



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**

**TUESDAY, 6 OCTOBER 2020
AT 2.00 PM**

Continued from 2.10.20

DAY 37

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

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

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

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

10

COMMISSIONER: Yes, Mr Bell.

MR BELL: I call James Packer.

15 COMMISSIONER: Yes, Mr Packer, can you hear me?

MR PACKER: Yes, Madam Commissioner.

20 COMMISSIONER: Mr Packer, would you prefer to take an oath or make an affirmation to give your evidence?

MR PACKER: An affirmation please. An affirmation, please, Commissioner.

25 COMMISSIONER: Thank you.

<JAMES DOUGLAS PACKER, AFFIRMED

[2.01 pm]

30 **<EXAMINATION BY MR BELL**

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

35 MR BELL: Mr Packer, would you please state your full name?

MR PACKER: James Douglas Packer.

40 MR BELL: An address where you can be contacted is known to those assisting this Inquiry, would you please state your occupation?

MR PACKER: Businessman.

45 COMMISSIONER: Businessman.

MR HUTLEY: Might I – excuse me, Madam Commissioner.

COMMISSIONER: Yes. Yes, Mr Hutley.

MR HUTLEY: I do apologise. There's been some difficulties with communication. If it pleases you, Madam Commissioner, I appear with Dr Higgins, Mr d'Arville and
5 Mr O'Brien for Mr Packer, who appears under compulsion.

COMMISSIONER: Yes. Thank you, Mr Hutley. Yes. Mr Bell, I think the answer Mr Packer gave was he is a businessman.

10 MR BELL: You're aware, I take, Mr Packer, that you've been approved by the Independent Liquor and Gaming Authority of New South Wales as a close associate of the licensee of the Barangaroo casino?

MR PACKER: Yes, Mr Bell.
15

MR BELL: And you're aware that to be approved as a close associate of the licensee of the Barangaroo casino, you are required to be of good repute, having regard to character, honesty and integrity?

20 MR PACKER: Yes, Mr Bell.

MS SHARP: You were an executive director of Crown Resorts from July 2007 until August 2015; is that right?

25 MR PACKER: I believe so, Mr Bell.

MR BELL: And, in that period, you were also the chairman of Crown Resorts?

MR PACKER: Yes.
30

MR BELL: And when you resigned as chairman of Crown Resorts in August 2015, you were replaced as chairman by Mr Robert Rankin; is that correct?

MR PACKER: That's correct.
35

MR BELL: And after you resigned as chairman and as an executive director of Crown Resorts in August 2015, you remained as a director of Crown Resorts until your resignation in December 2015; is that correct?

40 MR PACKER: Yes, that's correct.

MR BELL: And why did you resign in December 2015?

MR PACKER: I wasn't well.
45

MR BELL: And you returned to the Crown Resorts board as a non-executive director in August 2017, following receipt of the necessary regulatory approvals; is that right?

5 MR PACKER: Yes.

MR BELL: And you resigned from the board again in August 2018?

10 MR PACKER: I thought it was earlier than that.

MR BELL: Yes. My apologies. You, in fact, resigned from the board again in about March 2018; is that right?

15 MR PACKER: That sounds correct.

MR BELL: And you've provided a statement to this Inquiry dated the 13th of September 2020?

20 MR PACKER: Yes.

MR BELL: And, in that statement, you say that you've suffered from significant health issues for some years and, since 2016, you've been prescribed strong medication which you continue to take; is that correct?

25 MR PACKER: Yes, that's correct.

MR BELL: And you say that you believe that this has impaired your ability to recall past events, including in relation to the period that you were a director of Crown Resorts; is that correct?

30 MR PACKER: That's correct.

MR BELL: And I assume that your recollection is assisted when you're able to review documents that you have written or signed yourself?

35 MR PACKER: That's correct.

MR BELL: Can I show you the code of conduct for employees of Crown Resorts, which was in force in the period up to December 2015. It's exhibit M3, which is INQ.010.003.0082. Do you have that document, Mr Packer?

40 MR PACKER: Yes, I do, Mr Bell.

MR BELL: And if I could ask you to turn to page .0084, do you see that it states, in paragraph 1, that it's a fundamental principle of Crown Resorts Limited that all of our:

...business affairs shall be conducted legally, ethically and with strict observance of the highest standards of integrity and professionalism.

5 I take it you were aware, in the period up to December 2015, that Crown Resorts stated that this was a fundamental principle of its business affairs?

MR PACKER: Yes.

10 MR BELL: And do you say that you expected everyone at Crown Resorts in that period to act in accordance with that fundamental principle in all of their dealings?

MR PACKER: Yes.

15 MR BELL: And if you expected that standard from everyone else at Crown Resorts, may we take it that you believed that you're also required to act ethically and with strict observance of the highest standards of integrity in all of your dealings whilst you were a director of Crown Resorts?

20 MR PACKER: Yes.

MR BELL: And can I show you the code of conduct for directors of Crown Resorts which was in force in the period up to December 2015. It's exhibit M2. CRL.590.001.0067. Do you have that document, Mr Packer?

