



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

**INDEPENDENT REVIEW OF THE STAR PTY LTD BY ADAM BELL SC
UNDER THE CASINO CONTROL ACT 1992**

**PUBLIC HEARING
SYDNEY**

**THURSDAY, 17 MARCH 2022
AT 10AM**

DAY 1

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<THE HEARING COMMENCED AT 10:04 a.m.

5 **MR BELL SC:** These are public hearings of the review of The Star Pty Ltd under the Casino Control Act. May I have the appearances, please. Ms Sharp, you are on mute.

MS SHARP SC: Mr Bell, I appear as your counsel assisting. My name is Sharp. I appear with Mr Conde, Ms Abdiel and Mr Condylis.

10 **MR BELL SC:** Thank you. Ms Richardson, are you appearing? I'm afraid you are on mute too, Ms Richardson.

MS RICHARDSON SC: Can you hear me now, Mr Bell?

15 **MR BELL SC:** Yes, I can.

MS RICHARDSON SC: I apologise for that. Richardson. I appear with my learned junior Mr Atkin on behalf of The Star Pty Ltd and The Star Entertainment Group Limited, with leave granted by the authority.

20 **MR BELL SC:** Yes. Thank you. Yes, Ms Sharp. Ms Sharp, are you ready to proceed? Ms Sharp, are you able to hear me?

25 **MS SHARP SC:** No, Mr Bell. The line is very patchy.

MR BELL SC: All right. Are you able to hear me now?

MS SHARP SC: Yes, I can now, Mr Bell.

30 **MR BELL SC:** Are you ready to proceed with your opening?

MS SHARP SC: Yes, Mr Bell.

Opening submissions by MS SHARP SC.

35 **MS SHARP SC:** Mr Bell, you are conducting an inquiry into the suitability of The Star Pty Ltd as a casino operator and its close associates to be concerned in, or associated, with the management and operation of The Star Casino in Sydney. The close associates of The Star for the purposes of the review have been
40 identified by the Independent Liquor and Gaming Authority and include Star Entertainment Group Limited, which is the ultimate holding company of The Star Pty Ltd. I will call that entity Star Entertainment Group in this opening address.

45 On 13 September 2021, you were appointed by the authority pursuant to sections 143(1) and 143(a) of the Casino Control Act to preside over an inquiry for the purposes of exercising the authority's functions under sections 30 and 141 of the Act. In this regard, section 30 of the Act authorises the authority to investigate a

casino from time to time, while section 141, amongst other things, authorises the authority to keep under constant review all matters connected with casinos and the activities of casino operators; persons associated with casino operators; and persons who are in a position to exercise direct and indirect control over the casino operators or persons associated with casino operators.

For the purposes of your review, you generally have the powers and authorities conferred on a Commissioner by divisions 1 and 2 of part 2 of the Royal Commissions Act in New South Wales. The Terms of Reference, which were published on 13 September 2021 and updated on 14 December 2021, require you, for the purpose of considering suitability, to inquire into the following matters.

First, the extent to which The Star Pty Ltd, which I will call The Star, has complied with its obligations under the Casino Control Act, the Casino Control Regulation, the casino licence and legal agreements between the authority and The Star. Secondly, the maintenance and administration of systems by The Star to ensure that the management and operation of the casino remains free from criminal influence or exploitation, to ensure that gaming in the casino is conducted honestly and to contain and control the potential of the casino to cause harm to the public interest and to individuals and families. Thirdly, the presence and detection of illegal and undesirable activities and people in the casino.

Fourthly, the management and operation of The Star's bank accounts, including the acceptance of deposits from overseas patrons, VIP patrons, high rollers, or any other customers of The Star; the methods of withdrawing credits from The Star's bank accounts; the maintenance of records and transaction receipts for institutional and domestic patrons of The Star, such as ledgers and accounting procedures and the methods and systems by which The Star conducts and monitors transactions through bank accounts associated with it; and how it prevents money laundering activities taking place in or in connection with those accounts. Fifthly, the implementation and administration of gaming harm minimisation programs within The Star.

Sixthly, you are asked to consider the following matters which the authority considers to be relevant: (a) The Star's management structure and reporting lines, noting appropriate compliance with internal management controls and legislative requirements; (b) The Star's internal reporting mechanisms and follow-up procedures to adequately manage potential breaches of the standard operating procedures and internal management controls; (c) the role and standard of culture within The Star including core values and an ongoing organisation-wide assessment of accountability, education and compliance; (d) the effectiveness of The Star's risk management framework and the appropriate distribution of staff responsibilities; (e) the prevalence of money lending and loan sharking at The Star and any links to VIP patrons, problem gambling and international junkets; (f) the appropriate management of VIP patrons, high rollers and international patrons at The Star; (g) the effectiveness of current surveillance process and facilities at The Star; (h) the adequacy of know your customer systems, practices and

procedures applicable to all patrons at The Star, including the use of facial recognition technology; (i) the accountability for and management of gambling chips and free bet vouchers at The Star; (j) the execution and management of exclusion orders from The Star; (k) the management of controlled contracts at The Star; and (l) the adequacy of The Star as systems and methods of preventing money laundering activities from taking place within the casino, its operations or in connection with any entity associated with The Star, including the anti-money laundering training of its staff and the reporting and recording of any incidents of money laundering.

Mr Bell, in the main, you are required to consider these matters during the period since Dr Horton QC conducted the last suitability review of the casino licensee. This means that you are generally focusing on The Star's operations since 28 November 2016. I will call this period the Relevant Period.

The amended Terms of Reference also specifically direct you to have regard to the evidence given by The Star on 4 August 2020 at the Bergin Inquiry, that The Star was continuing to operate junket programs, noting that the authority received information from The Star that it had continued to deal with junket operators until at least October 2020. The Star's dealings with Suncity and other junket operators have raised concerns for the authorities as to The Star's ongoing willingness and capability to comply with its obligations under the Act.

Mr Bell, your instrument of appointment left to your discretion the manner in which you conducted your review. Under section 143 of the Casino Control Act, an inquiry such as yours can be held either in public or in private. You commenced conducting your review in private and, to that end, you have inquired into various aspects of the amended Terms of Reference by way of private hearings, interviews and documentary review.

Topics explored in private hearings and interviews include responsible gaming and harm minimisation; the accountability for, and management of, gambling tips and free bet vouchers at The Star; and the management of controlled contracts at The Star.

On 8 October 2021, the television program 60 Minutes broadcast an episode which aired a variety of serious allegations about the conduct of The Star and its close associate, Star Entertainment Group, which, in many respects, mirrored some of the allegations made in 2019 against Crown Resorts, which were subsequently examined in the 2020 Bergin Inquiry. The allegations raised concerns about The Star's susceptibility to money laundering, criminal influence or exploitation and the potential of Star to cause harm to the public interest and to individuals and families.

Subsequently, a number of newspaper articles were published which further developed these allegations. The matters raised in the media allegations are of direct relevance to your amended Terms of Reference and, in particular, to

paragraphs 3.1, 4, 6, 8.6, and 8.12, but also other paragraphs, including paragraphs 2, 5.3, 8.1 to 8.5, and 8.10.

5 Most critically, they go to the first paragraph of the amended Terms of Reference, which relates to the suitability of the casino operator and its close associate, Star Entertainment Group. On 19 October 2021, the Authority announced that the public hearings of the review would be held on certain matters, including The Star's maintenance and administration of systems to counter money laundering and infiltration by organised crime. I note that you have continued your review into
10 other aspects of the amended Terms of Reference in private.

I now turn to summarise the media allegations. In broad terms, they are as follows. First, on 24 May 2018, senior officers of Star Entertainment Group received reports from KPMG which were highly critical of Star Entertainment's
15 anti-money laundering policies, procedures, systems and compliance, and those senior officers failed to respond appropriately to those reports. The reports included particular findings that (a) Star Entertainment was under stating its level of money laundering risk and not considering counterterrorism financing issues at all; (b) Star Entertainment's internal anti-money laundering unit was inadequately
20 resourced; (c) Star Entertainment was failing to vet junket participants properly and, in particular, gamblers from mainland China; and (d) there were inconsistent applications of controls in the Sydney and Queensland casino properties.

The second media allegation is that between 2014 and 2018, Star Entertainment
25 Group facilitated the use, by VIP patrons from China, China UnionPay cards to withdraw hundreds of millions of dollars in funds from The Star's hotel properties in a manner which disguised gambling activity as hotel and entertainment expenses. This is alleged to have been the same as Crown's conduct in Melbourne, which saw senior counsel submitting to the 2021 Finkelstein Inquiry
30 that it meant Crown should lose its casino licence.

The third media allegation is that casino patron Mende Trajkoski (a) spent or caused to be spent approximately \$175 million playing gaming machines or pokies at The Star Sydney between 2007 and 2021; (b) withdraw approximately \$18
35 million in cash between 2015 and 2021; (c) was never flagged by The Star as a suspicious or potential problem gambler; (d) was instead given gifts, accommodation, watches and handbags by The Star; and (e) was allowed to keep gambling at The Star despite suspicions about his habits and source of income.

40 The fourth media allegation is that casino patron George Nikolic, also known as Djelos Nikolaj, was allowed to have assigned to him membership privileges of Mende Trajkoski, allowing him to gamble at The Star despite being a convicted drug trafficker. The fifth media allegation is that from about 2016, casino patron James Mussillon was identified as suspicious by The Star but was encouraged to
45 gamble and bring friends to The Star. It was alleged that he was The Star's biggest patron from the Australian Capital Territory until he was banned by the New South Wales Police Commissioner from entering The Star.

The sixth media allegation is that The Star continued to deal with the Macau-based junket Suncity and its CEO Alvin Chau despite its competitor Crown Resorts being heavily criticised in the media in 2019 for doing so on account of Suncity's alleged links with triads and suspected money laundering.

The seventh media allegation is in relation to patron John Khoury where despite it was alleged being banned at The Star by the New South Wales Police Commissioner in around 2012 based on organised crime associations, John Khoury was permitted to keep gambling at The Star Gold Coast to the tune of some \$39 million in the period 2010 to 2017 and was wooed by The Star in the Gold Coast, which gave him luxury gifts, flights and accommodation.

The eighth media allegation is that The Star dealt with VIP patrons and junkets who were accused of criminal offences, allegedly had links to organised crime or who were alleged politically exposed persons, including Huang Xiangmo, Simon Pan, Tom Zhou and Ming Chai. It was also alleged that The Star failed to identify that some of these people were politically exposed persons for the purposes of conducting risk assessments under its anti-money laundering framework.

The ninth media allegation is that The Star's vice president of premium services, Mr Mark Walker, had been hired by The Star in May 2018 after leaving Crown suddenly in the midst of probity-related allegations. It was alleged that whilst at The Star, Mr Walker oversaw some of the gambling by Michael Gu and Harry Huang, who were alleged to have embezzled millions of dollars from the failed iProsperity Group which they funnelled into The Star. It was also alleged that Mr Walker had secret discussions with Michael Gu in early 2019 in which Mr Walker was asked to head an arm of a new gaming business which Mr Gu intended to launch.

Mr Bell, more recently, on 9 February 2022, it was alleged in the Sydney Morning Herald that employees of Star Entertainment Group had encouraged local VIP patrons to falsely claim that they lived outside New South Wales as part of a scheme that minimised the amount of gaming tax that the casino paid to the New South Wales Government. In this regard, pursuant to agreements with the New South Wales Government, The Star is required to pay just under 18 per cent in non-rebate duty to the New South Wales Government on non-rebate gaming revenues, but only 10 per cent duty where the revenue is derived from rebate play. I will explain the concept of rebate play in more detail below. It was alleged that this meant that The Star may have paid millions of dollars less in gaming revenue to the New South Wales Government than it should have.

I turn now to provide some background information regarding The Star and its parent company. The Star holds the casino licence in New South Wales, and it is the casino operator. Its ultimate parent company, Star Entertainment Group, is a publicly listed company. Star Entertainment Group also owns two other subsidiaries which operate casinos in Australia: these are The Star Entertainment

QLD Custodian Pty Ltd company, which holds the casino licence to operate The Star Gold Coast; and The Star Entertainment Group QLD Limited, which holds the casino licence to operate Treasury Brisbane.

5 Star Entertainment Group describes itself as offering integrated casino resort facilities which offer a mix of hotels, entertainment, dining and casinos. The three casinos I have mentioned are operated at the group level. By that, I mean that the board and the senior executives of Star Entertainment Group are in effective control of the operations at the casinos.

10 The directors of Star Entertainment Group are its chair, John O'Neill AO; its managing director and CEO, Matt Bekier; Gerard Bradley AO; Ben Heap; Katie Lahey AM; Sally Pitkin AO; and Richard Sheppard. Senior executive officers of Star Entertainment Group include Harry Theodore, the CFO; and Paula Martin, 15 the chief legal and risk officer and company secretary; as well as Greg Hawkins, who is the chief casino officer in New South Wales.

The Star has two directors, being Matt Bekier and Harry Theodore, and a company secretary, Paula Martin. In 2021, Star Entertainment Group reported that its 20 statutory gross revenue was \$1.557 billion and the net profit after tax was \$57.9 million. It also reported that The Star's statutory gross revenue was \$828.2 million.

Mr Bell, I turn now to outline some matters of history regarding the casino licence 25 in New South Wales. Casinos were legalised in New South Wales with the commencement of the Casino Control Act on 15 May 1992. The Act provided for the operation of only one casino in New South Wales. Since that time, the Casino Control Act has been amended, it having been done so in 2013, to provide for a restricted gaming licence. That licence is held by Crown Sydney and relates to the 30 restricted gaming facility at Barangaroo in Sydney.

For many years prior to 1992, there was a reluctance to legalise casinos in New South Wales. The main concern is that they would inevitably bring crime. This concern informs the primary objects of the Casino Control Act and, in particular, 35 section 4A, subsection (1)(a), which is to ensure that the management and operation of a casino remain free from criminal influence or exploitation.

The casino licence has been held by The Star and its corporate forebears since 14 December 1994 when the licence was first granted to Sydney Harbour Casino Pty Ltd. That company was a wholly owned subsidiary of Sydney Harbour Casino 40 Holdings Limited, which was a publicly listed company on the Australian Stock Exchange. The licence was granted for a period of 99 years unless cancelled or surrendered. When the first permanent casino opened in Sydney, it was known as Star City.

45 In 1999, Sydney Harbour Casino Holdings Limited was acquired by Tabcorp Holdings Pty Ltd. In November 2003, Tabcorp merged with Jupiters Limited,

resulting in Tabcorp acquiring three Queensland casinos, which were then known as Conrad Jupiters on the Gold Coast, Conrad Treasury in Brisbane and Jupiters Townsville.

5 In 2010, Tabcorp embarked upon a demerger of its casino businesses from its
wager, gaming and Keno businesses. Echo Entertainment Group was incorporated
on 2 March 2011 to facilitate this demerger. As a result of the demerger, Echo
assumed control of Star City, the Jupiters hotel and casino on the Gold Coast,
10 Jupiters Townsville and treasury casino and hotel in Brisbane. Echo acquired all
of the shares in Star City Pty Ltd.

On 15 September 2011, Star City Pty Ltd changed its name to The Star Pty Ltd,
and The Star City casino was renamed The Star, which it has been known as ever
15 since. The casino is located in Pyrmont in Sydney and is co-located with two
five-star hotel towers that houses three hotels, which are now known as The
Darling, The Star Grand Hotel and Star Grand Residences. This complex also
contains a day spa, an international designer retail collection, an event centre, the
Sydney Lyric Theatre and more than 20 food and beverage outlets, including a
20 number of fine dining restaurants. The Star is a key tourist attraction in Sydney.

Pursuant to section 31 of the Casino Control Act, the authority is required to
periodically review whether the casino operator remains a suitable person to
25 continue giving effect to the licence and whether it is in the public interest that the
casino licence should continue in force. There have been six periodic reviews
since the casino licence was granted, most recently being the 2016 review
conducted by Dr Horton QC. He reviewed casino operations up to 28 November
2016. Of note, Dr Horton QC concluded:

30 "The Star is resistant to infiltration by organised crime and other criminal
influences. It, and those closely associated with it, appear to be of good
repute and seem to have sound and stable financial backgrounds. The Star
has no business association, so far as I have been able to ascertain, with a
person or body that is not of good repute or which has undesirable or
35 unsatisfactory financial sources. "

Mr Bell, as I have already mentioned, in the main, the period on which your
review is focused is the period of time since Dr Horton QC's review.

40 Mention should also be made of the Bergin Inquiry, which reported in February
2021 following a series of public hearings conducted throughout 2020. The
Bergin Inquiry, conducted by the Honourable Patricia Bergin SC, a former New
South Wales Supreme Court judge, was focused on the operations of Crown
Resorts Limited and its subsidiary, which holds the restricted gaming licence at
Barangaroo. That inquiry was conducted on behalf of the authority pursuant to
45 section 143 of the Casino Control Act.

The Bergin Inquiry identified key risks presented by junket operations and addressed a series of areas where it appeared that money laundering had taken place at Crown's casinos in Melbourne and Perth, as well as in bank accounts in which Crown permitted deposits to be made by, or on behalf of, its patrons.

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One of the two key reasons for convening the Bergin Inquiry was to investigate a series of media allegations commencing in July 2019. Those allegations included that money laundering had occurred at Crown Resorts casinos, that the casinos had been infiltrated by crime and that Crown Resorts had forged business relationships with junkets which in turn had links to organised crime.

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In relation to the media allegations concerning the facilitation of money laundering, the Bergin Inquiry found that the processes adopted by Crown Resorts with respect to the accounts held by its subsidiaries, Southbank and Riverbank, enabled or facilitated money laundering through those accounts. In relation to the media allegations concerning the relationship between Crown Resorts and certain junkets, the Bergin report found that the allegation that Crown Resorts had partnered with junkets that had links to organised crime were established.

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The Bergin report made findings regarding a number of the junkets with which Crown Resort had dealings, including (a) the company which was found to be both a group of organised criminals and one that had clear links to other organised groups; (b) the Hot Pot junket in respect of which it was found:

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"The probabilities on the evidence were that there were connections between the operatives of that junket and organised crime."

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(c) the Chinatown junket in respect of which there was a finding that the connections between Tom Zhou, who was the junket's financier, and the organised crime groups and his subsequent arrest were all relevant matters to the alleged connection between the Chinatown junket operators and organised crime groups; (d) the Neptune junket, later known as the Guangdong junket, in which of which it was clear there were connections between that junket and the organised crime groups; and (e) the Song junket, in respect of which there was a finding that:

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"It is probable that Zezhai Song and his junket had the links alleged."

Mr Bell, the Bergin Inquiry addressed the relationship between Crown Resorts and the Suncity junket in greater depth, including its operator, Alvin Chau. The Bergin Inquiry relevantly found:

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"The evidence establishes that it is probable that Alvin Chau had a former association with the 14K triad group and continued his associations with members of triad groups. There were clearly links between Mr Chau, the Suncity junket and organised crime groups."

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The Bergin Inquiry also made findings regarding three separate instances of large amounts of cash being exchanged in the private gaming room allocated to Suncity at Crown Melbourne. These incidents were found to have taken place between May 2017 and February 2018. These incidents were evidenced by CCT footage depicting wads of cash being removed from opaque bags at the cash desk within the Suncity private gaming room at Crown Melbourne. In relation to that footage, the Bergin Inquiry found:

"The balance of the footage and CCTV stills demonstrate beyond any real doubt very real concerns that the money taken from the suitcase and the shopping bags was more probably than not money that was to be laundered. Whether it be connected to organised crime or simply money that had not been declared is not known. However, it was obviously highly risky and it was clearly apparent that no questions were asked by Suncity personnel about the source of funds."

While the Bergin Inquiry did not consider that Crown Resorts had turned a blind eye to money laundering, it did find that there were obvious red flags of very large volumes of cash not under Crown's supervision in the Suncity room, concurrently with publications that the junket operator had links to organised crime groups and that concurrency should have alerted Crown Resorts to the obvious and urgent need to terminate its relationship with Suncity.

The Bergin report made 19 recommendations in total. In the New South Wales Government's response to the Bergin report, it supported 17 of these recommendations in full and two of these recommendations in part. However, this review was informed by Liquor & Gaming New South Wales in March 2022 that it anticipated that legislation implementing all of the recommendations would be introduced to the Parliament in the second half of 2022.

Some of these recommendations related to the reform of the regulatory framework for casinos in New South Wales. Others related to operations within the casino and restricted gambling facility. Ms Bergin found that Crown Sydney was presently unsuitable to hold the restricted gaming licence.

Relevantly, for present purposes, Ms Bergin recommended that (a) an independent casino commission be established; (b) the Casino Control Act be amended to include an additional object requiring licensed casinos to prevent any money laundering activities within their casino operations; (c) the Casino Control Act be amended to include a requirement for casino operators to concurrently lodge suspicious matter reports with AUSTRAC and the new independent casino commission; (d) that the Casino Control Act be amended to require casino operators to monitor patron accounts and perform heightened customer due diligence; (e) that the Casino Control Act be amended to implement a requirement that all transactions over a certain amount be supported by a source of funds declaration; and (f) that there be a further amendment to effectively ban junkets in New South Wales.

Of present note, it was not the purpose of the Bergin Inquiry to inquire into whether there were issues of money laundering or criminal infiltration at The Star or whether The Star or The Star Entertainment Group had business relationships with disreputable persons or entities. The amended Terms of Reference of this review require you, Mr Bell, to consider various matters relating to the operation of the VIP segment at The Star and the prevention of money laundering at The Star. Money laundering is a particular risk in the VIP segment but is also a risk in the mass market section of casino operations.

