There is, Mr Young. It's going to be shortly, but - - -

MS SHARP: Yes, it goes to the questions that were being raised about the bank accounts and anti-money laundering.

20 COMMISSIONER: Yes.

MS SHARP: Yes. It goes to the questions that, as I understand it, during the relevant period Mr O'Connor did not have any awareness of any anti-money laundering concerns - - -

25 COMMISSIONER: I see. I see. It's going to that Mr Young. Yes, Ms Sharp, you may proceed.

MS SHARP: Thank you.

30 Could I please take you to pinpoint 4 ..... and direct your attention to item 2.

MR O'CONNOR: Sorry, Ms Sharp, the audio must have dropped out. What's the pinpoint?

35 MS SHARP: Yes, could I take you to .4157. Do you have before you – it says F17 Critical Issues.

MR O'CONNOR: Yes.

40 MS SHARP: Could I direct your attention to issue number 2?

MR O'CONNOR: Yes.

45 MS SHARP: It's right, in your recollection, that credit and liquidity were identified by you as critical issues as at about the time this document was brought into existence?



MR O'CONNOR: Yes, that's right.

MS SHARP: Can I take you, please, to pinpoint 4159. I beg your pardon, 4160. You will see that this page identifies a critical issue as being competition.

5

MR O'CONNOR: Yes.

MS SHARP: And one of the issues that is addressed is:

10 *Manila emerging as a serious competitor.*

MR O'CONNOR: Yes.

15 MS SHARP: And it's right that one of the reasons you attributed to it arising as a serious competitor was the fact that casinos were exempt from AML requirements?

MR O'CONNOR: That appears to be true. That's what's indicated in this document. Yes.

20 MS SHARP: Well, yes. You saw that as a competitive advantage that the Macau casino industry had over yours, didn't you?

COMMISSIONER: Manila.

25 MS SHARP: Sorry. The Manila casino industry had over yours?

MR O'CONNOR: That's – I don't recall that point being made at the time, Ms Sharp. But that's, certainly, the implication I would draw from this.

30 MS SHARP: Yes. But you would have had a substantial input into this document, don't you agree?

MR O'CONNOR: Yes, I would have. Yes.

35 MS SHARP: Can I take you back, please, to pinpoint 4159. Do you see some critical issues are identified here in terms of credit and liquidity?

MR O'CONNOR: Yes.

40 MS SHARP: And do you see one of those critical issues is:

*Debt recovery concerns due to currency regulations.*

MR O'CONNOR: Yes, I see.

45

MS SHARP: Is that a reference to debt recovery concerns due to AML regulation?

MR O'CONNOR: No. I'd suggest this is more a reference to, as we've discussed earlier, Ms Sharp, a reference to messaging that we'd received, particularly from our Chinese customers, that it was becoming increasingly difficult for them to transact with us.

5

MS SHARP: Is that because you understood they were concerned about AML monitoring and reporting?

10 MR O'CONNOR: No. I think it was more because the financial system in China was aiming to make it increasingly difficult for people to transact large amounts of money outside the country.

MS SHARP: Do you see, on this same page, the next dot point is:

15 *Alternative methods of remittance are also required.*

MR O'CONNOR: Yes.

20 MS SHARP: What did that mean as at the time you were preparing this document or assisting in the preparation of this document?

25 MR O'CONNOR: Well, we didn't know what an alternative ought to be, Ms Sharp. This is – this is just, I guess, flagging the view that we had at the time that, in response to customers mentioning to us that they were finding it increasingly difficult to transact with us, that perhaps there's an alternative method of remittance that we might be able to explore.

30 MS SHARP: And can I take you, please, to pinpoint 4170. Do you see we're now in the heading Business Strategies and Initiatives, and there are action items being identified?

MR O'CONNOR: Yes.

35 MS SHARP: You see one of those is:

*To identify alternative payment platform.*

MR O'CONNOR: Yes.

40 MS SHARP: So this was one of the actions you were, in preparing this plan, seeking to explore at this time?

MR O'CONNOR: Yes.

45 MS SHARP: And you'll see one of the details in this action plan was:

*Selectively proceed office bank accounts for customer remittances and patron deposits.*

MR O'CONNOR: Yes, I see that.

5

MS SHARP: So what was the idea here, Mr O'Connor?

MR O'CONNOR: I've got no recollection of this, Ms Sharp. I'm sorry. I don't – I don't know what was being proposed there, other than what I'm reading in front of me.

10

MS SHARP: Well, apply your experience, apply to that the fact that you were involved in the development of the plan, and tell us what you think it means:

15

*Selectively provide office bank accounts for customer remittances and patron deposits.*

MR O'CONNOR: Well, perhaps it's suggesting that the bank accounts that were put in place for the purpose of administering the offices might form – might have some role to play in dealing with our customers. That's – that's what I would suggest this is.