25 MR PACKER: Yes, I do, Mr Bell.

MR BELL: Do you see that, in the third-last bullet point, it says that:

30 *A director should not engage in conduct likely to bring discredit upon Crown.*

MR PACKER: Yes, I do.

35 MR BELL: And did you regard that as a core obligation on the directors of Crown Resorts, including yourself, whilst you were a director?

MR PACKER: Yes.

MR BELL: And do you see, in the last bullet point, it says that:

40 *A director must encourage the reporting and investigating of unlawful, unethical behaviour.*

45 Did you regard that as a core obligation on the directors of Crown Resorts, including yourself, whilst you were a director?

MR PACKER: I believe so.

MR BELL: Could I ask you to look at the 2015 annual report of Crown Resorts Limited, which is exhibit M224. And that's INQ.010.002.0001. Now, as a director of Crown Resorts at this time, I take it that you would have reviewed the 2015 annual report?

5

MR PACKER: Yes. I believe I would have.

COMMISSIONER: "Yes." "I would have," is what Mr Packer said.

10 MR BELL: Thank you. Could I ask you to look at the chairman's message for Mr Rankin at the page ending in .0003; do you see in the left-hand column under the heading Results in the second paragraph, Mr Rankin said that:

15 *A stand-out was the strong growth in international VIP program play turnover across Crown's Australian resorts. This followed greater investment in our VIP international marketing.*

Do you see that?

20 MR PACKER: Yes, I do, Mr Bell.

MR BELL: And do you see in the top of the right-hand column, on that page, that Mr Rankin said:

25 *The ongoing boom in outbound Chinese tourism is a major positive for our resorts and very encouraging given our ongoing pipeline of investment in high quality tourism assets.*

Do you see that?

30

MR PACKER: Yes, I do.

MR BELL: And I take it that you were aware in 2015 that Crown Resorts was increasing its investment in VIP international marketing in China to take advantage of what was perceived to be an ongoing boom in outbound Chinese tourism?

35

MR PACKER: I can't recall.

MR BELL: Did you perceive at the time that the increased investment in VIP international marketing in China was important for the success of the new VIP-only casino at Barangaroo which was then in the planning stage?

40

MR PACKER: Yes.

45 MR BELL: And you had a particular interest, didn't you, in the VIP international business of Crown Resorts?

MR PACKER: No more than my interest in other areas of Crown Resorts.

MR BELL: When you resigned as chairman of Crown Resorts in August 2015, it was on the basis that you had become an executive director of Crown Resorts at that
5 time; is that correct?

MR PACKER: I believe that's correct.

MR BELL: Yes. And if I could ask you to look at the minutes of a Crown Resorts
10 board meeting on 12 August 2015 which is exhibit R14. That's confidential link
CRL.512.001.7698. Do you see that in the second last paragraph on this first page,
the minutes record that you said that you looked forward to continuing to work with
the board in your proposed new capacity as a senior executive director?

15 MR PACKER: Yes.

MR BELL: And is it the case that one of the areas on which you were focusing in
the second half of 2015 was the VIP international business?

20 MR PACKER: What the minutes say is different to that, Mr Bell. The minutes say
I was going to concentrate on Crown Sydney project, and the company's online
strategy.

MR BELL: But is it the case that one of the areas on which you were focusing, in
25 fact, in the second half of 2015 was the VIP international business?

MR PACKER: No.

MR BELL: By 2015 you had been a friend of Mr Arnon Milchan for many years;
30 is that correct.

MR PACKER: That's correct.

MR BELL: And you understood by 2015 that Mr Milchan had previously worked
35 for Israel's Bureau of Scientific Relations, procuring weapons for the Israeli defence
forces; is that right?

MR PACKER: That had never been confirmed to me.

40 MR BELL: You did understand by 2015 that Mr Milchan was well connected with
government circles in Israel?

MR PACKER: Very much so.

45 MR BELL: And in the book, The Price of Fortune, at page 219 you are quoted as
saying that Mr Milchan:

...may be the most charming and deadly person I've ever met.

What did you mean by that?

5 MR PACKER: I meant that I would hate to cross him, and he was extraordinarily charming.

MR BELL: And you are aware that The Price of Fortune is a biography of you published in 2018?

10 MR PACKER: I am.

MR BELL: And did you provide information to the author of that book for the purposes of the biography which he was writing?

15 MR PACKER: I did.

MR BELL: And are you aware of any inaccuracies in that book?

20 MR HUTLEY: I object, with respect. Over hundreds of pages; it's an unfair question.

MR BELL: At this point do any inaccuracies in the book come to mind?

25 MR PACKER: No, I didn't really read the book, Mr Bell. I skimmed through it, but I didn't read it cover to cover.

MR BELL: Commissioner, could that book, The Price of Fortune by Mr Damon Kitney published in 2018 be marked for identification.

30 COMMISSIONER: Yes, that will be marked for identification 1.

MFI #1 THE PRICE OF FORTUNE

35 MR BELL: Is it the case that in about 2013 Mr Milchan introduced you to Mr Benjamin Netanyahu, the Prime Minister of Israel?

40 MR PACKER: Yes.

MR BELL: And is it the case that by 2015 you considered Mr Netanyahu to be a friend?

