



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

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

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**WEDNESDAY, 7 OCTOBER 2020  
AT 10.00 AM**

**Continued from 6.10.20**

**DAY 38**

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**

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COMMISSIONER: Yes, Mr Bell.

15 MR BELL: Before I commence, could I tender some additional documents that have been served on the interested parties. Exhibit AB55 and AB56, and in relation to AB54, can I indicate that I tender only three pages of that document, the first page which is INQ.080.080.0241R and pages INQ.080.080.0249 and .0250 which are pages 9 and 10 of that document, at this stage at least.

20 COMMISSIONER: Yes. Yes, I'll mark those – any objections. Yes, I'll mark those exhibits as AB54 – do I need 56?

MR HUTLEY: Madam Commissioner, might they be marked confidential in the first instance.

25 COMMISSIONER: Yes, 54, do you mean, Mr Hutley?

MR HUTLEY: Yes.

30 COMMISSIONER: Any objection, Mr Bell? Yes. AB54 is marked AB54 confidential. It says position reserved so I presume it's the same position, Mr Hutley, in any event.

35 **EXHIBIT #AB54 CONFIDENTIAL, INQ.080.080.0241R, INQ.080.080.0249 & INQ.080.080.0250**

MR HUTLEY: Precisely.

40 COMMISSIONER: Yes. AB56 – do I need this?

MR BELL: Perhaps not.

45 COMMISSIONER: Yes. Well, I won't mark AB56. That can be marked for identification B, and in due course if you need to tender it, you can but I don't need to receive it at the moment.

**MFI #B AB56**

5 COMMISSIONER: Marked for identification documents are received by me to  
review and are in evidence but I don't need to mark it as an exhibit. Yes. Yes, Mr  
Bell.

10 <JAMES DOUGLAS PACKER, ON FORMER AFFIRMATION [10.02 am]

<EXAMINATION BY MR BELL

15 MR BELL: Mr Packer, do you agree that the chair of a public listed company has  
an important role to play in setting the culture of the organisation?

MR PACKER: Yes.

20 MR BELL: And do you agree that the chair of a public listed company has an  
important role to play in setting the business ethics and values of the organisation?

MR PACKER: Yes.

25 MR BELL: In a statement that you provided to this Inquiry dated 13 September  
2020, you say that during your time as chairman you recall being told by Rowen  
Craigie that the Crown Resorts operations complied with Chinese law and being told  
that we had external advice which you believed was from a Chinese law firm but you  
don't remember the name of the firm. Is that your evidence?

30 MR PACKER: Yes. Yes, Mr Bell.

MR BELL: Were you ever given any details by Mr Craigie as to what was required  
to ensure that there was no breach by the Crown Resorts staff in China of the  
35 criminal laws of China in relation to gambling?

MR PACKER: I don't believe I was.

40 MR BELL: Did Mr Craigie tell you that it involved two precise questions of  
Chinese law being determined in favour of Crown Resorts' interpretation?

MR PACKER: No, he didn't.

45 MR BELL: Did you ever read any of the legal advices about the Chinese criminal  
law in relation to gambling yourself in the period up to December 2015?

MR PACKER: I'm not a lawyer, Mr Bell, so I didn't.

MR BELL: Did Mr Craigie tell you that he had never read any of the legal advices either?

MR PACKER: No, he didn't.

5

MR BELL: Did Mr Craigie tell you that he had never asked to see any of the legal advices?

MR PACKER: No, he didn't.

10

MR BELL: Did Mr Craigie tell you that he was relying upon Mr Felstead, Mr O'Connor and Mr Chen who were not themselves lawyers, to tell him what the external legal advice said.

MR PACKER: No, he didn't.

15

MR BELL: Did Mr Craigie tell you that it was his view that because he considered that China was a riskier place for the staff to be than in Australia, it could be particularly unsafe to rely upon a technical construction of Chinese law?

20

MR PACKER: No, he certainly didn't.

MR BELL: There has been evidence given to this Inquiry that it was widely understood by Crown Resorts management prior to the China arrests that there was a potential for arbitrary action by the Chinese authorities. Was that a matter that you personally recall turning your mind to in the period up to December 2015?

25

MR PACKER: Yes, I asked Mr Craigie and Mr Rankin to be on top of the issue. I regarded Mr Rankin as an expert in China and an expert in compliance, and I regarded Mr Craigie as being an expert in compliance at that time.

30

MR BELL: Perhaps you didn't hear my question. My question was this: there has been evidence given to this Inquiry that it was widely understood by Crown Resorts management that there was a potential for arbitrary action by the Chinese authorities. My question is: is that a matter that you can personally recall turning your mind to in the period up to December 2015?

35

MR PACKER: No.

MR BELL: There has been given evidence given to this Inquiry that it was widely understood - - -

40

MR PACKER: Actually, it's – excuse me, Mr Bell. I'm going to re-answer that last question, if I may, with a yes, and I – on the basis that I spoke to Mr Rankin and I spoke to Mr Craigie specifically about the issue.

45

MR BELL: And did you share the view widely held by Crown Resorts management that there was a potential for arbitrary action by the Chinese authorities?

MR PACKER: No, I don't believe I did.

5

MR BELL: There has been evidence given to this Inquiry that it was widely understood by Crown Resorts management prior to the China arrests that China was a place where the law could be enforced inconsistently. Was that a matter that you can personally recall now turning your mind to in the period up to December 2015?

10

MR PACKER: Mr Bell, I spoke to the two most senior executives in Crown about the matter of the Korean arrests and that's how I turned my mind to it.

MR BELL: I think we may be at cross-purposes because I'm asking you a quite precise question. There's been evidence given to this Inquiry - - -

15

MR PACKER: I'm sorry, Mr Bell.

MR BELL: That's okay. There has been evidence given to this Inquiry that it was widely understood by Crown Resorts management prior to the China arrests that China was a country where the law could be enforced inconsistently. Can you recall turning your mind, in the period up to December 2015, to the question of whether or not China was a country where the law could be enforced inconsistently?

20

MR PACKER: I think it would be fair to say that in 2015 I thought China was a different place than it has turned out to be.

25

MR BELL: You did share the view that Mr Craigie has expressed to this Inquiry, do you, that you perceived that China was a riskier place for the staff to be than in Australia?

30

MR PACKER: Not if they were acting legally.

MR BELL: But – well, can I ask you to assume that the evidence to this inquiry is that it was widely understood by Crown Resorts management that China was a place, first, where there was a potential for arbitrary action, and secondly, it was a place where the law could be enforced inconsistently. Are you able to make those assumptions, Mr Packer?

35

MR PACKER: Yes, Mr Bell.

40

MR BELL: Now, did Mr Craigie tell you that he did not ever seek any assurances from Mr Felstead, Mr O'Connor and Mr Chen, that the factual assumptions which the external lawyers were making were accurate?

45

MR PACKER: No, Mr Craigie certainly never told me that.

MR BELL: Did Mr Craigie tell you that he had never sought confirmation from Crown Resorts' internal lawyers about the soundness of the opinions being expressed in the external advice?

5 MR PACKER: No, he never told me that.

MR BELL: Did Mr Craigie tell you that he had never sought confirmation from Crown Resorts' internal lawyers about the soundness of the factual assumptions which the external lawyers were making?

10

MR PACKER: No, he never told me that, Mr Bell.

MR BELL: Are you aware that after the Crown Resorts staff were arrested in China in October 2016 that Crown Resorts' internal lawyers realised that they did not have a significant number of the legal advices and government relations advices which had been provided to the VIP international executives?

15

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

MR BELL: Were you aware that after the Crown Resorts staff were arrested in China in October 2016, the internal lawyers had to request copies of all of the advices which had been provided by the external lawyers to find out what advice had been given?

20

25 MR PACKER: Sorry, can you repeat the question, Mr Bell?

MR BELL: Yes. Were you aware that after the China arrests occurred, the internal lawyers of Crown Resorts had to request copies of all of the advices from the external lawyers to find out what advice had, in fact, been given?

30

MR PACKER: No, I'm not aware of that, Mr Bell.

MR BELL: Would you agree that if what I have told you is correct it indicates that the management of the legal advices being received about the Chinese criminal law prior to the arrests was inadequate from a risk perspective?

35

MR PACKER: Yes, I would, Mr Bell.

MR BELL: And as the executive chairman of Crown Resorts until August 2015, are you able to offer any comment or insight as to why the management of the legal advices was inadequate?

40

MR PACKER: I believe Mr Rankin and Mr Craigie let me down.

45 MR BELL: If Crown Resorts management was relying upon two precise questions of Chinese law being determined in its favour for the activities in China not to breach the criminal laws, do you agree that it was important for the board of Crown Resorts

to be informed of any factor which increased the risk to the safety of the staff in China?

MR PACKER: Yes.

5

MR BELL: Can I ask you to look at exhibit M30, CRL.545.001.0611. Do you see it's an email from Mr Chen to Mr Felstead dated 26 March 2013?

MR PACKER: Yes.

10

MR BELL: And if I could ask you to look at the last main paragraph on this page, do you see that Mr Chen informs Mr Felstead of this:

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

20 Now, you agree that it's completely unacceptable for staff of a public listed Australian company to be expressing fears for their safety in carrying out the work that they've been hired to undertake?

MR PACKER: Yes, do I.

25 MR BELL: Were you aware, whilst you were a director of Crown Resorts up to December 2015, that the staff in China were saying that they feared for their safety?

MR PACKER: No, I wasn't.

30 MR BELL: This expression of being in constant fear by the staff in China was obviously an important issue, do you agree, which you needed to be aware of whilst you were a director of Crown Resorts?

35 MR PACKER: It should have been elevated to the board, or at least the risk committee.

MR BELL: Yes. But as the chairman of Crown Resorts, do you agree that it's a matter that ought to have been drawn to your attention?

40 MR PACKER: I think it should have gone to the risk committee first and then the board and then it would have been drawn to my attention.

MR BELL: Yes. And - - -

45 MR PACKER: Or the risk committee and the CEO.

MR BELL: Surely your loyal employee, Mr Felstead, did inform you that the staff in China were expressing fears for their safety?

MR PACKER: No, he did not.

5

MR BELL: Now, it appears from the evidence given to this Inquiry that neither the members of the risk committee nor the full board of Crown Resorts were made aware at any time up to the China arrests that the staff in China were expressing fears for their safety. Do you agree that the failure to draw this matter to the attention of the risk committee and then to the full board demonstrates a failure in the risk management processes of Crown Resorts at the time?

10

MR PACKER: Yes, I do.

MR BELL: And as the executive chairman of Crown Resorts up to August 2015, are you able to offer this Inquiry any comment or insight as to why this failure occurred?

15

MR PACKER: I don't understand why Mr Craigie wasn't aware of this as the CEO of the company.

20

MR BELL: That would depend on Mr Felstead informing him of that matter, do you agree?

MR PACKER: No, because Mr Craigie was specifically asked to look into the Korean arrests and understand what we were doing in China and ensure that we were not taking similar risks.

25

MR BELL: This email to Mr Felstead is dated March 2013; do you see that?

30

MR PACKER: Yes, I do.

MR BELL: That's more than two years before the Korean arrests, isn't it?

MR PACKER: Yes, it is.

35

MR BELL: And below Mr Craigie, Mr Felstead was the most senior executive responsible for the VIP international business in Australia; correct?

MR PACKER: I'm not sure if it was Mr Craigie or Mr O'Connor.

40

MR BELL: What I think you agreed with yesterday, correct me if I am wrong, is that you understood that beneath Mr Craigie, Mr Felstead was the most senior executive responsible for the VIP international business; is that right?

45

MR PACKER: I can't recall but if I agreed that yesterday, I will stand by that evidence.

COMMISSIONER: Yes, you can accept that that's what you agreed, Mr Packer.

MR PACKER: Thank you, Madam Commissioner.

5 MR BELL: Do you see, Mr Packer, this email wasn't copied to Mr Craigie?

MR PACKER: Yes, I do see that.

10 MR BELL: And Mr Felstead is being informed in this email that the staff in China are in constant fear for their safety; correct?

MR PACKER: Yes.

15 MR BELL: Plainly in the first instance, Mr Felstead should have drawn this issue to the attention of those more senior to him, including Mr Craigie; do you agree?

MR PACKER: I agree.

20 MR BELL: When you were the chairman of Crown Resorts, did you receive Media Monitoring reports?

MR PACKER: I don't believe so, from memory. I received some gaming analysts daily report at one stage, but I can't remember what it was called.

25 MR BELL: All right. Were you aware at the time that, in February 2015, Chinese authorities announced a crackdown on foreign casinos luring Chinese citizens to gamble overseas?

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

MR BELL: Yes. Were you aware at the time that, in February 2015, the Chinese authorities announced a crackdown on foreign casinos luring Chinese citizens to gamble overseas?

35 MR PACKER: I can't recall.

40 MR BELL: Can I ask you to look at a Reuters article dated the 7th of February 2015, which is exhibit M131, INQ.100.001.0003. Do you see it is headed China to Crack Down on Foreign Casinos Seeking Chinese Gamblers?

MR PACKER: Yes.

MR BELL: And it commences with:

45 *Beijing, February 6, Reuters. China will fight attempts by foreign casinos to lure its citizens abroad, a senior police official said on Friday, which could deal a blow to the gaming firms in Macau and Asian countries that rely on*

*these punters for most of their revenue. Chinese, is amongst the world most prolific gamblers, often travel to the Chinese territory of Macau, South Korea, the Philippines or Australia, as gambling is illegal in mainland China.*

5 Do you see that?

MR PACKER: Yes. I see that, Mr Bell.

10 MR BELL: And if you turn to the next page – I'm sorry. If you look at the bottom of the page, do you see that a deputy bureau chief of the Ministry of Public Security is then quoted?

MR PACKER: Yes.

15 MR BELL: And he is quoted as saying:

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

20 Do you see that?

MR PACKER: Yes.

25 MR BELL: And if you turn to the next page, page .004 you see that Reuters quote 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 also be an area that we will crack down on.*

30

Do you see that?

MR PACKER: Yes.

35 MR BELL: Such a crackdown, do you agree, would be an obvious escalation of risk for the safety of the staff in China especially having regard to management's view there was a potential for arbitrary action by the Chinese authorities and that China was a place where the law could be enforced inconsistently?

40 MR PACKER: Yes, Mr Bell.

MR BELL: Can I ask you to look at exhibit AB8, confidential link CPH.001.703.0086. Do you see it's a media monitoring service called News for Gaming which was sent to you on 7 February 2015?

45

MR PACKER: Yes.

MR BELL: And if you turn to the second page, .0087, do you see, at the top of the page, there's an article from Bloomberg headed China Clamps Down on Foreign Casinos Wooing Chinese Gamblers?

5 MR PACKER: At the top of the page, Mr Bell?

MR BELL: At the top of page .0087?

MR PACKER: Yes. Yes, I see that.

10

MR BELL: Thank you. And do you see underneath it is the article from Reuters which we've just looked at:

*China to crack down on foreign casinos seeking Chinese gamblers.*

15

MR PACKER: Yes.

MR BELL: Surely you saw these reports at the time?

20

MR PACKER: I can't recall.

MR BELL: Mr Felstead has given evidence to this Inquiry that he was aware of the announcement, in February 2015, by the Chinese authorities of the crackdown on foreign casinos. Surely Mr Felstead informed you of this at the time.

25

MR PACKER: I don't believe so.

MR BELL: Mr Ratnam has given evidence to this inquiry that he was aware, in February 2015, of the announcement by the Chinese authorities targeting Chinese citizens visiting foreign casinos. Surely Mr Ratnam informed you of this at the time.

30

MR PACKER: Mr Bell, can I change my evidence from the last question where I said "no" to "I can't recall". And I can't recall for this question as well.

35

MR BELL: But, so – just to be clear for the record, are you saying in relation to whether Mr Felstead informed you of this matter, your evidence is that you can't recall; is that right?

MR PACKER: That's correct.

40

MR BELL: And the same applies to Mr Ratnam; is that the case?

MR PACKER: Yes.

45

MR BELL: Mr Johnston has given evidence that, in February or March 2015, he became aware that the Chinese authorities were cracking down on foreign casinos

recruiting Chinese citizens to gamble overseas. Surely Mr Johnston informed you of that matter at the time?

5 MR PACKER: I can't recall, but when it became obvious to me – and I do remember clearly – was at the time of the Korean arrests, which I think was in March 2015.

