



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**

**MONDAY, 11 APRIL 2022
AT 10:00 AM**

DAY 18

**MS N. SHARP SC appears with MR C. CONDE, MS P. ABDIEL
and MR N. CONDYLLIS as counsel assisting the Review
MS K. RICHARDSON SC appears with MR H. ATKIN as counsel for The
Star Pty Ltd**

**Star Witness
MR ANDREW ANTHONY POWER
MS PAULA MAREE MARTIN**

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to a direction against publication commits an offence against section 143B of the Casino
Control Act 1992 (NSW)*

<THE HEARING RESUMED AT 10:03 AM

MR BELL SC: Mr Power, you remain bound by the affirmation you made last Friday.

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<ANDREW ANTHONY POWER, ON FORMER AFFIRMATION

MR BELL SC: Yes, Ms Sharp.

10 **<EXAMINATION BY MS SHARP SC:**

MS SHARP SC: Could the operator please bring up exhibit A905, which is INQ.002.004.0201. I am going to show you a portion of Ms Paula Martin's statement to this review. Operator, could you please bring up paragraph 21 and enlarge it. Can I direct your attention, please, Mr Power, to the paragraph:

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"The team led by group general counsel has responsibility for legal advisory services and regulatory affairs as described above."

20 **MR POWER:** Yes.

MS SHARP SC: Now, at paragraph 21, is this a description of your role?

MR POWER: Yes.

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MS SHARP SC: And do you agree that this description of your role is accurate?

MR POWER: I do.

30 **MS SHARP SC:** All right. So you agree that the team for which you were responsible was responsible for developing and implementing a compliance management framework?

MR POWER: Yes.

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MS SHARP SC: And also for monitoring and reporting relevant compliance breaches?

MR POWER: Yes.

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MS SHARP SC: And overseeing a process to identify causes of breaches and implementation of appropriate remedial actions?

MR POWER: Yes.

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MS SHARP SC: And also reporting to The Star Entertainment Group board directly or through the committee with oversight of compliance performance?

MR POWER: Yes. Through the committee, yes.

MS SHARP SC: Can I now show you exhibit B1232, which is exhibit STA.3008.0004.0503. Now, I'm showing you an email from Mr Stevens to people, including yourself, dated 11 January 2019?

MR POWER: Yes.

MS SHARP SC: And Mr Stevens was your direct report at that time; correct?

MR POWER: He was.

MS SHARP SC: And do you see he says:

"The risk around operation of a dedicated room like this is at what stage does it look like we are no longer in charge of the room and it belongs to Suncity."

MR POWER: Yes.

MS SHARP SC: And do you see he recommends against installing Suncity branding in Salon 95?

MR POWER: Yes.

MS SHARP SC: And do you see he says:

"Should the regulator form the view that this is Suncity's room and not ours, it will mean they are probably a close associate and for that they need a New South Wales Liquor and Gaming probity assessment."

MR POWER: Yes.

MS SHARP SC: Now, you agree that he is squarely raising with you the question as to whether Suncity is a close associate of the casino operator?

MR POWER: I don't believe he is raising that, no.

MS SHARP SC: Well, he says in these words:

"Should the regulator form the view that this is Suncity's room and not ours, it will mean they are probably a close associate and for that they need a New South Wales Liquor and Gaming probity assessment."

Do you agree he put on your radar the question as to whether Suncity might be an associate of the operator?

MR POWER: I accept that is an issue he raised, yes.

MS SHARP SC: And he put it on your radar?

5 **MR POWER:** I'm not sure he is putting it on my radar. I think he is explaining that if the branding goes too far to suggest to the regulator that they have some sort of control in that room, then it may be something that is required.

MS SHARP SC: Well, you're responsible for compliance at this time, aren't you?

10 **MR POWER:** No, I'm not.

MS SHARP SC: Who is responsible for compliance at this time?

MR POWER: If I remember correctly, I think it is Micheil Brodie.

15 **MS SHARP SC:** Did you take any steps to consider for yourself the question of whether Suncity may have been a close associate of the casino operator at this time?

20 **MR POWER:** I think - I certainly had discussions with Mr Stevens around this time about the notion about branding in that room. And because it was something that we hadn't done before, I think we were cautious and wanting to consider what the implications would be.

25 **MS SHARP SC:** I don't know that you answered my question. Did you consider for yourself at that time the question of whether Suncity might be a close associate of the casino operator?

MR POWER: Certainly considered that that would be a possibility.

30 **MS SHARP SC:** Is it correct that you did not seek to raise this matter with the regulator in 2019 or otherwise?

MR POWER: I did not seek to raise it, no.

35 **MS SHARP SC:** And why was that?

MR POWER: I think my assessment was that they weren't a close associate.

40 **MS SHARP SC:** Did you consider it might, despite your assessment, nevertheless be prudent to check with New South Wales Liquor and Gaming as to whether they shared your assessment?

MR POWER: No, I didn't think to do that.

45 **MS SHARP SC:** Do you think you would do that in the same circumstances today?

MR POWER: I don't believe so. I don't - I think the standard of being a close associate is a fairly high standard. And I'm not sure, even today, that I would think that Suncity would meet that standard.

5 **MS SHARP SC:** Can I take you, please, to exhibit B at tab 1053, which is STA.3402.0003.8628. Now, if I could direct your attention, please, to the middle of this first page. You will see there's an email from Peter Jenkins dated 9 August 2019 to a number of people, including yourself?

10 **MR POWER:** Yes, I see that.

MS SHARP SC: Who is Mr Jenkins?

MR POWER: He was the head of external affairs.

15

MS SHARP SC: And he liaises with the media, does he?

MR POWER: He does.

20 **MS SHARP SC:** Now, do you see this email is entitled Draft Response to Fairfax?

MR POWER: I see that, yes.

25 **MS SHARP SC:** And it says:

"Below is the draft response to Fairfax."

MR POWER: Yes.

30

MS SHARP SC: Now, it's right that you recall that at the time of the media allegations against Crown in late July and early August 2019, Fairfax was seeking the response of The Star in relation to various questions?

35 **MR POWER:** Yes, I recall that.

MS SHARP SC: And did you participate in formulating the answers to those responses in any way?

40 **MR POWER:** I - I don't recall.

MS SHARP SC: All right. But you were certainly made aware of the process of developing responses; you agree?

45 **MR POWER:** Sure. Yes.

MS SHARP SC: And may we take it that in view of your position, you would have carefully reviewed the proposed responses to ensure they were accurate?

MR POWER: I couldn't say at this point.

5 **MS SHARP SC:** Well, do you think it's most likely you would, in view of your position?

MR POWER: Not in my view of my position, but I think it was - it's likely that I would have, yes.

10 **MS SHARP SC:** It's what a careful and prudent lawyer would do, isn't it?

MR POWER: Certainly attempt to, yes.