45 MR PACKER: Yes.

MR BELL: And you were aware, by 2015, that Mr Netanyahu's nickname was Bibi

MR PACKER: Yes.

MR BELL: And in 2015 is it the case that you and Mr Milchan were planning a
cyber security business venture together?

5

MR PACKER: Yes.

MR BELL: And is it the case that you and Mr Milchan approached a person who
was subsequently connected to Mossad to become involved in that business?

10

MR PACKER: Yes.

MR BELL: And is it the case that Mr Milchan had introduced that person to you?

15 MR PACKER: I can't recall.

MR BELL: Mr Packer, have you been provided with a list of two people and one
entity who will be identified using pseudonyms?

20 MR PACKER: Yes.

MR BELL: And do you understand that the two people will be called Mr X and Mr
Y and the entity will be called Z co.

25 MR PACKER: Yes.

MR BELL: And I would be grateful if you would please use those pseudonyms in
your evidence. In August 2015, when Mr Robert Rankin replaced you as chairman
of Crown Resorts, Mr Rankin remained on as the chief executive of Consolidated
Press Holdings Pty Limited; is that correct?

30

MR PACKER: That's correct.

MR BELL: I will refer to Consolidated Press Holdings Pty Limited from time to
time as CPH, do you follow?

35

MR PACKER: Yes, Mr Bell.

MR BELL: And in November 2015 you and Mr Rankin were planning the
privatisation of Crown Resorts; is that correct?

40

MR PACKER: Planning is too strong a word. I would say exploring.

MR BELL: It was an idea that you were pursuing at that time; would that be a fair
way of putting it?

45

MR PACKER: Yes.

MR BELL: And at that time your company, CPH owned approximately 53 per cent of the shares in Crown Resorts; is that right?

5 MR PACKER: I believe that's correct.

MR BELL: And you and Mr Rankin commenced discussions with private equity firms to participate in the possible privatisation of Crown Resorts by taking equity in the company; correct?

10 MR PACKER: That's correct.

MR BELL: And one of the private equity firms that you had discussions with in Los Angeles in 2015 was Z co.

15 MR PACKER: That's correct.

MR BELL: And at that time you had discussions concerning the privatisation of Crown Resorts with Mr Y who was one of the principals of Z co; correct?

20 MR PACKER: That's correct.

MR BELL: And another person from Z co with whom you had discussions concerning the privatisation of Crown Resorts, in November 2015, was Mr X; correct?

25 MR PACKER: That's correct.

MR BELL: And is it the case that the proposal which you put to Z co in November 2015 was that it contribute around \$1.5 billion of equity to the proposed privatisation of Crown Resorts based upon an enterprise value of Crown Resorts at the time of \$9.1 billion?

30 MR PACKER: I can't recall.

35 MR BELL: I wonder, Mr Packer, if you could look at exhibit AB22, confidential link CPH.001.249.6129 and I wonder if, Mr Packer, if you could read the emails there to yourself, please, and tell me when you've done so.

40 MR PACKER: Just – just this first page, Mr Bell?

MR BELL: There's actually two pages. It's .6129 and it goes over to page .6130. If you just read them to yourself, please, and tell me when you've done so.

45 MR PACKER: Yes.

MR BELL: Does reading those emails assist you to recall that the proposal which you put to Z co in November 2015 was that it contribute around \$1.5 billion of

equity to the proposed privatisation of Crown Resorts based upon an enterprise value of Crown Resorts at the time of \$9.1 billion?

MR PACKER: Sorry. Could you repeat the question, Mr Bell.

5

MR BELL: Yes. Does reading those emails assist you to recall that the proposal that you put to Z co in November 2015 was that it contribute around \$1.5 billion of equity to the proposed privatisation of Crown Resorts, based upon an enterprise value of Crown Resorts at the time of \$9.1 billion?

10

MR PACKER: I can't be sure, Mr Bell.

MR BELL: And does it assist you to recall that part of the proposal to Z co was that Mr Y joined the board of the privatised Crown Resorts?

15

MR PACKER: Yes.

MR BELL: And is it the case that Z co subsequently came back to you and said that it would only be able to look at having one of its funds contribute \$400 million to a privatisation subject to due diligence?

20

MR PACKER: Yes.

MR BELL: Now, Mr Packer, have you been provided with a bundle of 13 pages of emails which have been marked for identification A? That is MFIA?

25

MR HUTLEY: If my learned friend is going to those, Madam Commissioner, we seek a confidentiality and a non-publication order with respect to them.

30

COMMISSIONER: And the basis of that is?

MR HUTLEY: The matter – I don't know if you, Madam Commissioner, have had an opportunity to look at them?

35

COMMISSIONER: I have a bundle here, Mr Hutley, MFIA.

MR HUTLEY: If one traces through them, the communications are communications of a character which we submit is unnecessary that it be made public at this time, particularly having regard to the resolution of the communications that took place between the communicates, both of – all of whose names are kept confidential, as has already been indicated, other than Mr Packer's. And we submit it would be unfair that this be made public in those circumstances. It may require you, Madam Commissioner, to read through them.

40

45

COMMISSIONER: And so far as the content is concerned, when you say – what are you actually seeking? You're seeking a direction, are you, Mr Hutley?