10 MR BELL: Well, the evidence given by Mr O'Connor was that the arrests of the South Koreans was in June 2015. But you're saying, are you - - -

MR PACKER: I apologise.

15 MR BELL: But you're saying that when you became aware of the Korean arrests, you became aware at that time of the fact there was a broader crackdown by Chinese authorities on those luring Chinese citizens to gamble overseas; is that correct?

MR PACKER: That's correct, Mr Bell.

20 MR BELL: There's evidence that the crackdown on foreign casinos by the Chinese authorities in February 2015 was not drawn to the attention of the full board of Crown Resorts nor to the members of the risk committee of the board at any time up to the China arrests. Is there any reason why you would not have informed the risk committee and the rest of the board of this matter when it was drawn to your attention?

25 MR PACKER: I believed I'd informed Mr Rankin and Mr Craigie to look into it, and that was my response.

30 MR BELL: But, as you've agreed, it was an obvious escalation of the risk to the safety of the staff in China, didn't you perceive that you had an obligation to make sure that all of the members of the board were aware of this matter, including the members of the risk management committee?

35 MR PACKER: I saw that as Rowen's responsibility.

40 MR BELL: Do you agree that the failure to ensure that the crackdown on foreign casinos announced by the Chinese authorities in 2015 was drawn to the attention of the full board of Crown Resorts and to all the members of the risk management committee by those who knew of that fact demonstrates a failure in the risk management processes of Crown management at the time?

MR PACKER: I apologise, Mr Bell, would you repeat the question, please?

45 MR BELL: Yes. Do you agree that the failure to ensure that the crackdown on foreign casinos announced by the Chinese authorities in 2015 was drawn to the attention of the full board of Crown Resorts and to all the members of the risk

management committee demonstrates a failure in the risk management processes of Crown Resorts at the time?

MR PACKER: Yes, I do.

5

MR BELL: And as the executive chairman of Crown Resorts at the time, can you offer this inquiry some insight or comment as to why that failure occurred?

MR PACKER: I believe Mr Rankin and Mr Craigie let the side down.

10

MR BELL: It's more than that, though, isn't it, Mr Packer? You're aware that Crown Resorts and its subsidiary Crown Melbourne had risk management committees and risk management processes and risk management policies designed to ensure that escalations in risk were drawn to the attention of those committees so that proper risk management strategies could be implemented?

15

MR PACKER: Yes.

MR BELL: This is not merely a failure of one or two individuals, is it? This is a failure of those processes; do you agree?

20

MR PACKER: I agree.

MR BELL: Were you aware, at the time, that one of the responses of the VIP international executives for the announced crackdown to foreign casinos in February 2015 was for Mr Michael Chen to tell the staff in China that Crown Resorts would be applying for Hong Kong or Singapore work permits for all of the China-based staff without foreign passports so that they could say that they worked out of an overseas location and were on business travel to China?

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30

MR YOUNG: Just a moment. I object to that question.

COMMISSIONER: Yes, Mr Young.

35

MR YOUNG: It misstates the evidence.

MR BELL: Well, Commissioner, I put the evidence carefully because you will recall that Mr O'Connor had evidence that he spoke on a daily basis with Mr Chen. He could not recall whether he discussed this matter with Mr Chen. That's why I put the matter precisely the way I did.

40

MR YOUNG: Well, exactly.

COMMISSIONER: Yes, Mr Young.

45

MR YOUNG: The question suggested that Chen's proposal was, in some way, authorised by others in VIP and there's no evidence of that fact.

MR BELL: I'm happy to put it in a slightly different way, Commissioner.

COMMISSIONER: All right, then, Mr Bell. Thank you.

5 MR BELL: Were you aware at the time that, in response to the announced  
crackdown on foreign casinos in February 2015, Mr Michael Chen told the staff in  
China that Crown Resorts would be applying for Hong Kong or Singapore work  
permits for all the China-based staff without foreign passports so that they could say  
10 to the Chinese authorities that they worked out of an overseas location and were on  
business travel to China?

MR PACKER: No, I was not, Mr Bell.

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

MR PACKER: I think that's a legal question. So I think it would have depended on  
20 the legal advice.

MR BELL: Well, it's a question of ethics. It's a question of poor ethics; is it not?  
Mr Chen, I've asked you to assume, told the staff who had only Chinese passports  
and were working in China that he would arrange for them to have foreign work  
visas so that they could falsely state to the Chinese authorities that they didn't work  
25 in China and were working out of an overseas location. That's a failure of ethics, is  
it not?

MR PACKER: You're correct, Mr Bell.

30 MR BELL: Are you able to offer any explanation or comment as to why this ethical  
failure occurred?

MR PACKER: It shouldn't have occurred.

35 COMMISSIONER: Where was Mr Rankin working at the time?

MR PACKER: Between Hong Kong – Mr Rankin had an office in Hong Kong and  
he had an office in Sydney, Madam Commissioner.

40 COMMISSIONER: Thank you, Mr Packer.

MR BELL: Could I ask you to look, Mr Packer, at exhibit M for Mike, 154,  
CRL.545.001.0128. Do you see that, at the bottom of the page, .0128, and going  
over to page .0129, there's an email from Mr Chen dated the 24th of February 2015  
45 to Mr Kenneth Zhou who is the external lawyer in Beijing, in which he says:

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

5

Were you aware at the time that the VIP international business unit was seeking advice in these terms from the external lawyers?

MR PACKER: No, I wasn't, Mr Bell.

10

MR BELL: And if you look back at page .0128, do you see that the lawyer has given this advice:

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

15

20

Were you aware at the time that external lawyers were providing advice in these terms to Crown Resorts?

MR PACKER: No, I wasn't, Mr Bell.

25

MR BELL: Do you agree that the fact that advice was being sought and provided in these terms should have been notified to the board of Crown Resorts so that the board could consider whether the business strategy in China required some modification?

30

MR PACKER: I think it should have been elevated to the CEO and then from the CEO to the board.

MR BELL: Yes, because, plainly, one mitigation strategy that the board could have considered, had it been made aware of this advice, was to take the same steps as Mr Chen was suggesting were being taken by competitors and move the China team to an offshore location, such as Hong Kong, to mitigate the risk they were facing; do you agree?

35

40

MR PACKER: I agree.

MR BELL: And do you agree that the failure of management to notify the board of Crown Resorts that advice was being sought and given in these terms, demonstrates a failure in the risk management processes of Crown Resorts at the time?

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MR PACKER: I agree.

MR BELL: And as the executive chairman of Crown Resorts at the time, can you offer this Inquiry any insight or comment as to how this failure occurred?

5 MR PACKER: I believe Mr Craigie should have been on top of this information and should have brought it to the risk management committees, to the board, to myself. I don't know how he could not have been aware of this.

MR BELL: Do you agree that this is more - - -

10 MR PACKER: If he was doing his job.

MR BELL: Sorry, I didn't mean to cut across you. Do you agree that this is more than just a failure of one individual, but a failure of processes?

15 MR PACKER: Yes, I agree with that.

COMMISSIONER: You said he couldn't be – you couldn't know how he could not have been aware of it; you understand, do you, that Mr Felstead has given evidence that he failed to tell Mr Craigie a number of things.

20

MR PACKER: I didn't see Mr Felstead's evidence, Madam Commissioner.

COMMISSIONER: And accepting that for the moment, that Mr Felstead says that he failed to inform Mr Craigie of what can only be significant and important matters, it is difficult to understand why Mr Felstead would not inform Mr Craigie of those matters, isn't it?

25

MR PACKER: It's very difficult to understand.

30 COMMISSIONER: Yes. There may be a myriad of reasons: do you have any?

MR PACKER: I don't have any, Madam Commissioner. I recall from Mr Craigie's evidence that he said he had four direct reports, one being Todd Nisbet who was design and construction, and his other three direct reports being Barry Felstead, Michael Neilson who was the company lawyer, and Ken Barton. Mr Craigie must have been asking no questions, and I accept your proposition that Mr Felstead accepts that he did not tell Mr Craigie. But for an incident like this, for a chief executive not to drill down, especially when I had asked him to, is difficult to understand.

40

COMMISSIONER: And equally difficult to understand why Mr Felstead wouldn't provide him with the weaponry to drill down; would you agree?

MR PACKER: I would agree with that, Commissioner, absolutely.

45

COMMISSIONER: Yes. Yes, Mr Bell.

MR BELL: You became aware, you've told us, in 2015 that a number of employees of two South Korean casinos had been arrested in China?

MR PACKER: Yes.

5

MR BELL: And I've asked you to assume that that was June 2015; do you recall me asking you to make that assumption?

MR PACKER: I – I remember it now that you've repeated it.

10

MR BELL: All right. And did you become aware that in July 2015, just a few weeks after the arrests of the South Koreans, that a Crown Resorts employee in Wuhan in China was questioned by the Chinese police about whether he was organising gambling tours and he falsely denied that allegation?

15

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

MR BELL: Were you made aware at the time in 2015 that the Chinese police had requested a letter from Crown Resorts in relation to the matter?

20

MR PACKER: Sorry, Mr Bell, you broke up.

MR BELL: Sorry. I said were you made aware at the time that the Chinese police had requested a letter from Crown Resorts in relation to that matter; that is the matter of Chinese police questioning your employee in Wuhan?

25

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

MR BELL: And I take it you were not made aware, were you, at this time in 2015, that the Crown Resorts subsidiary – a Crown Resorts subsidiary did provide a letter to the Chinese police on behalf of the employee in Wuhan?

30

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

MR BELL: Do you agree that if what I have put to you is correct, the questioning of the staff member in Wuhan coming so soon after the South Korean arrests was important information that needed to be drawn to your attention as executive chairman of Crown Resorts at the time?

35

MR PACKER: Yes, Mr Bell.

40

MR BELL: And do you agree it was important information which needed to be drawn to the attention of the full board of Crown Resorts at the time?

45

MR PACKER: Yes, Mr Bell.

MR BELL: And do you agree that if what I have put to you is correct, that the questioning of the staff member in Wuhan coming so soon after the South Korean arrests was an obvious escalation of the risk to the safety of the staff in China?

5 MR PACKER: It should have been.

MR BELL: Do you mean it should have been perceived to be an obvious escalation in the risk at the time; is that right?

10 MR PACKER: Yes, Mr Bell.

MR BELL: There is evidence that Mr Felstead was informed of the questioning of the staff member by the Chinese police and that it was he who authorised the letter to be issued by a Crown Resorts subsidiary to the Chinese police. Surely Mr Felstead  
15 informed you at the time of the questioning of the staff member in Wuhan and the letter which he had authorised?

MR PACKER: No, he did not.

20 MR BELL: There's evidence that Mr Felstead forwarded to Mr Ratnam the emails indicating the questioning of a staff member by the Chinese police and the requirement of the police for a letter from Crown Resorts. Surely Mr Ratnam informed you of this important information at the time?

25 MR PACKER: No, I don't believe he did.

MR BELL: There's evidence that Mr Felstead forwarded to Mr Michael Johnston  
30 emails indicating the questioning of a staff member by the Chinese police and the requirement by the police for a letter from Crown Resorts. Surely Mr Johnston informed you of this important matter at the time?

MR PACKER: No, he did not.

35 MR BELL: Do you agree that it would be extraordinary if none of Mr Felstead, Mr Ratnam or Mr Johnston informed you of this important matter at the time?

MR HUTLEY: I object.

40 COMMISSIONER: Yes. Yes, Mr Hutley?

MR HUTLEY: It really isn't a proper form of question for this witness and particularly in circumstances – and I don't want to go into it – as to what may have been given by evidence by those individuals.

45 MR BELL: In my submission, the question is perfectly fair.

COMMISSIONER: Yes, I think if you take them each separately, and it's to his understanding that they knew at the time and that they did not inform him, yes.

5 MR BELL: Yes. Well, as I've explained to you, Mr Packer, there's evidence that each of those gentlemen knew of the staff member in Wuhan being questioned by the police and the requirement by the Chinese police for a letter from Crown Resorts and you've given evidence that none of these three individuals informed you of that matter, and I'm asking you whether you agree that that is extraordinary?

10 MR HUTLEY: I object.

COMMISSIONER: Yes, I'm going to allow it, Mr Hutley. Yes, you agree it is extraordinary, Mr Packer, that they didn't inform you of it?

15 MR PACKER: I don't know if it's extraordinary, it's incredibly disappointing.

COMMISSIONER: Yes, Mr Bell.

20 MR BELL: Yes. It's clear from the evidence given to this Inquiry that the full board of Crown Resorts was not informed of the questioning of the staff member in Wuhan by the Chinese police or the requirement of the police for a letter from Crown Resorts. Do you agree that the failure to inform the full board of Crown Resorts of these facts demonstrates a failure in the risk management processes of Crown Resorts at the time?

25

MR PACKER: Yes.

30 MR BELL: And the evidence establishes that Mr Felstead informed Mr Johnston of these matters but failed to inform his managing director, Mr Craigie. Do you agree that this demonstrates a failure to follow the proper lines of reporting of Crown Resorts at the time?

35 MR PACKER: Mr Felstead should have reported it to Mr Craigie and Mr Craigie should have been asking Mr Felstead what's happening in China.

35

MR BELL: So you agree with me, do you, that what I have put to you demonstrates a failure to follow the proper lines of reporting of Crown Resorts at the time?

40 MR PACKER: Yes.

40

45 MR BELL: And Mr Alexander has given evidence to this Inquiry that if what I have stated is correct in relation to the questioning of the staff member in Wuhan, and the provision of a letter from Crown Resorts, it suggests a corporate governance problem because, for whatever reason, material information which the board needed to know was not being shared by Mr Johnston with the full board of Crown Resorts. Do you agree with Mr Alexander?

MR PACKER: Sorry, can you repeat the question?

MR BELL: Yes. Mr Alexander has given evidence to this Inquiry that if what I have stated is correct about the questioning of the staff member in Wuhan and the  
5 requirement for a letter from Crown Resorts by the Chinese police, it suggests a corporate governance problem because for whatever reason material information which the board needed to know was not being shared by Mr Johnston with the full board of Crown Resorts. My question is: do you agree with Mr Alexander about that?

10

MR PACKER: Yes.

MR BELL: All of these ethical failures, failures of risk management processes and failures of corporate governance to which I have drawn your attention all occurred  
15 whilst you were the chairman and an executive director of Crown Resorts. Do you accept any responsibility for these failures?

MR PACKER: I – I accept some; not all but some.

20 MR BELL: And do you attribute these failures to a corporate culture which focused excessively on profits?

MR PACKER: No, I disagree with that.

25 MR BELL: If that's not the reason, then to what do you attribute all of these failures of ethics, risk management processes and corporate governance?

MR PACKER: I just don't know, Mr Bell.

30 MR BELL: You're aware that Crown Resorts sold out of its interest in the Melco Crown joint venture in 2016 and 2017?

MR PACKER: Yes, Mr Bell.

35 MR BELL: Can I ask you to look at some emails that you exchanged with Mr Ratnam in February 2018. It's exhibit AA60.

COMMISSIONER: Are you leaving that topic now?

40 MR BELL: No, it's the same topic; it's the final few questions on this topic.

COMMISSIONER: Thank you. That's all right.

45 MR BELL: It's exhibit AA60, confidential link CPH.001.700.2092. Now, do you see that these are emails that you exchanged with Mr Ratnam in February 2018?

MR PACKER: Yes.

MR BELL: And can I focus your attention on the email that you sent to Mr Ratnam on 22 February at 3.06 pm, which related to the VIP business of Crown Resorts. Do you see that email?

5 MR PACKER: Yes.

MR BELL: I'm sorry. The time of your email is actually 5.09 am; it's the top email on the page. Do you see that email?

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

MR BELL: And you say that you had asked Ken to do an exercise for you to collate; I take it that's a reference to Mr Barton?

15 MR PACKER: Yes.

MR BELL: And then you said:

20 *And that's before the couple of billion Crown lost being forced to sell out of Macau because of our Australian VIP business behaviour in China.*

By February 2018, you'd had more than a year to reflect on the China arrests and why they had occurred, hadn't you?

25 MR PACKER: .....

MR HUTLEY: Is there a question to be asked?

30 MR BELL: Obviously – I did ask a question. I will ask it again. I said this: by February 2018 you had had more than a year to reflect on the China arrests and why they had occurred, hadn't you?

MR PACKER: Yes.