15 **MS SHARP SC:** Now, if I take you to the second - and you see there's a heading Draft Response - I beg your pardon, Draft Statement?

MR POWER: Yes.

20 **MS SHARP SC:** Could I now take to you pinpoint 8629. And do you see there's another heading, The Question Posed by Fairfax?

MR POWER: Yes, I see that.

25 **MS SHARP SC:** And do you see there's a question number 4:

"In light of reports that Suncity is involved in organised crime, that Suncity is black-banned by the Hong Kong Jockey Club and its CEO Alvin Chau is now banned from entering Australia, what checks, if any, will Star Entertainment undertake in respect of its dealings with Suncity?"

30

Now, can I just return to a topic we canvassed last Friday. Here, a specific reference is being made to the Hong Kong Jockey Club report and very serious allegations emanating from that report; do you agree?

35 **MR POWER:** Not just from that report, but also assertions made in relation to Chau being able to enter the country, etcetera. Yes, I agree.

40 **MS SHARP SC:** All right. Mr Power, if you just answer my questions, we will probably get through this more quickly. Do you agree that there are very serious assertions emanating from the Hong Kong Jockey Club report being stated in this part of the email?

45 **MR POWER:** I wouldn't characterise it that way. There's allegations in relation to what media reports had said. The reference is that Suncity was black-banned by the Hong Kong Jockey Club. I believe that's the reference to Hong Kong Jockey Club. Is that serious? I expect it is a serious matter, but I don't accept that they are serious allegations disclosing the Hong Kong Jockey Club report that we were being made aware of.

MS SHARP SC: Now, does your - is your evidence that no one within the organisation made you aware that they held the Hong Kong Jockey Club report at about the time that The Star was preparing its answers to the Fairfax inquiries?

5

MR POWER: Yes, I certainly don't recall being made aware of - that we held the report at that time.

MS SHARP SC: Can I take you, please, to exhibit - I don't have the number. I will read out the document number. STA.3008.0004.0521. And this is exhibit B1541. Do you see this is an email from Andrew McGregor to Kevin Houlihan and yourself dated 15 August 2019?

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MR POWER: Yes, I see that.

15

MS SHARP SC: Please don't read out the information in blue shade. You will see, though, that it relates to the Iek junket?

MR POWER: Do you mind if I just have a read of this, please? Yes, I see that.

20

MS SHARP SC: I suggest that in June, July and August of 2019, you were regularly being briefed by the investigation team in relation to money laundering concerns in Salon 95?

MR POWER: Yes.

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MS SHARP SC: Can I take you, please, to exhibit A at tab 2197, which is STA.3402.0003.6606. Do you see that's a heading, Improvement Team Agreed Tasks?

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MR POWER: Yes.

MS SHARP SC: And it's dated 21 August 2019?

MR POWER: Yes.

35

MS SHARP SC: You've seen this document before, have you?

MR POWER: I have.

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MS SHARP SC: And one - this is an improvement team related to Suncity and/or Salon 95, isn't it?

MR POWER: Yes.

45

MS SHARP SC: And you see there's an entry number 2:

"Suncity operational arrangements."

And the owner is identified as you and Mr White?

MR POWER: Yes.

5

MS SHARP SC: And that's because you, in fact, were one of the owners of that topic?

MR POWER: Yes.

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MS SHARP SC: All right. And the target state was that:

"Suncity service desk and branding be removed from the salon."

15

MR POWER: Yes.

MS SHARP SC: And the conclusion was that:

"Suncity had returned to same operational arrangements as other junkets."

20

MR POWER: Yes.

MS SHARP SC: Because by this time, it's right, isn't it, that salon - I beg your pardon, Suncity had been offered a VIP salon being, Salon 82?

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MR POWER: I'm not sure if it was offered to them, but certainly they - my understanding is they left Salon 95 and they operated in another salon. I don't recall which one.

30

MS SHARP SC: And it's right, isn't it, that no further risk assessment was undertaken of Suncity or Alvin Chau at this time, isn't it?

MR POWER: I'm not sure if a risk assessment was undertaken. If it was, it would have been by the AML team at the time.

35

MS SHARP SC: Would you expect you would have been made aware of it since you were a member of the improvement team; do you agree?

MR POWER: Not necessarily. I certainly had responsibility for that item, but I was not part of the AML team at the time.

40

MS SHARP SC: You were part of the improvement team in relation to Suncity, weren't you?

45

MR POWER: I was, with the specific action item that was put to me. But there are a number of people that met to discuss next steps. I'm not - I may have been made aware of one, if one had been done, but I may not have. It wasn't necessarily my responsibility at the time.

5 **MS SHARP SC:** Can I take you, please, to exhibit B at - well, before I do that. Is it correct that, in fact, no risk assessment was done in relation to Suncity at the time it was relocated to Salon 82 because the solution, as perceived by Star, was simply moving it to Salon 82?

10 **MR POWER:** I - the first part of that question, I am not aware of a risk assessment that was done. That wasn't part of my responsibility at the time. In terms of that the only step that was taken was to move them, I think there's more than that and part of that's captured in this document. But the removal of a service desk, for example, reduced the risk of the behaviours that had been identified previously from reoccurring. So there were other steps that were taken and other - other measures, but I - I can't comment on whether or not a risk assessment was done in relation to that.

15 **MS SHARP SC:** Well, perhaps I can assist you by directing your attention to action number 1, which is:

20 "Suncity risk assessment."

And do you see status is:

25 "This has been deferred as a result of reduced risk assessment subsequent to the changed operational arrangements for Suncity."

MR POWER: I see it says that, and then:

"Target date amended to March 2020."

30 But that was --

MS SHARP SC: All right. Well, you were aware that no risk assessment was done once Suncity was relocated to Salon 82, weren't you?

35 **MR POWER:** It appears that way from this document. It's not something that I was necessarily aware of at the time, but I accept that that's what the document says.

40 **MS SHARP SC:** Can I show you exhibit B at tab 2589, which is STA.3009.0003.0096. And do you see this is an email from Mr Buchanan to yourself and Kevin Houlihan?

MR POWER: Yes.

45 **MS SHARP SC:** Dated 17 September 2020?

MR POWER: Yes.

MS SHARP SC: Now, you said last week you were closely following developments in the Bergin Inquiry. Do you remember that?

5 **MR POWER:** I - yes, I was.

MS SHARP SC: And one of the things you became aware of was that Steve Vickers had provided a report to the Bergin Inquiry?

10 **MR POWER:** Yes.

MS SHARP SC: And you obtained a copy of that report and circulated it to Mr Buchanan and Mr Houlihan, didn't you?

15 **MR POWER:** I believe so, yes. Certainly a summary of it was in my email, but I assume that --

MS SHARP SC: Well, if I take you, please, to the middle of this first page, to the email there from you dated 17 September 2020. You agree you circulated the report to Mr Buchanan and Mr Houlihan?

20 **MR POWER:** It appears that way from that email, yes.