20

MS SHARP: And could I suggest that, by selectively providing office bank accounts, the plan was to provide an opportunity by which reporting and monitoring under the AML framework could be avoided.

25

MR O'CONNOR: Ms Sharp, can I – sorry. Can I just backtrack a moment. This is the S17 strategic business plan. I was probably in China, in detention, during the time that this plan was devised. So it's quite difficult - - -

30

MS SHARP: Well, I'm not so sure about this, Mr O'Connor. If you need some assistance with the date of the document, could you please go to pinpoint 4146.

MR O'CONNOR: No, I do beg your pardon. I've got the timing wrong.

35

MS SHARP: Yes.

MR O'CONNOR: I apologise.

40

MS SHARP: So you do agree, you were involved in the preparation of this particular document?

MR O'CONNOR: I would have been. Yes. I agree.

45

MS SHARP: All right. Could you please attend to my last question.

MR O'CONNOR: I'm sorry. Ms Sharp, can you repeat the question for me?

MS SHARP: Yes. Could it be that this reference to:

*Selectively providing office bank accounts for customer remittances and patron deposits.*

5

Is a reference to a proposal to provide a means by which AML monitoring and reporting obligations could be avoided?

10

MR O'CONNOR: No, it wouldn't have been the intention, Ms Sharp - - -

MR YOUNG: Just a moment. I object to this. I object to this.

COMMISSIONER: Yes.

15

MR YOUNG: We have had a series of questions where the expression "AML" has been used in relation, principally, to foreign jurisdictions.

COMMISSIONER: Yes.

20

MR YOUNG: If the questioner is trying to put some proposition that is going to be used to address Australian legal compliance, it needs to be made perfectly clear that, when she refers to AML, she was referring to legal obligations under Australian law rather than obligations under foreign law.

25

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

30

MS SHARP: Thank you, Commissioner. Let me put the question in a way which, I hope, accommodates Mr Young's concerns. And could it be, Mr O'Connor, that the action item and plan identified here as:

*Selectively providing office bank accounts for customer remittances and patron deposits.*

35

Was to provide a device so that the Australian legal requirements of monitoring and reporting under the Australian Money Laundering Act could be avoided?

MR O'CONNOR: No, Ms Sharp. No.

40

MS SHARP: Are you certain about that?

MR O'CONNOR: Yes, Ms Sharp. We would never be motivated to act in that way.

45

MS SHARP: Can I now return to a document in respect of which Mr Young asked you some questions, which is exhibit S2 – I beg your pardon – CRL.571.001.0043. Now, I think you accepted that the "Jason" was – at the top of the page, was a reference to you.

MR O'CONNOR: Yes.

MS SHARP: And this was sent to you. Could I just draw your attention to the bottom paragraph there and what Mr Tudehope, from DFAT, was informing Crown back at 20 October 2010. Do you see what he was advising Crown was:

10       *An analysis of the applications lodged by Crown reveals that there are very few are part of the high rollers scheme. A significant number of Crown applicants that we speak to have no connection to Crown Casino or anybody who intends to gamble there.*

And:

15       *It appears that Crown has become a visa agent lodging on behalf of travel agents and junket operators from all over China. More alarmingly, we continue to see significant levels of fraud in the caseload.*

And over the page, at pinpoint 0044:

20       *We refuse approximately 10 per cent of applications lodged by Crown.*

Now, you did understand at the time, didn't you, that the department was expressing serious concerns with the approach that Crown was taking to the lodgement of visa applications on behalf of certain people?

25       MR O'CONNOR: Yes, I understood that that's what they were expressing, yes.

MS SHARP: And that was a matter that was discussed at the meeting you attended with various departmental officials on 16 May 2011 and Mr Young took you to the minutes of that meeting.

30       MR O'CONNOR: Are you referring to the meeting that I dialled into by phone?

MS SHARP: Yes.

35       MR O'CONNOR: Then okay, yes, I accept that that was the case.

MS SHARP: Yes. Then Mr Young took you to a document that I understand you had some input into, and I will take you to it again. It's exhibit S11 at CRL.571.001.0037. Do you have the June 2011 document in front of you?

40       CRL.571.001.0037. Do you have the June 2011 document in front of you?

MR O'CONNOR: I have – I'm at tab 11, Ms Sharp. I don't see a date reference here, though, to answer your question specifically.

45       MS SHARP: Do you have a document that's dated June 2011? Mr O'Connor, do you have that document?

MR O'CONNOR: Sorry, Ms Sharp, I'm looking for a date reference on the document and I'm failing to find one.

5 MS SHARP: I may have it shown to you on the screen just to ensure we've got the same document.

MR BARNETT: Could I interrupt? I think it's tab 10. I think you said tab 11; I think it's tab 10.

10 COMMISSIONER: Thank you, Mr Barnett.

MR O'CONNOR: Yes, thank you. Yes, that is dated June 11.