35 MR BELL: Now, I just wanted to focus on what you said to Mr Ratnam at this time. By this time, did you recognise that the arrests in China were the result of certain business behaviour by the VIP international business unit?

40 MR PACKER: I didn't know why they occurred.

MR BELL: Well, were you linking - - -

MR PACKER: I speculated.

45 MR BELL: All right. Well, let's just take it step by step. Were you linking the decision to sell out of Melco Crown with the China arrests?

MR PACKER: Yes.

MR BELL: And were you linking the sell-out of Melco Crown with the Australian  
VIP business behaviour in China?

5

MR PACKER: I was speculating.

MR BELL: Well, can I just explore that. What is it that you were suggesting by  
saying that you were:

10

*...forced to sell out of Macau because of our Australian VIP business behaviour  
in China.*

MR PACKER: Mr Bell, I always presumed that something must have gone wrong  
in China for the arrests to occur. I never had the evidence. A lot of the things that  
I've seen or heard in this Inquiry have been a total shock to me. That's my answer.

15

MR BELL: I'm going to move on to another topic.

COMMISSIONER: Yes. Mr Packer, Mr Bell was asking you some questions about  
the failures within the company and put to you that there was a culture of driving  
profits. Do you remember that line of questioning?

20

MR PACKER: Yes.

25

COMMISSIONER: I understand that you have been unable to give me reasons for  
why this may have occurred, but you would understand that it's necessary for this  
Inquiry to at least explore with you some of the reasons that may be in some people's  
minds; you understand that?

30

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: You see, the evidence shows that there was a huge push in  
China to make very big sales during this period; do you understand that?

35

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: And it was described, and has been described, as an aggressive  
push; you understand that?

40

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: No one, so far, has told me – and to be fair to them, I suppose  
they haven't been specifically asked – but nobody has told me that if they had been  
made aware of these dreadful problems to which Mr Bell has referred, what they  
would have done about the staff being at risk. Do you understand that?

45

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: Am I to presume that if you were informed of the matters to which Mr Bell has taken you, and if you had been informed by either Mr Felstead  
5 directly or Mr Craigie, you would have secured the safety of your staff?

MR PACKER: Absolutely, Madam Commissioner.

COMMISSIONER: And how would you have gone about that?  
10

MR PACKER: I would have taken a conservative approach to the best advice we could get. And I would have spoken to Mr Rankin, who was the China expert. But there's no way we would have – the VIP business is not a huge part of the profitability of the overall businesses; I know you understand, Madam  
15 Commissioner. To put ourselves at risk on so many fronts for seven per cent of our profit or a number – I know that was a number that was used last week, I think, or a number like that, just makes no sense. We tried, as an organisation, to build a very good culture. We – we were named Employer of the Year by the Australian Government three times, between 2010 and 2014, I believe.

20 We – I've always – I've always said there are four stakeholders in the business. There's governments and regulators. There's the staff. There's the customers and community. And there's the shareholders. And if you do a good job on the first three of those stakeholders, hopefully the shareholders will come out all right as well.  
25 But this is not the culture of the company that I was trying to build and that I led for a considerable period of time or it was not the culture that I believed existed. It obviously did exist to a significant extent. And for that, I'm incredibly upset.

COMMISSIONER: Let me put directly to you. Do you think you might have  
30 pulled your staff out of China, or stopped the business?

MR PACKER: Certainly, if there was a risk of people being arrested and ongoing to jail, absolutely.

35 COMMISSIONER: And you see, you've given evidence this morning in relation to the loyalty and yesterday as well, in relation to the loyalty of the people to whom you have referred: Mr Felstead and Mr Johnston in particular. It would appear from what I have read thus far that there is an element, or there was an element at the time that you were chairman, of a desire to please you. You understand that, don't you?  
40

MR PACKER: Possibly, Madam Commissioner. Possibly.

COMMISSIONER: Is it a mere possibility, Mr Packer?

45 MR PACKER: If you look at our financial budgets and forecasts, they never pleased me because we always missed them, and that was probably right towards the

top of my list of important things, so I don't think it would be fair to say that I was always being pleased by people.

5 COMMISSIONER: It's the other way around though; it was their desire to please you, do you not think?

10 MR PACKER: I don't know, Madam Commissioner. I mean, I always asked for conservative budgets. I never participated in the budgeting process myself. And we always ended up missing our budgets and our four-year plans by a significant margin. Whether that was people trying to please me or whether that was people trying to justify the capex that we had committed to the business, because we've spent probably \$4 billion of capex over the last 10 years in Australia, which for a company our size is an enormous number. And that capex was spent on the basis of the – sorry, Madam Commissioner?

15 COMMISSIONER: So they weren't giving you the bad news in relation to the budgets?

20 MR PACKER: Well, the budgets – the actuals never hit the budgets.

COMMISSIONER: So the bad news wasn't reflected in the budgets; is that right?

MR PACKER: It always came later.

25 COMMISSIONER: And what I'm suggesting to you is, is one reason, if it be the case that you weren't informed, is one reason that they weren't telling you the bad news from China because they did not want to displease you.

30 MR PACKER: I believe, Madam Commissioner, I always wanted bad news. I always wanted bad – I - - -

COMMISSIONER: But I'm asking you for an explanation of the reason for you being kept in the dark, as you've told me you were.

35 MR PACKER: Well, Mr Craigie was kept in the dark as well, according to his evidence.

COMMISSIONER: But I'm asking about you - - -

40 MR PACKER: I can't explain it. It shouldn't have happened. Sorry, Madam Commissioner.

COMMISSIONER: That's all right.

45 MR PACKER: I can't explain it.

COMMISSIONER: Yes, Mr Bell.

MR BELL: I want to move to another topic.

COMMISSIONER: I do apologise, I should have asked you: were you ever made aware that your chairman, Mr Rankin, just prior to him becoming chairman had, in fact, advised that the company should be on high alert in respect of the China arrests of the Korean operators or casino employees at the time?

MR PACKER: Can you repeat that, Madam Commissioner.

COMMISSIONER: Were you ever made aware that Mr Rankin had suggested that the company should be on high alert in respect of any possibility of similar arrest of your employees as those of the Korean operators' employees?

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

COMMISSIONER: And Mr Rankin did not raise with you, is that right, that he felt that the company needed to be on high alert in this regard?

MR PACKER: I believe Mr Rankin and I spoke about it and I believe that we agreed simultaneously that the company needed to be on high alert and I tasked him with going back and doing a due diligence of our operations in China with Rowen, to make sure that we were okay.

COMMISSIONER: I see. So when did you discuss it with Mr Rankin; was it soon after the Korean arrests?

MR PACKER: Yes, which I believe was – I believe Mr Rankin started on about the 3<sup>rd</sup> of March 2015, and the Korean arrests were shortly thereafter.

COMMISSIONER: And it was after that that you asked him to do the – as you called it, the due diligence?

MR PACKER: And Mr Craigie.

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

MR HUTLEY: Madam Commissioner, would now be a convenient time for a short adjournment?

COMMISSIONER: Yes. Yes, I shall take a 10-minute break, Mr Packer.

MR PACKER: Thank you, Madam Commissioner.

45 **ADJOURNED**

**[11.11 am]**

COMMISSIONER: Yes. Yes, Mr Bell.

5

MR BELL: Mr Packer, you told us yesterday that, 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 you became aware. Do you remember giving that evidence?

10

MR PACKER: I will accept I gave that evidence.

MR BELL: You also said yesterday that, 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. Do you recall giving that evidence?

15

MR PACKER: Yes.

MR BELL: And you told us yesterday that, 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. Do you recall giving that evidence?

20

MR PACKER: Yes.

25

MR BELL: And you told us this morning that if what I put to you is correct about the questioning of the staff member in Wuhan coming so soon after the Korean arrests, this was important information which needed to be drawn to your attention as chairman and an executive director of Crown Resorts. Do you remember giving that evidence this morning?

30

MR PACKER: Yes.

MR BELL: And there's evidence been given to this Inquiry that Mr Johnston, Mr Ratnam and Mr Felstead were aware of the questioning of the staff member in Wuhan coming so soon after the Korean arrests, would you accept that?

35

MR PACKER: Yes, there appears to be.

40

MR BELL: Yes. So are you sure it's true that none of those men told you, at the time, about the questioning of the staff member in Wuhan coming so soon after the Korean arrests?

MR PACKER: I'm sure.

45

MR BELL: In the circumstances, is it likely that you were told about those matters, but that you've forgotten?

5 MR PACKER: No. I would have emailed Mr Craigie and Mr Rankin, in the first instance, and said, "What's happening?" Or asked for an explanation.

MR BELL: Now, you copied in Mr Rankin in almost all of your emails to Mr X, which are MFIA, didn't you?

10 MR PACKER: I believe so.

MR BELL: You must have had discussions with Mr Rankin about the content of your communications with Mr X.

15 MR PACKER: I can't recall, but probably.

MR BELL: And did Mr Rankin suggest to you that you should leave the board of Crown Resorts in December 2015?

20 MR PACKER: No.

MR BELL: Can I ask you to look at exhibit O40, confidential link CRL.512.001.8103. Do you see that commencing at the third page of that exhibit, the page ending in .8103, minutes of the meeting of the board of Crown Resorts  
25 Limited which you attended on the 16th of December 2015?

MR PACKER: Yes.

30 MR BELL: And if you look at page 8104, in the fourth paragraph, the minutes record you leaving the meeting and – apologising and leaving the meeting, do you see that, before it concluded?

MR PACKER: Yes.

35 MR BELL: And if you look at page .8110, there's an item of business called:

*Related party transactions update.*

40 And do you see that the minutes record that there were discussions which had been carried over from the previous board meeting about a service contract between you and Crown Resorts?

MR PACKER: Yes.

45 MR BELL: As well as a proposed service contract with CPH; do you see that reference?

MR PACKER: Yes.

MR BELL: And if you look at page .8111, the next page, do you see that the minutes record that the board agreed that the process for finalising those transactions  
5 continued to be appropriate but it was preferable to try and finalise them by the end of January 2016?

MR PACKER: Yes.

10 MR BELL: If I could ask you to look at exhibit AA29, confidential link CRL.512.001.8101. Do you see this is the agenda and board papers for a meeting of the board of Crown Resorts on the 24th of February 2016? Sorry. What I said was do you see that this is the agenda and board papers for a meeting of the board of  
15 Crown Resorts on the 24th of February 2016?

MR PACKER: Yes.

MR BELL: And if I could ask you to look at page .8102, do you see that one of the items of business was your service agreement with Crown Resorts?

20

MR PACKER: Yes.

MR BELL: And if you move forward to the page ending in .8282, do you see there's a draft service agreement between Crown Resorts and you?

25

MR PACKER: Yes.

MR BELL: And if you move forward to page .8339, you will see there's a report from a remuneration consultant, it's wrongly dated the 16th of February 2015. It  
30 should be the 16th of February 2016. Do you see that?

MR PACKER: Yes.

MR BELL: And the remuneration consultant was making some observations about the draft service contract between you and Crown Resorts; do you see that?

35

MR PACKER: Yes.

MR BELL: And if you look at page .8340, towards the top of the page, he identifies the key areas of your proposed role as president global strategy and he includes  
40 among them Crown Resorts VIP strategy.

MR PACKER: Yes.

45 MR BELL: And if you move forward in the board papers to the page ending in .8349, do you see there's an advice from Ashurst dated the 16th of February 2016

concerning the proposal for a services agreement with CPH, but also your proposed employment proposal as an executive of Crown Resorts?

MR PACKER: Yes.

5

MR BELL: And looking at the third bullet point on that page, it refers to a proposal that your remuneration be \$11.85 million per annum; do you see that?

MR PACKER: Yes.

10

MR BELL: I take it that you were aware at this time that the proposal for you to be appointed as president global strategy of Crown Resorts was being developed over December 2015 and January and February 2016?

15 MR PACKER: I can't recall.

MR BELL: And if we look at exhibit AA30. Sorry. You have no recollection of this proposal for you to be appointed as president global strategy, at all; is that right?

20 MR PACKER: I think you asked whether I was aware it was being developed over December and January - - -

MR BELL: Right.

25 MR PACKER: - - - and I said I can't recall. That was the time that I was particularly unwell.

MR BELL: All right. Well, let me ask you a slightly different question. Were you aware at about this time, that there was a proposal being developed between Crown  
30 Resorts and people on your behalf for you to be appointed as president global strategy of Crown Resorts?

MR PACKER: Yes, but I believe it never happened.

35 MR BELL: Yes. And could I ask you to look at exhibit AA30, confidential link CRL.545.001.0972. Do you see that these are minutes of a meeting of the board of Crown Resorts on the 24th of February 2016?

MR PACKER: Yes.

40

MR BELL: And do you see that it records the presence of Mr Robert Rankin and Mr Michael Johnston?

MR PACKER: Yes.

45

MR BELL: And you were aware at the time that they were both nominees of CPH on the board of Crown Resorts?

MR PACKER: Yes.

MR BELL: And do you see that on that page, the first item of business was an update on CPH?

5

MR PACKER: Yes.

MR BELL: And do you see that the minutes record that Mr Rankin provided the board with an update on the process with Hellman & Friedman. I take it you were aware at the time that there was a process occurring with Hellman & Friedman?

10

MR PACKER: Yes.

MR BELL: Is it the case that Hellman & Friedman were looking at a takeover of Crown Resorts?

15

MR PACKER: I don't know if I would use the word takeover. They were looking at a financial – a financial restructuring and injection of capital into, I believe, the Australian domestic Resorts.

20

MR BELL: Was their proposal in connection with proposed privatisation which you'd been looking at in November 2015?

MR PACKER: It was related.

25

MR BELL: Can I get some precision on how it was related to that privatisation proposal?

MR PACKER: I can't remember if it was a full privatisation or if it was a privatisation of the Australian assets.

30

MR BELL: And if you look at the second item of business on the next page, .9736, do you see it concerned the proposed services agreement with yourself and CPH?

MR PACKER: Yes.

35

MR BELL: And do you see that the minutes record that Mr Rankin informed his colleagues on the board that, given the current process with Hellman & Friedman, CPH did not want to proceed with those arrangements at the present time?

40

MR PACKER: Yes.

MR BELL: And do you see the minutes record that Mr Mitchell said that, as there was no certainty of the proposal with Hellman & Friedman proceeding, there were good arguments in favour of proceeding now with the services agreement with you and CPH.

45

MR PACKER: Yes.

MR BELL: And you see that the minutes record that Mr Craigie said that the nomination and remuneration committee was satisfied with the contract documents,  
5 but Crown could only proceed if CPH were prepared to sign the documents?

MR PACKER: Yes.

MR BELL: And the minutes record that Mr Rankin reiterated that CPH didn't want  
10 to proceed at that time; do you see that?

MR PACKER: Yes.

MR BELL: To your knowledge, was what Mr Rankin told the board of Crown  
15 Resorts true, namely, that CPH didn't want to proceed with the service agreement with you at this time, given the current process with Hellman & Friedman?

MR PACKER: That seems to be what the minutes say.

MR BELL: Yes. But my question is, to your knowledge, was what Mr Rankin told  
20 the board true, namely, that CPH didn't want to proceed with the service agreement with you at this time given the current process with Hellman & Friedman?

MR PACKER: I can't recall.  
25

MR BELL: When did you last have any communications with Mr Rankin?

MR PACKER: I think about six months ago.

MR BELL: And can you inform us of the substance of that communication?  
30

MR PACKER: The substance of that communication was I congratulated him for  
an investment that he made with Paul Bassett, which turned out – I think he called  
me. And I said, "Well done on X investment," and we had a talk. We didn't discuss  
35 the Commission. And that was the last I spoke to him.

MR BELL: And just going back to these minutes, at page .9736, I take it you have  
no reason to believe that what Mr Rankin told the board was untrue?

MR PACKER: No.  
40

MR BELL: And could I ask you to look at exhibit Y13, which  
is CRL.525.001.0001.

COMMISSIONER: I presume you told Mr Rankin you were unwell?  
45

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: And was that in December - - -

MR PACKER: He knew that. I believe so. I believe in November or December.

5 COMMISSIONER: And you informed Mr Rankin that that was – had something to do with your departure from the board?

MR PACKER: I can't recall but I believe it did, Commissioner. I believe I did, and it did.

10

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

MR BELL: If you could have a look at exhibit Y13, CRL.525.001.0001. You see that's a services agreement between Crown Resorts and CPH?