MS SHARP SC: All right. And that's because you considered the report to be of relevance to Alvin Chau and Suncity?

25 **MR POWER:** Yes.

MS SHARP SC: And that is why you quoted what Mr Vickers had said about Alvin Chau and Suncity?

30 **MR POWER:** Yes.

MS SHARP SC: And if I take your attention now to Mr Buchanan's document - sorry, Mr Buchanan's email at the top, he says:

35 "Steve's report, as one would expect, is a comprehensive document which portrays a comprehensive overview of junkets and organised crime associations, etcetera. From my time at the Hong Kong Jockey Club, having spoken to professional contacts in Singapore, Steve's commentary re the
40 licensing of junkets in that jurisdiction is spot on i.e. they are viewed with great suspicion."

45 Now, you accept, don't you, that you were made aware of this view of Mr Buchanan at the time?

MR POWER: Yes. I believe that's Mr Buchanan's view, confirming Steve Vickers's view, yes.

MS SHARP SC: Yes. And you had no reason to cavil with his view, did you?

MR POWER: No.

5 **MS SHARP SC:** And do you see he says:

"The Suncity introduction reads rather like the introduction to my report."

MR POWER: Yes, I see that.

10

MS SHARP SC: What report was he referring to there?

MR POWER: I assume that's the - well, I'm not sure whether it's his - well, I assume it's a report he's done either in relation to junkets or Alvin Chau.

15

MS SHARP SC: Is it the Suncity - I beg your pardon. Is it the Hong Kong Jockey Club report?

MR POWER: I don't know. I don't believe so.

20

MS SHARP SC: Now, I was asking you some questions on Friday about a draft report that Mr Buchanan provided to you and which you agreed you had read by 27 October 2020. I will return you to that report. It's exhibit B at tab 2603, STA.3002.0005.0001. And could I take you to paragraph 31, please. And do you see that what Mr Buchanan says there is that:

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"Recent reporting from a third-party provider (September 2020) suggested in his youth, Mr Chau was a low-level member of the 14K triad which time he was under Wan Kuok Koi (Mr Wan's) patronage. Mr Wan, who is also known as 'Broken Tooth', was a notorious 14K triad leader in Macau during the 1990s."

30

MR POWER: Yes, I see that.

35 **MS SHARP SC:** What's the third-party provider report of September 2020?

MR POWER: I believe that's a report that Mr Buchanan commissioned from an external provider - an overseas intelligence provider.

40 **MS SHARP SC:** And who was that?

MR POWER: I think he's referring to a report - I might get the name wrong, but it's [Redacted]. Something of - that's - that's a report that I believe was dated around that time, and I believe that that's what he is referring to.

45

MR BELL SC: Operator, please delete the name of that report provider from the live feed.

MR POWER: My apologies.

MS SHARP SC: Did you read a copy of that report at the time it was obtained by Mr Buchanan?

5

MR POWER: I'm not sure when I would have read that report.

MS SHARP SC: Well, given that it's referred to in this draft document, do you think you read it by the time you received and read this draft document?

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MR POWER: I don't believe so, no.

MS SHARP SC: Well, wouldn't you have been curious to know what your own third-party provider had said about Mr Chau?

15

MR POWER: Well, I believe it's captured in - in Mr Buchanan's report there. I don't recall reading it at the time, no.

MS SHARP SC: I call for the production of that report.

20

MS RICHARDSON SC: I will make inquiries.

MS SHARP SC: Do you see it goes on to say, Mr Power, in paragraph 31:

25

"The report also suggests Mr Chau no longer has any active involvement with the 14K. This information is consistent with the law enforcement intelligence holdings, media reports and information provided by industry contacts and well-placed sources in Macau."

30

MR POWER: "And Hong Kong". Yes.

MS SHARP SC: Yes. And you understood that at the time?

35

MR POWER: I understood that that's what Mr Buchanan had in his report. I had no understanding of media reporting or intelligence holdings of those people, but I accepted that that's Mr Buchanan's summary of it.

MS SHARP SC: And this is a summary he had been asked to prepare for you?

40

MR POWER: Yes.

MS SHARP SC: On the basis that he was the due diligence officer?

45

MR POWER: Yes, that's right.

MS SHARP SC: Can I take your attention, please, to paragraph 32. It states:

5 "Given the important role triad groups play in assisting certain elements of junket business i.e. recovering gambling debts and the illicit movement of cash out of China, it is assessed that either Mr Chau and/or his Suncity subordinates retain a 'business' relationship with individuals who are either members of, or closely associated with, triad groups. Experience in investigating Chinese organised crime for over 30 years suggests that triad members may well be criminally inactive, but they very seldom leave or cease contact with their triad group unless they relocate overseas."

10 Now, surely you understood when you were reading this on around 27 October 2020 that your due diligence officer was telling you that his assessment was that either Mr Chau, or his Suncity subordinates, retain a business relationship with people who are members of, or closely associated with, triads?

15 **MR POWER:** I - yes, I believe that that was Mr Buchanan's view at that time.

MS SHARP SC: Shouldn't a decision have been made then and there to cease dealing with Alvin Chau and Suncity?

20 **MR POWER:** At this point in time - so a decision needed to be made. I accept that. Yes. Did it need to be then and there? I'm not sure I could - I could say that that's right. I think at this point in time, there weren't junkets coming to The Star and this question needed to be approached carefully.

25 **MS SHARP SC:** But isn't it right, Mr Buchanan, that you did not – I beg your pardon Mr Power, you did not make a decision about this until 16 November 2021?

30 **MR POWER:** Well, I think a decision had been made in 2021 in relation to a question whether, under the AML program, we could continue to deal with Mr Chau. But I still think, to this day, we are yet to finalise a decision as to the appropriate way to approach whether or not Mr Chau could be considered to be someone of good repute.

35 **MS SHARP SC:** All right. Well, on the basis of what's in paragraph 32 alone, can you seriously suggest that you can be satisfied that Mr Chau is of good repute?

40 **MR POWER:** I don't think an assessment of his repute can be made on the basis of paragraph 32 alone.

45 **MS SHARP SC:** Well, my suggestion to you is that on the basis of that information alone, the only appropriate decision to make is to cease dealing with Mr Chau and Suncity because it cannot - The Star cannot be satisfied that he is of good repute.

MR POWER: I - I don't agree.

MS RICHARDSON SC: Could I interrupt. The report that was called for is an exhibit. It's exhibit B2595.

5 **MS SHARP SC:** Given your last answer, it's right, isn't it, that the regulator can have no confidence in your judgment as to whether or not it is appropriate to deal with particular patrons or junket operators?

MR POWER: I don't agree.

10 **MS SHARP SC:** Could you pardon me for one moment, please, Mr Bell?

MR BELL SC: Yes.