MR HUTLEY: Yes, for non-publication.

COMMISSIONER: Yes, I see. Just pardon me for a moment. Yes, Mr Bell

5 MR BELL: Well, we would submit that there can't be any question of any ongoing commercial confidentiality in relation to these matters. We submit that there's an important public interest in these matters being viewed and they're relevant, in a number of respects, for the matter which this inquiry is considering.

10 COMMISSIONER: Yes. Yes, Mr Hutley.

MR HUTLEY: Madam Commissioner, you have seen paragraph 5 of the statement of my client, Mr Packer.

15 COMMISSIONER: Yes.

MR HUTLEY: He – it will become – these communications took place at a state of deep personal crisis of my client. The matters, if you look at them, are matters which will be apparent to you, are likely to be reflective of that and, in our respectful
20 submission, there is no public interest in disclosing them.

COMMISSIONER: I have looked at paragraph 5 and - - -

MR HUTLEY: Madam Commissioner, if you then – I'd ask you to read the emails
25 in their entirety, particularly concentrating - - -

COMMISSIONER: Can I just ask you, Mr Hutley – sorry - - -

MR HUTLEY: Yes.
30

COMMISSIONER: - - - you've pointed me to paragraph 5 of the statement, which I'm going to, and there's a date in there.

MR HUTLEY: Yes.
35

COMMISSIONER: Which, having looked at the documents to which you're referring, those are previous to the date in paragraph 5, it looks to me.

MR HUTLEY: I appreciate that, Madam Commissioner, but, as you'd appreciate,
40 when such conditions may not – may be displayed before one receives notification.

COMMISSIONER: Yes. Yes, I understand.

MR HUTLEY: And that's why I would ask you to look at the email chain in its
45 entirety and see its resolution, and its resolution is extremely important to appreciating an evaluation of the earlier parts.

COMMISSIONER: Yes, I have looked at the last one, which is the 1 December, I think, is it?

MR HUTLEY: Thank you. Yes.

5

COMMISSIONER: Is that the one you are referring to, Mr Hutley?

MR HUTLEY: Yes, Madam Commissioner.

10 COMMISSIONER: All right. Assuming that the condition that you have referred to in paragraph 5 was present at the time, I think you've referred to that as, am I right, as causative of this?

MR HUTLEY: I anticipate you will receive evidence reflective of that, yes.

15

COMMISSIONER: All right. And when you say that, is it your anticipation that you would provide that evidence?

MR HUTLEY: I anticipate it will come during the course of the examination of my learned friends, if I anticipate where my learned friend is going.

20

COMMISSIONER: I see. Mr Bell, in the circumstances of paragraph 5 and Mr Hutley's subsequent submission in respect of the causation of this, is there any further submission that you make?

25

MR BELL: Yes, Commissioner. We would submit that you would not draw any conclusions about Mr Packer's state of mind until the evidence concerning these matters has been properly investigated.

30 COMMISSIONER: Yes, all right.

MR HUTLEY: If I could say something. In those circumstances, our submission is that you should hear the evidence off live feed, and at the end of it we can address what should be dealt with. That way all positions can be properly protected, in our respectful submission, Madam Commissioner.

35

COMMISSIONER: Yes. All right. Yes, Mr Bell, what do you say to that?

MR BELL: I can only repeat that we submit that there's no basis at this stage been shown for this material being dealt with in any way than ordinary view in which it has been reviewed.

40

COMMISSIONER: Yes. Mr Hutley, if there's some evidence that you want to put before me in respect of this, which you say is confidential, I can receive that. But at the moment, there's nothing before me other than paragraph 5 and the content of MFIA which presently does not persuade me to do anything other than allow Mr Bell to proceed. But if there's something that you wish to put to me which has a

45

confidential nature to it, then I will allow that for the purposes of further consideration, but at the moment, I think the evidence can be given.

5 MR HUTLEY: In those circumstances, would you, Madam Commissioner, allow me to ask some questions of Mr Packer, as it were, on the voir dire on a confidential basis before you determine the question?

COMMISSIONER: Yes. Any objection to that, Mr Bell?

10 MR BELL: No.

COMMISSIONER: Yes, certainly, Mr Hutley. How would you prefer to do that?

15 MR HUTLEY: If this could be on the, in effect, closed feed, I would propose to ask Mr Packer some questions about these emails and his state of mind.

COMMISSIONER: Yes. Now, Mr Bell, do you wish to proceed with other things at the moment and I can hear this at a convenient time?

20 MR BELL: I really think this is a matter that needs to be resolved.

COMMISSIONER: All right. What I will do is I will then hear your application, Mr Hutley, now on a confidential basis so that you can put the confidential material before me for my consideration in respect of the ruling on your objection to the material not being made public. I will go to a private hearing involving only Mr Packer's representatives and those assisting me for the purpose of hearing that aspect of confidential information and I will then resume the public hearings very shortly or thereafter after I consider the material. How long do you think it might take, Mr Hutley?

30 MR HUTLEY: Not long, I think, Commissioner, a few minutes.

COMMISSIONER: Yes, any objection to anybody else. Yes?