I will move now to make some initial observations about these matters. As was canvassed in the Bergin Inquiry, for some years now there has been an international market for VIP patrons at casinos, who are sometimes colloquially referred to as high rollers or whales. VIP patrons are those patrons who bet very large sums of money and often play in private gaming rooms or salons within casinos. Many of these VIP patrons come from mainland China.

In Australia, both Star Entertainment Group and Crown Resorts and, to a lesser extent, SkyCity, compete for a share of this global market. Huge marketing efforts are directed towards attracting overseas VIPs to Australian casinos. Star Entertainment Group describes this market share as its international rebate business, IRB. For many years, its annual reports have separately reported the results of the international rebate business.

In 2018, Star Entertainment Group reported that its statutory gross revenue was \$2.58 billion. The Star's statutory gross revenue was \$1.737 billion, and its statutory international VIP rebate business revenue was \$711.5 million.

In 2019, Star Entertainment Group reported that its statutory gross revenue was \$2.514 billion. The Star's statutory gross revenue was \$1.67 billion, and its statutory international VIP rebate business revenue was \$586 million. Star Entertainment Group's full-year results presentation records that in the period 1 July 2018 to 30 June 2019, the normalised earnings for the international rebate business were \$66 million, or 11.8 per cent of the total earnings of \$556.5 million.

In 2020, Star Entertainment Group reported that its statutory gross revenue was \$1.748 billion. The Star's statutory gross revenue was \$1.169 billion, and its statutory international VIP rebate business revenue was \$240 million.

In 2021, Star Entertainment Group reported that its statutory gross revenue was \$1.557 billion. The Star's statutory gross revenue was \$828.2 million. And in 2021, The Star Entertainment Group did not separately report for the international VIP rebate business as the revenue from this business was immaterial given the pandemic-related border closures.

The international rebate business is described as such because rebates are provided by The Star as a marketing tool to encourage VIP and premium patrons to gamble

at The Star. The rebate programs are designed to refund a percentage of a player's gambling activity in the form of cash or points rebate and/or complementary expenses. Rebate play and junket programs are presently permitted under the Casino Control Act and the Casino Control Regulation 2019, and a framework and tax regime for rebate play, including junkets, are provided for in commercial agreements entered into between The Star and the New South Wales Government pursuant to section 142 of the Act.

Star Entertainment Group's rebate business is divided into the international rebate business, often referred to as IRB, and the domestic rebate business, and is based on the residency of the patrons involved. I expect that the evidence will show that within its operations, The Star uses the terms "international" to describe players who are not Australian residents, "domestic" to describe players who reside in Australia but not normally in New South Wales, and "local" to describe players who normally do reside in New South Wales.

Mr Bell, until recently, The Star's international rebate business consisted firstly of international junket programs. These are programs offered to junket operators or promoters who have arranged a junket which consists of a group of international players, or sometimes an individual international player, that can meet the minimum prescribed front money buy-in.

Secondly, international premium direct players. These programs are offered directly to international players who are able to provide the minimum prescribed front money buy-in. And thirdly, international premium mass programs. These programs are offered to international patrons who do not qualify for an international junket program or premium direct player program and who are able to provide the minimum prescribed front money buy-in. The reference to "mass" in premium mass player programs is a reference to the larger number of international players who have the potential to participate in this type of program globally.

It is expected that the evidence will show that until recently, the international junket programs represented in the order of 75 per cent of The Star's total international rebate business turnover. As I will mention in more detail shortly, in around early 2021, The Star officially decided to stop dealing with international junkets. The Star's domestic rebate business consists of domestic junket programs and domestic premium direct players. Both the domestic junkets and patrons are required to provide the minimum prescribed front money buy-in. The Star does not offer domestic rebate programs to residents of New South Wales.

Mr Bell, international junket operations first emerged at Star City, as The Star was then known, in late 1998. Junket operations were then suspended in 2000 following adverse comment in a periodic suitability review conducted on behalf of the authority. They did not resume until 1 January 2006. At that time, the Casino Control Authority was responsible for approving junket operators. The scale of

junket operations was much smaller at that time as compared with the five or so years preceding the COVID-19 pandemic.

5 In broad terms, the significance of junkets to The Star's operations increased in line with the growth of the VIP casino market in Macau, which is the world's largest VIP casino market. From 2009, the authority ceased the function of approving junket operators.

10 The operation of international junkets received considerable attention during the Bergin Inquiry. A key challenge is that the organisational arrangements for many junkets are opaque. For example, the junket operator who enters into the contractual relationship with the casino may be a different person to the individual or group of individuals who provide the credit to the junket players.

15 The Bergin Inquiry highlighted that it is the credit providing and debt enforcing functions of junkets that make them vulnerable to infiltration by organised crime and also explained the reason for the historical ties between junkets that had operated in Macau and triad groups.

20 The Bergin Inquiry further highlighted another key feature of certain Macau-based junkets, being their participation in, or facilitation of, an informal underground banking system assisting in the remittance of money from mainland China to other jurisdictions. That service has partly arisen from the capital flight restrictions and gambling prohibitions imposed in mainland China. The Bergin Inquiry exposed
25 the inherent risks with Macau-based junkets and stated:

30 "The great risk of junkets being connected with organised crime will remain while ever there are restrictions on the flows of currency out of mainland China. It is illegal to promote gambling in China, and it is illegal to enforce gambling debts in China."

I have already mentioned, Mr Bell, that in February 2021 the Bergin report was published. In response, Star Entertainment Group officially ceased all
35 international junket business for a period of time, and in May 2021 it reached an agreement with the authority whereby Star Entertainment Group would suspend its business with international junket operators. That agreement applied to all of the group's casino operations in New South Wales and Queensland.

40 Mr Bell, it is one of the functions of your review to assess the due diligence checks and standards The Star historically applied to junkets and their participants so as to assess the systems and standards that will be applied to premium international players in the future. I anticipate you will hear evidence of The Star's relationship with Suncity and the operation of junkets affiliated with that
45 organisation at The Star in Sydney.

You are also likely to hear evidence regarding the operation of private gaming rooms called salons at The Star. I anticipate that there will be evidence laddering

the operation of salon 95 located on level 1 of the Darling Hotel. Salon 95 was the private gaming salon that The Star ultimately allocated to Mr Alan Iek Kit Lon, a junket promoter associated with Suncity. Salon 95 will receive close attention during these public hearings.

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I now turn to address you on anti-money laundering and counter-terrorism financing. There cannot be any serious doubts that casinos, of their very nature, are high-risk venues in relation to money laundering and terrorism financing. In particular, The Star deals with large volumes of cash which is transferred in and out of the casino. The ownership of cash can be less transparent than other forms of money. The Star also provides a series of financial services to customers which facilitate the flow of large sums of money across international borders and also provides certain credit facilities to VIP and premium patrons, largely through the use of what are called cheque cashing facilities, CCFs.

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The Star and its related casinos in Queensland each provide what are known as designated services under the Anti-Money Laundering and Counter-Terrorism Financing Act and are therefore reporting entities. This means they need to report various matters to the national anti-money laundering agency known as AUSTRAC. These reports include threshold transaction reports, which relate to cash deposits of \$10,000 or over; suspicious matter reports; and international fund transfer instruction reports, sometimes referred to as IFTIs.

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It also means that the casinos must regularly have their anti-money laundering programs reviewed by independent organisations. The firm KPMG conducted one such review in 2018, and you will hear about that during this public hearing. The Bergin report described Australia's anti-money laundering and anti-terrorism financing framework in detail, and I will not repeat that description here, save to note that all reporting entities are to have an anti-money laundering and counter-terrorism program under the Act.

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That program can be a standard program pertaining to a designated entity, or it can be a joint program which applies to a designated business group. Star Entertainment Group maintains a joint AML/CTF program which applies to both The Star Pty Ltd, as the operator of the Sydney casino, and the other corporate entities that operate the casinos in Queensland.

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Further, EEI Services (Hong Kong) Limited, which is a company incorporated in Hong Kong that is wholly owned by Star Entertainment Group, has its own separate AML/CTF program. Regardless of what type of AML/CTF program an organisation adopts, that program must have two parts, namely, part A and part B.

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The part A component identifies the money laundering and terrorism financing risks that pertain to that organisation and stipulates how that organisation is to apply its resources to manage and mitigate such risks. Appropriate systems and controls need to be put in place to manage the identified risks.

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The part B component of the AML/CTF program is required to address customer due diligence and also sets out the know your customer obligations the organisation needs to satisfy. Part A of the program is required by law to be periodically reviewed by an independent auditor. There is no such requirement for part B of the program.

Mr Bell, I will now move to briefly introduce The Star and The Star Entertainment Group's framework for managing the risks of money laundering and terrorism financing. The first point to note is that it is a risk-based system, that is, integral to the system is the need to correctly identify and evaluate the risks and then to tailor controls to appropriately manage those risks.

I expect that the evidence will disclose that Star Entertainment Group has made a series of upgrades to its anti-money laundering and counter-terrorism financing program and related documents over the relevant period and has also increased the level of resources it devotes to the detection and prevention of money laundering. The current joint program was approved by the directors of Star Entertainment Group on 1 June 2020.

At the same time, the directors approved a revised Know Your Customer Standard, and since that time there have been further updates to the transaction monitoring process and the Enhanced Customer Due Diligence Standard. You will hear evidence that in April 2021, a bespoke software platform known as TrackVia became operational and is the core information management system for all anti-money laundering and patron information.

A key question before you is whether The Star and Star Entertainment Group have adequately managed the risks of money laundering and terrorism financing over the relevant period, and I expect that during these public hearings attention will be given to such issues as know your customer procedures, due diligence and extended due diligence on patrons and also on transaction monitoring.

To assist you in your consideration of these issues, you will hear evidence from Ms Robyn McKern, a partner and forensic accountant with McGrathNicol, who has prepared an expert report on various money laundering related issues.

It is also necessary to say something about the provision of credit to VIP patrons and international junkets. Mr Bell, by and large, section 74 of the Casino Control Act prohibits The Star and its agents from offering credit to patrons other than via the provision of cheque cashing facilities under section 75. The reason that the casino operators are, but for this limited exception, prohibited from providing credit to their patrons was explained by the Honourable Xavier Connor QC who inquired into the legislation of casinos in Victoria and he said:

"Credit has almost routinely been the principal source of trouble with casinos. Casino management is generally anxious to be in a position to extend credit at its discretion to favoured gamblers. It increases casino turnover, as well as

encouraging gamblers to gamble beyond their means. The granting of credit leads to all kinds of problems, particularly relating to skimming and collecting the unpaid debts of gamblers who live out of state. The way to eliminate problems relating to credit is simply to prohibit it."

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Further, until recently, section 74, subsection (1) (c) of the Casino Control Act prohibited casino operators or their agents in connection with gaming at the casino from providing money or chips as part of a transaction involving a credit or debit card. Until July 2020, there was only one way in which the casino operator or its agents were permitted to provide credit to casino patrons, be they international or domestic, and this is through what is known as a cheque cashing facility under section 75 of the Act.

Under this provision, the casino operator may establish a deposit account for a person and, when provided with a cheque by that person, may debit the deposit account for the amount of the cheque and redeem the cheque for an equivalent value of money, a cheque payable to the operator, chip purchase vouchers or chips. However, the casino operator is not required to bank the cheque until a stipulated number of days has elapsed. During that period, any debit on the deposit account may be settled. In this way, the unbanked cheque operates as the provision of credit.

Mr Bell, two important changes have been made to sections 74 and 75 over the relevant period. Firstly, on 21 December 2018, amendments made to section 74, subsection (1)(c) came into effect so as to permit the casino operator or its agent to provide money or chips to a premium player or junket, or junket player, via a debit card.

Secondly, on 1 July 2020, section 74, subsection (5) was amended to permit the casino operator or its agents or employees to provide any form of credit to a person who was not ordinarily resident in Australia to enable them to participate in a premium player arrangement or an approved junket. The purpose of this amendment was to introduce competitive neutrality since, prior to that amendment, the holder of the restricted gaming licence, Crown Sydney, was able to provide any form of credit to a premium player or junket.

Mr Bell, I expect that you will hear evidence that a company incorporated in Hong Kong and 100 per cent owned by Star Entertainment Group, called EEI Services (Hong Kong) Limited, has been used to provide loans to certain VIP and premium patrons. EEIS has also been approved as a close associate of The Star by the authority and will be one of the close associates considered during these public hearings.

In correspondence with those assisting this review, Star Entertainment Group and The Star have indicated that they and their related corporate entities hold a number of bank accounts, both in Australia and internationally, into which patrons, or people acting on behalf of them, can deposit money for the purposes of providing

front money, paying back cheque cashing facilitates and sometimes paying back the EEIS loans. I will call these bank accounts the patron bank accounts. I anticipate you will hear evidence about the patron bank accounts during these public hearings.

5

You will also hear evidence about the relationship between some of these patron bank accounts and the challenges that arise because of the strict regulations imposed by mainland China about currency flight from its jurisdiction, including regulations that impose a US\$50,000 foreign exchange limit per year for individuals; capital outflow limits of 20,000 yuan per day for individuals; and prohibitions on underground banking and unauthorised remittances.

10

Mr Bell, I will also make mention of the use of China UnionPay cards at The Star. I will call these cards CUP cards. CUP cards are issued by a number of banks based in mainland China and function in much the same way as Visa and Mastercards do. UnionPay International, the company that licences various banks to issue CUP cards, has placed various restrictions on these cards and has, for a long period of time, prohibited their use in connection with gambling.

15

I anticipate that the evidence will show that The Star introduced the use of CUP cards in - I should say the Sydney Entertainment Group - sorry, Star Entertainment Group introduced the use of CUP cards in 2013 at its hotels, and these very large volumes of money were thereafter withdrawn by particular individuals using the cards. The cards were swiped at terminals at hotels associated with The Star Entertainment Group.

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25

In Sydney, at The Star, the hotel was originally known as The Astral and is now known as The Star Grand hotel. The CUP cards were used in a similar way at Star Gold Coast. The use of CUP cards at Crown Melbourne received considerable attention during the recent Finkelstein Royal Commission in Victoria. Their use at The Star will be explored in the public evidence before you, with questions including whether the cards were used to fund gambling.

30

Mr Bell, as I have already noted, at the core of your review is the question of whether The Star is suitable to hold the casino licence and whether its close associates, including Star Entertainment Group and EEIS, remain suitable close associates. There is no general definition of "suitable person" or "suitability" in the Casino Control Act. Nevertheless, in considering an application by a person to first commence to hold a casino licence, section 12(2), of the Casino Control Act sets out eight express matters that the authority is required to take into account in forming a view as to whether the applicant for the licence, and each of its close associates, is a suitable person.

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These factors include whether the applicant and its close associates are of good repute, having regard to character, honesty and integrity, and also whether any of those persons has any business association with any person, body or association who, in the opinion of the authority, is not of good repute having regard to

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character, honesty and integrity, or has undesirable or unsatisfactory financial sources.

5 It should be noted that Star Entertainment Group has business associations with Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, each of which is a shareholder in Star Entertainment Group. However, in December 2021, the authority notified this review that the probity of these two companies was excluded from consideration by this review.

10 The recent Bergin and Finkelstein reports provide helpful commentary regarding the proper approach to the concept of suitability of an existing casino operator. The Bergin report placed emphasis on whether the casino operator was of good
15 reputation having regard to character, honesty and integrity. The Finkelstein report stated that while no definition of suitable person was provided in the Victorian Casino Control Act, that legislation did include statutory criteria that described the attributes of a suitable person. Like the Bergin report, the Finkelstein report placed emphasis on propriety and integrity and I quote from that report:

20 "The suitability requirement came from the concern that criminal elements may infiltrate a casino. It is clear, though, that suitability involves much broader considerations. This is plain from the requirement in the Casino Control Act that, in considering suitability, other factors must be taken into
25 account. The most important of those factors are the casino operator's character, honesty and integrity and its financial standing. Another important factor is the suitability of the directors and officers involved in the administration of the casino's operations."

Mr Bell, the Finkelstein report also highlighted the necessity of focusing on
30 whether there is any evidence of misconduct and, if such evidence exists, asking what conclusions may be drawn. The Finkelstein report said such misconduct could include (a) misleading a licensing authority; (b) failing to cooperate with the regulator during an investigation; (c) previous criminal conduct, especially
35 conduct that arose while carrying out functions permitted by the licence; and (d) failing to comply with relevant statutory requirements that regulate licensed activity.

The Finkelstein report emphasised that when the suitability of an existing casino
40 licensee was under consideration, it was important to look more broadly at the licensee's conduct as casino operator. The Finkelstein report identified what the appropriate norms of conduct were for a casino operator, stating that it must obey the law; act honestly; deter illegal and immoral behaviour that might take place at the casino; not exploit people who come to the casino to gamble; take active
45 measures to minimise harm caused by gambling; cooperate fully and candidly with the regulator and with the government.

Whether The Star and Star Entertainment Group have conformed with such norms of conduct during the Relevant Period will be explored during the public hearings

in this matter. You will hear evidence that in 2020, Star Entertainment Group reoriented its values to emphasise what the organisation calls "do the right thing". This initiative is an attempt by the organisation to promote certain types of culture throughout the firm so as to influence the decision-making of its employees at all
5 levels.

Further, all personnel at Star Entertainment Group, including The Star, are subject to the organisation's Code of Conduct. The Code of Conduct describes six guiding principles that align with the core values of the business including, in broad terms:
10 (1) respecting the community; (2) diversity and inclusion; (3) compliance with the law; (4) honestly and integrity; (5) professional excellence; and (6) health and safety.

The emphasis upon "doing the right thing" applies across these six principles. A
15 focus of this review will be on assessing the extent to which The Star and Star Entertainment Group adhered to these principles and organisational objectives on the ground in the day-to-day running of the business during the relevant period.

Mr Bell, it remains only to note that a large amount of work has already been done
20 by you, and those assisting you, in relation to both the public and private aspects of your review. Without being exhaustive, it may be noted that a number of summonses have to date been issued on either Star Entertainment Group or The Star, and six separate requests for information have been made and responses provided. In those responses, Star Entertainment Group and The Star have
25 acknowledged a number of shortcomings in some of their own processes, which you will hear about during the course of the public evidence.

Additionally, at your request, The Star and Star Entertainment Group, have
30 voluntarily provided 15 witness statements addressing various questions you have posed. You will hear from a number of the witnesses who have made these statements, as well as from other individuals during the course of these hearings.

MR BELL SC: Yes. Thank you, Ms Sharp. Ms Richardson, do you wish to
35 make an opening submission?

MS RICHARDSON SC: No, Mr Bell. I just wanted to make a couple of
statements on the record about the production - the summonses that Ms Sharp just referred to, only that in relation to all documents produced under summons to the
40 review by my client, they were produced under compulsion by reason of the summons. And so we understand this to be the case from correspondence to solicitors - from solicitors assisting, but I would like to place it on the record, that all documents produced under summons attract the protections under section 17 of the Royal Commissions Act, including that any document in which there is a
45 privilege of my client is not waived by that production because it is produced under compulsion. So there is no intention to waive privilege in any document that has been produced to the review.

Secondly, in respect of the witness statements that my learned friend Ms Sharp referred to, while they were originally prepared voluntarily, they were produced to the review under summons. So the position of my client in respect of all of the witnesses that I act for, being its employees and directors, is that those witness statements were produced under compulsion by reason of the summons and that they also attract the protections provided under section 17 of the Royal Commissions Act.

So, in that respect, I can speak to my learned friend about the approach she would wish to take. But in relation to each witness that appears at the public hearing, we understand that it's accepted by those assisting you, Mr Bell, that each witness from my clients is afforded the protections under section 17 of the Royal Commission Act, and it's unnecessary for a witness to make a specific or even general witness-by-witness claim. But rather, all of those witnesses, by reason of appearing under a compulsive summons, attract the benefit of the protections under section 17 of the Royal Commission Act.

MR BELL SC: Yes. Thank you, Ms Richardson. I accept all of those matters. Although these are public hearings, it will be necessary from time to time during the course of the hearings to revert to hearings in private mode. Among other things, it's important that ongoing investigations and pending prosecutions by law enforcement bodies are not compromised by these hearings. Ms Sharp, who will be the first witness?

MS SHARP SC: The first witness will be Ms Paulinka Dudek.

MR BELL SC: Right. Thank you. Well, I will now adjourn for 15 minutes.

<THE HEARING ADJOURNED AT 11:24 a.m.

<THE HEARING COMMENCED AT 12:34 p.m.

MR BELL SC: I'm sorry about that delay. There were some audio issues which I trust have now been resolved. Yes, Ms Sharp. I think you are on mute, Ms Sharp.

MS SHARP SC: Mr Bell, can I start by tendering some evidence, and I will just explain how I propose to tender evidence during the course of your public hearings. We have circulated to interested parties various lists of documents. So far we have circulated a list called Part A, a list called Part B and a list called Part C, and I anticipate that as the public hearings continue, we will continue to supplement the documents.

So what I propose to do is tender documents by way of lists rather than refer to every document. So when I tender the Part A list, what I will intend to do is tender all of the documents in that to be known as Part A.1, Part A.2 and so on. Is that convenient for you, Mr Bell?

MR BELL SC: Yes. Well, once tendered, they will be known as exhibit A, exhibit B and so on.