15

MR PACKER: Yes.

MR BELL: And if you look at page .0004, you see it's dated 1 July 2016?

20

MR PACKER: Yes.

MR BELL: If you look at page .0025, you see that this has been signed on behalf of Crown Resorts and CPH?

25

MR PACKER: Yes.

MR BELL: I take it that you were aware at the time that this services agreement had been entered into?

30

MR PACKER: I can't recall, Mr Bell.

MR BELL: Well, you are aware, aren't you, that the services agreement between CPH and Crown Resorts was notified to the Stock Exchange?

35

MR PACKER: I will accept that, Mr Bell. I can't recall but I will accept that.

MR BELL: I'm not asking you to focus specifically on the date but were you aware at about this time that there was a service agreement entered into between CPH and Crown Resorts?

40

MR PACKER: I believe I was.

MR BELL: And did you understand that the purpose of the agreement was to provide for Crown Resorts to pay CPH for services provided by certain CPH executives?

45

MR PACKER: Yes.

MR BELL: And you were aware that one of the executives who was providing services to Crown Resorts under this agreement was Mr Michael Johnston?

MR PACKER: Yes.

5

MR BELL: And if I could ask you to look at clause 14.4, page .0017, did you understand that the agreement made provision for confidential information of Crown Resorts to be provided to CPH so that CPH and the CPH executives could provide services to Crown Resorts?

10

MR PACKER: Yes.

MR BELL: And you understood, did you, that whilst you were a director of CPH, you were able to obtain confidential information of Crown Resorts under the provisions of this services agreement?

15

MR PACKER: I wasn't sure exactly how I was accessing confidential written information but I knew there was an agreement in place.

20

MR BELL: All right. Now, prior to becoming the executive chairman of Crown Resorts in 2007, you had been the executive chairman of Publishing and Broadcasting Limited since 1998; is that correct?

MR PACKER: I believe that's correct.

25

MR BELL: I will refer to Publishing and Broadcasting Limited as PBL; do you follow?

MR PACKER: Yes.

30

MR BELL: Now, you're aware that in 2004 PBL and Melco International Developments Limited entered into a joint venture to establish casinos in the Asia-Pacific region?

35

MR PACKER: Yes.

MR BELL: And I will refer to Melco International Developments Limited as Melco International; do you follow?

40

MR PACKER: Yes.

MR BELL: Now, can I ask you to look at exhibit AB1, confidential link MID.001.001.1011.

45

COMMISSIONER: Whilst that is coming up or coming along, I will also mark exhibit AB55 which I failed to do this morning. Yes.

MR BELL: Do you see this is a heads of agreement dated 11 November 2004 between PBL and Melco International?

MR PACKER: Yes.

5

MR BELL: And if you look at page .1015, you have signed this agreement on behalf of PBL; correct?

MR PACKER: Yes.

10

MR BELL: Now, you are aware that the joint venture vehicle was the company now called Melco Resorts and Entertainment Limited?

MR PACKER: Yes.

15

MR BELL: And I will refer to that company as Melco Resorts, do you follow?

MR PACKER: Yes.

20

MR BELL: Now, you were aware at the time of entry into the joint venture in 2004, that Dr Stanley Ho was at that time the chairman of Melco International; correct?

MR PACKER: Correct.

25

MR BELL: And you were aware at the time of the joint venture that Dr Stanley Ho or entities associated with him had shareholdings in Melco International; correct?

MR PACKER: Correct.

30

MR BELL: And you were aware by 2006 that Dr Stanley Ho had a shareholding in Melco International of around 10 per cent by various trusts and companies; correct?

MR PACKER: I – I wasn't sure if that number was a lower number or 10 per cent.

35

MR BELL: Can I just ask you to look at exhibit AB54. Do you see that it's a transcript – I'm sorry, it's INQ.080.080.0241R. Do you see it's a transcript of an interview between you and the Victorian Commission for Gambling Regulation on 27 July 2006?

40

MR PACKER: Yes.

MR BELL: And if I could ask you to turn to page 9, do you see there at page 9 there are a series of questions. They go over to page 10, to question and answer 43. Do you see that?

45

MR PACKER: Yes.

MR BELL: So what I would like you to do, please, is just to read questions and answers 34 through to 43 to yourself and tell me when you have done so, please.

MR PACKER: Yes, Mr Bell. To which question?

5

MR BELL: Down to the end of question 43.

MR PACKER: Mr Bell - - -

10 MR BELL: So from question 34 to question 43, please.

MR PACKER: Yes.

15 MR BELL: So by July 2006 you were aware, weren't you, that Dr Stanley Ho had a shareholding in Melco International via various trusts and companies; correct?

MR PACKER: Yes.

20 MR BELL: And you were aware that his - - -

MR PACKER: Yes.

25 MR BELL: And you were aware that his economic interest was in the order of 10 per cent at that time; correct?

MR PACKER: Yes.

30 MR BELL: Now, you were the co-chairman of a company now called Melco Resorts with Mr Lawrence Ho for many years, until Crown Resorts sold out its interest in 2016 to 2017?

MR PACKER: Correct.

35 MR BELL: And it would have been your practice, I take it, to read the annual reports of Melco Resorts during the period when you were the co-chairman of that company?

MR PACKER: I believe that's correct.

40 MR BELL: Could I ask you to look at the 2006 annual report for Melco Resorts, then called Melco PBL Entertainment, which is exhibit AB55, which is INQ.030.001.0001. Do you have that, Mr Packer?

45 COMMISSIONER: There seems to be a problem with the link, is there, operator? Just wait for the restoration of the connection, I think. Mr Hutley, those assisting you, no doubt, will be making contact with Mr Packer to see what the position is in respect of the connection, I presume?

MR HUTLEY: Yes, Madam Commissioner.

COMMISSIONER: Thank you.

5 MR HUTLEY: Madam Commissioner, I think the internet may have gone down, because none of our messages are getting through.

COMMISSIONER: All right, then. I will take a short adjournment and when the – Mr Packer, you are back.

10

MR PACKER: Madam Commissioner.

COMMISSIONER: Yes. Yes, please proceed, Mr Bell.

15 MR BELL: So, Mr Packer, looking at the 2006 annual report of Melco Resorts, do you see that on the page ending in .0004, there's a picture of you?

MR PACKER: Yes, Mr Bell.

20 MR BELL: And on that page, you and Mr Ho – I hope you can see it – it says:

*We firmly believe that the City of Dreams will be a unique must see attraction and will play an instrumental role in establishing the Cotai Strip as Asia's premier entertainment destination.*

25

Do you see that?

MR PACKER: Yes.

30 MR BELL: And if you look at the page ending in .0005 – I'll start again – .0005, you see you're identified there as co-chairman?

MR PACKER: Yes.

35 MR BELL: And if you look at the page ending in .0008, it's just above the halfway mark on the page, it defines "Melco" to mean:

*Melco International Development Limited, a Hong Kong listed corporation.*

40 Can you see that?

MR PACKER: Yes.

45 MR BELL: And if you look at page 96, which is the page ending in point 0103, do you see that it deals with the share ownership in Melco International?

MR PACKER: Yes.

MR BELL: And note 3, about two-thirds of the way down the page, deals with the share ownership of Mr Lawrence Ho in Melco International; do you see that?

MR PACKER: Yes.

5

MR BELL: And do you see that the note states that Mr Lawrence Ho's ownership does not include 117 million shares:

10 *...into which convertible notes held by Great Respect Limited, a company controlled by a discretionary trust for the benefit of members of the Ho family including Mr Ho and Dr Ho, may be converted upon the issuance of a land certificate for the City of Dreams site.*

MR PACKER: Yes.

15

MR BELL: And do you see that note 4, which starts at that page and goes over to page .0104 deals with Dr Stanley Ho's ownership of shares in Melco International?

MR PACKER: Yes.

20

MR BELL: And it first identifies approximately 18 million shares owned by him personally as well as 3 million shares held by Lanceford Company Limited. Do you see that?

25

MR PACKER: Yes.

MR BELL: If you go over the page you see that the note says that:

30 *Dr Ho's beneficial ownership does not include 117 million shares into which convertible notes held by Great Respect limited may be converted upon the issuance of the land certificate for the City of Dreams site.*

MR PACKER: Yes.

35

MR BELL: And if you turn to page 102, the page ending in .0109, you see there's a section dealing with the City of Dreams? And can I just help you by reading some of it out. Do you see that it says:

40 *The City of Dreams project started when Melco Leisure and Entertainment Group Limited, or Melco Leisure, a subsidiary of Melco International, Great Respect Limited ... a company controlled by a discretionary trust formed for the benefit of members of the Ho family, formed a joint venture for the purpose of developing and operating an integrated destination resort in Macau. The Great Respect/Melco Leisure joint venture applied to the Macau Government*  
45 *for the grant of a land concession for the development of the City of Dreams on the Cotai Strip through Melco Hotels, then a subsidiary of Melco International, which submitted the application to the Macau Government. As part of the*

*formation of their joint venture, Melco International and PBL agreed in March 2005 that Melco Leisure would transfer to us –*

that is, Melco Resorts –

5

*it's 50.8 per cent interest in the City of Dreams project and Melco hotels would purchase from Great Respect the remaining 49.2 per cent interest in the City of Dreams project.*

10 Do you see that?

MR PACKER: Yes.

15 MR BELL: And if you turn to page F8, which is the page ending in .0136, you see there's a section under the heading Melco Hotels? And do you see it says:

20 *On 28 October 2004, Melco Leisure and Entertainment Group Limited ... an entity wholly owned by Melco, entered into an agreement with Great Respect Limited ... a company controlled by a discretionary family trust of Dr Stanley Ho, the beneficiaries of which are ... Dr Stanley Ho's family including Mr. Lawrence Ho, to establish a project to develop a site in Cotai, Macau ... into an integrated entertainment resort called the "City of Dreams Project".*

25 MR PACKER: Yes.

MR BELL: So this is all information in the annual report of Melco Resorts, the company of which you were co-chairman at the time?

30 MR PACKER: Yes.

MR BELL: And it's clear, do you agree, that, at the time of this annual report by Melco Resorts, you knew that, before the joint venture with PBL, a subsidiary of Melco International called Melco Leisure had entered a joint venture with a company called Great Respect to develop a casino on the land where the City of Dreams  
35 casino in Macau is now located?

MR PACKER: I believe so.

40 MR BELL: And it's clear, do you agree, that at the time of this annual report by Melco Resorts, you knew that Great Respect was a company controlled by a discretionary trust, the beneficiaries of which included Dr Stanley Ho?

MR PACKER: Yes.

45 MR BELL: And it's clear, do you agree, that, at the time of this annual report by Melco Resorts, you knew that after PBL entered into its joint venture with Melco

International, Melco Leisure and Great Respect assigned their interest in their joint venture to develop the City of Dreams to the PBL Melco International joint venture?

MR PACKER: Can you repeat that question, Mr Bell?

5

MR BELL: Yes. It's clear, do you agree, that, at the time of this annual report by Melco Resorts, you knew that after PBL entered into its joint venture with Melco International that Melco Leisure and Great Respect had assigned their interest in their joint venture to develop the City of Dreams project to the Melco PBL joint venture?

10

MR PACKER: That sounds right.

MR BELL: Yes. And it's clear, do you agree that, at the time of this annual report by Melco Resorts, you knew that Great Respect had been issued with a large number of convertible notes in Melco International which could be converted upon the issuance of the land certificate for the City of Dreams site?

15

MR PACKER: In 2006, I must have known that.

20

MR BELL: And you knew, during the period when you were co-chairman of Melco Resorts, that, ultimately, Great Respect converted those convertible notes into an approximately 20 per cent shareholding in Melco International?

25

MR PACKER: Yes.

MR BELL: Can I ask you to look at exhibit AA9, which is INQ.010.002.0795. Do you see this is an ASX media release by Crown Limited, as Crown Resorts was then called, dated the 10th of May 2013?

30

MR PACKER: Yes.

MR BELL: And you were aware at the time, I take it, that, in May 2013, Crown Resorts received approval from the Independent Liquor and Gaming Authority of New South Wales to increase its shareholding in Echo Entertainment Group Limited, then the ultimate owner of the Star Casino, above 10 per cent?

35

MR PACKER: Yes.

MR BELL: And if I could ask you to look at the page ending in .0797, do you see in the second paragraph it refers to regulatory agreements, referred to as section 142 agreements?

40

MR PACKER: Yes.

45

MR BELL: You were aware, at the time, that the responsible New South Wales Minister approved the Independent Liquor and Gaming Authority of New South

Wales entering into a regulatory agreement with Crown Resorts under the Casino Control Act to regulate Crown's acquisition of shares in Echo?

MR PACKER: Yes.

5

MR BELL: And if I could ask you to look at exhibit AA10. You see this is a letter to you from the Independent Liquor and Gaming Authority – sorry. It's INQ.080.120.0146, confidentiality reserved. If I could ask the question again. Do you see it's a letter to you from the Independent Liquor and Gaming Authority.

10

MR PACKER: Yes, Mr Bell.

MR BELL: And if you look at page .0150, you see it's dated the 10th of May 2013?

15

MR PACKER: Yes.

MR BELL: And if you look back at page .0146, do you see that you were informed by the Independent Liquor and Gaming Authority that it had that day approved and entered into the Crown Group consents and approvals deed?

20

MR PACKER: I'm sorry. Where is that on the page, Mr Bell?

MR BELL: The second paragraph.

25

COMMISSIONER: Thank you.

MR PACKER: Yes, Mr Bell.

30

MR BELL: And I'm sure you understood that this was an important agreement under which the State of New South Wales was conferring important rights and imposing liabilities on Crown Resorts?

MR PACKER: Yes, Mr Bell.

35

MR BELL: And if I could ask you to look at exhibit AA8, which is confidential link CRL.512.001.2231, do you see that it's minutes of a meeting of the board of Crown Resorts on 20 February 2013, which you attended?

MR PACKER: Yes.

40

MR BELL: Can I take you to one of the board papers for that meeting, which is exhibit AA6, confidential link CRL.512.001.1993. Do you see that's a memorandum to the Crown Limited directors including yourself, from Mr Michael Neilson dated 15 February 2013?

45

MR PACKER: Yes.

MR BELL: And do you see it concerns the deeds to be signed with the State of New South Wales and the State of Queensland in relation to the approval for Crown Limited to increase its shareholding in Echo?

5 MR PACKER: Yes.

MR BELL: And if you look at page 2 of the memorandum, at page .1994, do you see that Mr Neilson informed you that a summary of the key terms of the New South Wales deed were set out in annexure A and that a copy of the draft deed would be  
10 made available at the board meeting?

MR PACKER: Yes.

MR BELL: And if you look at annexure A, which is the next page, .0195, you see  
15 that it sets out key terms of the New South Wales deed?

MR PACKER: Yes.

MR BELL: And if you look at the third last bullet point, you see that you were  
20 informed that a key term of the New South Wales deed was that Crown covenanted to monitor and report periodically to the Independent Liquor and Gaming Authority concerning ownership interest of and commercial dealings with Stanley Ho and his associates, similar to what is currently done with the Pennsylvania Gaming Control Board?

25

MR PACKER: Yes.

MR BELL: You were aware at the time that Crown had an agreement with the Pennsylvania Gaming Control Board containing provisions intended to prevent  
30 Stanley Ho or a Stanley Ho entity from taking an interest in Crown?

MR PACKER: I can't recall.

MR BELL: All right. You knew at the time that the New South Wales Government  
35 had sensitivities about Stanley Ho or a Stanley Ho entity taking an interest in casinos in New South Wales?

MR PACKER: Yes.

40 MR BELL: And Mr Neilson's memorandum was telling you that the New South Wales deed had provisions which required Crown to monitor whether Stanley Ho had an interest in Crown?

MR PACKER: I don't believe I saw annexure A.  
45

MR BELL: Surely it was your practice to read the board papers prior to board meetings of Crown Resorts?

MR PACKER: Yes, it was, Mr Bell.

MR BELL: Yes. And Mr Neilson was informing you in the board paper that the key terms of the deed were set out in annexure A, wasn't he?

5

MR PACKER: Yes.

MR BELL: And I am sure you would say that you were a careful and diligent director of Crown Resorts?

10

MR PACKER: Yes.

MR BELL: And as a careful and diligent director of Crown Resorts, I'm sure you would have wanted to see the key terms of this important regulatory agreement with the Independent Liquor and Gaming Authority; is that not correct?