35 MR YOUNG: Could I clarify our position, Crown?

COMMISSIONER: Yes. Yes, of course.

40 MR YOUNG: Any evidence led at this Inquiry is being led by your counsel assisting, ultimately because it is perceived to have some bearing on Crown. In those circumstances, our submission would be that we should remain on the feed, on conditions of confidentiality.

45 COMMISSIONER: Yes. Any objection, Mr Hutley?

MR HUTLEY: As we see it, there's no need for Mr Young to be present but I can't put it any higher than that. And having regard to the nature of the matter going to

whether you will hear it privately or in public, in our respectful submission it can't really bear upon Mr Young's position. But, again, I don't think I can add anything beyond that.

5 COMMISSIONER: Yes, thank you. Do you have anything to say, Mr Stoljar? I presume not?

MR STOLJAR: No, your Honour. As I apprehend it, the proposed evidence won't affect my client one way or the other.

10

COMMISSIONER: Yes. All right. So what I will do, then, Mr Bell, do you want to say anything about Mr Young's presence?

15 MR BELL: No, I don't want to say anything about that, but I just wanted to draw your attention to section 12B of the Royal Commissions Act and the direction that will need to be made for non-publication for that part of the Inquiry be held in private.

20 COMMISSIONER: I can't hear you, I'm sorry.

MR BELL: I just wanted to draw your attention to section 12B of the Royal Commissions Act and the need for you to give directions preventing or restricting publication.

25 COMMISSIONER: Yes. So what I will do now then is to hear your application, Mr Hutley. I am going to allow Mr Young to remain. Mr Young, are you presently alone?

30 MR YOUNG: I'm alone and at home.

COMMISSIONER: Yes, all right then. You're still locked down.

35 MR YOUNG: I do have a junior on the line, Ms Catherine Hamilton-Jewell, if she could be permitted to stay as well.

40 COMMISSIONER: Yes, of course. I will make some directions. But firstly, I make the direction the proceedings proceed for the moment in private hearing and in accordance with section 12B and 143 of the Casino Control Act – 143B, I think it is. I will make the direction that this aspect of the proceeding be heard confidentially and in private. Publication of the evidence in respect of this hearing not to be published until further direction. Yes. Now, we'll proceed into the hearing, please.

45 **PRIVATE HEARING SESSION ENSUED**

PUBLIC HEARING RESUMED

COMMISSIONER: Yes, thank you. We can resume the public stream now. Do you need time to do that? And what about the live stream.

MR HUTLEY: Madam Commissioner, I see the time.

5

COMMISSIONER: Yes.

MR HUTLEY: And would it be appropriate to take a short adjournment now.

10 COMMISSIONER: Yes, I will just take five or 10 minutes now, Mr Hutley.

MR HUTLEY: Thank you.

15 COMMISSIONER: There's Mr Stoljar. Perhaps I will just deal with this question – series of questions and then I will adjourn for a short time.

MR HUTLEY: Thank you, madam Commissioner.

20 COMMISSIONER: Yes, just restore the live feed, please. Is that now live feed? Yes. Yes, thank you, Mr Hutley for that application. And Mr Bell. What I will do is I will receive the documents MFIA, thank you. They will be marked confidential: MFIA confidential.

25 **MFIA #A CONFIDENTIAL DOCUMENTS**

30 COMMISSIONER: And there will be some further evidence very shortly. I will just take a short adjournment for a moment.

ADJOURNED [3.55 pm]

35 **RESUMED** [4.01 pm]

COMMISSIONER: Yes. Yes, Mr Bell.

40 MR BELL: Mr Packer, in relation to the emails in MFIA, you accept that you were making threats against Mr X?

MR HUTLEY: I object.

45 MR PACKER: Verbal threats.

COMMISSIONER: Yes, that is noted. Your objection is noted, Mr Hutley. Yes, Mr Bell.

MR BELL: You accept that you were making threats against Mr X in these emails?

COMMISSIONER: He said verbally, yes.

5 MR BELL: Yes. And you understood that Mr X might have been put in fear by those threats?

MR PACKER: No, that came as a surprise to me, Mr Bell.

10 MR BELL: Do you accept that your conduct in these communications was shameful, do you?

MR PACKER: I do.

15 MR BELL: And you were a director of Crown Resorts at the time you wrote these emails, weren't you?

MR PACKER: I can't recall.

20 MR BELL: You accept that your conduct in these emails was disgraceful, don't you?

MR PACKER: Yes.

25 MR BELL: And you didn't resign as a director of Crown Resorts until about 21 December 2015, some weeks after these emails; correct?

MR PACKER: That's correct.

30 MR BELL: So you were a director of Crown Resorts at the time you engaged in this disgraceful behaviour.

MR PACKER: Yes.

35 MR BELL: And you understood at the time of these emails that you had obligations to Crown Resorts to act ethically and with the highest standards of integrity; correct?

MR YOUNG: Commissioner - - -

40 MR PACKER: Correct.

MR BELL: And you understood - - -

45 COMMISSIONER: Just pardon me. Yes, Mr Young.

MR YOUNG: Commissioner, if Mr Bell is going to ask questions like the last one, publicly, he needs to make it clear that Mr Packer was not acting in relation to these emails in his capacity as a director of Crown Resorts.