15 **MS SHARP SC:** Now, could I return you, please, to paragraph 34 of this draft report of Mr Buchanan. Do you see it's stated:

20 "During 2019, Nine Entertainment Co reported that the Hong Kong Jockey Club received a Suncity related briefing from Australian law enforcement in 2017. The briefing is alleged to have referenced Mr Cheng's (i) suspected triad associations, (ii) purported involvement in large scale money laundering activities and (iii) interest to Australian law enforcement. This reporting is known to be factual."

25 Now, did you understand that your due diligence officer, Mr Buchanan, was here saying that, in his view, these matters about Mr Cheng were factual?

30 **MR POWER:** No, I believe he's saying - well, to be - well, my reading of this was that that it is factual that the Hong Kong Jockey Club received a briefing where those things were referenced.

MS SHARP SC: And is it your position that at this time, nobody made you aware of the existence of the - I withdraw that. You understood by this time, didn't you, that Mr Cheng was the business partner of Mr Chau?

35 **MR POWER:** I believe I was, yes.

40 **MS SHARP SC:** All right. So you're told that Mr Chau's business partner had (1) suspected triad associations; (2) purported involvement in large scale money laundering activities; and (3) interest to Australian law enforcement. Surely, on that information alone, The Star could not have been satisfied at this point in time that Mr Chau was a suitable person to have dealings with?

45 **MR POWER:** I'm - I - I don't believe that you can make an assessment as to whether you're going to continue dealings, whether under the AML program or when assessing someone's repute, on one fact alone.

MS SHARP SC: Well, in fact, there are two here because it suggests that one of Mr Chau's business partners has criminal connections, and the next suggestion is that Mr Chau and/or his subordinates retain business relationships with triads.

5 **MR POWER:** I believe they - they are certainly relevant facts. They are serious matters. But I don't believe you can make an assessment just on those facts alone, or that it needed to be made at this point.

10 **MS SHARP SC:** Can I then take your attention, please, to paragraph 47. And please don't read the material in blue. But you see it's right that you're being reminded here that on 8 August 2019, the investigations team found that Suncity had again breached its agreement relating to Salon 95?

15 **MR POWER:** Yes.

MS SHARP SC: And could I take you, please, to paragraph 54. And please just read that to yourself.

20 **MR POWER:** Understood.

MS SHARP SC: And then could you read paragraph 57 to yourself. I will have that scrolled up for you.

25 **MR POWER:** Thank you. And is that the end of that paragraph, or does it break over the next page, please?

MS SHARP SC: That's the end of that paragraph. So this is a third important piece of information made known to you at the time of reading this report, isn't it?

30 **MR POWER:** It is.

MS SHARP SC: And then could I take you, please, to pinpoint 0012. Do you see there's a heading Findings/Risk Factors?

35 **MR POWER:** Yes.

MS SHARP SC: And do you see at paragraph 78 it said:

40 "It is suggested Mr Chau would most likely have been conversant with the money laundering activities his Suncity staff engaged in at both The Star and Crown properties."

MR POWER: Yes, I see that.

45 **MS SHARP SC:** All right. And it's explained:

"Given Mr Chau's status in Macau, and his triad antecedents, it is thought highly unlikely Mr Iek would permit his junket representatives to engage in

such activity, in Suncity's Australian based VIP rooms, without Mr Chau's knowledge and acquiescence."

MR POWER: Yes, I see that.

5

MS SHARP SC: So this is a fourth very important strand of information, isn't it?

MR POWER: Yes.

10 **MS SHARP SC:** And this is the opinion of your due diligence officer, having reviewed all material then available to him, about Mr Chau and based upon his long experience in conducting due diligence assessments?

MR POWER: Yes.

15

MS SHARP SC: You had no reason at all to doubt this proposition that Mr Buchanan was putting forward to you in paragraph 78, did you?

20 **MR POWER:** Well, I think it's an opinion based on his experience. I'm not - I'm not sure --

MS SHARP SC: That's pretty important, isn't it, in view of his experience?

MR POWER: Of course.

25

MS SHARP SC: All right. You had no reason or proper basis to cavil with that opinion, did you?

30 **MR POWER:** Well, I'm not - I'm not sure that it's known what's stated there, but it was certainly his opinion. So I accepted that it was his opinion.

MS SHARP SC: Well, surely you gave his opinion great weight in view of the fact that he was The Star's due diligence officer and he had a long history in conducting these kinds of due diligence investigations?

35

MR POWER: Yes.

MS SHARP SC: You gave it weight, did you?

40 **MR POWER:** I did.

MS SHARP SC: So by this time, you have four important strands of information; do you agree?

45 **MR POWER:** I agree.

MS SHARP SC: And isn't it right that the only appropriate decision to make at this point in time, given that at this point in time you were the AML/CTF compliance officer, was to exclude Alvin Chau from dealing with The Star?

5 **MR POWER:** I don't agree.

MS SHARP SC: And given the opinion you're expressing at this point, it's right, isn't it, that today the regulator can have absolutely no confidence in your judgments as to who is and is not a suitable person for The Star to have business
10 dealings with or to have as a patron?

MR POWER: I don't think that's fair.

MS SHARP SC: Now, it's right, isn't it, that you met with Kevin Houlihan and
15 Mr Buchanan on 19 November 2020 to discuss this report?

MR BELL SC: Ms Sharp, before we leave this document. There's another part of it that I wanted to discuss with you, Mr Power. Operator, can you take us back to the page where paragraph 64 appears. Now, Mr Power, do you see there in
20 paragraph 64, it refers to Mr Chau's PEP status. That's a reference to politically exposed person, is it not?

MR POWER: It is.

25 **MR BELL SC:** And do you see that it says in paragraph 64 that:

"ECDD related Google searches have not been completed as rigorously as perhaps should have."

30 **MR POWER:** Yes, I see that.

MR BELL SC: And Mr Buchanan goes on to say in the third sentence:

35 "A prime example of information having been missed on Google is the fact that The Star was unaware of Mr Chau's politically exposed person status until March 2020. Mr Chau had in fact become a PEP during 2013."

MR POWER: Yes.

40 **MR BELL SC:** You see that? And then if you see in paragraph 65, Mr Buchanan says:

45 "During January 2013, Mr Chau became a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), China's political advisory body. He held this position from January '13 to January '18. During April 2015, he became a member of the Macau Special Administrative Region's Cultural Industries Committee.

He continues to be a member of this body, having had his appointment renewed on two occasions."

Do you see that?

5

MR POWER: I do.

MS SHARP SC: And again at paragraph 66, Mr Buchanan refers to Mr Chau's status as a politically exposed person?

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MR POWER: Yes.

MR BELL SC: Do you agree that Mr Buchanan is expressing the opinion that Mr Chau was a politically exposed person by virtue, among other things, of his membership of the CPPCC?

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MR POWER: I believe that's right, yes.

MR BELL SC: Yes. Thank you, Ms Sharp.