15

MR PACKER: I can't recall.

MR BELL: Well, look at the board minutes at page – sorry, exhibit AA8, confidential link CRL.512.001.2231. If you look at page .2236, going over to page .2237, do you see that the New South Wales and Queensland deeds were considered by the board?

20

MR PACKER: Yes.

25

MR BELL: And if you turn to page .2237, do you see that the directors resolved, having carefully considered the terms of the New South Wales deed and the Queensland deeds, that the deeds were acceptable?

30

MR PACKER: Yes.

MR BELL: And I'm sure you're not suggesting that the minutes of the meeting of Crown Resorts Limited are incorrect, are you?

35

MR PACKER: No. No, Mr Bell.

MR BELL: No. Can we look at the Crown Group consents and approvals deed dated 10 May '13; it's exhibit Z1.

40

COMMISSIONER: I'm afraid, Mr Bell, I will have to take an adjournment now. Yes. I'm terribly sorry, but I need to attend to something urgent. Mr Packer, I am sorry to interrupt the flow of proceedings, but I have to attend to something, and I will have to adjourn until 2.30 pm, and I will do that now.

45

**ADJOURNED**

**[12.21 am]**

**RESUMED**

**[2.28 pm]**

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

5

MR BELL: Mr Packer, could we look at exhibit AA6, confidential link CRL.512.001.1993; do you see this is the memorandum to the Crown Limited directors including yourself from Mr Neilson of 15 February 2013 concerning the deeds to be signed with the States of New South Wales and Queensland?

10

MR PACKER: Yes.

MR BELL: And if you turn to page .1994, Mr Neilson pointed out to you that a summary of the key terms of the deed were set out in annexure A and a copy of the deed would be made available at the board meeting; do you see that?

15

MR PACKER: Yes.

MR BELL: And if you turn to the next page, .1995, you see those were said to be the key terms of the New South Wales deed?

20

MR PACKER: Yes.

MR BELL: And they included in the third last bullet point:

25

*Monitoring and reporting periodically to the Independent Liquor and Gaming Authority regarding ownership interests and commercial dealings with Stanley Ho and his associates.*

30 Do you see that?

MR PACKER: Yes.

MR BELL: And if we look at the board minutes at exhibit AA8, confidential link CRL.512.001.2231.

35

MR YOUNG: Yes.

MR BELL: You see these were minutes of a meeting that you attended?

40

MR PACKER: Yes.

MR BELL: And if you turn to page - - -

45 MR PACKER: ..... in confidence.

MR BELL: Yes. If you turn to page .2236, the business of the meeting turned to the authority to execute the deed in favour of the States of New South Wales and Queensland?

5 MR PACKER: Yes.

MR BELL: If you turn to page .2237, you see the meeting resolved having carefully considered the terms of the New South Wales deed and the Queensland deed, that they were acceptable and in the best interests of the company?

10

MR PACKER: Yes.

MR BELL: And if I could take you to the terms of the deed, which is exhibit Z1, confidential link CRL.506.005.2966.

15

MR PACKER: Yes.

MR BELL: And if you look at clause 2.4 of schedule 2 at page .3004, do you see that clause 2.4 is headed Prevention of Associations with Stanley Ho?

20

MR PACKER: Yes.

MR BELL: And do you see that clause 2.4 provides, among other things, that to the extent to which it's within its power to do so, Crown will ensure that it prevents Stanley Ho or a Stanley Ho associate from acquiring any direct, indirect or beneficial interest in Crown?

25

MR PACKER: Yes.

30 MR BELL: Thank you. And if you look at schedule 3, page .3009, you see it identified entities and individuals who are deemed associates of Stanley Ho?

MR PACKER: Yes.

35 MR BELL: And those entities included Great Respect Limited; do you see that?

MR PACKER: Yes.

40 MR BELL: And at page .3011, the individuals included three of Lawrence's sisters, do you see that.

MR PACKER: Yes.

45 MR BELL: You told us before lunch you knew that the New South Wales Government had sensitivities about Stanley Ho or a Stanley Ho entity taking an interest in casinos in New South Wales. Do you remember giving us that evidence?

MR PACKER: Yes.

MR BELL: And whether or not you had absorbed the detail of the terms of this deed, you were aware in general terms by 2013 that there was a New South Wales  
5 regulatory agreement which contained provisions intended to prevent entities associated with Dr Stanley Ho from taking an interest in Crown Resorts; is that correct?

MR PACKER: At the time I was aware of that.  
10

COMMISSIONER: At this time I was aware of that.

MR BELL: Now, you were closely involved in the negotiations which led to a subsidiary of Crown Resorts obtaining the licence from the New South Wales  
15 Independent Liquor and Gaming Authority for the Barangaroo restricted gaming facility?

MR PACKER: Yes.

MR BELL: Thank you. And you recall that as part of the issue of that licence, there were a suite of agreements entered into between Crown Resorts and the Independent Liquor and Gaming Authority in 2014?

MR PACKER: I can't recall that now, but I accept that that's correct  
25

MR BELL: Well, can I ask you to look at exhibit AA22, confidential link CRL.512.001.5263. You see that these are minutes of a meeting of the board of directors of Crown Resorts on 7 August 2014 which you attended as chairman?

MR PACKER: Yes.  
30

MR BELL: I'm sorry; well, to be precise, it says:

*Mr Alexander chaired the meeting until Mr Packer arrived.*  
35

Do you see that?

MR PACKER: Yes.

MR BELL: And if you look at page 5 of the minutes, at page .5267, you see that under the item of business, Crown Sydney restricted gaming licence, Mr Craigie and Mr Neilson spoke to a board paper regarding the restricted gaming licence and a number of agreements which had been entered into with the State of New South  
45 Wales and the Independent Liquor and Gaming Authority?

MR PACKER: Yes.

MR BELL: And if I could ask you to look at that board paper at exhibit AA23, confidential link CRL.512.001.5146, you see that at pages 2 to 5 of that paper, from pages 2 through to 5 of that paper there are references to the agreements which had just been entered into with the State of New South Wales Independent Liquor and Gaming Authority?

MR PACKER: Yes.

MR BELL: And at page 4, the page ending in .5149, there was a reference to the VIP Gaming Management Agreement; do you see that?

MR PACKER: Yes.

MR BELL: And if I could ask you to look at the VIP gaming management agreement, exhibit Z12, INQ.080.120.1298.

MR PACKER: Yes, Mr Bell.

MR BELL: And if I could ask you to look at clause 2.4 of schedule 1 at page .1340. Do you see that is headed Prevention of Associations with Stanley Ho?

MR PACKER: Yes.

MR BELL: And it provides, relevantly, that, to the extent to which it is within its power to do so, Crown will ensure that it prevents Stanley Ho or a Stanley Ho associate from acquiring any direct, indirect or beneficial interest in Crown Resorts.

MR PACKER: Yes.

MR BELL: If you look at schedule 2, at page .1347, you see that it's headed Entities and Individuals Deemed Associates of Stanley Ho?

MR PACKER: Yes.

MR BELL: And they include Great Respect Limited?

MR PACKER: Yes.

MR BELL: And at page .1349 they include Lawrence's, three of Lawrence's sisters?

MR PACKER: Yes.

MR BELL: And whether or not you had absorbed the detail of the VIP gaming management agreement, you were aware, in general terms, at the time, that regulatory agreements related to the Barangaroo facility contained provisions

intended to prevent entities associated with Stanley Ho from taking an interest in Crown Resorts; correct?

MR PACKER: That's correct, at the time.

5

MR BELL: Yes. You joined the board of Crown Resorts in 2017?

MR PACKER: Yes, Mr Bell.

10 MR BELL: And I think you told us yesterday you left the board again in March 2018; is that right?

MR PACKER: Yes, Mr Bell.

15 MR BELL: And, in 2018, you also resigned as a director of a number of other companies, including CPH?

MR PACKER: Yes, Mr Bell.

20 MR BELL: Could I ask you to look at exhibit Y5, confidential link CRL.509.014.8430. Do you see this is a controlling shareholder protocol between Crown Resorts and CPH dated the 31st of October 2018?

MR PACKER: Yes.

25

MR BELL: And you understood, I take it, that a purpose of this agreement was to establish a process for Crown Resorts to provide confidential information to you notwithstanding that you were no longer a director of Crown Resorts or CPH?

30 MR PACKER: Yes, Mr Bell.

MR BELL: And after the controlling shareholder protocol was entered into, you were receiving confidential information from Crown Resorts?

35 MR PACKER: Yes, Mr Bell.

MR BELL: And the Crown Resorts executives who were mainly providing confidential information to you under the protocol were Mr Barton, Mr Felstead and Mr Alexander?

40

MR PACKER: Yes, Mr Bell.

MR BELL: Can I ask you to look at exhibit AA64, confidential link CRL.501.032.3035. Do you see - - -

45

MR PACKER: Yes, Mr Bell.

MR BELL: Yes. Do you see it is a daily EBITDA report which Mr Barton sent to you, Mr Alexander, Mr Jalland and Mr Johnston on the 1st of November 2018?

5 MR PACKER: Yes, other than it doesn't have the numbers, Mr Bell.

MR BELL: Yes. I think if you look at the next exhibit, exhibit AA65, you'll find those numbers; that is confidential link CRL.501.032.3036; is that correct?

10 MR PACKER: Yes, Mr Bell.

MR BELL: And you received financial reports from Mr Barton containing confidential information of Crown Resorts practically on a daily basis from this time onwards?

15 MR PACKER: Yes, Mr Bell.

MR BELL: And if Mr Barton missed providing you with Crown Resorts financial information on any day, you would emailed him asking him why you hadn't received it; is that correct?

20 MR PACKER: I can't recall. I think I did that on at least one occasion.

MR BELL: Yes. And if I could ask you to look at exhibit AA69, please, which is confidential link CRL.501.007.0132. You see that this is a three-page email from Mr  
25 Felstead to you, dated the 12th of November 2018, providing detailed information about the tables business at both Melbourne and Perth?

MR PACKER: Yes, Mr Bell.

30 MR BELL: And he was also, if you look at the middle of page .0132, he was providing you with update on key initiatives in the VIP business?

MR PACKER: Yes, Mr Bell.

35 MR BELL: And you were regularly receiving confidential information of this nature from Mr Felstead after the controlling shareholder protocol was entered into?

MR PACKER: I don't know the definition of "regularly" but I certainly received it more than once.

40 MR BELL: Well, can I just show you a few to see if that assists your recollection. Can we look at exhibit AA73, confidential link CRL.501.017.2971. You see there's an email to you from Mr Felstead dated the 26th of November 2018 reporting on the tables business?

45 MR PACKER: Yes.

MR BELL: And if we look at exhibit AA84, confidential link CRL.501.010.3609, you see there's an email to you from Mr Felstead, dated the 12th of December 2018, reporting on the tables business?

5 MR PACKER: Yes.

MR BELL: Yes. And if you look at exhibit AA90, confidential link CRL.501.064.4009, you see there's an email to you from Mr Felstead dated the 1st of February 2019 reporting on the tables business?

10

MR PACKER: Yes.

MR BELL: And does that assist you to recall that you were regularly receiving information of this nature from Mr Felstead after the date of the controlling shareholder protocol?

15

MR PACKER: Yes, Mr Bell.

MR BELL: And can I ask you to look at exhibit AA79. You see that's an email to you from Mr Todd Nisbet, dated the 7th of December 2018? Sorry. Confidential link CRL.501.089.1454.

20

MR PACKER: Yes, Mr Bell.

MR BELL: And Mr Nisbet was updating you on various matters relating to developments with which Crown Resorts was involved at the time?

25

MR PACKER: Yes.

MR BELL: He was providing you information concerning construction and sales at Crown Sydney?

30

MR PACKER: Yes.

MR BELL: He was providing you with an update on certain litigation Crown Resorts was involved in, called the sightline litigation?

35

MR PACKER: Yes.

MR BELL: And he was reporting to you about another matter involving potential Queensbridge investors and a new stack scheme; do you see that?

40

MR PACKER: Yes.

MR BELL: And if we look at exhibit AA80, confidential link CRL.501.018.5532, you see that these are emails to you from Mr Alexander on 6 and 7 December reporting to you on a number of matters?

45

MR PACKER: Yes.

MR BELL: And if we look at exhibit AA – sorry, I withdraw that. If we look at  
5 exhibit AB28, confidential link AMD.500.001.1511, you see this is an email to you  
from Mr Demetriou dated 12 December 2018?

MR PACKER: Yes.

MR BELL: I'm sorry, I withdraw that. To be precise, his email to you is dated 11  
10 December 2018; do you see that?

MR PACKER: Yes.

MR BELL: And he says:  
15

*As agreed, I promised you I would give you feedback post the board meeting  
about some of my observations together with explanations from management  
after today's board meetings.*

20 And he then proceeds to provide you with information about his observations of  
information which had been provided by management at the board meeting.

MR PACKER: Yes.

25 MR BELL: And he then proceeds to tell you what he said to the board at the end of  
the meeting about a number of matters, which is set out in eight bullet points.

MR PACKER: Yes.

30 MR BELL: And if we look at - - -

COMMISSIONER: Just pardon me, is that just one page?

MR BELL: There's two pages.  
35

COMMISSIONER: If I could just have a look at 1512, please.

MR BELL: Yes. You'll see, Mr Packer, that it's two pages of emails and there's a  
40 second page going over to .1512.

COMMISSIONER: Thank you.

MR BELL: And do you see that Mr Demetriou says:

45 *These are just my thoughts, James. I will continue to support you and Crown.*

MR PACKER: Yes.

MR BELL: And if I could ask you to look at exhibit AB30, confidential link CRL.568.037.2142, you see this is an email to you from Mr Alexander dated 25 February 2019 comparing results for Crown Resorts versus the Star Casino?

5 MR PACKER: Yes.

MR BELL: And also Mr Alexander's observations on those results.

MR PACKER: Yes.

10

MR BELL: And if we look at exhibit AA101, confidential link CRL.501.042.2345, do you see this is a - - -

COMMISSIONER: Just pause for a moment.

15

MR BELL: I'm sorry.

MR PACKER: Yes, Mr Bell.

20 COMMISSIONER: Yes, thank you; I now have it.

MR BELL: Do you see that this is an email to you from Mr Alexander dated 9 April 2019 keeping you up to date with how the board was responding to the proposed transaction with Wynn?

25

COMMISSIONER: What exhibit number is that, please?

MR BELL: That document is exhibit AA101.

30 COMMISSIONER: Thank you.

MR PACKER: I didn't see the content about making the board happy, Mr Bell.

35 MR BELL: No, my question was whether you agreed that this was an email from Mr Alexander to you keeping you up to date with how the board was responding to the proposed transaction with Wynn? You see, for example, Mr Alexander said:

*Hi James, we have a call in 15 minutes to determine the statement we will put out pre-market opening. Once that is decided I will send to you –*

40

etcetera.

MR PACKER: Yes.

45 MR BELL: So after the controlling shareholder protocol was entered into, you were regularly receiving confidential information about Crown Resorts from a number of different sources including senior executives and board members.

MR PACKER: Yes.

MR BELL: And you understood that you were being kept up to date with all important information concerning Crown Resorts?

5

MR PACKER: Yes.

MR BELL: And that was what you were expecting, wasn't it?

10 MR PACKER: Yes.

MR BELL: And in the period after the protocol was entered into, you were regularly providing instructions to senior executives of Crown Resorts about matters that you wanted them to attend to, weren't you?

15

MR PACKER: Not to the best of my recollection.

MR BELL: All right. Well, let's have a look at exhibit AA71. It is confidential link CRL.568.043.2762. Can I direct you to your email to Mr Alexander of the 21st of November 2018. You see you said:

20

*I don't believe Ken's financial year forecast. Can you please ensure that you've been - - -*

25 MR PACKER: Yes.

MR BELL:

*- - - through and believe the numbers that are being brought to me in Aspen.*

30

Do you see that?

MR PACKER: Yes.

35 MR BELL: You did expect Mr Alexander to go through the numbers and make sure that he was – he believed in them before he brought them to you at Aspen, didn't you?

MR PACKER: Well, I expected that anyway.

40

MR BELL: Yes. But you were asking him to do that, weren't you?

MR PACKER: Yes, it says that.

45 MR BELL: Yes. And you expected Mr Alexander to do what you had asked him to do, didn't you?

MR PACKER: Not always.