5 **MS SHARP SC:** Thank you, Mr Bell. In that case, let me firstly tender Part A - the Part A list. This has 1558 documents.

MR BELL SC: That will be exhibit A1 to exhibit A1558.

10 **MS SHARP SC:** Thank you, Mr Bell. And just to explain, this part comprises the witness statements produced by or on behalf of The Star and the annexures to each of those statements. I then tender Part B, which contains 3648 documents.

MR BELL SC: That will be exhibit B1 to exhibit B3648.

15 **MS SHARP SC:** And just to explain, that is a chronological bundle of all documents, Mr Bell. So it includes, in chronological order, a number of the documents that are already in Part A. And lastly, Mr Bell, could I tender the Part C documents. There are 331 such documents.

20 **MR BELL SC:** That will be exhibit C1 to exhibit C331.

MS SHARP SC: And may I foreshadow that I expect that shortly a further short list, known as Part D, will be circulated to interested parties.

25 **MR BELL SC:** Thank you.

MS SHARP SC: I will now call the first witness, Ms Paulina Dudek, who has made a statement in this matter that is contained in Part A at Tab 159.

30 **MR BRAHAM SC:** Mr Bell, it's Peter Braham here. I'm trying to appear on the video, but I think you can hear me.

MR BELL SC: Yes, I can hear you.

35 **MR BRAHAM SC:** Before this witness commences to give evidence, I apply for leave to appear in connection with this inquiry on behalf of Ms Scopel.

40 **MR BELL SC:** Yes, I granted that leave. I granted you leave to appear on the examination of Ms Dudek for the purpose of representing Ms Scopel, and the record will show that.

MR BRAHAM SC: Thank you.

45 **MR BELL SC:** Is Ms Dudek available?

MS RICHARDSON SC: Mr Bell, sorry, could I raise one matter - it's Ms Richardson speaking - before Ms Dudek is sworn. I raised before the question of the fact there is no waiver of privilege in relation to any document produced by my clients to the review or in any of the documents that have just been tendered by my learned friend Ms Sharp. In relation to witnesses giving evidence, in my submission it's the same position, which is that there is no waiver of privilege in relation to any evidence a witness might give in relation to a document over which privilege is claimed.

5
10 **MR BELL SC:** Yes, I accept that.

MS RICHARDSON SC: May it please, Mr Bell. Thanks.

MR BELL SC: Is Ms Dudek available?
15

MS DUDEK: I'm available, but my video won't start for some reason.

MR BELL SC: We will need your video to be working.

20 **MS DUDEK:** It says the host has stopped it.

MR BELL SC: Can you hear me, Ms Dudek?

MS DUDEK: Yes, I can, Mr Bell.
25

MR BELL SC: Would you prefer to take an oath or an affirmation?

MS DUDEK: An affirmation.

30 **<PAULINA MARTA DUDEK, AFFIRMED**

<EXAMINATION BY MS SHARP SC:

MR BELL SC: Yes, Ms Sharp.
35

MS SHARP SC: Ms Dudek, could you state your full name please.

MS DUDEK: My full name is Paulina Marta Dudek.

40 **MS SHARP SC:** And your address is known to those assisting this inquiry?

MS DUDEK: Yes.

MS SHARP SC: You have prepared a statement dated 6 February 2022?
45

MS DUDEK: Yes.

MS SHARP SC: Are the contents of that statement true and correct?

MS DUDEK: They are.

5 **MS SHARP SC:** You are presently employed by Star Entertainment Group?

MS DUDEK: Yes.

10 **MS SHARP SC:** And in August 2020 you were promoted in the position of assistant group treasurer?

MS DUDEK: That's correct.

15 **MS SHARP SC:** You were first employed by Star Entertainment Group in March 2019?

MS DUDEK: Yes.

20 **MS SHARP SC:** And at that time you were the - a senior treasury manager?

MS DUDEK: Yes.

MS SHARP SC: What post-secondary qualifications do you hold, Ms Dudek?

25 **MS DUDEK:** I have a Master of Business in law and - and a Master of Finance - sorry, apologies, that was a Bachelor of Business in law and a Master of Finance.

30 **MS SHARP SC:** Can you briefly outline to us your employment history prior to commencing with Star Entertainment Group.

MS DUDEK: Yes.

35 **MS SHARP SC:** And what is that?

40 **MS DUDEK:** I started working as - at Deloitte in 2008 until 2012, beginning as an associate in banking capital markets, assurance and advisory, and ending as a manager in the treasury and capital markets group in Sydney. I then was employed as a - first as a student treasury analyst on to treasury manager, and then acting senior manager at Origin Energy from March 2014 until August 2018. I then was a treasury manager at GFG Alliance until March 2019 where I began working at The Star in the senior treasury manager role.

45 **MS SHARP SC:** And in the senior treasury manager role, who did you report to?

MS DUDEK: I reported to the then group treasurer, Sarah Scopel.

MS SHARP SC: Are you aware of who Ms Scopel reported to?

MS DUDEK: Chief financial officer, at the time, Chad Barton.

5 **MS SHARP SC:** And is it right that Mr Barton's position was then taken over by Mr Harry Theodore?

MS DUDEK: Yes.

10 **MS SHARP SC:** And in your position as assistant group treasurer, who did you report to?

MS DUDEK: I report to the general manager of strategy and group treasurer, Danny Huang.

15

MS SHARP SC: And who does Mr Huang report to?

MS DUDEK: To Harry Theodore.

20 **MS SHARP SC:** Is it fair to characterise you as holding a position of senior management at Star Entertainment Group?

MS DUDEK: Yes.

25 **MS SHARP SC:** And is it also fair to characterise you as having held a position of senior management when you were the senior treasury manager?

MS DUDEK: Yes.

30 **MS SHARP SC:** Could you please tell us what the function of treasury is at Star Entertainment Group?

MS DUDEK: The function of treasury is to manage the group's funding activities for its short term and long term to ensure a sufficient level of debt is in place to meet the group's cashflow objectives. The treasury function therefore manages those debt obligations through risk management activities, as well as compliance, amongst other areas.

35

40 **MS SHARP SC:** And does treasury manage the flow of funds in and out of the casino?

MS DUDEK: It manages the group funding from an overall perspective, looking at the total inflows and outflows and making decisions of how much debt to roll to repay over the next few days.

45

MS SHARP SC: And treasury also has responsibilities with respect to the bank accounts that Star Entertainment Group and its subsidiaries hold?

MS DUDEK: Yes. Treasury administers the bank accounts and has the relationships with the transactional banks that provide those banking services.

5 **MS SHARP SC:** And what do you mean when you say treasury administers the bank accounts?

10 **MS DUDEK:** Treasury personnel essentially oversee the bank accounts. So if the business requires people to be added to the online banking portals, then the treasury team facilitates the access of that by working with the banks to organise that access.

MS SHARP SC: And how many people are in the treasury team?

15 **MS DUDEK:** Currently, three and a half full-time employees as of, I think, the last month.

MS SHARP SC: And who were they?

20 **MS DUDEK:** So Danny Huang, the group treasurer, and myself, and my colleague Dora Szasz White, senior treasury manager that reports to me, and Susan Lieu, treasury analyst, that reports to Dora Szasz White.

25 **MS SHARP SC:** And in 2019 when Ms Scopel was the group treasurer, how many staff were in treasury?

MS DUDEK: Three.

30 **MS SHARP SC:** And who were they?

MS DUDEK: Ms Scopel, myself and at the time when I started at the start Ms Danijela Perkovic, the treasurer manager.

35 **MS SHARP SC:** And is it right that treasury sits in a different position than does the credit and collections team?

MS DUDEK: Yes. Treasury is a part of the group finance team and reports up directly to the CFO.

40 **MS SHARP SC:** Is Mr Michael Whytcross in the finance team?

MS DUDEK: I believe in the broader finance team, yes, not necessarily the immediate finance team where I think of group reporting, tax and treasury.

45 **MS SHARP SC:** Does the team within which Mr Whytcross is situated have a more direct responsibility for credit and collection?

MS DUDEK: Yes.

MS SHARP SC: Now, could you please outline to us what your responsibilities were when you were the senior treasury manager.

5

MS DUDEK: So I was responsible for the day-to-day funding for The Star group and its joint ventures, approving the daily funding which is the process to work out the amount of in-flows and out-flows that are coming into The Star's bank accounts and making the funding decision what to do with The Star's debt - debt facilities. I oversaw the compliance of - of all those debt facilities and the risk management - I was also responsible for also executing hedges and other risk management requirements for the business.

10

MS SHARP SC: Did you have access to bank account statements of the bank accounts of Star Entertainment Group and its subsidiaries?

15

MS DUDEK: I did, through the online banking portal.

MS SHARP SC: Did you have access to all of the bank accounts held by --

20

MS DUDEK: Yes.

MS SHARP SC: And was there anybody else within treasury who had similar access?

25

MS DUDEK: We all had the same access in treasury of being able to view the bank accounts and the bank statements.

MS SHARP SC: Now, you've since moved on to become the assistant group treasurer. How has your role changed?

30

MS DUDEK: It's broadened in the sense that I take a more active role, especially in the joint venture financings that The Star assist the joint ventures with. I also work with the group treasurer in developing the funding strategy for the group and the joint ventures. And I also assist the group treasurer in the credit rating reviews and associated work involved in that aspect.

35

MS SHARP SC: I had previously asked you about the relationship between treasury and credit and collections. Can I also ask you about the relationship between treasury and the AML team at Star Entertainment Group?

40

MS DUDEK: Treasury and the AML team, we have a relationship - we work together when there are queries from our relationship banks on AML matters. For example, annual AML program reviews. In that instance, when the request comes to treasury, we send - we forward, essentially, the requests to the AML team, and the AML team provide the responses to those queries for treasury to send them on

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to the bank. So it's generally around requests that come from external banks, treasury work with AML on those areas.

5 **MS SHARP SC:** Treasury and AML teams are separate teams within --

MS DUDEK: They are, yes, completely separate teams.

10 **MS SHARP SC:** And you mentioned earlier that you had some responsibility for relationships with banks in your positions. Could you elaborate on who those responsibilities were, please?

15 **MS DUDEK:** The group treasurer owns the responsibility of the relationships with the banks, so managing communication between what comes from The Star to the banks. And in both my roles, I assisted in managing those relationships. So if the bank had any questions, especially analytical-style questions, I would assist the treasurer in responding to those questions.

20 **MS SHARP SC:** Now, are you aware that one of The Star's and Sydney Star Entertainment Group's core values is "do the right thing"?

MS DUDEK: Yes.

25 **MS SHARP SC:** Do you agree that in 2020 Star Entertainment reoriented its value to include a value called "do the right thing"?

MS DUDEK: Yes.

MS SHARP SC: What does that mean?

30 **MS DUDEK:** It means calling out anything anybody sees that doesn't sit right with them, no matter their position. There's an avenue for voicing those concerns and feeling confident that that's the right thing to do.

35 **MS SHARP SC:** And when in 2020 was "do the right thing" introduced?

MS DUDEK: I don't recall the specific date it was introduced.

MS SHARP SC: Was it in the early part of 2020 or the later part of 2020?

40 **MS DUDEK:** I'm really not sure.

MS SHARP SC: Does it assist you to reflect whether it was before the lockdown or after the lockdown?

45 **MS DUDEK:** Around the time of the lockdown perhaps, so maybe the first half of the year.

MS SHARP SC: And when you said there was an avenue for calling things out, what was that avenue?

5 **MS DUDEK:** I believe there is a hotline or an email address where if you don't feel confident speaking up to your direct manager or somebody in the business, there is a way for you to send that concern in a way that is a bit more approachable, perhaps.

10 **MS SHARP SC:** And is there a way that the "do the right thing" value ought guide your decision-making as a Star Entertainment Group employee?

MS DUDEK: Yes.

15 **MS SHARP SC:** And how is that?

MS DUDEK: If you are directed to do something or it's in your role to do something but you feel it's not right, then it's a way for you to basically voice that concern and call it out that something doesn't feel right.

20 **MS SHARP SC:** Do you agree that "do the right thing" means that you should adhere to the spirit of the law as well as the letter of the law?

MS DUDEK: Yes.

25 **MS SHARP SC:** As an employee of Star Entertainment Group, have you at all times been aware of The Star Entertainment Code of Conduct?

MS DUDEK: Yes.

30 **MS SHARP SC:** And have you - I withdraw that. When you first commenced your employment, did you receive training in that Code of Conduct?

MS DUDEK: Yes. I believe in the first month of when I started, there was online training that referenced the Code of Conduct.

35 **MS SHARP SC:** Could I take you to the Code of Conduct that I understand was in existence when you first started your employment. This is a document, Mr Bell, that has not yet made it to the exhibits. This will be in exhibit D. I understand I can call it up now for Ms Dudek to see. It is STA.3008.0023.8415.

40 **MR BELL SC:** Are you proposing to tender it now?

MS SHARP SC: Mr Bell, I will save it until exhibit D is ready.

45 **MR BELL SC:** Yes. Thank you.

MS SHARP SC: Maybe I could have it marked for identification.

MR BELL SC: It will be marked for identification 1.

****MFI 1**

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MS SHARP SC: Ms Dudek, are you able to see the code of conduct on your screen?

MS DUDEK: Yes, I can.

10

MS SHARP SC: And you will see that code of conduct has an effective date of 1 March 2018.

MS DUDEK: Yes.

15

MS SHARP SC: Could I ask you, Ms Dudek, to have regard to the next page, which is pinpoint 8148, which I will have shown to you. And can you read that first paragraph under the heading Purpose.

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MS DUDEK: Just to myself?

MS SHARP SC: And do you see it says:

"The Star Entertainment Group adheres to high ethical and legal standards."

25

MS DUDEK: Yes.

MS SHARP SC: And do you agree that at all times you were aware that was The Star Entertainment Group's expectation of your conduct?

30

MS DUDEK: Yes.

MS SHARP SC: Could I take you to the heading number 3, The Code Guiding Principles. Can you see that?

35

MS DUDEK: I can.

MS SHARP SC: Do you see that point 3 is, "We comply with the law"?

40

MS DUDEK: Yes.

MS SHARP SC: It's correct, isn't it, that at all times you have been employed by Star Entertainment you are aware or have been aware of that conduct requirement?

45

MS DUDEK: Yes.

MS SHARP SC: Do you see at point 4, "We are ethical"?

MS DUDEK: Yes.

5 **MS SHARP SC:** Do you agree that at all times that you have been employed by Star Entertainment you have been aware of that requirement in the code of conduct?

MS DUDEK: Yes.

10 **MS SHARP SC:** Do you agree that one component of being ethical is being honest?

MS DUDEK: Yes.

15 **MS SHARP SC:** Do you agree that another component of being ethical is not seeking to present a misleading view of a matter?

MS DUDEK: Yes.

20 **MS SHARP SC:** Can I take you to pinpoint 8150, and you will see at about point 2 of the way down there's an italicised heading that says Our Employees Are Expected To.

MS DUDEK: Yes.

25 **MS SHARP SC:** And do you see, six dot points down, dot point:

"Refrain from behaviours which could bring Star Entertainment into disrepute."

30 **MS DUDEK:** Yes.

35 **MS SHARP SC:** And that was a matter - a requirement in the Code of Conduct of which you've been aware the entire time you have been employed by Star Entertainment?

MS DUDEK: Yes.

40 **MS SHARP SC:** And a few further dot points down, a requirement to challenge and report unethical behaviours and practices?

MS DUDEK: Yes.

45 **MS SHARP SC:** And again, you were aware of that requirement at all times you've been employed by Star Entertainment Group?

MS DUDEK: Yes.

MS SHARP SC: And the last dot point there:

5 "Provide complete, honest and accurate information to any regulator who lawfully requests information."

MS DUDEK: Yes.

10 **MS SHARP SC:** And is it right that you've been aware of that Code of Conduct requirement the entire period you have been working at The Star?

MS DUDEK: Yes.

15 **MS SHARP SC:** Now, you are aware, of course, that The Star Pty Ltd holds the casino licence in New South Wales?

MS DUDEK: Yes.

20 **MS SHARP SC:** Would you agree that licence is, in fact, a special privilege?

MS DUDEK: Yes.

25 **MS SHARP SC:** And would you agree that with that special privilege comes commensurate responsibilities?

MS DUDEK: Yes.

30 **MS SHARP SC:** And one of those responsibilities is ensuring integrity in all casino operations?

MS DUDEK: Yes.

MS SHARP SC: And ensuring integrity in dealings with others?

35 **MS DUDEK:** Yes.

MS SHARP SC: And ensuring integrity in dealing with regulators?

40 **MS DUDEK:** Yes.

MS SHARP SC: And ensuring integrity in dealing with partners, such as banks?

MS DUDEK: Yes.

45 **MS SHARP SC:** And do you agree that as an ordinary incident of commercial practice, it is important for a client not to mislead its banking partners?

MS DUDEK: Yes.

MS SHARP SC: Ms Dudek, have you ever received training in anti-money laundering and counter-terrorism financing processes?

5

MS DUDEK: Yes. There is an annual training module that I have under - undergone in my role.

MS SHARP SC: Before you got to your employment at Star, had you received any training or undertaken any studies or learning in anti-money laundering?

10

MS DUDEK: No.

MS SHARP SC: Now, could you describe to us in detail what training you have had since you commenced employment at Star Entertainment in relation to anti-money laundering and counter-terrorism financing.

15

MS DUDEK: There is an annual online training for AML/CTF that I'm expected to do, which I have done on an annual basis. And occasionally, once that I can recall, our team, the group treasury, received direct training by the AML team on AML/CTF matters.

20

MS SHARP SC: And aside from that training, have you taken any further steps to familiarise yourself with the requirements of anti-money laundering law in Australia?

25

MS DUDEK: No.

MS SHARP SC: Have you ever had to look at the Anti-Money Laundering and Counter-Terrorism Financing Act?

30

MS DUDEK: No.

MS SHARP SC: Could you describe to us the level of your understanding of Australia's anti-money laundering and counter-terrorism financing regulatory framework.

35

MS DUDEK: Very basic.

MS SHARP SC: Are you familiar with the concept of reporting entities?

40

MS DUDEK: Yes, I have heard of that.

MS SHARP SC: And do you appreciate that The Star is a reporting entity?

45

MS DUDEK: Yes.

MS SHARP SC: Are you familiar with the concept of designated services?

MS DUDEK: Yes, I have heard of that.

5 **MS SHARP SC:** And do you agree that The Star provides designated services?

MS DUDEK: Yes.

10 **MS SHARP SC:** Are you aware that because The Star is a reporting entity, it must provide certain reports to AUSTRAC?

MS DUDEK: Yes.

15 **MS SHARP SC:** And do you know what those reports are that it must provide?

MS DUDEK: Yes, I've - through the course of my employment, I've understood that there are a number of reports that The Star is required to produce. The area that I understand probably the most is around transactions. If there are suspicious or concerning transactions, those transactions need to be reported.

20 **MS SHARP SC:** So you are there referring to suspicious matter reports?

MS DUDEK: Yes.

25 **MS SHARP SC:** Have you heard of IFTIs?

MS DUDEK: Yes, I have heard of those.

30 **MS SHARP SC:** And they are international financial transfer instructions?

MS DUDEK: Yes.

35 **MS SHARP SC:** And you are aware that reporting entities have certain obligations to lodge IFTIs with AUSTRAC?

MS DUDEK: Yes.

MS SHARP SC: And are you aware of threshold transaction reports?

40 **MS DUDEK:** I have heard that, yes.

MS SHARP SC: And you know what they are?

45 **MS DUDEK:** Yes. So if a transaction is over a certain monetary amount, it needs to be reported.

MS SHARP SC: Do you know what that monetary amount is?

MS DUDEK: Yes, Aussie dollar \$10,000. And for foreign currency, I think there is no threshold that I'm aware of.

5 **MS SHARP SC:** And is that a cash transaction that you are referring to?

MS DUDEK: I thought that was all types of transactions.

MS SHARP SC: Do you know what KYC stands for?

10

MS DUDEK: Yes, know your client.

MS SHARP SC: And what does that involve?

15 **MS DUDEK:** It involves - from a patron perspective, there are processes in place to obtain identification of an individual to ascertain their full name, address, date of birth, so that an identity can be created for that individual.

20 **MS SHARP SC:** And is it important that the casino has an understanding of the source of a patron's funds?

MS DUDEK: Yes.

MS SHARP SC: And why is that?

25

MS DUDEK: To understand the means that - if - well, to understand - I guess to put an element of understanding behind the patron's behaviour at the casino versus where their funds are coming from.

30 **MS SHARP SC:** And have you heard of the concept of enhanced customer due diligence?

MS DUDEK: Yes, I have.

35 **MS SHARP SC:** And what does that mean?

40 **MS DUDEK:** I understand that enhanced customer due diligence is an extra layer of KYC that is performed on certain types of individuals, politically exposed individuals, for example, or if an individual is potentially rated as a high-risk individual.

MS SHARP SC: Do you understand that reporting entities have obligations under Australia's anti-money laundering framework to engage in transaction monitoring?

45

MS DUDEK: Yes.

MS SHARP SC: And what do you understand transaction monitoring to require?

5 **MS DUDEK:** It requires teams looking at funds that are deposited into The Star's bank accounts for - bank accounts, I think, generally, and understanding or making - reporting any behaviour that looks potentially suspicious or doesn't seem right from - from the - that person's point of view.