5 COMMISSIONER: Well, Mr Bell can take that on board. Thank you, Mr Young.

MR YOUNG: Yes.

10 COMMISSIONER: And no doubt, in due course, some discussion can be had about the status of Mr Packer at the time and whether he was acting in a particular capacity. But I think the question has been asked and answered but I note what you have just said. Thank you, Mr Young.

15 MR BELL: At the time of these emails, Mr Packer, you understood that you had an obligation not to engage in conduct likely to bring discredit upon Crown Resorts, didn't you?

MR PACKER: I had clearly forgotten that.

20 MR BELL: And you accept, do you, that these emails reflect adversely on your character, honesty and integrity?

MR HUTLEY: I object. That's a multiple question.

25 COMMISSIONER: Yes, Mr Bell.

MR BELL: I will break it up. You accept that these – I withdraw that. Do you accept that your conduct in these emails reflects adversely on your character, don't you?

30 MR PACKER: I think my medical state is what it reflected most on.

COMMISSIONER: You mean at the time that you wrote them, Mr Packer?

35 MR PACKER: Yes, Madam Commissioner.

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

40 MR BELL: How can the New South Wales regulator have any confidence in your character or integrity in light of your communications in these emails?

MR PACKER: Because I'm being treated now for my bipolar - - -

45 MR BELL: How can the New South Wales regulator - - -

MR PACKER: - - - disease.

MR BELL: How can the New South Wales regulator have any confidence in your character or integrity in light of your conduct in these emails?

MR PACKER: Because I was sick at the time.

5

MR BELL: And do you say that you resigned from Crown Resorts because you were sick at the time?

MR PACKER: Yes.

10

MR BELL: And did you disclose that to your colleagues on the board of Crown Resorts?

MR PACKER: I can't recall.

15

MR BELL: If we look at exhibit AA51, CPH.001.635.7066; do you have that document, Mr Packer?

MR PACKER: Yes.

20

MR BELL: You see it's an ASX media release by Crown Resorts, 21 December 2015 headed James Packer Steps Down As A Director?

MR PACKER: Yes.

25

MR BELL: And you said – you were quoted as saying in the second paragraph under the words “Mr Packer said”:

30 *Now is the right time for me to focus my endeavours on my new role with Crown as I outlined to shareholders when I stepped aside as chairman in August. I intend to devote my energies to a number of key development projects in Sydney, Melbourne and Las Vegas as well as Crown's online platforms.*

35 There's no reference in your quoted comments to you resigning because you were unwell, is there?

MR PACKER: No.

40 MR BELL: Plainly you didn't regard it as important to be truthful to the shareholders of Crown Resorts about your real reasons for resigning; would you agree?

MR PACKER: I had hoped that it would stay a private matter.

45

MR BELL: And plainly you weren't truthful to the shareholders of Crown Resorts about the real reason you were resigning; do you agree?

MR PACKER: There should have been something mentioned in the release; I agree, Mr Bell.

MR BELL: Well, I propose to move to another topic.

5

COMMISSIONER: I assume, from what you say, Mr Packer, that you accept that, as a director of a public company, the communications that are in the confidential exhibit were totally unsuitable for a director of a public company as a close associate of a licensee of a casino?

10

MR PACKER: Yes.

COMMISSIONER: Thank you. Yes, Mr Bell.

15 MR BELL: Can I take you to the third edition of the Australian Stock Exchange Corporate Governance Principles, which were in force in the period up to December 2015, which is exhibit O5, INQ.100.001.0308. And if I could ask you to look at page 28 of the principles, which is the page ending in .0037. You see that it states in the second-last paragraph in the left-hand column:

20

That the board of a listed entity is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.

I take it that you agree with that statement of principle?

25

MR PACKER: Yes.

MR BELL: And I take it that you accept that this principle applied to Crown Resorts in relation to the risks involved in pursuing its business strategy in China in the period up to December 2015?

30

MR PACKER: Yes.

MR BELL: And you see that it states in the last sentence, in the second-last – second. I withdraw that. You see that it states, in the last sentence, in the left-hand column that:

35

It is the role of the board to set the risk appetite for the entity, to oversee its risk management framework and to satisfy itself that the framework is sound.

40

I take it you agree with that statement of principle?

MR PACKER: Yes, Mr Bell.

45 MR BELL: And I take it that you accept that this principle applied to Crown Resorts in relation to its business strategy in China in the period up to December 2015?

MR PACKER: Yes, Mr Bell.

MR BELL: And do you agree that it follows from those principles that it was a matter for the board of Crown Resorts in the period up to December 2015 to decide
5 whether the business strategy being pursued in China remained within its risk appetite?

MR PACKER: Yes, Mr Bell.

10 MR BELL: And do you agree that, in order for the board of Crown Resorts to decide if the business strategy in China remained within its risk appetite, it was necessary for the board to be informed of any facts relevant to making that decision?

MR PACKER: Yes, Mr Bell.

15

MR BELL: Including any escalation of risk to the safety of the staff in China?

MR PACKER: Yes.