20

MS SHARP SC: Returning to my question. It's right, isn't it, that you met with Mr Houlihan and Mr Buchanan on 19 November 2020 to discuss Mr Buchanan's October 2020 draft report on Alvin Chau?

25

MR POWER: I believe that's right, yes.

MS SHARP SC: And why did you meet with him at that time?

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MR POWER: I think Mr Houlihan convened the meeting, and I think it was because we hadn't had a chance at that point to give Mr Buchanan feedback in relation to his report.

MS SHARP SC: And what feedback did you give him in relation to his report?

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MR POWER: As far as I can recall, we discussed the nature of the report and the intelligence holdings generally. I think there was some specific feedback I gave in relation to references to the board, for example, and an executive summary that was contained in that report that seemed to repeat information that was later contained in the report, and a need for the report to be as specific as possible, and - and to outline the basis upon which various information was either provided or opinions held by Mr Buchanan. I - my feedback was essentially that we needed to ensure that the report was a due diligence style report.

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MS SHARP SC: Why was it necessary to give Mr Buchanan any feedback about his report?

MR POWER: Well, I think he had emailed a number of times seeking clarification on what the purpose of the report was. And at the time, due to other

priorities and things, I think perhaps Mr Buchanan had taken the report to be more than it was, to express opinions about the effectiveness of the AML program, for example, which - which we hadn't clarified for him but which, you know, in my view, went beyond what was required out of a due diligence report.

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MS SHARP SC: Did you ask him to amend his report?

MR POWER: There would have been comments that I made in that discussion, for instance, the fact that it references, you know, the report going to the board, that just would have been inaccurate. So I would have- I may have said to him that he should change that to reflect something else. But other comments - it was more in the style of feedback in relation to the report. I don't think there was any particular things - I don't recall directing him that any other area needed to be changed, for example, but we may have discussed the report generally and the purpose of it.

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MS SHARP SC: So you don't recall what the nature of your discussion was in relation to him amending the report, other than what you've just indicated?

MR POWER: I think we were just providing comments on the report and things for Mr Buchanan to think about in the context of refining the report.

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MS SHARP SC: Did you ask him to water down the assertions he made about Alvin Chau and his links to organised crime?

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MR POWER: No.

MS SHARP SC: Did you ask him to water down the assertions he had made about Alvin Chau's links to money laundering?

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MR POWER: I didn't ask Mr Buchanan to water anything down.

MS SHARP SC: Are you sure about that?

MR POWER: I'm - I'm positive.

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MS SHARP SC: Are you telling the truth here?

MR POWER: I am telling the truth.

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MS SHARP SC: And you say you discussed intelligence holdings generally. Did you discuss the fact that your colleagues held a copy of the Hong Kong Jockey Club report?

MR POWER: I don't believe so, no.

45

MS SHARP SC: Because that was a pretty significant intelligence holding, wasn't it?

MR POWER: My comment before was directed at the fact that I had some difficulty with some of these intelligence reports that we were getting, that they contained comments that were based on media allegations and they were based on sources that were uncited. So, generally, I was trying to get my head around what is it that we held, what did it - what were the facts that we actually knew to be true and then what was Angus's assessment of those - sorry, Mr Buchanan.

MS SHARP SC: You're trying to get an understanding of what intelligence The Star actually held. You must agree that it was important that you be notified of the existence of the Hong Kong Jockey Club report held by The Star?

MR POWER: Not that I needed to be made aware of that. I think the fact that Mr Buchanan was aware of it was - meant that those facts and matters were incorporated into his due diligence generally regarding Mr Chau.

MS SHARP SC: But, Mr Power, you just said that you were trying to get a handle on what the intelligence holdings were.

MR POWER: Yes, I think - well, when I say "I was", I think The Star. There was a lot of noise about Mr Chau at the time. There were a lot of different reports. We had intelligence reports that indicated that he was reputable and didn't have links to organised crime, and then there were others that referred to media. They were conflicting, and I was basically hoping that someone with, you know, Angus's experience could assess all this information and then provide to us an outline of what our - The Star's understanding was - or The Star's position and then a recommendation as to whether we continue to deal.

MS SHARP SC: Well, he had done that very task by October 2020 and provided it to you, hadn't he?

MR POWER: He had prepared a report and provided it, yes, and it continued to be updated as new information came to light.

MS SHARP SC: And your assertion that you were neither made aware of the Hong Kong Jockey Club nor - report nor read its contents by November 2020 is completely implausible, isn't it?

MR POWER: I - I disagree. Mr Buchanan, who I understood was one of the authors, came from the Hong Kong Jockey Club. So I expected that what was known by the Hong Kong Jockey Club had been incorporated into Mr Buchanan's views.

MS SHARP SC: Well, why didn't you ask to have a look at that report for yourself?

MR POWER: I think that was the responsibility of the due diligence manager at the time.

MS SHARP SC: Now, let me show you a copy of the November 2020 version of Mr Buchanan's report. And you agree, don't you, that Mr Buchanan did send you a further version of his report in November?

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MR POWER: I agree. He did.

MS SHARP SC: Could I call up, please, exhibit B, tab 2705 at STA.3009.0003.0493.

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MR POWER: Yes, I see that.

MS SHARP SC: And can I take you, please, to the findings at paragraph 52 to 53 of the document and have you read them to yourself, please. And I should say 55 as well. And through to 55, please, operator.

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MR POWER: That's just been added. Thank you. Yes, I see that.

MS SHARP SC: This is quite a watering down of the views that Mr Buchanan had expressed to you about Mr Chau's propriety in the October version of his report, isn't it?

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MR POWER: When it's presented this way, I can understand how you may perceive it to be a watering down. But that wasn't what we did. It's not what I asked to happen. And I don't - even those three paragraphs alone, I don't think can be taken in isolation. I think the report as a whole doesn't constitute a watering down.

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MS SHARP SC: You were aware at the time, weren't you, that Mr Buchanan had watered down his previous opinions expressed to you about Mr Chau?

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MR POWER: I - I don't believe - I don't believe that's right.

MS SHARP SC: And in fact, what he did was in accordance with your wishes, wasn't it?

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MR POWER: I didn't have any wishes. I was seeking from Mr Buchanan a finding and a recommendation as to whether we could continue to deal with Mr Chau under the AML program or whether we should cease to deal. I didn't have views either way. I wasn't seeking a particular outcome. We were trying to make a decision moving forward. And reality was Mr Chau - we weren't doing junkets - was not going to be coming to The Star, but we wanted to go through this process anyway to understand how we would approach this type of matter in future.

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MS SHARP SC: Mr Power, if you could just attend to my questions, we will get through this more quickly. Do you understand?

MR POWER: Yes.

MS SHARP SC: Now, it's correct, isn't it, that you met with Mr Buchanan and Mr Houlihan again about the draft report on 7 November 2020; do you agree?

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MR POWER: We certainly met in around that time, yes.

MS SHARP SC: And what discussion did you have with him about the draft report at this time?