15 MS SHARP: Thank you. And can I just direct your attention, please, to point number 2 in that document, the one that says:

*Visa applications are only submitted by Crown if considered genuine.*

20 MR O'CONNOR: Yes.

MS SHARP: So is it right that you and the others who put this document together found it necessary to guide staff that they should only submit genuine visa applications?

25 MR O'CONNOR: Well, I would suggest it's more addressing the perception of the department that applications were being submitted that weren't genuine. I explored that accusation, Ms Sharp, if I can take a moment to clarify. The suggestion that there was no connection to Crown came about because it was the consulate's practice in assessing these applications to phone the applications directly and very often the  
30 applicants on receiving a phone call from somebody in authority in China asking them if they were planning to visit a casino in Australia would deny that, just out of some kind of sensitivity to authorities phoning them up and asking them if they were going offshore to gamble. So that – that explained a great deal of those cases that were being described as having no connection to Crown.

35 MS SHARP: And if I could just take your attention, please, Mr O'Connor, to point 3:

40 *Crown advises applicants to complete applications truthfully.*

Did you find that that guidance needed to be provided because you had a concern that Crown had not been advising applicants to complete their applications truthfully?

45 MR O'CONNOR: I didn't have a view about how applicants were being instructed previously, Ms Sharp. I think it was important to communicate with the applicants that they needed to apply truthfully.

MS SHARP: And you found it necessary to guide Crown staff that they needed to give that instruction that the applications must be completed truthfully.

5 MR O'CONNOR: Well, I think we discovered that some of the applicants themselves were not completing the application forms entirely truthfully. So we felt that it was prudent to have the Crown staff to communicate that message to the applicants.

10 MS SHARP: And could I take you to a further document that Mr Young took you to. It is CRL.571.001.0008. This is the 18 April 2012 letter to you from the Department of Immigration and Citizenship.

MR O'CONNOR: Sorry. Ms Sharp, can you give us a document reference?

15 MS SHARP: Yes. I may have to seek the assistance of Mr Young on that, because I've neglected to write it on my copy of the document.

MR O'CONNOR: Sorry. Mr Young, you're muted.

20 MS SHARP: S8?

MR YOUNG: I was muted. I apologise. S8. Yes.

25 MR O'CONNOR: S8. Thank you.

MS SHARP: Thank you. Now, what is being attached to this document, if you look at point 1, is a streamlined checklist; do you agree?

30 MR O'CONNOR: Yes.

MS SHARP: And the department is telling you that:

35 *The purpose of this streamlined checklist is to help Crown focus on the key issues when assessing applicants.*

MR O'CONNOR: Yes. I see that.

40 MS SHARP: So you agree that it was the department's expectation that you played, that is, Crown, played a role in assessing the applicants for visas?

MR O'CONNOR: No. I think that's just sloppy language, Ms Sharp. The role that Crown played was to do their best to ensure that the applications were of a high standard and a high quality: complete; that all of the required supporting documentation was submitted. No. Crown – Crown's role was never to assess the  
45 applications.

MS SHARP: Wasn't part of Crown's role to vouch for the applicants?

MR O'CONNOR: Well, we had a discussion yesterday, Ms Sharp, about that language. And "vouch" is a word that I don't agree was occurring here. We were collating and performing, I guess, a quality control process on the applications.

5 MS SHARP: You were – Crown was supporting the applications?

MR O'CONNOR: Well, the department asked for us to indicate how well we knew the customer, how long we'd known the customer for. If that's - - -

10 MS SHARP: Well, isn't that supporting the application?

COMMISSIONER: I'm not sure I'm going to be assisted by this.

15 MS SHARP: Yes. I'm sorry, I will move on, Commissioner. Could I just take you to the checklist, please, on .0010.

MR O'CONNOR: Sorry. Ms Sharp - - -

20 MS SHARP: You see this is the checklist – it's the same document.

MR O'CONNOR: Same document?

25 MS SHARP: I'm sorry, it's the same document. It's exhibit S8. And it should be the third page, which is pinpoint 0010.

MR O'CONNOR: Thank you. I have that.

30 MS SHARP: And can I just ask – well, first of all, you agree that this is the application checklist that was enclosed with this letter?

MR O'CONNOR: Yes.

MS SHARP: And do you see, right at the bottom, it says:

35 *The above checks have been completed and Crown supports this application.*

Signed by Crown.

40 MR O'CONNOR: Yes.

MS SHARP: So part of Crown's role was to support these visa applicants obtain their visas; do you agree?

45 MR O'CONNOR: Well, yes, this was in response to the form developed by the department, Ms Sharp. It's their form, their language. I guess, they were looking for, as I said before, an understanding of the relationship that Crown had with this person.