20 MR BELL: Do you regard Mr Michael Johnston as a good friend who has shown loyalty to you for many years?

MR PACKER: Yes, I do.

25 MR BELL: And you were aware, whilst you were a director of Crown Resorts in the period up to December 2015, there was a VIP working group keeping an eye on the VIP international business in which Mr Michael Johnston participated?

MR PACKER: I've become reacquainted with that looking at some of the Inquiry.
30

MR BELL: You had asked Mr Johnston to participate in that VIP working group; had you not?

MR PACKER: I can't recall.

35

MR BELL: But, in the period up to December 2015, you expected Mr Johnston, as a person with complete loyalty to you, to inform you of any important issues in relation to the VIP international business of which he became aware?

40 MR PACKER: I did.

MR BELL: And you believed that Mr Ishan Ratnam is person who has shown complete loyalty to you for many years, don't you?

45 MR PACKER: Yes, I accept that.

MR BELL: And for many years he's had a role as your personal assistant; is that correct?

5 MR PACKER: I wouldn't say he was my personal – he was my personal assistant; that he – he had that on his card in relation to Crown.

MR BELL: All right. And Mr Ratnam had a role in the VIP international business whilst you were a director of Crown Resorts in the period up to December 2015; correct?

10 MR PACKER: Yes. Correct.

MR BELL: And with your approval, Mr Ratnam was given the title special assistant to the chairman in that period to assist him in his dealings with the VIP international business?

15 MR PACKER: Correct.

MR BELL: And in the period up to December 2015, you expected Mr Ratnam, as a person with complete loyalty to you, to inform you of any important issues in relation to the VIP international business of which he became aware; correct?

20 MR PACKER: Correct.

MR BELL: And could I ask you to look at exhibit AA25, confidential link CPH.001.700.0056. Do you see that it's your email to Mr Felstead and Mr Robert Rankin, copied to Mr Ratnam, dated the 28th of February 2015?

25 MR PACKER: Yes.

30 MR BELL: You said that you were putting Mr Rankin and Mr Felstead together.

MR PACKER: Yes.

35 MR BELL: And that Rob was starting the following – you said that Rob was starting the following. Is that when Mr Rankin started as the chief executive officer of CPH?

40 MR PACKER: Yes, I believe so.

MR BELL: And you say:

45 *Rob, I can't emphasis enough what a great job Baz does for me. No one works or tries harder than Baz, and I'm so proud that he runs the businesses with me.*

Do you see that?

MR PACKER: Yes.

MR BELL: You believed that Mr Barry Felstead is a person who's shown complete loyalty to you for many years; correct?

5

MR PACKER: Yes.

MR BELL: And you were aware, in the period up to December 2015, that Mr Felstead was the most senior executive of Crown Resorts with ultimate responsibility for the VIP international business unit; correct?

10

MR PACKER: No. No.

MR BELL: Why do you disagree with that? Why do you disagree with that?

15

MR PACKER: Because Rowen Craigie was - - -

MR BELL: All right.

MR PACKER: - - - as the CEO.

20

MR BELL: I see. And below Mr Craigie, you'd accept that Mr Felstead was, subject to that, the most senior executive responsible for the VIP international business?

25

MR PACKER: Yes.

MR BELL: And in the period up to December 2015, you expected Mr Felstead, as a person with complete loyalty to you, to inform you of any important issues in relation to the VIP international business of which he became aware; correct?

30

MR PACKER: Yes. Yes, I did.

MR BELL: Were you aware, in the period up to December 2015, that Crown Resorts and its subsidiaries had no licence or permission from the Chinese government to conduct any business activities in China?

35

MR PACKER: No, I was not.

MR BELL: Were you aware, in the period up to December 2015, that it was possible for operators of foreign-integrated resorts to obtain a representative licence from the Chinese authorities to conduct an office to market their hotel and resort facilities?

40

MR PACKER: I can't recall.

45

MR BELL: Were you aware, in the period up to December 2015, that Chinese business law advice obtained by Crown Resorts was interpreted by management to mean the staff in China would be complying with the business laws of China if they conducted business activities there without a licence as long as they were not
5 operating an office?

MR PACKER: Sorry. Can you repeat the question, Mr Bell?

MR BELL: Yes. Were you aware, in the period up to December 2015, that Chinese
10 business law advice obtained by Crown Resorts was interpreted by management to mean that the staff in China would be complying with the business laws of China if they conducted business activities there without a licence as long as they were not conducting an office?

15 MR PACKER: I was not aware of that.

MR BELL: Did you believe, in the period up to December 2015 that Crown Resorts had made a conscious decision not to open offices in China?

20 MR PACKER: No.

MR BELL: Was it your understanding in the period up to October – I withdraw that. Was it your understanding in the period up to December 2015 that Crown Resorts did not have any offices in China?

25 MR PACKER: I can't recall.

MR BELL: Was it your understanding that the staff in China were working from their homes?

30 MR PACKER: I can't recall.

MR BELL: In July 2019, you were kept informed by the Crown Resorts board about its proposed response to the media allegations reported at that time, weren't
35 you?

MR PACKER: Sorry, would you repeat the question?