10 **MS SHARP SC:** And would you agree that transaction monitoring is to be conducted to ascertain whether there are any indicia of money laundering?

MS DUDEK: Yes.

MS SHARP SC: And counter-terrorism financing?

15 **MS DUDEK:** Yes.

MS SHARP SC: Do you understand that the anti-money laundering system in Australia is a risk-based system?

20 **MS DUDEK:** Yes.

MS SHARP SC: And do you understand that Star Entertainment has a group anti-money laundering program to govern its application of the anti-money laundering and counter-terrorism financing requirements?

25 **MS DUDEK:** Yes.

MS SHARP SC: Do you understand that program is a risk-based system?

30 **MS DUDEK:** Yes.

MS SHARP SC: Can you tell us what a risk-based system is?

35 **MS DUDEK:** My general understanding is that the system - risk-based is to categorise, in the casino's case, individuals into different - different categories of risk - so low risk, medium risk, high risk - and provide the reporting in that context. Yes.

40 **MS SHARP SC:** And do you agree that a risk-based system requires that risks be effectively identified and quantified?

MS DUDEK: Yes.

45 **MS SHARP SC:** And do you agree that a further incident of a risk-based system is that controls are imposed which are commensurate with the level of risk that a matter presents?

MS DUDEK: Yes.

MR BELL SC: Ms Sharp, are you moving to a different topic now?

5 **MS SHARP SC:** Slightly, yes.

MR BELL SC: Yes. Well, I think we will adjourn now until 2 pm.

<**THE HEARING ADJOURNED AT 1:09 p.m.**

10

<**THE HEARING COMMENCED AT 1:58 p.m.**

MR BELL SC: Ms Dudek, are you ready to proceed?

15 **MS DUDEK:** Yes.

MR BELL SC: Yes, Ms Sharp.

20 **MS SHARP SC:** Ms Dudek, in addition to gaming services, would you agree that The Star provides financial services to its patrons that facilitate the movement of money into and out of the casino environment, including across international borders?

25 **MS DUDEK:** Yes.

MS SHARP SC: These financial services are high value and high volume?

MS DUDEK: Yes.

30 **MS SHARP SC:** Cash is used extensively within the casino for gaming services?

MS DUDEK: Yes.

MS SHARP SC: Cash can also be transferred into and out of the casinos?

35

MS DUDEK: Yes.

MS SHARP SC: Would you agree that the ownership of cash is less transparent than the ownership of other forms of money?

40

MS DUDEK: Yes.

MS SHARP SC: The financial services that the casino provides to its patrons can involve long and complex transactional value chains; do you agree?

45

MS DUDEK: I'm not a person that initiates those transactions so don't have the - all details behind that, but I do understand that there are international transactions which are a bit more complicated than domestic transfers.

5 **MS SHARP SC:** And it's right that international VIP customers often rely on credit provided by The Star or its related entities?

MS DUDEK: That is my understanding.

10 **MS SHARP SC:** Do you agree that all of these matters I've just raised with you mean that The Star is at risk of money laundering occurring within its operations, including its bank accounts?

MS DUDEK: Yes.

15

MS SHARP SC: And it is at a high risk of money laundering occurring within its operations and its bank accounts, isn't it?

MS DUDEK: That's my general understanding, yes.

20

MS SHARP SC: Now, may I take it you're familiar with the concept of a money service business?

MS DUDEK: Very, very vaguely, yes.

25

MS SHARP SC: Sometimes known as a remittance service?

MS DUDEK: Yes.

30 **MS SHARP SC:** And what remitters do is move money around?

MS DUDEK: Yes.

35 **MS SHARP SC:** And the way remitters do this is by depositing money into bank accounts on behalf of other people?

MS DUDEK: Yes.

40 **MS SHARP SC:** Would you agree that one risk of a remittance is that one does not really know where the remitter has obtained the funds from?

MS DUDEK: Yes.

45 **MS SHARP SC:** And would you agree that money service businesses are high risk when it comes to anti-money laundering and counter-terrorism financing?

MS DUDEK: I - I don't know that much about money service businesses, so I don't know if that is a high risk. But it's my understanding that it is a risk, yes.

5 **MS SHARP SC:** Do you agree that they present particular risks in terms of understanding the source of funds?

MS DUDEK: Again, I'm not too close to the services that the remitters do, so I - I'm not sure if I can confirm that response.

10 **MS SHARP SC:** I will move to another topic now, Ms Dudek. You are, of course, familiar with the CUP card?

MS DUDEK: Yes.

15 **MS SHARP SC:** Is it right that it operates much like a Visa or a Mastercard?

MS DUDEK: That was my understanding.

20 **MS SHARP SC:** It's correct, isn't it, that NAB supplied merchant EFTPOS terminals to certain hotels separated by The Star Entertainment Group that could process CUP transactions?

MS DUDEK: Yes.

25 **MS SHARP SC:** And these terminals were located in a hotel called The Astral in Sydney?

MS DUDEK: That's my understanding, yes.

30 **MS SHARP SC:** And later known as The Star Grand Residence?

MS DUDEK: Yes.

35 **MS SHARP SC:** And there was also a terminal at a hotel associated with Star Gold Coast?

MS DUDEK: Yes.

40 **MS SHARP SC:** That at one stage was known as Jupiters?

MS DUDEK: Yes.

45 **MS SHARP SC:** Now, can you tell us: these terminals, were they located within the hotels themselves?

MS DUDEK: I never saw where the terminals were physically myself, but that was my understanding, that they were located at the hotel reception.

MS SHARP SC: So was your understanding that they were not located in the casinos themselves?

5 **MS DUDEK:** That's right.

MS SHARP SC: Could you tell us what the process was for taking swipes on these terminals for using CUP cards at these hotels?

10 **MS DUDEK:** I was not involved in the day-to-day operations of CUP, so - and I - I'm not close to or had any visibility of the operating procedures so can't comment on the process of accepting CUP cards at the terminals.

15 **MS SHARP SC:** Is it your understanding that the swipes of the CUP cards on the terminals were used in order to transfer money into the front money accounts of patrons of the casinos?

20 **MS DUDEK:** Yes. My understanding is that once the transactions - once the cards were swiped, there was an internal transfer to the customer's front money account.

MS SHARP SC: And who did that internal transfer?

25 **MS DUDEK:** I'm not entirely sure, I - I'm not entirely sure what team did that transfer.

MS SHARP SC: Were you aware that the CUP card for the same patron could be swiped on multiple occasions in a matter of minutes, in order to fund - provide funds for front money accounts?

30 **MS DUDEK:** I wasn't aware of the use of the cards, of how many transactions occurred. But through the course of responding to queries in 2019, I understood that there were multiple transactions from the one card.

35 **MS SHARP SC:** Now, you say in your statement at paragraph 13 that you first became aware of the use of CUP cards at The Star in May 2019. How did you become aware of that?

40 **MS DUDEK:** There was a query from NAB that was sent to the treasury team regarding information about relevant invoices that related to the transactions. My colleague at the time responded to the request. And through the course of taking on her role, as she was shortly commencing maternity leave, I developed a general understanding of the CUP cards and transactions.

45 **MS SHARP SC:** And who provided you with the information to assist you developing that understanding?

MS DUDEK: Mr White - Oliver White, the general counsel for corporate.

MS SHARP SC: And did he tell you that the transactions were used to fund gambling at the casinos?

5

MS DUDEK: He did explain that - ultimately, yes, that the funds were used for gaming.

MS SHARP SC: So was that a matter that you understood from all times from about May of 2019?

10

MS DUDEK: That understanding developed close - around June when there was another query regarding the CUP cards from NAB.

MS SHARP SC: And just so we're clear, you had a role in providing information to the NAB about the purposes for which the CUP cards were used at the hotel terminals?

15

MS DUDEK: Yes, I had a role in responding to the queries that came from NAB regarding the CUP transactions.

20

MS SHARP SC: And is that because you had a role in liaising with the bank?

MS DUDEK: Yes. In a general sense, being part of the treasury team, yes.

25

MS SHARP SC: Now, were you aware that The Star Entertainment Group had a contractual relationship with NAB governing the use of these merchant terminals?

MS DUDEK: I was aware that there was an agreement in place, but I hadn't seen a copy of that at that point in time.

30

MS SHARP SC: Were you aware that one aspect of that agreement involved the NAB standard merchant terms?

MS DUDEK: That would have been my assumption, that there were standard terms and conditions.

35

MS SHARP SC: Well, can I just show you a document, please. If I could call up a document in Part B at tab 2925. This is document STA.3401.0003.6907. Do you have on the screen before you the NAB merchant terms?

40

MS DUDEK: Yes, I do.

MS SHARP SC: Now, have you seen these before in the course of your employment at Star Entertainment Group?

45

MS DUDEK: I've seen them recently through a request that came through from one of the regulatory reviews.

5 **MS SHARP SC:** And do you understand that these terms, in part, governed the conditions upon which Star Entertainment Group used the EFTPOS terminals?

MS DUDEK: That would be the assumption, yes.

10 **MS SHARP SC:** Well, could I just take you to a few of its terms, then. Could I take you to pinpoint 6931. And can you see there's a definition of "card scheme" in the middle of the document?

MS DUDEK: Yes.

15 **MS SHARP SC:** And you see "card scheme" is defined to include, in (b), China UnionPay?

MS DUDEK: Yes.

20 **MS SHARP SC:** So are you aware that these merchant terms did govern the use of the terminal in relation to the CUP scheme?

MS DUDEK: Yes, as it says in - in here, that was the scheme. Yes.

25 **MS SHARP SC:** And can I take you to pinpoint 6935. Up the top, do you see there's a definition of "relevant law"?

MS DUDEK: Yes.

30 **MS SHARP SC:** And do you see at paragraph (c) "relevant law" means, relevantly, any card scheme rules applicable?

MS DUDEK: Yes.

35 **MS SHARP SC:** And were you aware of that before I just showed it to you?

MS DUDEK: Generally - from a general sense, yes. But I mean, I haven't read this agreement, so this is the first time reading it here.

40 **MS SHARP SC:** I'm just wondering, you did engage with NAB on a fair number of occasions regarding inquiries that had been put through from UnionPay International, didn't you?

45 **MS DUDEK:** Yes.

MS SHARP SC: Did it occur to you that it would be of assistance to you to familiarise yourself with the terms that governed the conditions upon which Star Entertainment Group could use the terminals?

5 **MS DUDEK:** Yes. And I believe I tried to find the merchant agreements on our network drive at one point, and I don't think we had them on file. Therefore, I think we did reach out to get a copy, or at least search for a copy, online.

MS SHARP SC: And did you get that copy online?

10

MS DUDEK: I - I believe so. I just don't recall exactly.

MS SHARP SC: And so when you went to the trouble of getting that copy online, did you then look through it?

15

MS DUDEK: I don't - I don't recall, but I assume I would have.

MS SHARP SC: If I could just return your attention to this document and take you, please, to point 6938. You will see there's a heading UnionPay Card Terms and Conditions, and at 3.5, paragraph (b) it says:

20

"A UnionPay card can only be processed on a UnionPay terminal by swiping the card through that terminal in the presence of the UnionPay cardholder."

25 Were you aware of that rule at any time in 2019?

MS DUDEK: No.

MS SHARP SC: Have you been aware of that rule at any time since?

30

MS DUDEK: I don't recall, no.

MS SHARP SC: If we go a little further down that page, at 3.5, subparagraph (e) it states:

35

"A UnionPay card transaction must not be processed to give the UnionPay cardholder cash."

Were you aware of that rule?

40

MS DUDEK: No.

MS SHARP SC: Are you now aware of that rule - well, I withdraw that. Now, at paragraph 3.5(g):

45

"A UnionPay cardholder must enter their pin in connection with the debit transaction."

Were you aware of that rule at any time in 2019?

MS DUDEK: No.

5

MS SHARP SC: Can I take you, please, to pinpoint 6951. Can you see at paragraph 7.3 it says:

10 "In giving us information on a transaction or otherwise for the purposes of this agreement, you warrant that (a) all the particulars are true; and (b) the transaction is valid and acceptable."

Were you aware that NAB was giving - I withdraw that. Were you aware that Star Entertainment Group was giving that warranty to NAB in 2019?

15

MS DUDEK: Not that I recall.

MS SHARP SC: Would it be consistent with your general understanding, though, that the agreement that Star Entertainment Group had with NAB was one where Star warranted that it was providing true information?

20

MS DUDEK: Yes.

MS SHARP SC: And could I take you, please, to pinpoint 6963. And you will see there's a heading 17, Indemnity and Set-off. And at 17.1 it's provided:

25

"You -"

that is, The Star -

30

"agree to indemnify us for all losses and liabilities we incur because (a) you breach an obligation that you have under this agreement."

Were you aware in 2019 that The Star had given that indemnity?

35

MS DUDEK: From a general sense potentially, but not - not from - it was specific in this agreement.

MS SHARP SC: And one last matter in terms of these merchant terms, could I take you to pinpoint 6966. And can you see towards the bottom of the page, there's a heading 21, Representations and Warranties?

40

MS DUDEK: Yes.

MS SHARP SC: Can you see at paragraph 21.1 it states:

45

"You represent and warrant to us (a) in having received and receiving the merchant services, you have not been and will not be in breach of any relevant law or obligation owed to any person."

5 **MS DUDEK:** Yes.

MS SHARP SC: I showed you earlier that "relevant law" included the CUP scheme rules. Do you remember that?

10 **MS DUDEK:** Yes.

MS SHARP SC: Now, did you know in 2019 that Star Entertainment had represented and warranted to NAB that it would not be in breach of any, relevantly, China UnionPay scheme rules?

15

MS DUDEK: No.

MS SHARP SC: Did you have expectation, given your position, that The Star would have agreed to comply with the scheme rules of China UnionPay?

20

MS DUDEK: Yes.

MS SHARP SC: At any time when you were making or responding to requests of NAB in 2019, did you take steps to familiarise yourself with what those China UnionPay scheme rules were?

25

MS DUDEK: We tried to find a copy of the China UnionPay rules in our treasury drive. We didn't have a copy of it. And I believe we asked the legal department if they had a copy at one point as well, but we didn't receive any copies at all. So we didn't have the China UnionPay rules and operating procedures at any point in 2019.

30

MS SHARP SC: Do you accept you could have asked NAB for a copy of those scheme rules?

35

MS DUDEK: Yes.

MS SHARP SC: Is there any reason why you didn't?

40 **MS DUDEK:** I had assumed that our legal team were knowledgeable around what those rules were as the CUP transactions had been in place for a very long time by the time I had joined The Star, and I had been assured from Mr White that the method of CUP transactions had been approved by the regulator before the CUP transactions had commenced. Therefore, I had comfort there were no laws
45 being broken in the use of the CUP cards.

MS SHARP SC: Could you just tell me what Mr White said to you by way of the assurance you just referred to?

5 **MS DUDEK:** When I was trying to understand more about CUP transactions and discussing this with Mr White, he had told me that the ILGA had - or approved this payment method prior to CUP transactions being processed at The Star.

MS SHARP SC: And is that all he said, or did he say anything further?

10 **MS DUDEK:** I don't recall at this point, but that gave me the comfort that the transaction method had been approved by the regulator.

MS SHARP SC: And when you say "transaction method", are they the words that Mr White used?

15

MS DUDEK: I don't recall at this point the exact words he used.

MS SHARP SC: Did you ask him whether there had been regulator approval, or did he volunteer that information to you?

20

MS DUDEK: I believe I had asked what process had occurred at the time of the commencement of the cards, but I don't recall if it was me that was asking if the regulator had signed off or if Mr White had told me that himself.

25 **MS SHARP SC:** Now, I have been asking you about the China UnionPay International Scheme Rules. Do you agree that you could have asked UnionPay International for a copy of those scheme rules?

30 **MS DUDEK:** We didn't have a relationship directly with UnionPay because we didn't have an agreement between The Star and UnionPay. So I don't think that would have been a method of obtaining the scheme rules. I think what you suggested earlier, obtaining them through the NAB, would have been more appropriate.

35 **MS SHARP SC:** But just because he didn't have a direct relationship didn't prevent you from contacting UnionPay and asking, did it?

40 **MS DUDEK:** That was not for me to decide. I was - I don't think that was something that I considered or - or would have had the ability to sort of authorise at that point.

MS SHARP SC: Who do you think, within your organisation, did have that ability?

45 **MS DUDEK:** Well, all correspondence with banks, especially around these sorts of areas, had to be approved by our legal team. So I think that would have had to be authorised by our legal department first.

MS SHARP SC: And were there particular people in your legal team you were dealing with about this matter?

5 **MS DUDEK:** Just Mr White as he was the person that group treasury corresponded with around financing facilities and merchant terminals and so on.

MS SHARP SC: Did you ever deal with Ms Paula Martin about this matter?

10 **MS DUDEK:** No.

MS SHARP SC: Now, have you seen the UnionPay International scheme rules in recent times?

15 **MS DUDEK:** About a month ago, I think, through one of the summons, I was asked if I could search our drive for the China UnionPay operating procedures and, again, I couldn't find it. As I had said, we don't have it on our drive. But our legal department did also a review of the documentation in their drive, and I believe that they did find it. And they had attached it to the share file drive that
20 was being used to store the information for the reviews.

MS SHARP SC: So you have seen those rules now?

25 **MS DUDEK:** Yes.

MS SHARP SC: Could I just take you to those rules, please. If we go to Part B, tab 2931 and I will call up the document, STA.3402.0007.2472. And what I'm showing you now are the UnionPay Operating Regulations dated as at October
30 2012.

MS DUDEK: Yes.

MS SHARP SC: Could I just take you please, Ms Dudek, to pinpoint 2502. And do you see towards the middle of the page there's a heading 3.3.4, Merchant
35 Agreement?

MS DUDEK: Yes.

40 **MS SHARP SC:** And it states:

"An acquirer must sign a merchant agreement with the merchant before it commences the service of accepting UnionPay Card."

45 Now, I can interpolate the acquirer is the NAB and merchant is The Star. At any time were you aware that UnionPay required NAB and Star Entertainment to enter a merchant agreement with the merchant before CUP could be used on the terminals?

MS DUDEK: My assumption is that there was an agreement between the UnionPay and NAB, but that was just an assumption.

5 **MS SHARP SC:** And what about - I'm asking you about a slightly different matter, which is a requirement on the part of UnionPay that NAB and Star Entertainment enter an agreement. Were you aware of that?

MS DUDEK: No, I wasn't.

10

MS SHARP SC: Could I take you, please, to pinpoint 2593. Now, do you see right in the top left-hand corner there's an acronym MCC?

MS DUDEK: Yes.

15

MS SHARP SC: Do you know what that acronym stands for?

MS DUDEK: Merchant code, I think.

20 **MS SHARP SC:** Yes, it's the merchant category code, isn't it?

MS DUDEK: Yes.

25 **MS SHARP SC:** And an actual provider, such as Mastercard, Visa and UnionPay, use merchant category codes, don't they?

MS DUDEK: Yes, that's my understanding.

30 **MS SHARP SC:** And they use those codes in order to define the central business offering of the business entity that uses the terminal that swipes their cards, don't they?

MS DUDEK: Yes, I think so. Yes.

35 **MS SHARP SC:** All right. In other words, those payment brands use the category codes to classify the merchants and the businesses by the goods or services that they provide?

MS DUDEK: Yes.

40

MS SHARP SC: And you were aware of that at all times in 2019 when you were liaising with NAB?

45 **MS DUDEK:** No, I don't believe I was. It's only through the process of later implementations of our general merchant facilities that I understood the merchant category codes and how they were used.

MS SHARP SC: Did you know in 2019 that the merchant category code that the terminals in the hotels were using was merchant code 7011?

5 **MS DUDEK:** I didn't know at the time, no.

MS SHARP SC: So you didn't know they were using a merchant code which designated them as lodging, hotels, motels and resorts?

10 **MS DUDEK:** No.

MS SHARP SC: I will take you to one other part of this document. If I could go to pinpoint 2598. And do you see, if you look at the top row in the third column, there's an entry Fully Prohibited?

15 **MS DUDEK:** Yes.

MS SHARP SC: And then you see there's a red box with a tick in it?

20 **MS DUDEK:** Yes.

MS SHARP SC: And if we read this full row, it says:

25 "The merchant category code 7995, which is betting, including lottery tickets, casino gaming chips, off-track betting and wagers at racetracks is fully prohibited."

Now, did you understand in 2019 that the China UnionPay rules prohibited CUP cards being used in connection with gambling and purchasing chips?

30 **MS DUDEK:** Towards the end of 2019, I did gain that understanding, but it was closer to December 2019 when I understood that.

35 **MS SHARP SC:** Well, I just want to explore that for a moment. You knew that right from, I think you said June 2019, that NAB was making queries with you about the use of - or the purpose of transactions involving the CUP cards?

MS DUDEK: Yes.

40 **MS SHARP SC:** Are you suggesting that when you started answering those inquiries, you weren't aware that CUP prohibited its cards being used to purchase gambling chips?

45 **MS DUDEK:** That's right. I thought there was a sensitivity around gaming, but I didn't know that there was - it was prohibited until towards the end of that year.

MS SHARP SC: And when you say that you thought there was a sensitivity, what was that?

MS DUDEK: Well, just that there was a concern that the transactions related to gaming but through the email correspondence that had come through.

5 **MS SHARP SC:** Is there anything else you want to add to that?

MS DUDEK: No.