MS SHARP: Now, one last document, if I may. And I apologise I don't have the exhibit number for it, but I will have it called up. CRL.507.003.0114. Has that – may I inquire, Mr O'Connor, has that come up on the screen before you?

5 MR O'CONNOR: No, it hasn't, Ms Sharp. It has now. Thank you.

COMMISSIONER: Is that a confidential document?

MS SHARP: Yes. It should be hearing room only, please.

10

COMMISSIONER: Take it off the live stream.

MS SHARP: I apologise. It's list 9, tab 67. Take it off the screen. It's just in the hearing room. Now, Mr O'Connor, let me point out that you are not a recipient of this document and you're not the sender, but it's a document sent by people in the department for which you are ultimately responsible. Do you see it's dated 12 July 2013?

15

MR O'CONNOR: Yes.

20

MS SHARP: And what's happening is one staff member is explaining to another staff member that:

*Our Shanghai office submits visa applications to the Guangzhou office.*

25

Do you see that?

MR O'CONNOR: Yes, I do.

30 MS SHARP: And it said:

*The difference between which place we submit accordingly to customers quality and supporting materials we receive.*

35 Do you agree a fair reading of this document is that there is consulate shopping contemplated?

MR O'CONNOR: No, I suggest, Ms Sharp, that what's being explained here is this is an email from someone based in Shanghai and they're referencing the normal process to submit their applications to the Guangzhou office. But as I mentioned before there were sometimes exceptions to that and the exception that she's explaining is if perhaps the documents don't meet the standard of expectation that Crown want to be involved with, that she simply directs these people to go and pursue a visa through one of the service providers in Shanghai. I wouldn't – I wouldn't call that shopping.

45

MS SHARP: But isn't what this staff member is saying that it depends on the customer's quality and supporting materials where we submit the application. Isn't that the fair reading of the document?

5 MR O'CONNOR: Well, it's – it is a little hard to interpret, but I – I'm interpreting it a little differently, Ms Sharp, as I suggested. I think what is being explained is that if it's – if the sense is that the quality of the application is not satisfactory, then it's not processed, in the normal course, under a Crown process in conjunction with the Guangzhou consulate. The customer is simply asked to go and utilise one of the out-  
10 sourced visa processing centres in Shanghai.

MS SHARP: And your evidence remains that you were not aware of any visa shopping within the business unit for which you were ultimately responsible?

15 MR O'CONNOR: Yes, that's right. And I don't think that this is evidence that it was occurring.

MS SHARP: Commissioner, I have no further questions.

20 COMMISSIONER: Yes. Thank you, Mr O'Connor. I think there's just one aspect that I forgot to ask you about. Did you say that you were involved with the Barangaroo Casino team?

MR O'CONNOR: I am – my capacity at the moment, Commissioner, is just to  
25 provide support and to help those people as they prepare in the pre-opening stage.

COMMISSIONER: Yes.

MR O'CONNOR: I'm not formally on the Barangaroo team. I'm an extra set of  
30 hands that's helping out with anything that might need some help.

COMMISSIONER: I see. And so far as the basis of the – well, the original basis for the opening or the licence was that it be a VIP facility with, obviously, VIP high-rollers coming in from overseas. That's very difficult at the moment, I understand;  
35 is that right?

MR O'CONNOR: I'm a little disconnected from that part of the business now, Commissioner.

40 COMMISSIONER: I see.

MR O'CONNOR: But, yes, I'd say that's – given what I understand the state of the international gaming market to be - - -

45 COMMISSIONER: Yes.

MR O'CONNOR: - - - yes. I think that's a fair statement.

COMMISSIONER: I'll no doubt hear from others on it, but I thought when you said that you were doing something with Sydney, you might be able to assist in respect of what would happen with the VIP high-rollers. I presume that the VIP high-rollers, for the time being, unless we go to some sort of virtual process, it would have to be domestic market; would it not?

MR O'CONNOR: Commissioner, I really don't feel qualified to talk about strategy for Barangaroo.

COMMISSIONER: All right then. I understand, Mr O'Connor.

MR O'CONNOR: I'm not involved with that.

COMMISSIONER: Mr O'Connor, thank you. That's the conclusion of your evidence. Thank you very much. I don't believe that you'd be asked any further questions. But if there is any reason, then your lawyers will be contacted to see if that's the case. But I think you can probably feel comfortable that that won't happen. Thank you, Mr O'Connor. Anything further from anyone before I adjourn to tomorrow at 10 am?

MR YOUNG: No. Thanks, your Honour.

COMMISSIONER: Anything further, Mr Young?

MS SHARP: No, Commissioner.

MR YOUNG: No, Commissioner.

COMMISSIONER: All right then. I'll adjourn until then.

**<THE WITNESS WITHDREW**

**MATTER ADJOURNED at 5.20 pm UNTIL FRIDAY, 4 SEPTEMBER 2020**

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