MR BELL: In relation to this matter is all I'm asking you about at the moment, Mr Packer. You expected Mr Alexander to do what you asked him to do, namely,  
5 ensure that he'd been through the numbers and believed in them before he brought them to you in Aspen; that's right, isn't it?

MR PACKER: Yes, Mr Bell.

10 MR BELL: And if we could look at exhibit AA72. Confidential link CRL.501.062.4997. Can I just direct your attention to your email to Mr Barton dated the 23rd of November 2018. You said:

15 *I know Mike has spoken to you about preparing a downside plan for me. I don't believe your financial year forecast and am sick of always missing budgets and being unlucky in VIP. Please prepare something for me that I can bank and can look at the net debt levels through a conservative downside prism.*

20 Do you see that?

MR PACKER: Yes, Mr Bell.

MR BELL: You expected Mr Barton to do what you had asked and prepare for you  
25 a conservative financial year forecast, didn't you?

MR PACKER: Well, that was Mr Barton's job.

MR BELL: Yes. But you were asking him to prepare something for you that you  
30 could bank; correct?

MR PACKER: Those are the words in the email, Mr Bell, so yes.

MR BELL: Yes. And you expected Mr Barton to do that, didn't you?  
35

MR PACKER: Yes.

MR BELL: And if I could ask you to look at exhibit AA74, which is confidential link CRL.501.027.1601, you see this is a series of emails between you and Mr  
40 Alexander in November 2018?

MR PACKER: Yes.

MR BELL: And you said to – if we could go to your, the first email in time, which  
45 starts at the bottom of page .1601 and goes over to .1602, you said:

*Dear John, I understand you are a world trip looking at restaurants as the restaurants were supposedly –*

looked:

5

*in when I last - - -*

COMMISSIONER: Locked in.

10 MR BELL: I'm sorry:

15 *...as the restaurants were supposedly locked in when I last saw you, this seems excessive to me. We have trading questions to answer and all hands should be on deck and head office costs kept to a minimum. And do we need an overall cost-cutting plan to immediately implement, including travel bans for our executives.*

Do you see that?

20 MR PACKER: Yes, Mr Bell.

MR BELL: And you were chiding Mr Alexander about taking what you were referring to as a world trip looking at restaurants in the circumstances where all hands needed to be on deck; is that a fair way of putting it?

25

MR PACKER: I think that's probably too strong.

MR BELL: You were – you said it seemed excessive to you; correct?

30 MR PACKER: Yes, Mr Bell.

MR BELL: And you were telling Mr Alexander that there were trading questions, and all hands needed to be on deck and, by inference, you were telling him that you regarded that as more important than a world trip looking at restaurants; correct?

35

MR PACKER: That was my opinion.

MR BELL: Yes. And if you look at Mr Alexander's reply, page .1601, and, in the middle of the page, he says:

40

45 *In terms of unacceptable trading results, yes, all hands should be on deck. Mine are. But you have a scoreboard attendant culture at Crown and precious little proactivity. You should recall our conversation around budget time when I told you that I wasn't happy with the budget because we were going backwards, but we let it pass, and I was also told not to upset Barry and Ken. Love them dearly, but there has been proactive response to the budget shortfalls.*

Do you see all that?

MR PACKER: Yes.

5 MR BELL: And I take it that you had had a discussion with Mr Alexander around budget time when you told him not to upset Barry Felstead and Ken Barton; is that correct?

MR PACKER: I don't recall that.

10

MR BELL: That seems to be what Mr Alexander is referring to, though, isn't it, when he talks about "our conversation", which would be a conversation between you and Mr Alexander, I take it?

15 MR PACKER: Yes, Mr Bell.

MR BELL: And you say you don't recall that conversation; is that right?

MR PACKER: I don't recall that conversation.

20

MR BELL: All right. And do you see that a little further in the email, Mr Alexander says in relation to cost cutting:

25 *Yes, travel is obvious, but I need the authority to control it across the company along with everything else. Maybe we should start with Aspen and do it by teleconferencing, although I suspect you will want the personal contact. We should also table not just cuts, including staff, but salaries, but once we do this, kumbaya is over.*

30 Do you see that?

MR PACKER: Yes.

MR BELL: And you replied. You said:

35

*Let's be very clear. Hitting the numbers is more important to me than Crown Sydney.*

Do you see that?

40

MR PACKER: Yes.

MR BELL: And then you ended the email by saying:

45 *Anyway, I'm over being Captain Good Guy to everyone. Go hard my friend. You have my blessing.*

Do you see that?

MR PACKER: Yes.

5 MR BELL: So Mr Alexander was raising with you a significant question of whether he should proceed with cost-cutting measures including staff and salaries, and he also referred to short-term incentives; do you see that?

MR PACKER: Yes.

10

MR BELL: And this was a significant management decision which Mr Alexander was raising?

MR PACKER: I would say Mr Alexander was proposing.

15

MR BELL: Yes. And, in your email, you were telling him that he had your blessing to do that, to implement those cost cutting measures; correct?

MR PACKER: I agreed with his proposal. Yes.

20

MR BELL: Yes. And you expected Mr Alexander to act on what you said and implement those cost-cutting measures, didn't you?

MR PACKER: I expected Mr Alexander to act on what he said and what I agreed with - - -

25

MR BELL: You expected - - -

MR PACKER: - - - and implement those cost cutting measures.

30

MR BELL: Yes. You were giving him your blessing to implement cost cutting measures, he having sought it; correct?

MR PACKER: Correct.

35

MR BELL: And if we could look at exhibit AA78 - - -

COMMISSIONER: Just before you leave that. It was your idea for a cost-cutting plan, though, Mr Packer, if you have a look at your email.

40

MR PACKER: That's correct, Madam Commissioner.

COMMISSIONER: Yes, Mr Bell.

45 MR BELL: And if we look at exhibit AA78, CRL.501.067.0863 and if I could focus your attention on your email in the middle of the page dated 5 December 2018,

you emailed Mr Barton asking when he was going to have the downside plan for you.

MR PACKER: Yes.

5

MR BELL: And you were reminding Mr Barton that you expected him to provide you with a conservative financial year forecast with a downside case?

MR PACKER: Yes.

10

MR BELL: And if we look at exhibit AA93, confidential link CRL.501.059.7562 this is your email to Mr Barton of 12 February 2019, you asked him for the latest financial year plan going out to financial year '22 and you said:

15 *Make it conservative because I'm getting angry with always missing our plans.*

Do you see that?

MR PACKER: Yes, Mr Bell.

20

MR BELL: You said:

*I'm around until Thursday midmorning.*

25 You were expecting Mr Barton to provide you with the conservative financial plan that you had requested by Thursday midmorning; correct?

MR PACKER: Or get in touch with me.

30 MR BELL: Yes. And if I could ask you to look at exhibit – just bear with me a moment – exhibit AB32, confidential link CRL.501.032.9065. Do you see that in the first email in time, on 28 February 2019, Mr Barton sent you information about forecast EBITDA for financial year 2019?

35 COMMISSIONER: Sorry.

MR PACKER: Yes.

40 COMMISSIONER: Could you just indicate from whom that is at the bottom of the page?

MR BELL: I'm sorry, I said it was from Mr Barton: it actually says Mike and Ken. We should take that to be Mike Johnston and Ken Barton; is that right?

45 MR PACKER: Yes, Mr Bell.

MR BELL: I take it you understood that Mr Johnston was providing services in relation to financial matters concerning Crown Resorts in his capacity as an executive of CPH under the services agreement?

5 MR PACKER: Yes, Mr Bell.

MR BELL: And you replied saying – on 1 March saying:

10 *Ken, I think all of you have had your heads in the sands this year. We never meet our plans and I'm sick of it. Make sure for your own sake that we achieve the FY20 plan.*

Do you see that?

15 MR PACKER: Yes.

MR BELL: And then you sent a follow up email saying:

20 *Sorry Ken, I meant everyone.*

And you copied in Mr Johnston, Mr Alexander and Mr Felstead as well.

MR PACKER: Yes.

25 MR BELL: You were making a threat to the senior executives at Crown Resorts, weren't you?

MR PACKER: No, I was saying that I expected them to hit their budgets. I was frustrated because I had been saying - - -

30 MR BELL: Sorry to cut you off.

MR PACKER: I was frustrated – I was frustrated because I had been saying for a good part of the previous financial year that people were being too optimistic and bad news kept on flowing in slowly.

MR BELL: You were making it clear to the senior executives, Mr Johnston, Mr Alexander, Mr Felstead and Mr Barton, that you expected the forecasts to be met or there would be consequences. Is that a fair way of putting it?

40 MR PACKER: I'm not sure. I might have just been being dramatic.

MR BELL: You certainly expected these executives to ensure that they made the financial year '20 plan. Were you making that abundantly clear; do you agree?

45 MR PACKER: Yes, Mr Bell.

MR BELL: And I've shown you a number of emails now. You expected the senior executives to carry out the instructions which you were giving them this time, didn't you?

5 MR PACKER: I think the only instructions I was giving them was to hit their budgets.

MR BELL: You were also giving instructions about cost-cutting measures to Mr Alexander; we've seen that, haven't we?

10

MR PACKER: I think I was agreeing with his recommendation, Mr Bell.

COMMISSIONER: It was your plan, Mr Packer; you've already agreed that you were the one that put forward the plan to Mr Alexander to have a cost-cutting plan; do you recall that?

15

MR PACKER: Madam Commissioner, I do, I apologise.

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

20

MR BELL: Now, as you understand it, the senior executives of Crown Resorts did carry out all the requests that you gave them in this period, didn't they?

MR PACKER: Well, they didn't hit their budgets.

25

MR BELL: But you made a number of requests of them and, as you understand it, they carried out those requests; correct?

MR PACKER: In the examples you've given, Mr Bell, I accept.

30

MR BELL: There was no occasion on which they declined to carry out your requests, was there?

MR HUTLEY: I object. It's so general, that question. If it is simply limited to the

35

- - -

COMMISSIONER: Yes, all right.

MR BELL: I'm happy to qualify it.

40

COMMISSIONER: Yes.

MR BELL: In relation to the examples I've shown you, Mr Packer – and I've shown you several, there was no occasion on which you recall that any of the executives declined to carry out the requests that you had made?

45

MR PACKER: That's correct, Mr Bell.

MR BELL: Did you consider it was in the best interests of Crown Resorts for the executives to carry out the requests that you had made?

5 MR PACKER: I thought it was in the best interests of Crown Resorts to have conservative budgets and to keep costs under control.

MR BELL: And your intention, I take it, in making these requests was to act in the best interests of Crown Resorts?

10 MR PACKER: That's correct, Mr Bell.

MR BELL: And you thought, did you, that you had an obligation to Crown Resorts in this period to make sure that the requests that you gave to executives were in the best interests of Crown Resorts?

15 MR PACKER: Can you repeat that question, Mr Bell, please?

MR BELL: Yes. Well, you said that your intention in making these requests was to act in the best interests of Crown Resorts and my question is you thought, did you, that you had an obligation to Crown Resorts to make sure that the requests you made were in the best interests of Crown Resorts?

20 MR PACKER: I believe at the time I was a 46 per cent shareholder and I thought that that aligned me with all shareholders.

25 MR BELL: And you thought that, in making these requests of executives of Crown Resorts, that you had an obligation to make sure that the requests were in the best interests of Crown Resorts. Is that a fair way of putting it?

30 MR PACKER: Can you repeat the question, please, Mr Bell?

MR BELL: Yes. Is it fair to say that, when you were making these requests, you thought you had an obligation to Crown Resorts to make sure that the requests were in the best interests of Crown Resorts?

35 MR HUTLEY: The witness has answered – been asked that question. He's answered it, with respect. I object.

MR BELL: It's a slightly different question.

40 COMMISSIONER: Yes, you can put it.

MR BELL: The question that I'm asking you – well, let me just go back a step, Mr Packer. You have told the Commissioner that your intention in making these requests was to act in the best interests of Crown Resorts; correct?

45 MR PACKER: Yes.

MR BELL: And you thought, did you, that you had an obligation to Crown Resorts to make sure that the requests that you made were in the best interests of Crown Resorts?

5 MR PACKER: I don't ever think I thought about it in that way, Mr Bell.

MR BELL: Well, if that was your intention, you must have perceived that it was important that the requests were in the best interests of Crown Resorts.

10 MR PACKER: I believed that I was fully aligned with Crown Resorts' shareholders and that my requests were in all shareholders' best interests.

MR BELL: Yes. And when you were the chairman of Crown Resorts, you gave instructions and made requests to the senior executives which you expected them to  
15 carry out, didn't you?

MR PACKER: Yes.

MR BELL: Yes. And in the period after the protocol was entered into in 2018 in  
20 giving instructions or making requests to the executives, you were acting as though you were still a director of Crown Resorts, weren't you?

MR HUTLEY: I object. It's a double question.

25 COMMISSIONER: Why is it a double question, Mr Hutley?

MR HUTLEY: Because the cross-examiner has not referred to – has referred to - - -

COMMISSIONER: He is an examiner, he is not a cross-examiner.  
30

MR HUTLEY: The examiner is using the word "instructions" and "requests". And the witness has said he had made requests, not given instructions. And, therefore, it's a double question which builds in an assumption which is not agreed to.

35 COMMISSIONER: I see, it's a combination of the – thank you.

MR BELL: I'm happy to rephrase.

COMMISSIONER: Yes. Thank you, Mr Bell.  
40

MR BELL: Let me just go back a few steps, Mr Packer. You have told us that in this period after the protocol was entered into, your intention in making these requests was to act in the best interests of Crown Resorts; correct? You said that a few times.

45

MR PACKER: Yes.

MR BELL: And when you were the chairman of Crown Resorts, you made requests to the senior executives which you expected them to carry out, didn't you?

MR PACKER: Yes.

5

MR BELL: And in the period after the protocol was entered into, you made requests to the executives of Crown Resorts which you expected them to carry out, didn't you?

10 MR PACKER: I expected them to listen to me and push back if they disagreed.

MR BELL: They never did, at least with the examples we have looked at, did they?

MR PACKER: I can't recall, Mr Bell.

15

MR BELL: See, in the period after the protocol was entered into, in making these requests to the executives, you were acting as though you were still a director of Crown Resorts, weren't you?

20 MR PACKER: I was under the impression that I could communicate the way I was communicating.

MR BELL: That's how you choose to answer my question, is it?

25 MR PACKER: Yes, Mr Bell.

MR BELL: Now, when did Lawrence Ho first contact you about a possible sale of Crown Resorts shares to Melco Resorts?

30 MR PACKER: I believe I contacted Lawrence Ho first, and I believe it was some time around the end of April 2019.

MR BELL: You had been communicating with Lawrence Ho much earlier in April 2019 than that, hadn't you?

35

MR PACKER: I can't – I can't recall. I thought it was late April.

MR BELL: Well, if we look at exhibit AA104, confidential link CPH.001.632.0728, if we start – it is three pages of emails, Mr Packer, starting at .0728 going over to .0730, and if I could – it appears from the email at page .0730 that you were doing some filming at Aspen in – for Melco on the 18th of April 2019; is that correct?

40

MR PACKER: That's correct, Mr Bell.

45

MR BELL: And if we move forward to - - -

COMMISSIONER: Just pause there for a minute.

MR BELL: Yes.

5 COMMISSIONER: Yes. Thank you.

MR BELL: And then you see that, at the second half of page .0729, Mr Lawrence Ho, on the 13th of April, send you some information about the filming that's going to occur.

10

MR PACKER: Yes, Mr Bell.

MR BELL: And then, on the 14th of April, you replied to Mr Ho saying, among other things:

15

*Thanks again, Lawrence, for making it so easy.*

Do you see that?

20 MR PACKER: Yes.

MR BELL: And then if you look to page .0728, Lawrence sends you another email:

25 *I want to thank you again for doing the filming yesterday. I really appreciate it. On another note, I'll be in Beijing next Thursday and Friday for the Belt and Road Forum and I'll be speaking to the State Council people about what we discussed.*

30 What had you discussed with Mr Ho?

30

MR PACKER: I had discussed with Mr Ho whether he could get a sense of the Macau regulatory authority's opinion on Crown.

MR BELL: And you replied to Mr Ho saying, on 19 April saying:

35

*Just so you know, I have reason to believe Wynn will rebid. They're sure Macau regulatory approvals will be okay. I'm hoping you can work your magic and, in all seriousness, I don't think I should be banned from having a 10 per cent with no board representation interest.*

40

What was that a reference to?