MR BELL: Yes. In July 2019 you were kept informed by the Crown Resorts board
40 of its proposed response to the media allegations being made at that time; correct?

MR PACKER: I didn't see the advertisement until after it was published.

MR BELL: Can we look at exhibit CM6, CRL.501.026.6761. Do you see that's an
45 email to you dated 29 July 2019 and you say in your statement to the Inquiry that it was an email to you from Mr Alexander; correct?

MR PACKER: Yes.

MR BELL: And you see it attaches a 60 Minutes board paper.

5 MR PACKER: Yes.

MR BELL: And you say in your statement to the Inquiry that it would have been your usual practice to skim that attachment; correct?

10 MR PACKER: Yes.

MR BELL: And if we could look at the attachment, which is exhibit CM7, CRL.501.026.6762, and if I could ask you to turn to page 10 of the attachment. Do you see that at the top of the page under paragraph 3 it states:

15

Crown Resorts made a conscious decision not to open offices in mainland China.

Is that something you only learnt when you skimmed this document?

20

MR PACKER: I can't recall.

MR BELL: All right. But clearly you were informed in this document that Crown Resorts had made a conscious decision not to open offices in mainland China; do you agree?

25

MR PACKER: That's what the document says.

MR BELL: Yes. Now, were you aware that in the period up to December 2015 that despite that conscious decision, the company was conducting an office in Guangzhou without any signage in the period from August 2015 to October 2016 which was leased in the name of employees who were then reimbursed for the rental?

30

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

35

MR BELL: Were you aware, in the period up to December 2015, that this unofficial office contained computers, customer information and gifts, and it was used to process visa applications for VIP gamblers from all over China?

40

MR PACKER: No, I was unaware of that.

MR BELL: And were you aware, whilst you were a director of Crown Resorts that there had been a previous unofficial office used in Guangzhou from at least 2012 until August 2015?

45

MR PACKER: No, I was unaware of that.

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

5

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

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

10

MR PACKER: I'm – I'm aware Mr Craigie gave that evidence.

MR BELL: Yes. And are you aware that Mr Alexander, the executive deputy chairman of Crown Resorts at the time, has given evidence to this Inquiry that this unofficial office in Guangzhou was not authorised by him either?

15

MR PACKER: I accept that.

20

MR BELL: Yes. And I take it from your evidence, that as the chairman of Crown Resorts up to August 2015, you didn't authorise this unofficial office in Guangzhou either; is that right?

MR PACKER: That's correct.

25

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

30

MR PACKER: I believe that Crown had legal advice that said what they were doing was legal.

MR BELL: I'm focusing on the business law issues. I've asked you whether you were aware that the business law advice obtained by Crown was that they could conduct business activities there without a licence as long as they were not conducting an office. So if you could make an assumption, please, that that was the business law advice as interpreted by Crown Resorts management. Do you follow?

40

MR PACKER: I think so.

MR BELL: All right. And what I'm asking you to consider is whether you agree that this conduct by Crown Resorts management, if it occurred as I've suggested, was contrary to a fundamental principle of Crown Resorts that all of its business affairs be conducted legally, ethically in accordance with the highest standards of integrity. Do you accept that?

45

MR PACKER: I accept that.

MR BELL: And Mr Alexander has given evidence to this Inquiry that if Crown Resorts was conducting unofficial offices in Guangzhou contrary to the directions of
5 CPH management whilst other casinos were openly conducting offices and trying to operate under the radar like this may have, in fact, increased the danger to the staff in China if what Crown Resorts was doing came to the attention of the Chinese authorities. Do you agree with Mr Alexander about that?

10 MR PACKER: I would be speculating.

MR BELL: And as the executive chairman of Crown Resorts until August 2015, are you able to offer any insight or comment as to how it is that this unofficial office in
15 Guangzhou was operating, if it was operating as I've put to you?

MR PACKER: It's a failure in compliance, a significant failure.

MR BELL: Is that a convenient time, Commissioner?

20 COMMISSIONER: Yes, it's more than that, isn't it, Mr Packer?

MR PACKER: A significant failure in compliance?

COMMISSIONER: Yes. I mean, Mr Bell has asked you about the ethical conduct
25 of the public company. It goes to the core of it, doesn't it, if you're going to do that?

MR PACKER: Madam Commissioner, I accept it's a serious failure.

COMMISSIONER: Yes. Yes, all right. We're going to – is that, Mr Bell, you
30 don't wish to ask any further questions this afternoon?

MR BELL: Well, I see the time.

COMMISSIONER: Yes.
35

MR BELL: It's 4.30.

COMMISSIONER: Yes, all right. So that's no? All right, then. Mr Packer, what
40 we're going to do is to adjourn until tomorrow morning and we will resume at about 10 am and if you could make yourself available, please, at about 10 minutes before that so the technology can be tested to ensure that we're receiving you properly.

MR PACKER: Absolutely, Madam Commissioner.

45 COMMISSIONER: Yes, thank you. Anything further from anyone else? All right, then. I will adjourn until then.

<THE WITNESS WITHDREW

[4.31 pm]

**5 MATTER ADJOURNED at 4.31 pm UNTIL
WEDNESDAY, 7 OCTOBER 2020**

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