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MR POWER: I think at this time, the discussion was about whether or not the report contained all the information that we held at the time, so - and took into account the developments that had happened in the Bergin Review.

MS SHARP SC: And are you saying it was important that this report set out all the information that was known to The Star at the time relevant to assessing Mr Chau's propriety?

MR POWER: I will try and be clearer. I think what I was discussing with Mr Buchanan at the time was - it appeared to me that witnesses before the Bergin Inquiry were shown a document and then, when they read it, responded saying that it was clear that Crown should not continue to deal with Mr Chau. And I was asking Mr Buchanan whether we had missed anything. It seemed to be obvious to those people. But on the information we had, it didn't seem obvious. And so I was wanting him to make sure (1) he - he was across all of the details that were discussed in the Bergin Review and that we didn't overlook something that was in our possession that - that needed to be taken into consideration.

MS SHARP SC: If you were so concerned that nothing had been overlooked in Star's possession relevant to Alvin Chau, surely you were made aware of the existence of the fact that Star held the Hong Kong Jockey Club report by this time?

MR POWER: Potentially, by this time. I don't recall, but I believe that that was incorporated into Mr Buchanan's report. Even if I'm not provided with a copy of it, it's incorporated. It wasn't missed, but it's a report that related to the Hong Kong Jockey Club. I was wanting to make sure that the Star's reports regarding Mr Chau hadn't been overlooked.

MS SHARP SC: Well, I will suggest to you, Mr Power, that the content of the January 2021 version of Mr Buchanan's reports had next to none of the information that the Hong Kong Jockey Club report did which cast serious aspersions on Mr Chau's probity.

MR POWER: I don't believe it contains virtually none of the information relating to the Hong Kong Jockey Club report.

MS SHARP SC: And is it right that you asked Mr Buchanan at the 7 December 2020 meeting to amend his report?

5 **MR POWER:** I'm not sure if I asked him to amend it, but I may have provided comments in relation to matters that were raised in the report.

MS SHARP SC: Well, you did ask him to amend it, didn't you?

10 **MR POWER:** I would have provided comments. I would have, you know, suggested comments or - or feedback in relation to the report. I didn't direct him to amend it, but I would have raised with him issues that I picked up.

15 **MS SHARP SC:** Well, in fact, what you did was hand over a marked-up copy of his report which suggested the deletion of various paragraphs; that's right, isn't it?

MR POWER: In - in effect. Maybe not directly to Mr Buchanan. But, yes, I think my annotated - my changes to his - or my mark-ups to his report were provided to Mr Buchanan, yes.

20 **MS SHARP SC:** Well, that's exactly what you did at the 7 December meeting; you handed over a marked-up copy of his report to him, didn't you?

25 **MR POWER:** I'm not sure if I provided it directly to him. But ultimately, practically, yes, comments that I had made were provided to Mr Buchanan.

30 **MS SHARP SC:** Could I show you exhibited B2701, which is STA.3009.0003.0482. And what I'm going to suggest to you, Mr Power, is that what you did was remove from this document all criticisms that Mr Buchanan made of the way The Star had handled dealings with Mr Chau in the past; do you agree?

35 **MR POWER:** I - I would have to go through them. But I accept that there was some changes made in relation to some criticisms about The Star's AML program historically.

40 **MS SHARP SC:** And I will take you to pinpoint 0485 and direct your attention, please, to the crossed-out version of paragraph 27. And that's a criticism of The Star's handling of Suncity, which you've directed be removed from the report; correct?

MR POWER: I wouldn't say "directed". But I certainly suggested it could be deleted, yes.

45 **MS SHARP SC:** Well, did you have no expectation at all that Mr Buchanan would accept any of the mark-ups you made, Mr Power?

MR POWER: No, I - I expect that he would have deleted that on the basis that I had queried its relevance to a due diligence report.

MS SHARP SC: And could I take you, please, to paragraph 35. And what you've done here is delete the words "remained non-compliant" and asserted instead "were not adhering". Do you see that?

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MR POWER: Yes.

MS SHARP SC: And what you were doing was sanitising this assertion in the report, weren't you?

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MR POWER: I don't believe so. I believe I was being more specific.

MS SHARP SC: And if I take you to paragraph 38, please. Do you see that you've struck out the whole paragraph beginning:

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"Taking cognizance of the suspected money laundering activities which occurred at Salon 95, it is surprising an official audit/review of Suncity's operations did not take place."

20 **MR POWER:** I see that has been deleted, yes.

MS SHARP SC: You see, what you are doing there is directing the removal of a criticism of the process, aren't you?

25 **MR POWER:** Yes.

MS SHARP SC: And at paragraph 42, 43 and 44, which I will have shown to you, you are also directing the deletion of a criticism of the process, aren't you?

30 **MR POWER:** If I could just see those paragraphs, please. Apologies, Ms Sharp. Would you mind repeating the question, please?

MS SHARP SC: What you are doing is deleting from this document criticisms of the process that The Star had followed in managing Alvin Chau and Suncity?

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MR POWER: I'm not sure I would agree to that characterisation. I accept that paragraphs 42 and 44, I have suggested the deletion of commentary about the effectiveness of The Star's AML program historically. But if you take paragraph 43, I actually think that's an attempt to positively assert that The Star's AML program has been improved and working more effectively, and I also suggested that that be deleted from a due diligence report about Mr Chau.

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MR BELL SC: And Mr Power, to be precise, the amendments that you proposed to paragraph 44 were to remove Mr Buchanan's criticism of the failure of The Star to identify Mr Chau as a politically exposed person between 2013 and 2020; is that correct?

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5 **MR POWER:** I believe that's contained elsewhere in the report, Mr Bell. But I think what I was trying to take out was the fact it was commentary about whether the Google searches were effective or not. For me, I didn't regard that as a matter that went to whether Mr Chau was someone who we could continue to deal with moving forward.

MR BELL SC: Yes, Ms Sharp.

10 **MS SHARP SC:** Now, at this point in time, you were the AML/CTF compliance officer in conjunction with Mr Houlihan; correct?

MR POWER: That's right, yes.

15 **MS SHARP SC:** And the reason you were obtaining this report from Mr Buchanan was so you could make a decision, in your capacity as compliance officer, about whether to further deal with Mr Chau?

MR POWER: Under the AML program, yes.

20 **MS SHARP SC:** Can I take you, please, to STA.3412.0004.6634, which is exhibit B, tab 2747. Now, this is an email from you to Mr Buchanan, copied to Mr Houlihan, on 8 December 2020?

25 **MR POWER:** Yes.

MS SHARP SC: Do you see you mark it "privileged and confidential"?

MR POWER: Yes.

30 **MS SHARP SC:** Do you see you say:

"Please see, as discussed. For the purpose of undertaking further ECDD and allowing me to provide legal advice on The Star's obligations."

35 **MR POWER:** Yes.