MR PACKER: That was a reference to Macau regulatory approvals if the Wynn transaction proceeded and my – my shareholding would have been about 10 per cent.

45

MR BELL: Sorry. Your shareholding in what entity?

MR PACKER: In a combined Wynn-Crown entity would have been about 10 per cent.

MR BELL: I see, thank you. I understand. And then Mr Ho said:

5

*I think I understand. Let me talk to them and see what the issues are.*

And you replied:

10

*I've never been more grateful.*

This is all about Mr Ho speaking to the Macau regulatory authorities about a possible reconfiguration of the Wynn transaction; is that right?

15

MR PACKER: In the first instance.

MR BELL: Now – sorry, when do you recall your first conversation with Mr Ho about possible purchase of Crown Resorts' shares?

20

MR PACKER: I think shortly after 23 April.

MR BELL: All right. And what was the substance of that conversation?

25

MR PACKER: The substance of that conversation is Lawrence briefly touched on a full merger between Melco and Crown, but quickly got to the position where that didn't suit him and it didn't really suit me. Lawrence was interested in doing something with Crown, if we could make it work. He believed in the assets. And at that point Mr Ho and – or Lawrence and myself delegated the conversations to our respective CEOs, or president, in his case.

30

MR BELL: That was Mr Winkler in his case and Mr Jalland in your case; is that right?

35

MR PACKER: That's correct, Mr Bell.

MR BELL: And so you left at that point for Mr Jalland to have discussions with Mr Winkler?

40

MR PACKER: Yes, Mr Bell.

MR BELL: And you would obviously have been interested in trying to work out an appropriate price for CPH Crown to sell its shares in Crown Resorts to Melco?

45

MR PACKER: I was more flexible on price because I wanted to do a deal with Lawrence.

MR BELL: Right. Can I ask you to look at - - -

MR PACKER: Lawrence and I – sorry, Lawrence and I never discussed price.

MR BELL: Right.

5 MR PACKER: Lawrence and I never discussed price. We agreed when a price was put in front of both of us.

MR BELL: But no doubt you were interested in trying to work out what an appropriate price would be?

10

MR PACKER: I had strong opinions about what Crown was worth. I thought about it every day.

MR BELL: And can I ask you to look at exhibit AA109, which is confidential link  
15 CRL.501.008.6079. You see this is your email to Mr Barton, copies to Mr Alexander, Mr Johnston on 3 May 2019? And you said to Mr Barton:

20 *Have you got a forward financial forecast that you believe in yet. I'm only interested to the end of '22. Is the online business JA and you told me about ..... go on –*

and you say –

25 *I want to see what peak net debt is after we have paid for Crown Sydney 100 per cent.*

Do you see that?

30 MR PACKER: Yes.

MR BELL: I take it you had a possible sale of Crown Resorts shares to Melco in mind when you requested this information from Mr Barton?

35 MR PACKER: I can't recall.

MR BELL: Well, by this stage you had already asked Mr Jalland to start negotiations with Mr Winkler, hadn't you?

40 MR PACKER: Yes.

MR BELL: And you were interested in pursuing a possible sale to Lawrence Ho, I take it?

45 MR PACKER: Yes. Yes.

MR BELL: And this email, after you had instructed Mr Jalland to speak with Mr Winkler, was sent because you had in mind the possible sale of Crown Resorts shares; you wanted to see what the financial forecasts looked like.

5 MR PACKER: I think it was a continuation of – I think it was a continuation of the budget process that Crown went through every year. I wasn't relying on Mr Barton's figures to determine a price in my mind for Crown shares with Mr Ho.

10 MR BELL: I'm not suggesting you would have used the figures to determine the price, but no doubt these figures would have been of interest to you in assessing that price, would they not?

MR PACKER: Not really.

15 MR BELL: Can we have a look at exhibit - - -

MR PACKER: I think I was over the numbers - - -

20 COMMISSIONER: Sorry?

MR PACKER: I was going to say I think I was over the numbers better than Mr Barton was.

25 MR BELL: Well, if that's the case, why did you ask him for a financial forecast that he believed in?

MR PACKER: Because it's his job.

30 COMMISSIONER: But his job wasn't to tell you things. His job was to work for Crown.

35 MR PACKER: No, his job – Madam Commissioner, there was a budgeting process that was done at this time every year and so I was curious – I was curious about that. I - - -

COMMISSIONER: I understand you were curious, but his job was as CFO of Crown, was it not?

40 MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: All right. Yes, Mr Bell.

45 MR BELL: And you were asking him for figures to be made available to you; correct?

MR PACKER: I can't recall.

MR BELL: But that's - - -

MR PACKER: I presume he did. I presume he did.

5 MR BELL: But that's what clearly what you are asking him to do?

MR PACKER: Yes. Yes.

10 MR BELL: And if you look at exhibit AA116, which is confidential link  
CRL.501.006.4192, you see that on 17 May Mr Barton sent you an email in response  
to your email.

15 COMMISSIONER: Can I have that please. Just pardon me, Mr Bell. Yes, thank  
you. Yes.

MR BELL: Saying you had a first cut of the financial plan which had been shared  
with Mr Alexander, Mr Johnston and Mr Kady; do you see that?

20 MR PACKER: Yes.

MR BELL: And he said that they would like two days to review and give you  
comments:

25 *So we should be in a position to - - -*

MR PACKER: Yes.

30 MR BELL:  
*- - - take you through it next week.*

Did Mr Johnston tell you that he was reviewing the draft financial forecast which Mr  
Barton had provided to him?

35 MR PACKER: No.

MR BELL: So he did not?

40 MR PACKER: He did not.

MR BELL: I see. And did Mr Barton take you through the financial forecast the  
following week as he had promised in this email to you?

45 MR PACKER: I can't recall but I presume he did.

MR BELL: Now, on about 18 May 2019, Mr Jalland told you, did he, that Mr  
Winkler had indicated that Melco Resorts had decided on the option of acquiring

19.9 per cent of Crown's issued shares? That was an interesting opportunity they wished to explore further. I'm sorry, I withdraw that. Let me see if I can put the question again. Is it the case that on about 18 May 2019 Mr Jalland told you that Melco was interested in pursuing the option of purchasing 19.99 per cent of Crown Resorts shares?  
5

MR PACKER: Mr Bell, I don't have that document in front of me.

MR BELL: Well, there is a document and let me take you to it. It's a statement of Mr Johnston, exhibit AA223, if you could have a look at that.  
10

COMMISSIONER: Did you say statement of Mr Johnston?

MR BELL: Statement of Mr Johnston.  
15

COMMISSIONER: Thank you.

MR BELL: See, there is a statement that Mr – sorry, it's WIT.CPH.001.0001.

COMMISSIONER: Could I have it on the screen, please.  
20

MR BELL: And it's a statement of Mr Johnston of 23 December 2019 to this Inquiry. If I could ask you to look at paragraph 3 on page .0002, and do you see that in the second half of paragraph 3, Mr Johnston says:  
25

*Given the nature of the questions the subject of the request, for the purpose of preparing this statement I have made inquiries of Mr Guy Jalland, Mr Brad Kady, Ms Katie Andrews, all executives of CPH, and Mr James Packer.*

30 Do you see that?

MR PACKER: Yes.

MR BELL: And if you have a look at paragraph 49, you see that Mr Johnston says that:  
35

*By around 18 May 2019 Mr Jalland had informed me that Melco Resorts had indicated via Mr Winkler that it had determined that the option of acquiring 19.99 per cent of Crown's issued shares without a takeover bid for the balance was an interesting opportunity that it wanted to explore further.*  
40

Do you see that?

MR PACKER: Yes, I see that, Mr Bell.  
45

MR BELL: And I am sure that if Mr Jalland had told Mr Johnston that, he also, by that date, had told you that Melco Resorts had indicated via Mr Winkler that it had

determined that the option of acquiring 19.99 per cent of Crown's issued shares without a takeover bid for the balance was an interesting opportunity that it wanted to explore further; do you agree?

5 MR PACKER: Agree.

MR BELL: And is it the case that over the next few days, you told Mr Jalland and Mr Johnston that this was your preferred option; do you recall?

10 MR PACKER: It would have been subject to price but, yes, it was my preferred option.

MR BELL: Yes. And you understood at this time that Mr Jalland and Mr Winkler were negotiating that price; correct?

15 MR PACKER: Yes, Mr Bell.

MR BELL: And by 23 May, Mr Michael Johnston was still trying to persuade you to consider alternatives to the sale of 19.99 per cent of Crown Resorts shares to Melco?

MR PACKER: I believe that's correct.

MR BELL: And you were aware at the time, were you, that Mr Johnston was the sole director of CPH Crown Holdings, the company which owned the shares in Crown Resorts?

MR PACKER: I'm not sure I was aware of that, Mr Bell.

30 MR BELL: You were aware that CPH Crown Holdings was a subsidiary of CPH?

MR PACKER: Yes, which is a subsidiary of CPH IHL.

MR BELL: Yes. And you were aware that the shares in Crown Resorts were held by that subsidiary, CPH Crown Holdings?

MR PACKER: Yes, and owned by me.

MR BELL: Yes. And I take it you would have assumed that the directors would be either or both of Mr Johnston and Mr Jalland?

MR PACKER: Yes, Mr Bell.

MR BELL: Did Mr Johnston tell you why he was trying to put forward alternatives?

MR PACKER: He believed that \$13 was too low a price.

MR BELL: And can we look at exhibit AB36, confidential link CPH.001.650.0007. You see these are texts exchanged between you and Mr Johnston on 23 May 2019?

MR PACKER: Yes, Mr Bell.

5

MR BELL: And you see that Mr Johnston was suggesting that Mr Kady should join you both for a meeting in Los Angeles to discuss options?

MR PACKER: Yes.

10

MR BELL: And you said:

*Sure but, Mike, it's my life and I'm going to overrule you.*

15 Do you see that?

MR PACKER: Yes, Mr Bell.

MR BELL: You believed it was your decision and your decision alone as to what transaction would occur in relation to the sale of Crown Resorts shares held by CPH Crown Holdings, didn't you?

20

MR PACKER: I believed as the 100 per cent owner of that company, it was my decision in the end, at the time. Let me rephrase that. I'm not sure I thought about it at the time, Mr Bell.

25

MR BELL: All right. But when you said:

*Mike, it's my life and I'm going to overrule you.*

30

You expected Mr Johnston to carry out whatever decision you made about whatever sale was going to occur; is that a fair way of putting it?

MR PACKER: Yes, subject to I agreed to see him.

35

MR BELL: Yes.

COMMISSIONER: Mr Bell I'm going to sit on - - -

MR PACKER: And discuss it further.

40

MR BELL: Yes. Yes, Commissioner?

COMMISSIONER: Sorry, Mr Packer, what did you say? And discuss further, did you say?

45

MR PACKER: I agreed to see him and discuss it further.

COMMISSIONER: Yes, I see.

MR PACKER: With him.

5 COMMISSIONER: Yes, I see. I'm going to sit on a little this evening to make up some time that we lost in middle of the day so I'll take a five-minute break.

MR BELL: Yes.

10 COMMISSIONER: I will just take a five-minute break, Mr Packer.

MR PACKER: Thank you, Madam Commissioner.

15 **ADJOURNED** [2.46 pm]

**RESUMED** [3.52 pm]

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

MR BELL: If you look at exhibit AA118, confidential link MBL.001.011.0018, on the 23rd of May 2019, you telephoned Lawrence Ho, did you?

25 MR PACKER: It appears so, Mr Bell.

MR BELL: Just wait for it to come up on the screen.

30 COMMISSIONER: Thank you.

MR BELL: What was the substance of your discussion with Mr Ho at that time?

MR PACKER: I can't recall, Mr Bell.

35 MR BELL: Not at all?

MR PACKER: Can you help me with the chronology? Was that after Mr Jalland had come back and said - - -

40 MR BELL: I'll do my best. You had that day, or perhaps the previous day, if it was a different time zone, told Mr Johnston that you were going to overrule him. Does that help you to recall your conversation with Mr Ho?

45 MR PACKER: That might have been the conversation where Mr Ho and I agreed to let Mr Winkler and Mr Jalland negotiate on the basis of a 19.99 shareholding.

MR BELL: Well, let's have a look at that. I can perhaps assist you a little better. Can we look at the materials Mr Kady sent you on the 23rd of May, exhibit AA120, confidential link CPH.001.005.0133. You see there's some discussion materials that were being sent to you by – it says it is from Mike and Brad – for discussion on  
5 Thursday? Do you see that?

MR PACKER: Yes.

MR BELL: And if I could take you to the attached discussion materials at exhibit  
10 AA121, there's only one part of this document that I want to draw your attention to, which is at the top of page .0136.

MR HUTLEY: I don't see any note of that.

15 MR BELL: I should tell you the Ringtail for that, it's CPH.001.005.0134. The only part that I want to draw your attention to is at the top of page 0136, it says:

*Current proposal is for M –*

20 that's Melco I take it –

*to acquire 10 per cent of C –*

I take it that's Crown –  
25

*for \$13 per share and to acquire a further 9.9 per cent in September about what the total cash proceeds were.*

30 So we take it that was the proposal – or that was the proposal at that time?

MR PACKER: I accept that, Mr Bell. Thank you.

MR BELL: An does that assist you to recall that – perhaps if I could put it to you this way: was it the case that you spoke to Mr Ho on the 23rd of May 2019 to tell  
35 him that you were happy to proceed with his proposal to acquire 19.99 per cent in two tranches at \$13 a share?

MR PACKER: Mr Bell, if I could – if I could seek your indulgence again, I can't recall when we announced the transaction with Lawrence. It would be helpful - - -  
40

MR BELL: I can help you with that. That was one week later, on the 30th of May.

MR PACKER: It may have been, then, a conversation to agree in principle, subject to documentation.  
45

MR BELL: Right. And is it the case, as you understand it, that after this conversation with Mr Ho that the transaction commenced its documentation process?

MR PACKER: I can't recall, but that's my speculation.

MR BELL: And did you understand that CPH had legal advisers acting for it?

5 MR PACKER: Yes.

MR BELL: And Melco Resorts had legal advisers acting for it, as you understood it?

10 MR PACKER: Yes. I presumed.

MR BELL: Were you aware that Mr Johnston and Mr Jalland decided to provide confidential information in relation to Crown Resorts to Melco Resorts prior to the transaction?

15

MR PACKER: My recollection was that they provided information that said consensus was two per cent higher than actual in the present year and, I think, four per cent above consensus forecasts in the following year.

20 MR BELL: So you were aware that, prior to the transaction, that Mr Johnston and Mr Jalland had provided information to Melco Resorts about Crown Resorts; is that correct?

MR PACKER: I can't recall.

25

MR BELL: Is it a fair way of putting it that you left those sorts of matters to Mr Jalland and Mr Johnston to work out?

MR PACKER: That would be fair, Mr Bell.

30

MR BELL: And you were aware, in advance, that contracts were going to be exchanged with Melco Resorts on the evening of the 30th of May, Australian Eastern Standard Time, were you?

35 MR PACKER: I would have been aware of that, Mr Bell.

MR BELL: Yes. And you believed that Mr Johnston and Mr Jalland were attending to whatever needed to be done to ensure that contracts were exchanged?

40 MR PACKER: Within the caveat of acting legally.

MR BELL: Of course. And you knew at this time that Crown Resorts had entered into agreements with the regulator in New South Wales intended to prevent Stanley Ho or anybody associated with him from having any interest in Crown Resorts, didn't you?

45

MR PACKER: I had forgotten that, Mr Bell. I regarded Melco Resorts as Lawrence's company, not Stanley's.

5 MR BELL: I didn't ask you that. I'm asking at the moment about regulatory agreements. And would it be a fairer way of putting it that you just didn't think about any regulatory agreements that Crown had with the New South Wales regulator at the time of this transaction?

10 MR PACKER: I believed – I believed that that would have been found in the legal preparation for the transaction.

15 MR BELL: Let's just go back a few steps. You told the Commissioner earlier today that you were aware, in 2013 and 2014, that there were regulatory agreements that Crown Resorts had with the New South Wales regulator intended, in general terms, to prevent Stanley Ho or a Stanley Ho entity to take an interest in Crown Resorts. Do you remember giving that evidence?

MR PACKER: Yes, I do.