10 **MS SHARP SC:** Can I take you to your statement, please. Again, it's Part A, tab 159. I want to take you to part 35 - I beg your pardon, paragraph 35. It's document code is INQ.002.004.0078. It's at pinpoint 0084. And now if I take you to pinpoint 0084, if we look at paragraph 35 - now, here you say that you did understand - this is in a context that as at 9 December 2019, that you understood that UnionPay was making inquiries of NAB about transactions taking place at
15 The Star to ascertain whether the transactions were related to gaming.

MS DUDEK: Yes.

20 **MS SHARP SC:** And are you saying you didn't have that understanding prior to December 2019?

25 **MS DUDEK:** I did. I just at that point - from June - around June/August, I didn't understand the reasons why the queries were coming up. I knew that there was - there were - they had questions and they wanted to know if the transactions related to gaming, but I didn't understand that it was prohibited under CUP rules until closer to December 2019.

30 **MS SHARP SC:** Did you ask anyone at the time why CUP was making inquiries about whether the cards were used for gambling?

MS DUDEK: I believe I did have discussions with Mr White and Ms Scopel, but I don't recall the exact conversations or the responses.

35 **MS SHARP SC:** Now, it's right that it was the NAB making inquiries with you?

MS DUDEK: So UnionPay were sending the inquiries to NAB, and NAB were forwarding the queries to my team, yes.

40 **MS SHARP SC:** And did you understand that when your team and you replied to NAB, NAB was providing your responses to UnionPay?

MS DUDEK: Yes.

45 **MS SHARP SC:** And you understood that right from the beginning of your involvement in this matter in around June 2019?

MS DUDEK: Yes, I had assumed that.

MS SHARP SC: I will take you back to 2019. In your statement at paragraph 21, you said you liaised with NAB regarding CUP at the direction of Ms Scopel. What do you mean by "at Ms Scopel's direction"?

5

MS DUDEK: Well, Ms Scopel was the group treasurer at the time. So, therefore, she was my manager and all work that I was doing in the team was managed by Ms Scopel. So in responding to the requests, I was doing that because Ms Scopel had asked me to.

10

MS SHARP SC: Did she direct you as to what responses you should provide to NAB?

MS DUDEK: I think towards the end of 2019 when she was more directly involved in the correspondence, I think she may have directed me to some of the wording in the responses. But all of the responses were essentially approved by our legal team - or had been provided by the legal team.

MS SHARP SC: And when you are referring to the "legal team", are you just referring to Mr White, or are you referring to other people?

20

MS DUDEK: Just Mr White.

MS SHARP SC: You said that Ms Scopel became more involved. Does that mean that she was less involved earlier in 2019?

25

MS DUDEK: No, it means she was copied in and understood what was happening and was directing me to reply. But the frequency of these transactions increased over 2019, and the personnel from NAB also increased in terms of seniority. So when Ms Arthur - Ms Tanya Arthur at NAB - our relationship manager at NAB had become involved, Ms Scopel was also more directly involved at that point in time.

30

MS SHARP SC: Now, can I take you to one of these first inquiries, which is at Part B at tab 1430, and I will have called up on the screen STA.3002.0010.0096. And at the top, you see that's an email from you to somebody at NAB dated 19 June 2019?

35

MS DUDEK: Yes.

40

MS SHARP SC: And if I show you a little bit more of the email, do you agree that you are responding to a request from NAB?

45

MS DUDEK: Yes.

MS SHARP SC: We might just look at that request first of all. If we go towards the bottom of the page, do you see there's an email from Helen Zhou dated 13 June 2019?

5 **MS DUDEK:** Yes.

MS SHARP SC: And what it says, and what you were responding to, was:

10 "Risk team send out investigation request to one NAB merchant. The reason is suspicious, large amount gambling transaction with improper MCC."

Now, could I scroll up a little bit further now and you will see there's an email from Joel Avenell dated 18 June 2019.

15 **MS DUDEK:** Yes.

MS SHARP SC: Do you see that? And it says:

20 "UnionPay's risk team have flagged transactions at Jupiter's casino."

MS DUDEK: Yes.

MS SHARP SC:

25 "Please request The Star to confirm below for the two amounts."

MS DUDEK: Yes.

30 **MS SHARP SC:** And you agree, of course, that you read this at the time?

MS DUDEK: Yes.

MS SHARP SC: And it was this precise request that you were responding to?

35 **MS DUDEK:** Yes.

MS SHARP SC: And the question is:

40 "(1) Explain the business scope of the relevant merchants; (2) explain what type of goods or services did the cardholder purchase; and (3) provide the supporting documents for the transactions."

Now, can I take you to your response at the top of the page. That's the 19 June response. And you will agree this is an email from you?

45

MS DUDEK: Yes.

MS SHARP SC: And you did send this to NAB?

MS DUDEK: Yes.

5 **MS SHARP SC:** And what you say is:

10 " (1), the merchant operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities; (2) the cardholder purchased hotel accommodation services with the transactions in question; (3) invoices for the relevant transactions are attached."

Were you telling the truth?

15 **MS DUDEK:** At the time, I believed the responses that were provided were true and correct.

MS SHARP SC: At the time, are you suggesting that you believed that the transactions were for hotel accommodation services?

20 **MS DUDEK:** I - the responses had been provided from Mr White, and the - the - the response where it references hotel accommodation services, I had - in my mind, that was the location where the transactions occurred. The invoices that were produced were produced from the hotel system. So I didn't see anything incorrect with that, but I do admit that it was incomplete because it didn't
25 reference the subsequent internal transfer that was made to the customer's front money account.

MR BELL SC: Ms Dudek, you told me earlier that you knew by this time that the funds were being - the cards were being used to provide funds for gambling; correct?
30

MS DUDEK: It was around this time, yes, in the course of responding to this request that I gained that information.

35 **MR BELL SC:** So at the time that you sent this email, you were aware that the cards were being used to provide funds for gambling; is that correct?

MS DUDEK: Yes.

40 **MR BELL SC:** Yes. And what you say in paragraph 2 is that the cardholder purchased hotel accommodation services, don't you?

MS DUDEK: Yes. It's referencing the physical location where the transactions occurred.
45

MR BELL SC: Let's not use any euphemisms. This was just untrue, wasn't it?

MS DUDEK: At the time, I believed it was incomplete. But towards the end of 2019 when I learnt more about the - that the gaming was considered misuse under the operating rules for CUP, I did believe that this was not correct, this response.

5 **MR BELL SC:** Yes, Ms Sharp.

MS SHARP SC: I just want to take you to the bottom of that page again, if we can go there. And we'll go back to what UnionPay's request was. Do you see "the suspicion is large amount gambling transaction"?

10

MS DUDEK: Yes.

MS SHARP SC: Now, do you agree you were fully aware that UnionPay was concerned that the CUP cards had been used for gambling?

15

MS DUDEK: At the time, I don't believe I was fully aware. I - I would have read this email, obviously, when it had come through, but I was just gaining an understanding in terms of how the transactions occurred. So I didn't think clearly in terms of what the email had said.

20

MS SHARP SC: Well, Ms Dudek, the very words the email says is "the reason is suspicious large amount gambling transaction". Surely you knew that that was the core of UnionPay International's concerns; is that right?

25 **MS DUDEK:** I had assumed that that was - there was concerns around gambling, yes. But as I said, I had - I was fairly new to the company. I was still understanding how these transactions worked. So I was not fully aware of --

30 **MS SHARP SC:** We will just take it one step at a time, Ms Dudek. You do agree that you were aware that the core concern that UnionPay International had was the CUP cards were being used for gambling; correct?

MS DUDEK: Yes.

35 **MS SHARP SC:** At this time, you had learnt that, yes, in fact, the CUP cards were used to fund gambling; correct?

MS DUDEK: Yes.

40 **MS SHARP SC:** Now, let's go back up to your response. Do you agree that there is absolutely nothing anywhere in your response that fairly conveys that the CUP cards had been used to fund gambling?

MS DUDEK: Yes.

45

MS SHARP SC: I suggest to you that your response was utterly misleading. Do you agree or disagree?

MS DUDEK: I agree.

5 **MS SHARP SC:** And you knew that perfectly well at the time, didn't you?

MS DUDEK: As I said, I had a general understanding at the time, given this was early days in the company and I had just learnt how these transactions worked.

10 **MS SHARP SC:** Ms Dudek, it is correct, isn't it, that at the time you sent this email, you knew perfectly well that your response was utterly misleading?

MS DUDEK: I accept that, yes, it appears it was misleading.

15 **MS SHARP SC:** And you knew perfectly well that it was misleading?

MS DUDEK: I had deferred to Mr White to provide the response, as was our internal policies, and I had provided the response that was provided to me from Mr White to NAB.

20 **MS SHARP SC:** I understand your evidence that you were acting in accordance with advice. However, I am asking about your understanding. I will ask one more time. You understood at the time you sent this email that it was utterly misleading.

25 **MS DUDEK:** Yes.

MS SHARP SC: Now, could I ask you, please, to go to the --

30 **MR BELL SC:** Excuse me, Ms Sharp. Just before you leave that document. Ms Dudek, in paragraph 1 you say that the merchant operates integrated resorts in Australia consisting of hotels, restaurants and other entertainment facilities. Is there any reason why you didn't mention that the merchant operated casinos?

35 **MS DUDEK:** Again, the response had been provided to me by Mr White. So I had used the approved response to send to NAB. I didn't have any part in putting this response together.

MR BELL SC: Thank you.

40 **MS SHARP SC:** You will see that this email refers to some attachments.

MS DUDEK: Yes.

45 **MS SHARP SC:** Could I take you to one of those attachments please, which is tab 1431 of Part B, which is STA.3002.0010.0097. And do you agree that what you attached to your response to NAB was this invoice issued by the hotel?

MS DUDEK: Yes.

MS SHARP SC: And this invoice had a room number on it. Do you see that?

5 **MS DUDEK:** Yes.

MS SHARP SC: And this issue had an arrival date and a departure date?

MS DUDEK: Yes.

10

MS SHARP SC: It's certainly not an invoice issued by The Star in Brisbane, is it?

15 **MS DUDEK:** This is the only invoice that I understood was produced for these transactions.

MS SHARP SC: And it's not a casino invoice, is it?

20 **MS DUDEK:** I'm not sure what a casino invoice would look like, to be honest.

MS SHARP SC: Do you see that there are some date entries for 1 June 2019, and a description of the transaction is "transfer to customer's account"?

MS DUDEK: Yes.

25

MS SHARP SC: And what did you understand that to mean?

MS DUDEK: I understood that to refer to the internal transfer to a customer's front money account.

30

MS SHARP SC: And by that you mean the account they used to get chips or chip purchase vouchers?

MS DUDEK: Yes.

35

MS SHARP SC: Now, can I take you to another attachment to that email, which is Part B tab 1433, and the document ID is STA.3002.0010.0099. And is it correct that these are copies of the swipe receipts that were printed out by the relevant hotel?

40

MS DUDEK: Yes, that appears to be the case.

MS SHARP SC: And do you see right up the top, the swipe receipt says "Jupiters Limited Brisbane AU"?

45

MS DUDEK: Yes.

MS SHARP SC: And do you agree that that is the entry that would appear on the patron's CUP bank statement?

5 **MS DUDEK:** I'm not aware of what details would appear on the patron's bank statement.

MS SHARP SC: Well, knowing what you do about receipts issued from EFTPOS terminals, is that your expectation?

10 **MS DUDEK:** I'm really not sure, because from my understanding that there's - there's a process that's undertaken to determine what appears on a bank statement, but I don't know from looking at this if this name would appear on the patron's bank statement itself.

15 **MS SHARP SC:** Can I take you to another document, please, Ms Dudek. This one is Part B, tab 1422, and I will call it up. It's document STA.3002.0010.0093. You can take it from me this is an email sent to you a bit later on 19 June 2019 from NAB.

20 **MS DUDEK:** Yes.

MS SHARP SC: And can you see that you are asked:

25 "Question received from NAB merchants - please confirm. Can you please confirm with the client that the transactions does not contain any gambling component in this exchange and solely for accommodation only."

MS DUDEK: Yes.

30 **MS SHARP SC:** May we take it you read that and understood the request at the time?

MS DUDEK: Yes.

35 **MS SHARP SC:** And it's correct, isn't it, that from that time, you had no doubt whatsoever that UnionPay's concern was to establish whether or not there was a gaming component to the CUP transaction?

40 **MS DUDEK:** Yes.

MS SHARP SC: And you were also well aware, from this point in time, that NAB was passing on your answers to UnionPay International?

45 **MS DUDEK:** Yes.

MS SHARP SC: Can I take you now to a document at tab 1639 of Exhibit B, and call it up. It's STA.3401.0005.3069. And I might start at the end of this

document. It's an email chain. Could I have point 3071 brought up, please. At the top of that exchange, can you see there's an email from Mr Meldrum at NAB to yourself dated 27 August 2019?

5 **MS DUDEK:** Yes.

MS SHARP SC: So you will agree that this is a separate request from the last one I took you to?

10 **MS DUDEK:** Yes.

MS SHARP SC: And you will see that reference is made to a request from UnionPay International for further information around some card transactions?

15 **MS DUDEK:** Yes.

MS SHARP SC: And then you can see those transactions itemised in that schedule at the bottom of that email?

20 **MS DUDEK:** Yes.

MS SHARP SC: Now, if I take you up the chain, could I bring up pinpoint 3070. And in the middle of that page, can you see there's an email from you dated 28 August 2019?

25

MS DUDEK: Yes.

MS SHARP SC: Now, you've sent the email to Juanita Larkin and David Smart, amongst other people, right?

30

MS DUDEK: Yes.

MS SHARP SC: Now, they're people who are associated with the cage at the casino, aren't they?

35

MS DUDEK: Yes.

MS SHARP SC: And why were you sending people at the cage an inquiry about the use of these CUP cards?

40

MS DUDEK: Because I understood that the cage areas had copies of the documentation showing the CUP transactions for each of the patrons.

45 **MS SHARP SC:** And the fact that you were making copies with the cage shows that beyond doubt you were aware that the CUP cards were being used to fund gambling, doesn't it?

MS DUDEK: Yes.

MS SHARP SC: Now, another person you sent this email to was Mr Oliver White; do you agree?

5

MS DUDEK: Yes.

MS SHARP SC: Can I take you to Mr White's response. If you look at the top of pinpoint 3069, Mr White makes some queries about what hotel invoices would be supplied. Do you see that?

10

MS DUDEK: Yes.

MS SHARP SC: Was it your practice to run all of your responses to NAB about these queries via Mr White?

15

MS DUDEK: Yes.

MS SHARP SC: Are you able to explain why Mr White was involved in this at all?

20

MS DUDEK: As I think I briefly sort of touched on this, any non-standard or non-BOU requests or questions that came from our relationship banks, we had an internal policy to have those responses approved by our legal department.

25

MS SHARP SC: Do you mean to suggest that they were providing some sort of legal advice to you, or simply that they were approving what you had written?

MS DUDEK: From both aspects. Because of the regulatory - because the company was regulated, the - it was - one of the first things that was impressed on me when I started working at The Star is that any responses or any communication with the banks had to be approved, as such, by the legal department.

30

MS SHARP SC: And, sorry, who impressed that upon you?

35

MS DUDEK: I believe when I started Ms Scopel explained the nature of the business and the processes that had been followed to date.

MS SHARP SC: Now, could I take you to another document, please. This is in Part B at tab 1594. I will call it up. It's STA.3002.0010.0004. And if we go to the bottom of that document - if I can have that highlighted - you will see that, once again, NAB is asking you to explain what type of goods or services the cardholder purchased, and to provide --

40

MS DUDEK: Yes.

45

MS SHARP SC: -- supporting documents. Could I take --

MR BELL SC: And also, Ms Sharp, the business scope of the relevant merchants.

5 **MS SHARP SC:** Yes. Thank you, Mr Bell. And you, of course, understood what was being asked of you, Ms Dudek?

MS DUDEK: Yes.

10 **MS SHARP SC:** And can I please take you to your reply at the top of the document. And you will agree that it's in much the same terms as the previous response I took you to?

MS DUDEK: Yes.

15

MS SHARP SC: For example, you say:

"The merchant operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities."

20

MS DUDEK: Yes.

MS SHARP SC: You made no mention of the fact that a casino was involved, did you?

25

MS DUDEK: No.

MS SHARP SC: And you positively asserted that:

30

"The cardholder purchased hotel accommodation services with the transactions in question."

MS DUDEK: Yes.

35 **MS SHARP SC:** And you made absolutely no mention of the cardholder using the CUP funds to transfer money to the front money account?

MS DUDEK: Yes.

40 **MS SHARP SC:** And I suggest to you that this response was utterly misleading.

MS DUDEK: Yes.

MS SHARP SC: And you knew that perfectly well at the time you sent it.

45

MS DUDEK: Yes.

MS SHARP SC: Were you at all concerned by this time that the answers you were providing to NAB were not entirely frank?

5 **MS DUDEK:** I believe there were discussions. I don't recall exactly what was discussed, but the advice from Mr White was that the responses here were still appropriate to be provided in this instance.

MR BELL SC: Ms Dudek, you were asked whether you were concerned about it. What's your answer to that question?
10

MS DUDEK: Yes. I thought we weren't being complete in the response, but I had trusted that Mr White's advice was appropriate.

MS SHARP SC: Did you mention to Mr White your concern that these responses were not being entirely frank?
15

MS DUDEK: I don't recall exactly any conversations, but Ms Scopel and myself had conversations around this around the time.

20 **MS SHARP SC:** And what were the conversations you had with Ms Scopel?

MS DUDEK: I don't recall it in detail, but it was around the nature of the replies.

MS SHARP SC: And did you express concern to her about not being entirely frank?
25

MS DUDEK: I'm not sure if at this stage I had expressed that, but certainly towards November and December I had.

30 **MS SHARP SC:** And did she express any concerns to you?

MS DUDEK: She had told me that senior management were looking at this and were discussing the ongoing use of the cards.

35 **MS SHARP SC:** Is it right that you were feeling increasingly uncomfortable about your own involvement in this matter?

MS DUDEK: Yes.

40 **MS SHARP SC:** Did you feel that this conduct was unethical?

MS DUDEK: I don't think I considered it at the time.

MS SHARP SC: Did you --
45

MS DUDEK: My understanding - sorry, my understanding was also that NAB were aware of the ultimate use of the transactions as services had been placed for a

very long time. So that part potentially had given me some comfort, but I don't think I had considered it in full detail at that point in time.

5 **MS SHARP SC:** And we'll come back to what you're saying about your thought that NAB might be aware. But for now, would you observe that Tanya Arthur from NAB was one of the people copied into your email?

MS DUDEK: Yes.

10 **MS SHARP SC:** Did you have a telephone conversation with Ms Arthur at around the time of this email where Ms Arthur expressly asked you whether the transactions had a gambling component?

15 **MS DUDEK:** No. I don't recall having any conversations with Ms Arthur regarding CUP, apart from one call that I was included on with Ms Scopel closer to December. But I don't remember or recall any direct conversations with Ms Arthur on CUP.

20 **MS SHARP SC:** Well, what do you say to the suggestion that in late August or early September 2019, Ms Arthur expressly asked you whether the words "hotel accommodation services" included a gambling component and you said they did not?

25 **MS DUDEK:** I - I don't believe that could have occurred because I wouldn't have felt comfortable discussing the matter with Ms Arthur over the phone. If there was a question that was posed to me from Ms Arthur, I would have followed up with Mr White to confirm an appropriate response back. But I wouldn't have been in a position to feel comfortable responding to Ms Arthur on that direct request over the phone.

30 **MS SHARP SC:** Can I take you to another email, please, Ms Dudek. This is at Part B, tab 1763. If I could call up STA.3105.0007.2848. Can I - again, it's often easier to read these from the bottom up. Can I take you firstly to the email from NAB dated 22 October to you and copied to Ms Arthur. Are you able to see that?
35 We might have that enlarged a bit.

MS DUDEK: Yes.

40 **MS SHARP SC:** And do you see NAB refers to previous correspondence where UnionPay International were seeking further information on various transactions at the Astral VIP site and that they have come back with further queries? And you understood that at the time?

45 **MS DUDEK:** Yes.

MS SHARP SC: And do you see, if you look further down there, that there's a little asterisk, and it states:

"The following is a transcript received from UPI with regard to further details for previously advised transactions."

5 And do you agree that what has been passed on to you is this specific request that UnionPay International is making?

MS DUDEK: Yes.

10 **MS SHARP SC:** And:

"We wonder what does it mean regarding "transfer to customer's account" in the Description column. It is not clear what were the transactions purchased, what kind of service."

15

Now, you understood, didn't you, that UnionPay wanted more detail on what the CUP transactions involved?

MS DUDEK: Yes.

20

MS SHARP SC: And if we go to the top of the email chain - if I can have that page scrolled to the top, please. You tell NAB that you will get back to them.

MS DUDEK: Yes.

25

MS SHARP SC: Now, is it right that what you then did was seek some advice from Mr White?

MS DUDEK: I believe that's what I would have done, yes.

30

MS SHARP SC: Well, can I take you now, please, to exhibit B, tab 1785, which is STA.3105.0011.4753. Now, if I can have that enlarged so you can actually see it, Ms Dudek. I will have the top half of that first page enlarged. Now, can you see that this is an email from Mr White to you dated 30 October 2019?

35

MS DUDEK: Yes.

MS SHARP SC: And he proposes a response to you to send to NAB, doesn't he?

40

MS DUDEK: Yes.