MS SHARP SC: That wasn't true, was it, Mr Power?

40 **MR POWER:** I think we discussed this on Friday. I believe I was providing legal advice about The Star's obligations at the time.

MS SHARP SC: You see, the dominant purpose of what you were doing was making a business decision about whether to cease dealing with Mr Chau; that's correct, isn't it?

45 **MR POWER:** I'm not sure I would - I would say it was the dominant purpose. Certainly, at the time, we were trying to construct a way forward to deal with both the question of whether we could continue to deal with someone under the AML

program, but also then work out what it is under the Casino Control Act and the commentary in the Bergin Inquiry around suitability and good repute. And I was certainly providing legal advice about what The Star's obligations were in that regard. Whether it was the dominant --

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MS SHARP SC: Mr Power, the dominant purpose of what you were doing was making a decision, in your capacity as the compliance officer, as to whether the business should continue to deal with Alvin Chau; correct?

10 **MR POWER:** I think the dominant purpose for Mr Buchanan's report - I accept that.

MS SHARP SC: All right. And this is an example - this email is an example of you seeking to cloak a document in legal privilege so that it is immune from production to the regulator; do you agree?

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MR POWER: I don't agree.

20 **MS SHARP SC:** Now, why is it that you provide Mr Buchanan, at this point in the process, a new due diligence report dated 2013 regarding Mr Chau for the very first time?

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MR POWER: I think I had only become aware of the two thousand - or just been provided the 2013 report at this time. And so I had only recently reviewed it.

MS SHARP SC: And you say:

"I am interested in your comments on the 2013 report."

30 Why was that?

MR POWER: Because I felt that it disclosed something that we had missed. I mentioned before we were wanting to know whether we had missed something, and it seemed to me that this may have been an example of that.

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MS SHARP SC: What did you think had been missed?

MR POWER: The fact that Mr Chau was a PEP.

40 **MS SHARP SC:** Well, that had already been identified, hadn't it?

MR POWER: By The Star, do you mean?

45 **MS SHARP SC:** Well, it had been identified in the Hong Kong Jockey Club report, hadn't it?

MR POWER: I couldn't comment on what was identified in the Hong Kong Jockey Club report.

MS SHARP SC: Now, why is it that you only came into possession of a July 2013 due diligence report on Mr Chau at this time?

5 **MR POWER:** I think, at this time, we were still responding to matters that were unfolding in the Bergin Review, and I believe we were also undertaking an audit - Liquor and Gaming were undertaking an audit of rebate programs at The Star, and it was in the course of that that I received a copy of the 2013 report.

10 **MS SHARP SC:** Now, can I take you to exhibit B at tab 2779. This is STA.3412.0054.3083. Now, it's right, isn't it, that Mr Buchanan sent you another draft of his report at this time; correct?

MR POWER: I believe that's right, yes.

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MS SHARP SC: And we may take it that you read that carefully at the time?

MR POWER: Yes.

20 **MS SHARP SC:** Now, if I could take you, please, to paragraph 37 of the report. And to be fair, let me take you to the heading first of all. It's pinpoint 3087.

MR POWER: I think I have the heading, Ms Sharp. Thank you.

25 **MS SHARP SC:** Do you see that, Response to Suspected Money Laundering Activity at Salon 95 (2018)?

MR POWER: Yes, I see that.

30 **MS SHARP SC:** Now, if I take you down to paragraph 36, do you see that refers to an event in 2018?

MR POWER: Yes, I see paragraph 36.

35 **MS SHARP SC:** Yes. But do you see paragraph 37 goes on to refer to an event in 2019?

MR POWER: Yes.

40 **MS SHARP SC:** And do you see what it says is that:

45 "From March to May 2019, the group compliance officer conducted an audit to ascertain if Suncity was adhering to Salon 95 service desk processes. The audit found Suncity staff were compliant and that The Star now had an effective oversight of the operation of the room."

MR POWER: I see that.

MS SHARP SC: Now, do you accept that there's absolutely no reference there or anywhere else to all of the money laundering concerns of which you were aware in Salon 95 in May, June, July of 2019?

5 **MR POWER:** Do you mind if we go back to the document, please? Sorry, I've just got paragraphs 36 and 37 expanded. If we could just - thank you. I agree. There's no reference to activity in 2019.

10 **MS SHARP SC:** Well, you must have been aware that this version of the report was omitting very significant detail about money laundering concerns held by The Star in May, June and July of 2019?

MR POWER: Sorry. Can you repeat the question for me, please?

15 **MS SHARP SC:** You must have been made- you must have been aware when you were reading this report that it omitted to refer to significant money laundering concerns held by The Star in May, June and July of 2019?

20 **MR POWER:** I agree. It doesn't contain reference to those matters.

MS SHARP SC: And in fact, what this report does clearly imply is that by May of 2019, Suncity staff were compliant and had effective oversight of the operation of Salon 95?

25 **MR POWER:** It does suggest that, yes.

MS SHARP SC: And it would have been clear to you at the time that that was the suggestion; correct?

30 **MR POWER:** I accept that that paragraph suggests that, yes.

MS SHARP SC: And it must have been, and it was, clear to you at the time that this document gave a misleading impression that Salon 95 and the conduct of Suncity staff in that salon were compliant by May of 2019?

35 **MR POWER:** I wouldn't accept that it gives a misleading impression, but I - I can appreciate what you're saying in relation to paragraph 37.

40 **MS SHARP SC:** Because what Mr Buchanan had done, and done to your knowledge, was sanitise this report on Mr Chau's propriety; isn't that right?

MR POWER: I don't believe that's right.

45 **MS SHARP SC:** And what this report omits, to your knowledge, is information as to the very significant concerns that you held about the prospect of money laundering occurring in Salon 95 in 2019?

MR POWER: It does not contain those matters. I agree.

MS SHARP SC: And you knew that at the time?

5 **MR POWER:** I knew at the time that there were concerns continuing
in - in - throughout 2019, yes.

MS SHARP SC: And you knew at the time that this document was misleading?

10 **MR POWER:** I - I don't believe it's misleading, no.

MS SHARP SC: Now, I will take you to the heading Findings at pinpoint 3088.
And could I direct your attention, please, to paragraphs 42 and 43, and have you
read those paragraphs to yourself.

15 **MR POWER:** Thank you.

MS SHARP SC: And in fact, I will have you read all the way through to
paragraph 45.

20 **MR POWER:** So I've read 42 to 44.

MS SHARP SC: Now, it was perfectly clear to you when you read this report in
January 2021 that it was a highly sanitised version of the assessment that Mr
Buchanan had provided to you in October 2020 about Mr Chau's propriety?
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MR POWER: If I could just take just a little bit longer just to read paragraph 45,
please. Okay. I've read that. Sorry. Would you mind, please, repeating the
question?