20 MR BELL: And is it the case that, when you were proceeding to exchange contracts with Melco, you just didn't give that matter any thought at all?

MR PACKER: I left it to my legal team and I gave it no thought.

25 MR BELL: Right. And you - - -

MR PACKER: I had forgotten it.

30 MR BELL: Well, you say you have forgotten it, but isn't the truth that you just didn't think about it at all?

35 MR PACKER: No, because Melco Resorts had been passed by regulators to be an associate of Crown in Australia on multiple occasions, in multiple jurisdictions, and in Las Vegas and in Pennsylvania. Mr Ho was – Dr Ho was in a very sickened state, and I regarded Melco Resorts, and do regard Melco Resorts, as Lawrence's company, to his great credit.

40 MR BELL: With respect, Mr Packer, that's not an answer to my question. My question is: you knew at this time that Crown Resorts had entered into important agreements with the New South Wales regulator intended to prevent Stanley Ho or anyone associated with him from having any interest in Crown Resorts; that's the case, isn't it?

45 MR PACKER: I had forgotten, Mr Bell.

MR BELL: Well, these were important agreements that you understood conferred rights on Crown Resorts and imposed liabilities on it; correct? You told us that today.

5 MR PACKER: Yes, Mr Bell. Yes, Mr Bell.

MR BELL: And isn't the truth of the matter that you just didn't give any thought at all to those regulatory agreements when you pressed the go button on the transaction with Lawrence Ho?

10

MR PACKER: I thought that the legal work that the CPH team and Garry Besson were preparing would cover all eventualities.

MR BELL: And to answer my question, you didn't turn your mind at this time to the fact that there were legal – I withdraw that. You didn't turn your mind at this time to the fact that there were regulatory agreements that Crown had with the New South Wales regulator intended to prevent Stanley Ho or a Stanley Ho entity from taking an interest in Crown Resort; that's the case, isn't it?

15

20 MR PACKER: That's correct, Mr Bell.

MR BELL: And you knew at this time that Great Respect, a discretionary trust with which Dr Ho was associated, had converted convertible notes into an approximately 20 per cent shareholding in Melco International, didn't you?

25

MR PACKER: No.

MR BELL: Well, you told us in evidence this morning, transcript page 3634, line 40, that it was clear to you

30

*...at the time of the 2006 annual report by Melco Resorts that Great Respect was a company controlled by a discretionary trust, the beneficiaries of which included Dr Stanley Ho.*

35 Do you remember giving that evidence this morning?

MR PACKER: I remember giving that evidence this morning, Mr Bell.

MR BELL: And do you remember at transcript page 3635, line 20, giving this evidence this morning that you knew during the period when you were co-chairman of Melco Resorts that ultimately Great Respect converted convertible notes into an approximately 20 per cent shareholding in Melco International, and you said yes. Do you remember giving that evidence this morning?

45 MR PACKER: When he took me to the document, yes.

MR BELL: So when it came time to press the go button on the transaction with Lawrence Ho, these were things that you knew; correct?

5 MR PACKER: No, I had forgotten, Mr Bell - - -

MR BELL: Isn't the truth of the matter - - -

10 MR PACKER: - - - and I assumed that they would have been picked up. That is the truth of the matter, Mr Bell.

MR BELL: I have no doubt – I have no doubt, Mr Packer, that you were relying on legal advice and I'm not suggesting otherwise, but what I'm asking about is your state of mind. The truth of the matter is you didn't give a moment's thought to the fact that Stanley Ho had an interest via Great Respect in Melco International at the  
15 time of this transaction, did you?

MR PACKER: I can't recall.

20 COMMISSIONER: Well, it's obvious that you didn't think about it, it seems, Mr Packer, otherwise you would have done something about it, wouldn't you?

MR PACKER: I believe so, Madam Commissioner.

25 COMMISSIONER: So in terms of Mr Bell's question, it's more probable that you just didn't turn your mind to the prohibition against allowing Dr Ho to acquire an interest in Crown at the time; is that right?

MR PACKER: I'm not sure if – if that's correct versus forgetting.

30 COMMISSIONER: Well, I suppose the - - -

MR PACKER: But they had to be one and the same thing.

35 COMMISSIONER: Yes, but if you forgot it, you might remember it, you see, at a particular time. It's more probable in the situation, isn't it, that what Mr Bell says is correct; you didn't turn your mind to the prohibition?

MR PACKER: No, I didn't.

40 MR BELL: And you were giving instructions to Crown Resorts executives at this time that you believed were in the best interests of Crown Resorts, weren't you?

MR HUTLEY: I object.

45 COMMISSIONER: Yes, Mr Hutley.

MR HUTLEY: He has not conceded he was giving instructions.

MR BELL: Okay. I accept what Mr Hutley says. Let me ask a different question.

COMMISSIONER: Yes.

5 MR BELL: You were making requests to Crown Resorts executives at this time, you've told us, which you believed were in the best interests of Crown Resorts; correct? You told us that several times.

MR PACKER: Yes, Mr Bell.

10

MR BELL: And you understood that you had an obligation not to cause any harm to Crown Resorts at this time, did you?

MR PACKER: I would assume that obligation.

15

MR BELL: And you didn't personally pause for a moment, did you, before this transaction occurred, to consider whether the sale of Crown Resorts shares to Melco Resorts might cause harm to Crown Resorts. That's not something that crossed your mind, is it?

20

MR PACKER: No, I left it to my legal team, Mr Bell.

MR BELL: Some hours before the transaction took place, you telephoned Mr Poynton, didn't you?

25

MR PACKER: Yes, I did.

MR BELL: And what was the substance of your discussion with Mr Poynton?

30 MR PACKER: I believe, as he was a CPH director on the board of Crown, that I updated him on the proposed transaction.

MR BELL: Now, on the date of the transaction you knew that Mr Alexander was flying to Los Angeles to see you; is that right?

35

MR PACKER: I believe so, Mr Bell.

MR BELL: Before Mr Alexander flew to Los Angeles, did you notify him about the transaction with Melco?

40

MR PACKER: No, Mr Bell.

MR BELL: Is there any reason why you wouldn't notify the executive chairman of Crown Resorts about the transaction?

45

MR PACKER: My legal advice was to tell no one except Mr Poynton.

MR BELL: I see. And after Mr Alexander came to Los Angeles, you met with him; is that correct?

5 MR PACKER: I can't recall but I believe, from watching Mr Alexander last week, that I did.

MR BELL: Are you able to recall whether there was anyone else present at your meeting with Mr Alexander?

10 MR PACKER: I can't recall.

MR BELL: And are you able to recall the substance of your discussion with Mr Alexander about the Melco transaction?

15 MR PACKER: I believe I said I thought it would be very helpful to Crown.

MR BELL: Can I ask you to look at exhibit AA70 – sorry, I withdraw that, exhibit AA170, confidential link MBL.001.011.0001. Do you see that, firstly, there's an email from you to Mr Ho on 6 June saying:

20

*I'm so excited to be partners again.*

Do you see that?

25 MR PACKER: Yes.

MR BELL: And do you see that Mr Ho emailed back saying he was happy and honoured to be partners again; do you see that?

30 MR PACKER: Yes.

MR BELL: By this stage had you reached any arrangements or understandings with Mr Ho about how you would jointly conduct the affairs of Crown Resorts?

35 MR PACKER: No, we were both very carefully – or I was, and I believe Lawrence was as well – very – given a legal briefing to make it 100 per cent sure that we had no agreements about anything.

40 MR BELL: So what did you mean by saying to Mr Ho that you would be partners?

MR PACKER: I believe I'm partners with all Crown shareholders.

45 MR BELL: Do you recall that the share sale agreement with Melco Resorts was varied in late August 2019 to defer completion of the second tranche of sale shares?

MR PACKER: Yes.

MR BELL: And you're aware that the amendment made the obligations of the parties concerning the second tranche of shares conditional on there being no finding from this Inquiry which would or could recently be expected to restrict completion of the second tranche and the buyer receiving written notice of suitability from the  
5 Independent Liquor and Gaming Authority and certain other gaming regulators?

MR PACKER: Yes, I believe I recall that.

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

MR PACKER: Yes.

15

MR BELL: And could I ask you to look at exhibit AA238, which is INQ.100.011.0493. You see, Mr Packer, that, at page .0494 and following, is the agreement terminating the share sale agreement dated the 6th of February 2020?

20 MR PACKER: Yes.

MR BELL: And by the 6th of February 2020, nothing had occurred which gave rise to a right for either party to terminate the share sale agreement in accordance with the terms of the variation as you understood it; correct?  
25

MR PACKER: That's correct.

MR BELL: And there was no urgency to terminate the agreement from CPHs point of view, was there?  
30

MR PACKER: I don't believe so.

MR BELL: And you can take it from me that, on the 6th of February 2020, the closing price of Crown Resorts shares on the ASX was \$11.61, which meant that, by  
35 agreeing to terminate at that time, CPH Crown Holdings gave up a contractual right which was worth over \$90 million having regard to the contract price of \$13 a share. Now, why did you do that?

MR PACKER: I would never hold Lawrence to something that he didn't want to  
40 do.

MR BELL: Had you had a conversation with Mr Lawrence Ho in which you had discussed the possible termination prior to this agreement?

45 MR PACKER: To the best of my recollection, we had.

MR BELL: What was the substance of that conversation?

MR PACKER: I think the substance of the conversation was that Melco Resorts didn't want to proceed with the deal.

5 MR BELL: And did Lawrence Ho tell you why?

MR PACKER: I can't recall.

MR BELL: You can't recall anything at all about that?

10 MR PACKER: No, I can't recall anything.

MR BELL: It's not that long ago. It's not that long ago.

15 MR PACKER: I recall – I recall Mister – sorry, Mr Bell. I apologise.

MR BELL: Look, I was just observing that it wasn't that long ago and was asking if it was the case you couldn't recall anything at all about that conversation?

20 MR PACKER: I recall that Mr Ho saying that he didn't want to proceed, or that things were too difficult, or something like that.

MR BELL: Did he tell you what was too difficult?

25 MR PACKER: I can't recall.

COMMISSIONER: Did you discuss with him, at any stage Dr Ho's interest in Melco, between the time that you signed the agreement and the time you terminated it?

30 MR PACKER: I can't recall, Commissioner.

MR BELL: Commissioner, I have no further questions of Mr Packer.

35 COMMISSIONER: Yes. All right. It's now 20 past 4. Ms Sharp, you will be a little while, I presume?

MS SHARP: I will be, Commissioner.

40 COMMISSIONER: Yes. Mr Hutley, do you have any questions of Mr Packer on the aspects of the matters that Mr Bell has raised?

MR HUTLEY: No, Commissioner.

45 COMMISSIONER: Mr Young, would that be the same position with you?

MR YOUNG: I had one matter.

COMMISSIONER: Yes. Yes, you may ask.

**<EXAMINATION BY MR YOUNG**

**[4.20 pm]**

5

MR YOUNG: Mr Packer.

MR PACKER: Yes, Mr Young.

10

COMMISSIONER: Mr Young is for Crown, as you know.

MR PACKER: Yes.

15

MR YOUNG: Mr Packer, do you recall being asked a question about an interview transcript of an interview you had with the VCGLR in July of 2006?

MR PACKER: Yes, Mr Young.

20

MR YOUNG: That was exhibit AB54, for the record.

COMMISSIONER: Thank you.

25

MR YOUNG: Could Mr Packer, Commissioner, be shown a document that we sent to the commission at lunchtime?

COMMISSIONER: I don't know anything about that, I'm afraid, Mr Young.

30

MR BELL: I don't know anything about that either, Commissioner.

MR YOUNG: I can give the CRL number or I can defer this until tomorrow.

COMMISSIONER: What is the document, Mr Young?

35

MR YOUNG: It is the fourth review by the VCGLR of Crown Limited, it was at that stage, relationship with Melco.

COMMISSIONER: I see. Yes, Mr Bell?

40

MR BELL: I just wanted to make clear I had only tendered from AB54, pages 1, 9 and 10.

COMMISSIONER: Yes.

45

MR BELL: And I took Mr Packer to only pages 9 and 10 ,which dealt with a particular topic.

COMMISSIONER: Yes, that's correct. Mr Young, let me just explore with you what it is that you wish to explore with Mr Packer.

MR YOUNG: It's the - - -

5

COMMISSIONER: What is the topic?

MR YOUNG: It is his recollection of the conclusion arrived at by the VCGR, it was known as then.

10

COMMISSIONER: I think that really can be a matter of record. And I would prefer those who are assisting me and all the other parties who are interested, including Mr Packer's lawyers, to have the document that you sent to the Inquiry. But if it is just the case that the outcome was that the close associate of the close associate was approved, I think that will be a matter of record, Mr Young. As for Mr Packer's recollection of the outcome, I think if we're going to a document, then I think it's necessary for us to have it here and - - -

15

MR YOUNG: Yes.

20

COMMISSIONER: - - - to get counsel assisting to have a look at it if it does seem as though it can be a matter of record.

MR YOUNG: It goes to the very matter on those pages 9 and 10 of the interview - - -

25

COMMISSIONER: I see. Yes.

MR YOUNG: - - - that Mr Packer was asked about, but I'm in your hands, Commissioner. We can defer this.

30

COMMISSIONER: Yes, all right. The matters on 9 and 10 were the answers that were put to him in respect of the shareholding or position that Mr Packer knew of Dr Ho's interest at the time, back in 2004, or 2006; that's correct, isn't it?

35

MR YOUNG: Yes, that's correct.

COMMISSIONER: And so the outcome of the fourth review, a document that you wish to rely upon, I think, is the approval. Is that what you want to rely upon?

40

MR YOUNG: No, it's a finding.

COMMISSIONER: I see. And just tell me what the finding is.

45

MR YOUNG: The finding – and I will try and use the exact words.

COMMISSIONER: Yes, of course.

MR YOUNG: The finding was that:

*Further rigorous investigations determine that Dr Ho does not have any ongoing influence over Melco or the new chair of Melco, Mr Lawrence Ho.*

5

COMMISSIONER: Yes. So we need to get that document. And I think it will be part of the record and, by tomorrow morning, I'll make sure that it can be tendered, Mr Young.

10 MR YOUNG: Thank you.

COMMISSIONER: If any questions arise, of course, we can deal with them afresh in the morning.

15 MR YOUNG: The passage I read is at pages 28 to 29 of the report.

COMMISSIONER: Thank you very much. Thank you very much.

20 MR YOUNG: And I'm happy with that course, Commissioner. We did our best to get it to the Commission over the luncheon adjournment.

COMMISSIONER: That's all right. That's all right. These things happen. Anything further, Mr Young?

25 MR YOUNG: No, Commissioner.

COMMISSIONER: Mr Stoljar.

MR PACKER: Madam Commissioner.

30

COMMISSIONER: I'm sorry, Mr Packer. Yes?

MR PACKER: I just wanted – I just remembered something and wanted to correct my answer.

35

COMMISSIONER: Yes. Please do.

40 MR PACKER: When I spoke to Mr Ho – when I spoke to Mr Ho about terminating the agreement, Mr Ho mentioned that SARS – not SARS – that COVID was a once in a 100 year threat to – to the casino business, which, as you may know, has been basically shut in Macau this whole year. And he also wanted to concentrate his efforts on bidding for a licence in Japan.

45 COMMISSIONER: Yes, I understand. So that was the discussion you had with him just prior to the termination of the agreement; is that right?

MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: Thank you, Mr Packer, for that clarification. Anything arising, Mr Bell?

MR BELL: No, Commissioner.

5

COMMISSIONER: Yes. Thank you. Anything arising Mr Packer – Mr Hutley, I beg your pardon.

MR HUTLEY: Nothing, thank you, Madam Commissioner.

10

COMMISSIONER: Yes. And now, Mr Stoljar, any questions of Mr Packer in relation to the matters that Mr Bell has examined Mr Packer upon?

MR STOLJAR: I have no questions. Thank you, Commissioner.

15

COMMISSIONER: All right. Thank you. Yes. Now, Mr Packer, it's tomorrow morning at 10 o'clock, if you'd be kind enough to be here at a little before 10 o'clock so that we can ensure that the technology is connected.

20 MR PACKER: Yes, Madam Commissioner.

COMMISSIONER: Yes, I will adjourn until then.

25 <THE WITNESS WITHDREW

**MATTER ADJOURNED at 4.27 pm UNTIL THURSDAY, 8 OCTOBER 2020**

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