MS SHARP SC: Now, these are his words and not yours; is this correct?

MS DUDEK: That's correct.

45

MS SHARP SC: And what he says is:

5 "Certain very high and premium guests at The Star Entertainment Group's integrated resorts incur expenses at the hotel, across a range of entertainment venues within the resort, as well as travel expenses, for example, limousine transfers, internal flights, and external expenses, for example, local tourism, tour operator expenses, during their time in Australia and while staying at The Star Entertainment Group's resorts. Such expenses are consolidated within the guest's personal account, which is linked to the guest's hotel accommodation, and cleared with a transfer from the hotel accommodation account, as noted in the receipt."

10

Now, that explanation of the transactions is utterly misleading, isn't it?

MS DUDEK: It doesn't reference the ultimate transfers - that the transactions were using for gaming. Correct.

15

MS SHARP SC: And it is utterly misleading, isn't it?

MS DUDEK: Yes.

20 **MS SHARP SC:** And you were aware of that at the time that Mr White suggested this response to you?

MS DUDEK: Yes.

25 **MS SHARP SC:** But what he also suggests is:

"Please run this by Harry and make sure he is comfortable with the wording."

Who was Harry?

30

MS DUDEK: This is referencing Harry Theodore, the CFO.

MS SHARP SC: And Mr Theodore is currently the chief financial officer of Star Entertainment Group?

35

MS DUDEK: Yes.

MS SHARP SC: Now, Mr White asked you to run his suggested response via Mr Theodore. Did you do so?

40

MS DUDEK: I believe I forwarded that response to Mr Theodore and asked him if he was comfortable with the wording.

MS SHARP SC: And what was his response?

45

MS DUDEK: I believe he didn't respond directly to me, but Ms Scopel had followed up with him and he had confirmed the wording to her.

MS SHARP SC: Did you ever have conversations with Mr Theodore about these responses?

5 **MS DUDEK:** No, not that I can recall.

MS SHARP SC: Are you aware as to whether Ms Scopel ever had conversations with Mr Theodore about these responses?

10 **MS DUDEK:** I believe, yes, she did speak with Mr Theodore about these responses.

MS SHARP SC: And did she tell you what they had discussed?

15 **MS DUDEK:** I believe she just confirmed whether the responses can be sent or amended in what form.

MS SHARP SC: At this time, that is, in late October 2019, did you have any concern that the advice Mr White was providing you was not entirely ethical?

20

MS DUDEK: I had concerns we weren't obviously answering the questions, but I - I was being advised by Mr White and I trusted that the responses were - that that's what the business wanted to reply back with.

25 **MS SHARP SC:** But did you have concerns that he was providing you with advice which you did not regard to be entirely ethical?

MS DUDEK: I had concerns, but this was the response that had been discussed at a senior management level, which was not something that I was involved in. So I - so I - sorry.

30

MS SHARP SC: I just want to understand what your concerns were.

MS DUDEK: I had concerns that we weren't providing a full explanation and - yes, I had those concerns.

35

MS SHARP SC: Can I take you now, please, Ms Dudek, to exhibit B, tab 1802, which is STA.3002.0010.0434. And I will enlarge the top half of that email chain. And you will see that this is an email from you, Ms Dudek, to NAB, copied to Ms Tanya Arthur and Ms Sarah Scopel dated 4 November 2019.

40

MS DUDEK: Yes.

MS SHARP SC: And what you've done here is reproduce the response that Mr White suggested?

45

MS DUDEK: Yes, I was asked to send the response to NAB.

MS SHARP SC: And you have, underneath that response under the heading New Transaction Requests, made the same response as I've previously taken you to about the cardholder purchasing accommodation services and so on?

5

MS DUDEK: Yes. Mr White had proposed those same responses to the query.

MS SHARP SC: And again, that response was utterly misleading?

10 **MS DUDEK:** Yes.

MS SHARP SC: Can I now take you, please, to exhibit B at tab 1959, and I will call up NAB.001.001.0735.

15 **MR BELL SC:** What tab number was that, Ms Sharp?

MS SHARP SC: Tab 1959, Mr Bell. Now, this is an email into which you're copied, Ms Dudek. It's one that is sent from Ms Arthur at NAB to Ms Scopel. Now, you said earlier that there came a point when Ms Scopel was more directly concerned. Is it about this point, that is, around 26 November 2019?

20

MS DUDEK: I thought it was a little bit earlier, towards the start of November, late October.

25 **MS SHARP SC:** You will see that Ms Arthur says:

"UnionPay have responded with a request for supporting information on a further list of transactions."

30 And then there's a little schedule, and you will see the number of transactions are identified in the right-hand column?

MS DUDEK: Yes.

35 **MS SHARP SC:** And you can take it from me that adds up to 156 separate transactions.

MS DUDEK: Yes.

40 **MS SHARP SC:** Incidentally, were you aware that around \$900 million was swiped on the China UnionPay card for use to fund gambling at the Star Entertainment Group's hotels?

45 **MS DUDEK:** I don't believe at this point I knew the exact amount, but I understand that there was some analysis performed in late 2019 to determine the amount that had been transacted through CUP. So I learnt that amount at some point in late 2019.

MS SHARP SC: And around \$900 million sounds right to you?

MS DUDEK: I believe so.

5

MS SHARP SC: Now, 156 transactions are now being queried here. Could I also ask you about this: at the bottom of that email, Ms Arthur says:

10 "We will revert if any response is received from UnionPay on our feedback in addition to The Star's offer of implementing transaction limits."

Can you assist us in understanding what that was about?

15 **MS DUDEK:** I believe The Star offered to reduce the number of transactions that a customer could swipe through the CUP terminals at any point in - throughout, I think, 24 hours. And they had - we had - senior management had offered a specific limit, which was communicated to NAB.

20 **MS SHARP SC:** And were you aware of what the limit was before that offer was made?

MS DUDEK: No.

25 **MS SHARP SC:** Are you aware of what that offer to limit was capped at?

MS DUDEK: I recall either 50,000 or 100,000 dollars.

30 **MS SHARP SC:** Now could I take you to the response, which is at - if I can - before I do that, I might now take you to paragraph 36 of your statement, if I can. Now, I will bring that up. It's INQ.002.004.0078. And take you to paragraph 36. And at paragraph 36, you say that you recall that Ms Scopel had discussions directly with NAB in this period, but you do not recall attending.

35 **MS DUDEK:** I recall that Ms Scopel told me that NAB was concerned about the number of queries from CUP but I do not otherwise recall the substance of the discussion.

40 **MS SHARP SC:** Now, are you sure that you were not involved in that discussion, Ms Dudek?

MS DUDEK: With NAB, no. I was not included in any of those discussions, no.

45 **MS SHARP SC:** Are you able to give us the fullest account you now can of what Ms Scopel told you about her discussion with NAB?

MS DUDEK: What is referenced in the statement is my recollection of our discussions. I don't recall specific discussions but more, in a general sense, that NAB was concerned about the number of queries that were coming from CUP.

5 **MS SHARP SC:** Can I now take you to a document at - it's in exhibit B at tab 2069, and I will call up STA.3002.0010.0389. And I will take you to the bottom of that first page, if I can. And right at the bottom, do you see there's an email from Ms Arthur to yourself dated 11 December 2019?

10 **MS DUDEK:** Yes.

MS SHARP SC: And if I take you to the next page, pinpoint 0390, do you see - and I will enlarge the top half of that document. Do you see here that Ms Arthur is asking you directly for further information about these transactions?

15

MS DUDEK: Yes.

MS SHARP SC: And she says:

20 "Thanks for sending through The Star's response. We provided this information to UnionPay."

And again, you knew at all times that NAB was providing the information you sent through to UnionPay?

25

MS DUDEK: Yes.

MS SHARP SC: And Ms Arthur tells you UnionPay are now seeking additional details on transactions.

30

MS DUDEK: Yes.

MS SHARP SC: And one of the additional details being sought is:

35 "If all these accounts are just for accommodation, can Star provide detail on the stay, number of people, room rates" -

and so on?

40 **MS DUDEK:** Yes.

MS SHARP SC: Now, can I next take you to the document at exhibit B at tab 2059, which is STA.3401.0003.2247. And can I take you to the bottom of that first page. You see that's an email - if we scroll down, that's an email from you to Mr White dated 12 December 2019?

45

MS DUDEK: Yes.

MS SHARP SC: And you advise Mr White that the request from CUP relates to about 2000 transactions?

5 **MR BELL SC:** It says 200.

MS SHARP SC: 200 transactions?

MS DUDEK: Yes.

10

MS SHARP SC: And then can I take you over the page, please. Right up the top, see you say:

15

"We spoke to Tanya this morning and advised that we would send through the same response that was provided to NAB/CUP back in November, providing the examples of typical customer expenses as well as re-offering to reduce the transaction size to \$50,000 per customer per day."

20

Now, it does appear that you did have a conversation with Ms Arthur at this time; do you agree?

MS DUDEK: Yes. There was a call that Ms Scopel and myself had with Ms Arthur that morning to discuss the request.

25

MS SHARP SC: And doing the best you can, what did you discuss?

30

MS DUDEK: I don't recall the exact conversation. I believe that Ms Scopel managed the call with Ms Arthur, and I think it was questions around what sort of information CUP were after. That's as best as I can recall what was discussed.

MS SHARP SC: Was there any discussion at all that CUP wanted to know whether the cards had been used for gambling?

35

MS DUDEK: Not that I can recall.

MS SHARP SC: Was there any discussion at all to the effect that Ms Arthur was aware that these cards were being used to fund gambling?

40

MS DUDEK: Not that I recall in that conversation, no.

MS SHARP SC: Now, you - returning now to your email, it's - and that's, sorry, STA.3401.0003.2247. If we go to the top of that email. It's right that Mr White made some amendments to the sponsors you had suggested?

45

MS DUDEK: Yes. And that response was the basis of an email that had been sent to NAB in the previous month, was my understanding.

MS SHARP SC: So that's where you got your text from?

MS DUDEK: Yes. I was forwarded the initial email that had gone to NAB in November by Ms Scopel and was asked to use that as the basis of the response.

5

MS SHARP SC: And then can I take you to the response that was sent to NAB. We'll go to exhibit B at tab 2069, and I will call up STA.3002.0010.0389. And this is that email, isn't it, the response?

10 **MS DUDEK:** Yes.

MS SHARP SC: And there is nothing at all in this email that suggests in any way that the CUP cards have been used to fund gambling, is there?

15 **MS DUDEK:** Not specifically, no.

MS SHARP SC: Well, there's nothing, is there?

20 **MS DUDEK:** It - I mean, it does mention that - entertainment venues within the resort, but not specifically the casino or the gaming services.

MS SHARP SC: Well, it's right, isn't it, that the whole point of this email was to convey the impression that the CUP cards had not been used to fund gambling; correct?

25

MS DUDEK: Yes.

MS SHARP SC: And that was completely misleading, was it not?

30 **MS DUDEK:** Yes.

MS SHARP SC: Now, it's right that ultimately, in March of 2020, UnionPay International sent a warning letter to NAB, isn't it?

35 **MS DUDEK:** Yes.

MS SHARP SC: And you were made aware at that time of that warning letter?

40 **MS DUDEK:** Yes.

MS SHARP SC: And if I can take you to an email - I'm sorry, Mr Bell, I don't have the tab number. It is in Part B somewhere. It's STA.3401.0003.8482. And you will see in the middle of that email chain, you're copied into an email from Ms Scopel dated 3 March 2020?

45

MS DUDEK: Yes.

MS SHARP SC: And a reference is made to actions needing to be taken by Monday, 9 March.

MS DUDEK: Yes.

5

MS SHARP SC: And you will see there's reference to the attached warning letter?

MS DUDEK: Yes.

10

MS SHARP SC: Could I take you to that warning letter. That's in exhibit B at tab 2232. It's STA.3105.0002.1408. And you agree you saw this warning letter at the time, do you?

15 **MS DUDEK:** I believe so, yes.

MS SHARP SC: And when I say "saw it", you read it?

MS DUDEK: I would have, yes.

20

MS SHARP SC: And could I take you to the second full page:

"As per your responses, the transactions were for 'accommodation services' and 'do not include any component for the purpose of gambling'."

25

MS DUDEK: Yes, I see that.

MS SHARP SC: Now, upon reading this warning letter, you had no doubt at all that it had been conveyed to UnionPay that the transactions did not have any component for the purpose of gambling?

30

MS DUDEK: I had seen that, but I didn't know where that had been conveyed to CUP as I had not said anything to NAB or the responses that I had seen did not show that.

35

MS SHARP SC: Well, the responses you had sent were utterly misleading, weren't they?

MS DUDEK: Yes, but they didn't include any of the words that they do not include any component for the purpose of gambling.

40

MS SHARP SC: Well, we'll break this down. You're aware that China Union request was specifically requesting it be indicated whether or not the transactions involved gambling?

45

MS DUDEK: Yes.

MS SHARP SC: And you agree that your responses deliberately distanced the use of those cards from gambling?

5 **MS DUDEK:** Yes, I didn't mention that aspect.

MS SHARP SC: Isn't the only fair inference, when you look at that query and your response, that, taken together, your responses implied that the CUP cards were not used to fund gambling?

10 **MS DUDEK:** They implied that, yes.

MS SHARP SC: So that's what they implied, and do you agree that that would appear to be exactly the message that UnionPay received when you read this letter?

15 **MS DUDEK:** Message, yes. Yes. I'm just disputing it says, "As per your responses." And I don't recall what's in the semicolons being expressed specifically. But yes, it was implied.

20 **MS SHARP SC:** Now, the email that I've just shown to you - and I'll pull it up again. That's STA.3401.0003.8482. And, Mr Bell, in fact, that is exhibit B at tab 2240.

25 **MR BELL SC:** Thank you.

MS SHARP SC: You will see that Ms Scopel says:

"We have a call at 4.30 with NAB to discuss that request."

30 Now, do you know if that telephone call went ahead?

MS DUDEK: I don't recall that telephone call going ahead. I recall that there was a call in the diary, but I don't recall it ever actually going ahead or the contents of - if it did go ahead, I don't recall being a party to that call.

35 **MS SHARP SC:** And at this time, after the warning letter had been received by The Star, were you involved in any discussions about what would be done about using CUP cards at --

40 **MS DUDEK:** No. No, I was not involved in any of the discussions that I knew were occurring with senior management about the ongoing use of CUP cards.

MS SHARP SC: Now, is it correct that around this time a decision was taken by the business to cease using China UnionPay cards?

45 **MS DUDEK:** Yes, I believe so.

MS SHARP SC: And why was that decision taken?

MS DUDEK: I was not a party to those conversations, so I don't know the actual reason for the decision.

5

MS SHARP SC: Can I take you to an email, please, at exhibit B at tab 2249, which is STA.3401.0001.2827. And can I take you, please, to the bottom half of that email to an email chain that you're involved in - sorry, the previous page, please, to the bottom of point 2827. Do you see Ms Scopel sends an email to Mr Theodore and Mr White, copied to yourself, on 3 March 2020?

10

MS DUDEK: Yes.

MS SHARP SC: And it's entitled Draft Text for CUP Transition?

15

MS DUDEK: Yes.

MS SHARP SC: And Ms Scopel says:

20

"Draft text for internal emails for your review."

MS DUDEK: Yes.

MS SHARP SC: And then I will take you over the page to pinpoint 2827. And do you see that the suggested text is:

25

"Due to increased administration associated with the use of CUP card transactions for the purposes of contributing to hotel account balances, The Star has made an operational decision to discontinue this transaction type across all properties."

30

Is that a frank explanation for why a decision has been made to cease using CUP cards?

35

MS DUDEK: I'm not sure. As I said, I wasn't involved in the internal discussions with senior management to cease the use of the cards. But I understand that that was the reason provided to the business.

MS SHARP SC: Well, here it says that the CUP card transactions were for the purposes of contributing to hotel account balances. That's not what they were used for, is it?

40

MS DUDEK: There was an ultimate, yes, transfer to the front money accounts, but I was not involved in putting this text together and sending it to the wider business.

45

MS SHARP SC: I understand that you had no involvement in preparing or settling this explanation, but I am asking you whether what is asserted here is consistent with your understanding. When it says "the use of CUP card transactions for the purposes of contributing to hotel account balances", that is quite inconsistent with what your understanding was of the use to which the CUP card transactions were put?

MS DUDEK: Yes.

MS SHARP SC: Now, do you understand that the CUP terminals in the hotels were disabled in March of 2020?

MS DUDEK: Yes, I do.

MS SHARP SC: Earlier in your evidence, Ms Dudek, you said that you thought that NAB was aware of the purposes - of the purpose for which the CUP transactions were directed. Would you like to explain your evidence there now?

MS DUDEK: The - my understanding was that the CUP cards were in place for quite some time since 2013. And given the amount of transactions going through the terminals, I recall some conversations with Ms Scopel and that there was some references to - that NAB must have been aware about what the transactions related to.

MS SHARP SC: And who were the references from that NAB must have been aware?

MS DUDEK: Just generally that the NAB teams knew - I'm not sure if it was a relationship manager or more senior to that, but just NAB had an understanding of what the transactions related to.

MS SHARP SC: So did somebody say to you NAB must have been aware of the nature of the transactions?

MS DUDEK: I don't recall the specific words, but it was the illusion to that reference that I remember, that there was an assumptions that NAB knew what the transactions related to.

MS SHARP SC: Just in terms of your own personal dealings with representatives of NAB, did any NAB representative you dealt with tell you that they were aware that the CUP transactions were being used to fund gambling?

MS DUDEK: Not that I recall, no.

MS SHARP SC: Mr Bell, this might be a convenient time.

MR BELL SC: Yes. We will adjourn now for 15 minutes.

<THE HEARING ADJOURNED AT 3:36 p.m...

<THE HEARING COMMENCED AT 3:49 p.m..

5

MR BRAHAM SC: Mr Bell, before Ms Sharp continues, can I raise one matter that has arisen out of the most recent passage of examination, please?

MR BELL SC: Yes.

10

MR BRAHAM SC: The counsel assisting took the witness to a letter from UnionPay to the NAB dated 28 February 2020. The last four numbers of the identifier are 1408. Shall I read out the other numbers or is --

15

MR BELL SC: No, that is okay.

MR BRAHAM SC: Now, that letter between UnionPay and the NAB references a response from the NAB dated 7 January 2020 and a notification letter of 24 October and a request of 27 November 2019. I haven't seen those documents, and in my submission it's not fair to inquire of Ms Dudek, and I apprehend in due course Ms Scopel, about statements made by China UnionPay to the NAB in this document without the witness being shown and, as a preliminary matter, the witness's lawyers - and I'm really referring in this case to me - being shown the documents - the communications referenced in that letter. I have applied for access, if the inquiry has them, to the letters dated 7 January 2020 and 24 October and 27 November 2019.

20

25

MR BELL SC: Yes. Well, I don't recall seeing them either, Mr Braham. So I think that will have to be a matter that will have to be taken on notice.

30

MR BRAHAM SC: Thank you. That's all I wanted to raise.

MR BELL SC: Yes. I don't think we have returned to the live stream yet, have we operator?

35

OPERATOR: Mr Bell, we have returned.

MR BELL SC: I see. All right. Well, that's a matter which will have to be taken on notice, Mr Braham.

40

MR BRAHAM SC: Thank you.

MR BELL SC: Are you ready to proceed, Ms Dudek?

45

MS DUDEK: Yes.

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Ms Dudek, could I take you back to your statement to this review, and I will have it brought up on the screen. INQ.002.004.0078. And take you to paragraph 44. Now, this evidence you're giving at paragraph 44 was in relation to the 16 December 2019 email that I canvassed with you before this afternoon's adjournment, and you say:

"At the time, I believed that the information I provided was true."

10 Do you maintain that position?

MS DUDEK: What I'm referencing in here is that the information in that email - there was nothing incorrect in the email about the services that The Star had offered. So there's - yes. So I maintain that the information in the email was true.

MS SHARP SC: But you will accept it was utterly misleading?

20 **MS DUDEK:** Yes, I do.

MS SHARP SC: And would you accept that you have been more candid in your evidence this afternoon than you were in your statement about that email?

25 **MS DUDEK:** Yes. But I had answered the questions that had been posed to me in the - in the written response. And the questions in the - in the summons had said if the information was true and correct. So I had answered in that aspect.

MS SHARP SC: So you took a technical approach in answering those questions; do you accept that?

30 **MR BRAHAM SC:** Well, I object to that. It's Peter Braham here. You have to explain to a witness what you mean by "a technical approach". What the witness has said is that she answered the question truthfully. The questions that have been asked today have been different questions, and they have procured different answers.

MR BELL SC: Ms Sharp.

40 **MS SHARP SC:** I will withdraw the question and put a different one. Now, you indicated earlier today that one of the values promulgated within Star Entertainment Group since 2020 was "do the right thing"?

MS DUDEK: Yes.

45 **MS SHARP SC:** And you agreed, didn't you, that doing the right thing involves complying with the spirit of the law in addition to the letter of the law?

MS DUDEK: Yes.

MS SHARP SC: And you understand the distinction in that regard between the spirit on the one hand and the letter on the other?

5

MS DUDEK: Generally, yes.

MS SHARP SC: Well, let me apply that same distinction to the answer in your statement. Do you think that - I withdraw that. When you came to prepare this statement, were you responding to the letter of the question or the spirit of the question?

10

MR BRAHAM SC: Well, again, I object. What on earth is a witness supposed to make of that question and how can it possibly assist the inquiry to hear the answer that's going to be given? The question is ambiguous in its terms.

15

MR BELL SC: Yes. I think the question is a fair one and can be answered, Mr Braham.

20

MS DUDEK: I answered - I had - I had questions that were posed to me, and I answered them as best I could, responding to the questions that were asked.

MS SHARP SC: Were you being entirely candid in your statement to this review?

25

MS DUDEK: I believe so, yes, to the - to the extent that I was asked the questions.

MS SHARP SC: What do you say to the suggestion that you have been insufficiently candid in your statement to this inquiry in relation to whether your responses to NAB were true and correct?

30

MS DUDEK: I don't believe that's fair or correct. I believe I've been candid, and I answered the questions that were posed to me as best I could.

35

MS SHARP SC: Do you think that your conduct in making the statements that you did to NAB in 2019 is consistent with the value introduced in 2020 called Do the Right Thing?

40

MS DUDEK: No.

MS SHARP SC: Do you think that your responses to NAB in 2019 were consistent with the obligations of which you were aware under the Code of Conduct applicable to all officers of Star Entertainment Group as at 2019?

45

MS DUDEK: Sorry, can you please repeat the question.

MS SHARP SC: Do you consider that your responses to NAB were consistent with your obligations under the Code of Conduct that applied to you in 2019?

5 **MS DUDEK:** I believe I had responded to NAB with responses that had been provided by our internal teams - internal legal team. Therefore, I - I knew that the responses were not complete, but I didn't think they were factually incorrect.

10 **MS SHARP SC:** Now, I took you to the Code of Conduct in some detail earlier in your examination, and one of the expectations set out in that Code of Conduct was to challenge and report unethical behaviours and practices. Did you take any steps in 2019 to challenge and report any unethical behaviours or practices in relation to The Star's responses to NAB?

15 **MS DUDEK:** I expressed my discomfort with the responses that had been sent, but I don't believe I fully challenged the responses.

MS SHARP SC: Do you consider that the responses that you sent to NAB in 2019 regarding the use of the CUP card were ethical?

20 **MS DUDEK:** No.

MR BELL SC: Why didn't you fully challenge the responses that being made?

25 **MS DUDEK:** I was being - I was following policies and procedures that dictated that I was to only reply to NAB - NAB or the banks, with the responses that had been provided by our internal teams. I also knew that senior management were involved in corresponding with NAB towards the end of my - towards the end of 2019. Therefore, I didn't believe it was my position to challenge that. I wasn't responsible for the CUP transactions occurring at The Star, and I knew that senior management were involved in that correspondence with NAB towards the end of 30 2019.

35 **MR BELL SC:** Are you saying that you didn't feel able to challenge senior management?

MS DUDEK: I don't - I didn't feel like I could challenge a process that had been in place for a very long time at The Star.

40 **MR BELL SC:** Yes. Thank you, Ms Sharp.

45 **MS SHARP SC:** Could I show you a letter, please. It's not your letter; I just want to see if you've seen it. This is a letter to be found in exhibit B tab 3449. It is STA.3009.0007.0480. You will see this is a letter from NAB dated 23 December 2021. It's to Mr Danny Huang, who is your direct - the officer to whom you directly report. And on the second page, can you see that it's from Ms Tanya Arthur?

MS DUDEK: Yes.

MS SHARP SC: Have you seen this letter before?

5 **MS DUDEK:** I saw it recently when Mr Huang showed it to me.

MS SHARP SC: When was that?

10 **MS DUDEK:** I think earlier this year.

MS SHARP SC: How early?

MS DUDEK: I think some time in January.

15 **MS SHARP SC:** Have you been involved in any - in the preparation of any response to this letter?

MS DUDEK: No. I was not.

20 **MS SHARP SC:** Do you know if anybody else from Star Entertainment has been working on a response to this letter?

MS DUDEK: I - I assume that - no. I don't know who has been working on this letter, no. It would be only assumptions or speculations.

25 **MS SHARP SC:** Did Mr Huang discuss this letter with you at all?

MS DUDEK: He mentioned to me that he received it, I think, on this date or afterwards.

30 **MS SHARP SC:** Did he ask you if you had any involvement in the matters raised in this letter?

35 **MS DUDEK:** He knew about my involvement as he had seen the internal and external correspondence on all CUP matters when he took on his role of group treasurer.

40 **MS SHARP SC:** I'm going to move to a different topic now, Ms Dudek. Is it correct that Star Entertainment Group operated some bank accounts with United Overseas Bank based in Singapore?

MS DUDEK: Yes.

45 **MS SHARP SC:** And what accounts were they?

MS DUDEK: They were AUD and two foreign currency accounts, each for The Star Pty Ltd and The Star Entertainment Queensland Limited.

MS SHARP SC: Could I show you a document, please. This is part - I beg your pardon. Exhibit B, tab 3466. And the document number is CORRO.001.001.0190.

5

MR BELL SC: What was that tab number, Ms Sharp?

MS SHARP SC: The tab was 3466. I will have that taken down, please. I'm sorry, I've given you the wrong number. The correct document ID is CORRO.001.001.0170. I might give that number one more time. CORRO.001.001.0170.

10

MR BELL SC: That's exhibit B3466, is it, Ms Sharp?

MS SHARP SC: Yes, it is, Mr Bell. Well, I may give up on that document for now. In any event, I wanted to ask you in relation to the United Overseas Bank accounts, Ms Dudek, is it correct that in 2020 you received some queries from that bank about transactions moving through the accounts?

15

MS DUDEK: Yes, I believe that would have been correct. The - that we received an annual transaction review from UOB, so it's possible that we received queries in 2020 about specific transactions.

20

MS SHARP SC: And I see the document I wanted to ask you about has finally made an appearance. Could I take you, please, to pinpoint 0183. If I could go to the preceding page, please. And if I could have it enlarged, the second half of that entry that focuses on United Overseas Bank Limited. Are these the accounts that you were referring to previously, Ms Dudek?

25

MS DUDEK: Yes, they are.

30

MS SHARP SC: Now --

MS RICHARDSON SC: I'm sorry to interrupt. Just for the transcript, the version that is on the screen and that we have has different numbers. So I think the numbers Ms Sharp has given to the witness on the transcript won't correlate to what we're seeing on the screen.

35

MR BELL SC: Yes. Operator, can you go to the top of the page. Yes. So the page we are looking at is CORRO.001.001.0376. Yes, Ms Sharp.

40

MS SHARP SC: Thank you. Now, could I take you to an email, please, which is in exhibit B at tab 2462, and the document number is STA.3105.0007.1015. Now, I will take you firstly to halfway down this page, Ms Dudek. Can I take you to an email from Mr Yeo Yee Hang on 27 May 2020.

45

MS DUDEK: Yes.

MS SHARP SC: And you've been asked to advise in relation to understanding the main purpose of the business account in Singapore and that it is:

5 "To collect business proceeds from your customers accruing from the casino operations. May we please check why does the business transactions from below mention counterparties have to be routed through the account in UOB Singapore and not directly to customer's bank counts in Australia?"

10 Now, do you recall receiving that request?

MS DUDEK: Yes. I don't recall exactly that I received this request, but it's - I can see it in front of me, and I do recall actioning it.

15 **MS SHARP SC:** Tell me, prior to receiving this request, did you have any understanding at all about the purposes of the United Overseas Bank accounts?

MS DUDEK: Yes, I did.

20 **MS SHARP SC:** And were you able to answer this inquiry off the cuff, or did you have to make further inquiries in order to equip yourself to answer it?

25 **MS DUDEK:** Well, I knew what the accounts were used for, but I followed the same internal process, when we receive queries from banks, to direct the query to Mr White for the appropriate response.

MS SHARP SC: So just so I understand, whenever you received a query about bank accounts, did you direct that query to Mr White?

30 **MS DUDEK:** Yes, I believe so.

MS SHARP SC: And was that only in relation to all particular types of bank accounts or all bank accounts held by Star Entertainment and its subsidiaries?

35 **MS DUDEK:** It would be all bank accounts held by Star and its subsidiaries.

MS SHARP SC: Why was it that you directed all inquiries about these bank accounts to Mr White in the first instance?

40 **MS DUDEK:** That was our internal processes and procedures. That was something that had been instilled in me when I started working at The Star, and I followed that process.

45 **MS SHARP SC:** And just - what did you understand the purpose of the UOB accounts to be?

MS DUDEK: They were accounts - gaming accounts for the acceptance of deposits from customers, I think, predominantly based in Singapore.

MS SHARP SC: And here - can I take you to the - your response, please, which is at the top of this document. And you're responding to the first query, and what you say is:

5

"The Star's bank account details in Singapore are provided to The Star's VIP customers located in Singapore for efficiency and their convenience. By accepting transfers in Singapore, it reduces the time taken for funds to clear with The Star and also reduces bank fees for The Star's customers."

10

Now, were those propositions correct, to your knowledge?

MS DUDEK: Yes, they are.

15 **MS SHARP SC:** Were there any other reasons, besides reducing the time taken to clear funds and reducing bank fees, for permitting patrons to deposit sums of money in a bank account in Singapore?

MS DUDEK: Not that I'm aware of.

20

MS SHARP SC: Is another reason because the UOB accepted cash deposits?

MS DUDEK: Not that I can recall. I didn't know the - what could or could not be accepted in the accounts as they had been set up a long time before I had started at
25 The Star. So I didn't know if that was a reason or not.

MS SHARP SC: And did you know whether the UOB accounts accept cash deposits?

30 **MS DUDEK:** Through the course of responding to queries and being included on emails, I understand that cash deposits were - I'm not sure if they were not allowed, but they were - I don't believe that they were to be accepted in those accounts.

35 **MS SHARP SC:** Did you know back in June 2020 whether these bank accounts could accept cash deposits?

MS DUDEK: I assumed that they could as no spec accounts can accept all types of deposit, cash including.

40

MS SHARP SC: Have you been involved in any recent investigations into the UOB accounts, and by "recent" I mean since mid-last year?

45 **MS DUDEK:** I've been asked to provide the bank statements for a particular period to our legal team because I understood that there was some work involved to determine how many cash deposits had been received in those accounts.

MS SHARP SC: And were you readily able to obtain the bank accounts?

MS DUDEK: I --

5 **MS SHARP SC:** I withdraw that. Were you readily able to obtain the bank account statements?

MS DUDEK: We were able to, yes, obtain the bank account statements.

10 **MS SHARP SC:** Readily?

MS DUDEK: There was a period of time missing in our records, so we reached out to UOB directly to obtain those statements and they were provided to us by the UOB corporate banking team.

15

MS SHARP SC: And you said that you provided the bank account statements to the legal team and that the inquiry had something to do with cash deposits. What was that inquiry?

20 **MS DUDEK:** I'm not exactly aware of what question or what inquiry that was, but the legal team reached out to treasury to ask us to assist with gathering those statements in order to do that review. And through being cc'd on emails, I understood that's what they were looking at, to look at cash deposits in those accounts.

25

MS SHARP SC: And are you aware of how many cash deposits were found in those bank accounts?

MS DUDEK: No. Not from an overall perspective, no.

30

MS SHARP SC: Did you ever look in the bank accounts to ascertain how many cash deposits were in there?

35 **MS DUDEK:** I don't believe I did a review of that, no. But I may have looked at one or two, to gauge an understanding.

MS SHARP SC: To your knowledge, has anyone else in treasury - I think you mentioned there were only 3.5 people there. Has anyone else in treasury conducted that review?

40

MS DUDEK: No. I believe my colleague, Dora Szasz White, assisted in obtaining some bank statements, but I don't believe that was relating to UOB.

45 **MS SHARP SC:** Are the UOB accounts still open?

MS DUDEK: One account is still open, pending a local Singapore police investigation into a particular amount. The other five were closed as of 31 December 2021.

5 **MS SHARP SC:** What was that investigation about?

MS DUDEK: I'm not aware of the particulars of that investigation. All I know is that there are funds that are earmarked that cannot be accessed in that account. So the account is pending closure after the investigation is completed.

10

MS SHARP SC: Now, it's correct, isn't it, that in 2019 the NAB had some queries about the operation of NAB bank accounts held by EEIS?

15 **MS DUDEK:** I believe that there were some questions, yes, in late 2019 regarding the EEIS transactions.

MS SHARP SC: And you had some involvement in those inquiries?

20 **MS DUDEK:** No, I didn't. I was cc'd in the emails, but I was not involved in corresponding with internal teams to understand the nature of those transactions.

MS SHARP SC: Pardon me for one moment. Could I take you to a document which is in exhibit B at tab 1649. It is STA.3105.0002.2283. Do you see this is an email into which you are copied dated 4 September 2019?

25

MS DUDEK: Yes.

MS SHARP SC: And do you see just in the attachments heading that there is an attachment?

30

MS DUDEK: Yes.

MS SHARP SC: Now, given that you were copied into this email, can we take it you read it at the time?

35

MS DUDEK: I would have at the time, yes.

MS SHARP SC: And do you see that NAB has attached a bank statement from an EEIS NAB account and raised some queries that had been flagged by the NAB AML team?

40

MS DUDEK: Yes.

MS SHARP SC: Now, if I just show you that attachment, it is in exhibit B at tab 1650. I will bring it up. It's STA.3105.0002.2284. May we take it you opened the attachment and looked at it at the time?

45

MS DUDEK: I would assume so, yes, at the time.

MS SHARP SC: All right. Do you understand the little annotations in red were annotations put there by NAB?

5

MS DUDEK: If - I don't know the source of that, but if you're telling me that's from NAB, then, yes, it's from NAB.

MS SHARP SC: And can I take you, please, back to the email which is STA.3105.0002.2283. Do you see that the query is to help us understand that some of the transactions and their alignment with the purpose - your purpose for the account?

10

MS DUDEK: Yes.

15

MS SHARP SC: Did you have any involvement at all in preparing your response to this query?

MS DUDEK: No, I don't believe so.

20

MS SHARP SC: Did you understand at this time that NAB was raising a concern about whether transactions in the EEIS NAB account were consistent with the purposes for which Star said the accounts were being used?

MS DUDEK: Yes, I gathered that from the second paragraph.

25

MS SHARP SC: By the time of this request, had you ever reviewed the EEIS NAB bank account statements for yourself?

MS DUDEK: No, I hadn't.

30

MS SHARP SC: To your knowledge, had either of the other two members of treasury?

MS DUDEK: I don't believe so, but I'm not sure.

35

MS SHARP SC: Is it your understanding that as at the time of this email, that is, 4 September 2019, no one within the treasury group monitored the bank account statements of EEIS Services to see whether there were any indicia of money laundering in those accounts?

40

MS DUDEK: No. That was not our role in group treasury, to monitor individual transactions. That was SOPs at the cage performed. We didn't have any detail of individual transactions. So the role of reporting any suspicious transactions regarding AML did not sit with my team.

45

MR BELL SC: What did you understand was the purpose of the NAB EEIS account?

5 **MS DUDEK:** My understanding was that it was accounts to be used for the repayment of debt under the EEIS program.

MR BELL SC: Repayment of debt owed to which entity?

10 **MS DUDEK:** To EEI Services (Hong Kong).

MR BELL SC: What were the circumstances, as you understood it, in which loans to EEIS arose - or debts to EEIS arose?

15 **MS DUDEK:** I assumed from gaming transactions, whatever the patron's position was. I didn't have detail - I didn't have any direct detail of that, but my assumption was that it was debts arising from the customer's activity at the casino.

MR BELL SC: It's owed to EEIS?

20 **MS DUDEK:** Yes.

MR BELL SC: Thank you.

25 **MS SHARP SC:** Could I take you to another document, please, Ms Dudek. This one is exhibit B, tab 1720. And I will bring up STA.3422.0060.8379. Now, you will see this is an email dated a little bit later in September, that is, 26 September. It's an email from Ms Skye Arnott to you, headed Access to EEIS Bank Accounts.

30 **MS DUDEK:** Yes.

MS SHARP SC: And what Ms Arnott says is:

35 "As discussed, could you please add Michelle Chiu in our Hong Kong office and Wayne Willett from the Sydney AML team to the EEIS bank counsel with read only permissions."

MS DUDEK: Yes.

40 **MS SHARP SC:** Now, what was that discussion referring to?

MS DUDEK: I believe Ms Arnott was asking - wanted people in the AML team to have oversight of the accounts and to be able to see individual transactions in the EEIS bank accounts and so had asked me to assist in actually setting up Ms Chiu and Mr Willett as users to the online banking portal.

45 **MS SHARP SC:** May we take it prior to this date, the AML team did not have access to the EEIS bank account statements?

MS DUDEK: I believe so, but I would need to check records to determine that.

MS SHARP SC: Well, just looking at this email, what's your view?

5

MS DUDEK: I think that's correct.

MS SHARP SC: Now, you understand what an IFTI report is, don't you?

10 **MS DUDEK:** Very briefly, but, yes, it's a - when there's a deposit, I think it's from - actually, no, I'm not sure if it's a deposit or withdrawal, to be honest, but I know it's relating to an international transaction - a report that's - needs to be submitted to AUSTRAC by - by the cage teams.

15 **MS SHARP SC:** Did you, at any time during which you have been involved with treasury, lodge any IFTIs or cause them to be lodged in relation to any of the bank accounts maintained by Star Entertainment Group or its subsidiaries?

20 **MS DUDEK:** No. That was not a requirement for our team. As I explained, we didn't have any understanding of individual transactions. So that responsibility did not sit with my team.

MS SHARP SC: Are you familiar with an internal working group within Star Entertainment known as the Bergin Advisory Working Group?

25

MS DUDEK: No.

MS SHARP SC: Known as the Steering Co?

30 **MS DUDEK:** I don't think I've heard it.

MS SHARP SC: Have you heard of Project Zurich?

MS DUDEK: I don't believe so, no.

35

MS SHARP SC: Are you aware that The Star is working with lawyer Anthony Seyfort from HWL Ebsworth?

MS DUDEK: No, I don't have that detail.

40

MS SHARP SC: Is it correct that in around April 2021, you were asked to assist in some investigations on various bank accounts held by Star Entertainment Group and its subsidiaries into which patrons or other people on their behalf could deposit money?

45

MS DUDEK: I don't recall what that relates to. I would need to see the detail of what was asked of me, if I was involved.

5 **MS SHARP SC:** Well, I will try and ask it in a way that might prompt your memory. At any point last year, have you been asked by anyone from Star to assist in investigations in relation to bank accounts into which patrons could deposit funds?

10 **MS DUDEK:** No, not investigations. My only involvement over the last year regarding bank accounts, from a review sense, is to provide bank statements for specific accounts that was asked of me.

MS SHARP SC: And have you had any trouble in locating those bank account statements when you have been asked to provide them?

15 **MS DUDEK:** Yes. There were several accounts that were closed back in early 2018 that we were missing quite a bit of history in terms of in the records.

MS SHARP SC: And can you just explain what history you were missing?

20 **MS DUDEK:** I think early 2015 to 2016 period for - for one of the reviews, we couldn't locate statements from those - from that point of time - from that - in those specific dates.

MS SHARP SC: And which bank was this for?

25 **MS DUDEK:** Bank of China Macau.

MS SHARP SC: Do you know - well, I withdraw that. Is it correct that in relation to accounts that Star Entertainment or its subsidiaries holds with NAB, cash deposits have been permissible?

30 **MS DUDEK:** I believe so, yes.

MS SHARP SC: Is it right that in February of this year you were requested to assist with analysing cash deposits into NAB bank accounts?

35 **MS DUDEK:** Yes.

MS SHARP SC: And who requested you to do that?

40 **MS DUDEK:** Mr Theodore.

MS SHARP SC: And what did he request you to do?

45 **MS DUDEK:** He wanted to get a sense of how many cash deposits had been accepted in the NAB accounts over the last 18-month period.

MS SHARP SC: Which NAB accounts did he refer to?

MS DUDEK: The Sydney main bank account for accepting deposits.

5 **MS SHARP SC:** And it was only earlier this year that he asked you to do that, was it?

MS DUDEK: I believe so, yes.

10 **MS SHARP SC:** And have you undertaken that analysis?

MS DUDEK: Yes. In conjunction with the Sydney cage team, I checked the bank statements and identified which transactions potentially could relate - could be cash transactions, and asked the Sydney cage team to assess their own internal records to confirm which ones, in fact, were cash transactions versus other forms of payment, such as cheque that sometimes appears to be the same as a cash deposit.

MS SHARP SC: And have you completed that analysis?

20 **MS DUDEK:** Yes. That was completed earlier this year.

MS SHARP SC: And when was it completed?

25 **MS DUDEK:** Either late January or February.

MS SHARP SC: And did you write any sort of report or other document outlining the conclusions of your work with the cage team?

30 **MS DUDEK:** No.

MS SHARP SC: How did you advise of the results of your investigations?

MS DUDEK: I spoke to Mr Theodore over the phone.

35 **MS SHARP SC:** And did you put anything into writing about the results of your investigations?

40 **MS DUDEK:** There's email correspondence from the Sydney cage team confirming how many were cash deposits.

MS SHARP SC: Is there some reason why you didn't report the results of your investigation in writing?

45 **MS DUDEK:** I don't believe so, but Mr Theodore had called me on the phone. So I had told him the outcome of the analysis at that point in time.

MS SHARP SC: Did you keep any records of your analysis?

MS DUDEK: Yes. I saved the Excel transactions which showed those cash deposits in a drive on our network drive.

5 **MS SHARP SC:** And do you still have access to those files?

MS DUDEK: Yes, I believe I do.

MS SHARP SC: And they would be easy to obtain, would they?

10

MS DUDEK: I believe so, yes.

MS SHARP SC: And what were the results of your investigations that you communicated to Mr Theodore?

15

MS DUDEK: From the 18-month period, it appeared to be that there were only a handful of cash transactions. I can't remember the exact amount, but less than 20.

MS SHARP SC: And how large were they?

20

MS DUDEK: From memory, there were some in the 20 to 30 thousand mark. And then there were some slightly bigger, potentially around the \$100,000 mark. But I would need to look at the file to obviously confirm that.

25 **MS SHARP SC:** And were you asked to consider any of the features of the cash transactions or just to assess how many there were?

MS DUDEK: I'm sorry, what do you mean by "features"?

30 **MS SHARP SC:** Were you asked to look at any, for example, suggestions that - I withdraw that. Were you asked simply to understand how many cash deposits there had been, or were you asked to look at other matters, such as whether they were consistent with the indicia of money laundering?

35 **MS DUDEK:** Just how many cash deposits there were.

MS SHARP SC: And why did you need to work with the cage to understand that?

40 **MS DUDEK:** Because the narratives that appear on bank statements are not always clear. Sometimes you can see a narrative that just says "deposit", so it's unclear whether that's an electronic transfer, if that's a cash deposit or a cheque deposit. So given, my team, we don't have the records of those transactions occurring, it's the cage's responsibility in their processes to capture those
45 transactions in their own records. They have the visibility in their records to determine at the time if they knew whether it was a transfer, a cheque, or a cash deposit.

MS SHARP SC: So is it fair to say that looking at the bank account statements alone, you would not always be able to ascertain whether it was a cash deposit?

5 **MS DUDEK:** That's right.

MS SHARP SC: Have you been asked to assist with any investigations into bank accounts held by the Bank of China in Macau?

10 **MS DUDEK:** No. I've been asked to prepare all the bank statements from - for the relevant periods, but nothing regarding investigating specific transactions.

MS SHARP SC: And have you prepared all the bank account statements for the Bank of China accounts in Macau?

15

MS DUDEK: That is ongoing. We have - we are yet to receive, hopefully this week or next week, the statements from Bank of China's Macau corporate banking team, as we have been working with them to obtain the missing statements in the relevant periods.

20

MS SHARP SC: When you refer to "the missing statements", by that do you mean there were some statements that you could not locate within Star Entertainment when you went searching for them?

25 **MS DUDEK:** Yes, that's right. I understood that there was a change from - there was a period in time around that 2015 period where the accounting team moved from Sydney to Brisbane, and it's in that period that we cannot locate specific bank statements. So either they are lost or potentially in a drive that no one can access.

30 **MS SHARP SC:** What period of time does that relate to?

MS DUDEK: I believe 2015 and 2016.

MS SHARP SC: I have no further questions, Mr Bell.

35

MR BELL SC: Yes. Thank you, Ms Sharp. Mr Braham, would you like Ms Dudek any questions?

MR BRAHAM SC: Yes, I would. I will be very quick.

40

MR BELL SC: Before you start, we will need to see you.

MR BRAHAM SC: Well, I can't - I've not got control of my own video. That's - well, I might have just been given control then. No. So I - well, now you can see me.

45

MR BELL SC: Yes, I can.

MR BRAHAM SC: All right. That's good, I suppose. Can I start? Should I start?

5 **MR BELL SC:** Yes, please do.

<EXAMINATION BY MR BRAHAM SC:

10 **MR BRAHAM SC.** Ms Dudek, my name is Peter Braham. I appear for Ms Scopel, who you can see sitting next to me. And am I pronouncing your name correctly if I call you Ms Dudek?

MS DUDEK: Yes, it's Ms Dudek.

15 **MR BRAHAM SC:** Good. It's right, isn't it, that the treasury group, of which you were a member, was quite separate from all the operational activities of the group, including both the hotel and gaming activities; is that right?

20 **MS DUDEK:** Yes, that's correct.

MR BRAHAM SC: And it had a number of responsibilities, but one of them was to act as a liaison between the banks and the group, wasn't it?

25 **MS DUDEK:** Yes.

MR BRAHAM SC: And the questions Ms Sharp has been asking you about in relation to the queries that the NAB asked through 2019 about the use of CUP cards, you understood in that period that you were - to the extent you were responding to queries, you were performing the liaison role of the treasury, weren't you?

30 **MS DUDEK:** Yes.

MR BRAHAM SC: And you saw your function, didn't you, as taking the query from the NAB and passing it to the relevant people who understood the operations of the group and then passing the answer back to the NAB; is that right?

MS DUDEK: That's correct.

40 **MR BRAHAM SC:** Because in your function in treasury, you had no other way of knowing how - which terminals were being used or how the funds were being spent or indeed any of the answers to the questions being asked by the NAB; is that right?

45 **MS DUDEK:** Yes. We didn't have any visibility of the operations.

MR BRAHAM SC: Yes. So could I ask you - or the operator, please, to bring up the first of the email chains that you were asked about, and I think the reference is STA.3105.0007.2850.

5 **MR BELL SC:** And what's the exhibit number, Mr Braham?

MR BRAHAM SC: Well, I don't know. Well, it's behind a tab numbered 52. No, that won't help you, I'm sorry, that won't help you. Mr Bell, I'm not sure we're in a position to know. I don't think we've got an index to the exhibits as they
10 were - as they've been tendered. I apologise for that. But I don't - the only copy of the hearing bundle I have is electronic, and it seems to be organised by alphanumeric document identifier, not exhibit.

MR BELL SC: No problem.
15

MR BRAHAM SC: In any event, I am referring to the email - it is the email of 18 June 2019 from Oliver White to Juanita Larkin, copied to Paulinka Dudek and Sarah Scopel. And I think you now have it on the screen, Ms Dudek; is that right?

20 **MR BELL SC:** This seems to be an email dated the 22nd - no, it has now changed. Yes.

MR BRAHAM SC: Yes. So if the operator could go down to the second page of the document, point identifier 2851, and then to the bottom of that page. You can see, can't you, Ms Dudek, the email of 18 June from Joel Avenell that starts with, "Hi JC"?
25

MS DUDEK: Yes.

30 **MR BRAHAM SC:** And then if we follow the email chain up, you can see an email from Stephen Napiza, N-a-p-i-z-a, from the NAB and to various people, and it says:

"Hi all, please assist with the below request received from China UnionPay."
35 Do you see that?

MS DUDEK: Yes.

40 **MR BRAHAM SC:** One of the recipients of that email is you; you can see that, can't you?

MS DUDEK: Yes.

45 **MR BRAHAM SC:** And if we scroll a little bit up the page, you can see the next email is you passing that request on to Juanita Larkin; that right, isn't it?

MS DUDEK: Yes.

5 **MR BRAHAM SC:** And that was your practice, wasn't it, to pass on requests from the bank as part of your liaison role to the people you thought were the relevant operational people?

MS DUDEK: Yes.

10 **MR BRAHAM SC:** And in this case, you thought the relevant operational people were Juanita Larkin, who managed the cage, and Oliver White, who was the lawyer.

MS DUDEK: Yes.

15 **MR BRAHAM SC:** And you can see that Oliver White has prepared a response. The response starts on the first page of this document and travels over to the second page. If the operator could go to the first page at the bottom, please. We can see Oliver's email - or Mr White's email to Juanita making a request in relation to documentation and asking a question and then saying to you:

20 "Paulinka, in relation to the other questions, my suggested response is as follows."

25 And there is the 1, 2 and 3 that ultimately ended up in your email, isn't it?

MS DUDEK: That's correct.

MR BRAHAM SC: And over on the second page, he says to Juanita:

30 "Please confirm whether you think any changes are needed to the above."

But there's no similar question addressed to you, is there?

35 **MS DUDEK:** No, there isn't.

MR BRAHAM SC: Because it wasn't your function to suggest changes to the answer, was it?

40 **MS DUDEK:** No, it wasn't.

MR BRAHAM SC: And you've been asked about this, in question 1, the use of the phrase "entertainment facilities" to cover a whole range of activities of the group, including its gaming activities. Do you remember Ms Sharp and Mr Bell asked you about the use of that phrase?

45 **MS DUDEK:** Yes.

MR BRAHAM SC: That was a phrase commonly used, wasn't it, by the group to describe all of its activities, including gambling activities that related to entertainment?

5 **MS DUDEK:** It was, yes.

MR BRAHAM SC: Did you ever harbour any doubt at all that people at the NAB knew that there was a casino at The Star?

10 **MS DUDEK:** No. That was our primary - sorry.

MR BRAHAM SC: Were you present in 2019 when Ms Arthur and others were shown around the casino, including the gaming floor?

15 **MS DUDEK:** Yes, I believe I was.

MR BRAHAM SC: So you knew, didn't you, that Ms Arthur was aware that gambling occurred at The Star?

20 **MS DUDEK:** Yes.

MR BRAHAM SC: It did ever cross your mind that the use of the phrase "entertainment facilities" was misleading to the NAB?

25 **MS DUDEK:** No.

MR BRAHAM SC: And if we scroll up the page a little bit, you can see that Ms Larkin has provided some documents. And then at the top of the page, Mr White makes a suggestion. But for your purposes, the terms of the response had been settled, hadn't they, by the exchange between Mr White and Ms Larkin; is that right?

MS DUDEK: That's right.

35 **MR BRAHAM SC:** And did you consider it was within the scope of your employment and your position to add to the response that was passed on to the NAB by saying something to the effect of, "I suspect there's also gambling being financed by these payments"?

40 **MS DUDEK:** No, I don't believe that was in my - I didn't believe I had the authority to make any changes.

MR BRAHAM SC: Yes. Thank you, Mr Bell. That's all I wanted to ask.

45 **MR BELL SC:** Yes. Ms Richardson?

MS RICHARDSON SC: No questions. Thank you, Mr Bell.

MR BELL SC: Is there anything arising, Ms Sharp, that you wanted to question Ms Dudek about?

5 **MS SHARP SC:** No, Mr Bell.

MR BELL SC: Yes. Thank you, Ms Dudek, for giving evidence today. The order I will make is that your hearing is adjourned, and you won't be required again unless you hear from the solicitors assisting the review.

10

MS DUDEK: Okay.

<THE WITNESS WAS RELEASED

15 **MR BELL SC:** Who is the next witness, Ms Sharp?

MS SHARP SC: Mr Bell, I call Ms Sarah Scopel.

MR BRAHAM SC: She is present, Mr Bell. She is sitting next to me.

20

MR BELL SC: I see. Yes. Are you able to hear me okay, Ms Scopel?

MS SCOPEL: Yes, I can.

25 **MR BELL SC:** Would you prefer to take an oath or an affirmation.

<SARAH EMILY SCOPEL, AFFIRMED

<EXAMINATION BY MS SHARP SC:

30

MS SHARP SC: Could you state your full name, please.

MS SCOPEL: Sarah Emily Scopel.

35 **MS SHARP SC:** Your address is known to those assisting this inquiry?

MS SCOPEL: It is.

40 **MS SHARP SC:** You are currently employed as the group treasurer of Woolworths?

MS SCOPEL: Yes.

45 **MS SHARP SC:** You commenced employment with The Star Entertainment Group in October 2018?

MS SCOPEL: Yes.

MS SHARP SC: Your position was group treasurer?

MS SCOPEL: It was.

5

MS SHARP SC: That was a position within the senior management of Sydney Entertainment Group?

MS SCOPEL: Yes.

10

MS SHARP SC: Is it correct that while you were the group treasurer, there were three staff members within treasury?

MS SCOPEL: Initially there was two, and then it was increased to three.

15

MS SHARP SC: And who were the two and then the three?

MS SCOPEL: When I commenced, it was myself and Ms Perkovic, and then Ms Dudek joined our team as well.

20

MS SHARP SC: Do you agree that as a senior manager within Star Entertainment Group, you had a responsibility to call out unethical conduct where you saw it occur?

25

MS SCOPEL: I do.

MS SHARP SC: Could you please tell us what your post-secondary qualifications are?

30

MS SCOPEL: I have a Bachelor of Commerce and Finance, a Masters of Business Admin, and I'm a chartered accountant.

MS SHARP SC: What was your employment history prior to joining Star Entertainment?

35

MS SCOPEL: I had worked at Macquarie Bank and then had some corporate roles, firstly with Origin Energy and then Caltex, before joining The Star.

40

MS SHARP SC: So it was from 2006 to 2010 that you were an executive at Macquarie?

MS SCOPEL: That's correct.

45

MS SHARP SC: And it was from 2010 to 2015 that you were at Origin Energy?

MS SCOPEL: Yes.

MS SHARP SC: And then it was from October 2018 to some point in 2020 that you were the group treasurer at Star Entertainment?

MS SCOPEL: Yes, until the start of September 2020.

5

MS SHARP SC: What were your responsibilities as the group treasurer at Star Entertainment?

MS SCOPEL: I was responsible for overseeing the treasury function. The treasury function at The Star had three main aspects: funding and capital, which was debt financing and liaising with credit rating agencies; hedging of financial markets risk, so primarily foreign currency and interest rate derivatives; and operational matters, so relating to the administration of bank accounts and daily fundings, so making sure the right funds were in bank accounts for - to support the operations of the business each day.

10
15

MS SHARP SC: Did you have any responsibility for moving funds through the various bank accounts?

MS SCOPEL: My team did, but I typically didn't undertake those tasks each day.

20

MS SHARP SC: And who were the members of your team who had those responsibilities?

MS SCOPEL: Ms Perkovic, Ms Dudek and then, towards the latter part of my time with Star, Mr Aloï.

25

MS SHARP SC: Who did you report to?

MS SCOPEL: The CFO, who was Mr Barton when I started and Mr Theodore at the end of my time with Star.

30

MS SHARP SC: Are you able to tell us approximately when Mr Theodore took over as the CFO?

35

MS SCOPEL: I believe it was around the middle of 2019.

MS SHARP SC: Was it correct that at the time you started, Mr Theodore was the head of treasury?

40

MS SCOPEL: Before I started, I understood treasury was one of his areas of responsibility.

MS SHARP SC: Did you ever attend board meetings of The Star entertainment group?

45

MS SCOPEL: Yes.

MS SHARP SC: On how many occasions?

5 **MS SCOPEL:** I typically attended the audit committee component of the monthly board meetings.

MS SHARP SC: And why was it that you attended the audit committee?

10 **MS SCOPEL:** To answer any questions in relation to the treasury report for funding, generally.

MS SHARP SC: Now, it's correct that during your time with Star Entertainment, that company and its subsidiaries had a relationship with NAB?

15 **MS SCOPEL:** Yes.

MS SHARP SC: And what was your role in respect of that relationship?

20 **MS SCOPEL:** Treasury was responsible for managing the overall relationship. So usually that, on a daily basis, related to operational requests, so daily funding drawdowns or derivative hedging or hedging using derivatives. We also answered requests for banks and acted as the liaison for other areas of the business.

25 **MS SHARP SC:** And who was your counterpart at NAB?

MS SCOPEL: Our main relationship contact was Ms Arthur.

30 **MS SHARP SC:** Ms Scopel, have you had any training in anti-money laundering and counter-terrorism financing?

MS SCOPEL: Yes.

MS SHARP SC: When did you first receive that training?

35 **MS SCOPEL:** I believe it would have been in my time at Macquarie.

MS SHARP SC: And what form did that training take?

40 **MS SCOPEL:** I can't specifically recall. I do recall at a number of points over my career doing online training modules.

MS SHARP SC: Did you receive any specific anti-money laundering or counter-terrorism finance training when you were at Star Entertainment?

45 **MS SCOPEL:** I recall the - completing the standard online training modules.

MS SHARP SC: Was it important in terms of your job functions that you did have an understanding of the general framework for anti-money laundering and counter-terrorism financing?

5 **MS SCOPEL:** Yes.

MS SHARP SC: And what steps did you take to equip yourself with that understanding?

10 **MS SCOPEL:** No specific steps, other than the - completing the standard training.

MS SHARP SC: How would you describe your level of familiarity with the anti-money laundering framework in Australia?

15

MS SCOPEL: Basic.

MS SHARP SC: Did you understand that the casinos within Star were reporting entities?

20

MS SCOPEL: Yes.

MS SHARP SC: Did you understand that they provided designated services?

25 **MS SCOPEL:** Generally, yes.

MS SHARP SC: Did you understand that they were required to lodge certain types of reports with AUSTRAC?

30 **MS SCOPEL:** Yes.

MS SHARP SC: Did you understand they were required to lodge suspicious matter reports with AUSTRAC?

35 **MS SCOPEL:** Yes.

MS SHARP SC: Threshold transaction reports?

40 **MS SCOPEL:** Yes.

MS SHARP SC: International finance transfer instruction reports?

MS SCOPEL: I can't recall that, but it makes sense.

45 **MS SHARP SC:** Have you heard of IFTIs?

MS SCOPEL: I've heard the term, yes.

MS SHARP SC: Do you understand that stands for international financial transfer instructions?

5 **MS SCOPEL:** I don't recall that, but --

MS SHARP SC: Did you understand that under AML law, The Star was required to engage in transaction monitoring to consider money laundering and terrorism financing risks?

10

MS SCOPEL: Yes.

MS SHARP SC: Did you have an understanding of whether The Star was required to monitor its bank accounts or the bank accounts of related parties in order to comply with its anti-money laundering and counter-terrorism financing obligations?

15

MS SCOPEL: I didn't understand specific monitoring requirements but would expect that was the case.

20

MS SHARP SC: While you were in treasury, did you ever monitor any bank account statements held by Star Entertainment or its subsidiaries to look for the indicia of money laundering?

25 **MS SCOPEL:** No, that wasn't the role of treasury.

MS SHARP SC: But this may answer my next question. To your understanding, did any other officer within treasury monitor the bank account statements for that purpose?

30

MS SCOPEL: Not to my knowledge while they were working within the treasury team.

MS SHARP SC: May we take it you are familiar with the China UnionPay card?

35

MS SCOPEL: Yes.

MS SHARP SC: And do you agree that it operates much like a Visa or a Mastercard?

40

MS SCOPEL: Yes.

MS SHARP SC: And you're aware that NAB supplied merchant terminals to certain hotels within The Star Entertainment Group so that CUP card transactions could be processed?

45

MS SCOPEL: Yes.

MS SHARP SC: When did you first become aware of that?

5 **MS SCOPEL:** I recall becoming aware of that in 2019.

MS SHARP SC: When in 2019?

10 **MS SCOPEL:** I don't recall specifically. But looking through the materials provided through this process, I expect it would have been around the middle of 2019 when I was copied on responses to NAB regarding transactions.

MS SHARP SC: Were you aware that Star Entertainment Group was in a contractual relationship with NAB in relation to the provision of the EFTPOS terminals?

15 **MS SCOPEL:** Yes, that was standard practice for merchant services.

MS SHARP SC: And is it standard practice to have merchant terms as between NAB and the merchant?

20 **MS SCOPEL:** Yes.

MS SHARP SC: Have you - I withdraw that. Did you see the merchant agreement between NAB and Star Entertainment at any time while you were employed as the group treasurer?

25 **MS SCOPEL:** No, that was an operational matter that sat outside of treasury.

MS SHARP SC: At any time while you were the group treasurer, did you see the UnionPay International scheme rules?

30 **MS SCOPEL:** No, not that I recall.

MS SHARP SC: Were you aware at any time while you were the group treasurer that UnionPay International prohibited the use of the China UnionPay card to engage in transactions to fund gambling?

35 **MS SCOPEL:** I did become aware that there was an issue or a concern with using China UnionPay cards for gaming, but I wasn't aware of the specific reason for that.

MS SHARP SC: What was the issue of which you became aware?

40 **MS SCOPEL:** That I understood there was a concern around the use of those cards for gaming activities.

MS SHARP SC: And what was that concern?

MS SCOPEL: That it appeared, through questions, that there was a concern that there were - transactions were being used to link to gaming.

5 **MS SHARP SC:** I will cut to the chase. Did you know that CUP cards were not supposed to be used to fund gambling?

MS SCOPEL: I was aware - I did become aware that there was an issue with using CUP cards for gaming.

10

MS SHARP SC: Okay. I just want to be really clear about this. Did you understand that CUP cards could not be used to fund gambling?

15 **MR BRAHAM SC:** Well, I object. When you say "could not be used", if there's a specific matter that counsel assisting is referring to, it should be identified. We know, as a matter of historical fact, they could be used. They were used.

20 **MS SHARP SC:** I'm happy to put the question a different way, Mr Bell. Were you aware that UnionPay International, the issuer of the CUP card, prohibited CUP cards from being used to fund gambling?

25 **MS SCOPEL:** I did become aware that there seemed to be a prohibition, but Star didn't - wasn't bound by an agreement, it seemed, that prohibited it from the activities it was using the cards for.

MS SHARP SC: So just to be clear, you did become aware that UnionPay International did prohibit the use of CUP cards to fund gambling?

30 **MS SCOPEL:** Yes.

MS SHARP SC: And when did you become aware of that?

MS SCOPEL: Towards the end of 2019.

35 **MR BELL SC:** Is that a convenient time, Ms Sharp?

MS SHARP SC: Yes, it is. Thank you, Mr Bell.

40 **MR BELL SC:** Yes. We will adjourn until 10 am tomorrow morning.

<THE HEARING ADJOURNED AT 5:01 p.m.