30 **MS SHARP SC:** It was perfectly clear to you when you read this report in
January 2021 that it was a highly sanitised version of the assessment that Mr
Buchanan had provided to you in October 2020 about Mr Chau's propriety?

35 **MR POWER:** I don't believe it was a highly sanitised version.

MS SHARP SC: His opinion, as expressed here, had changed significantly; that's
correct, isn't it?

40 **MR POWER:** I'm not sure I would agree with that. I mean, his opinion - that's a
matter for Mr Buchanan. But my reading of the report was it still raised very
serious matters, and there was no sanitisation of it. I think even those
paragraphs - paragraphs you've just referred me to contain pretty important
information about his associations.

45 **MS SHARP SC:** And you were well aware, weren't you, that this report
significantly watered down the concerns that Mr Buchanan had expressed to you
in October 2020 in his draft report about the propriety of Mr Chau?

MR POWER: I - I don't believe it was watered down. You've taken me to some paragraphs that relate to commentary on the AML program and our historical dealings. I agree that they came out, but I don't believe they're matters that go to Mr Chau's propriety. And I believe that the report in January still raises some very serious matters that needed to be considered.

MS SHARP SC: And your evidence that you did not realise that this report had been significantly watered down is simply untrue?

MR POWER: I don't believe it's watered down. The report reflected Mr Buchanan's views at the time, based on the information that he had assessed.

MS SHARP SC: And--

MR BELL SC: Mr Power, I'm sorry - sorry. Mr Power, can you just have a look at paragraphs 40 and 41. If you could highlight those please, operator. Just read those two paragraphs to yourself and tell me when you've done so.

MR POWER: Sure. Yes, I've read those.

MR BELL SC: Do you agree that what Mr Buchanan is pointing out there is that it was only in April 2020 that The Star became aware that Mr Chau had been a member of the CPPCC since 2013 through to 2018?

MR POWER: I'm not sure if I could say we only became aware then, but certainly he makes the point that that ECDD review did find he was a PEP in 2013.

MR BELL SC: Do you remember I took you to the first draft of the report in October, in which Mr Buchanan had criticised The Star for failing to appreciate since 2013 that Mr Chau was a politically exposed person by virtue, among other things, of his membership of the CPPCC?

MR POWER: I recall that, yes.

MR BELL SC: Operator, if you go to paragraph 46, please, and if you could highlight that. And, Mr Power, if you could read that to yourself and tell me when you've done so.

MR POWER: Yes, I've read that.

MR BELL SC: You see in paragraph 46, in this version of the report, Mr Buchanan is saying that Mr Chau's membership of the CPPCC is indicative of the fact he enjoys support from China's political hierarchy?

MR POWER: Yes, I see that.

MR BELL SC: And he also says that by virtue of his membership of that body and another body, it's highly unlikely Mr Chau would have been appointed to those bodies had either government suspected he was involved in criminal activity?

5

MR POWER: Yes, I see that.

MR BELL SC: So whereas the first draft in October had criticised The Star for failing to appreciate that Mr Chau was a politically exposed person by virtue of his membership of the CPPCC, in effect in this version, Mr Buchanan is suggesting that Mr Chau's membership of the CPPCC indicates that he may well be a person of good repute; do you agree?

MR POWER: I agree on the second part of that. I think it is being - it is suggesting that because he was a PEP that he would not be involved in criminal activity, otherwise he wouldn't have achieved those - that - he wouldn't have received that status. I think that is what's said there. Sorry. Would you mind repeating the part as it related to the October version?

MR BELL SC: Well, you will recall I took you to the October version --

MR POWER: Sure.

MR BELL SC: -- in which Mr Buchanan criticised The Star for failing to appreciate in the period since 2013 that Mr Chau had been a politically exposed person by virtue of, among other things, his membership of the CPPCC.

MR POWER: Yes, I think his comments were that the processes that were in place at the time weren't what they should have been because, if they had have been, we would have identified it back then. I believe that's right.

MR BELL SC: And there's nothing in paragraphs 40 or 41 or 46 that I've taken you to that even refers to the fact that Mr Chau was a politically exposed person by virtue of his membership of the CPPCC; correct?

35

MR POWER: Well --

MR BELL SC: Have a look at paragraphs 40 and 41 again to be sure about that. Go back to paragraphs 40 and 41, please, operator.

40

MR POWER: It doesn't specifically call out that he was a PEP, but it may be covered in the attached report, Mr Bell.

MR BELL SC: Yes. Well, just have a look at paragraph 46 again. If we could highlight that please, operator. And do you agree that what Mr Buchanan is doing in paragraph 46 is effectively saying that The Star can take some comfort from the fact of Mr Chau's membership of the CPPCC because it was unlikely he would

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have been appointed to that body if he was suspected of being involved in criminal activity?

5 **MR POWER:** I'm not sure he is saying we can take comfort from it, but certainly that's - I think that could be read from that material, yes. I accept that.

10 **MR BELL SC:** Would you accept that what Mr Buchanan says in this January version is a very different slant on the issue of Mr Chau's membership of the CPPCC than had been taken in October?

MR POWER: Looking at just those paragraphs, yes, I think that's right.

15 **MR BELL SC:** And would you agree that it wouldn't be honest or accurate to describe the final version of the report as simply being more succinct or concise than the first draft?

MR POWER: I don't believe it's just a more concise or succinct version. I think that's right.

20 **MR BELL SC:** Yes. It has clearly changed in material ways, has it not?

MR POWER: I think it's certainly changed, yes.

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

MS SHARP SC: Now, if I take you to the heading in this report at pinpoint 3089, Assessment. And what's happening here is that two options are being put forward to deal with Mr Chau, and one is to cease the relationship, as is articulated in paragraph 49; and the second option is to continue to engage with Mr Chau, and that's dealt with in paragraph 52. Do you agree?

MR POWER: Yes, I agree.

35 **MS SHARP SC:** And if we go over the page, when we're in the context of the second option, continuing to deal with Mr Chau, do you see the first dot point there is:

40 "The group compliance officer's audit report, completed in May 2019, found that Suncity were adhering to the mandatory Salon 95 service desk processes. The report provides some comfort that Suncity are indeed capable of operating compliant junket programs."

MR POWER: Yes, I see that.

45 **MS SHARP SC:** And there is nothing here at all to indicate the continuing concerns held by you and others at The Star that money laundering or suspicious cash transactions had occurred in Salon 95 in May, June and July of 2019; do you agree?

MR POWER: I agree it doesn't reference those matters, no.

5 **MS SHARP SC:** And what is happening at this point in the report is a completely misleading impression is being conveyed that, after May 2019, Suncity was operating compliant processes in Salon 95?

10 **MR POWER:** I don't believe I'd go that far. I think it says it provides some comfort they may be capable of operating compliant programs.

MS SHARP SC: And that is to create an impression that they were not engaging in activity of concern after May 2019; that's right, isn't it?

15 **MR POWER:** I don't believe it's to create a misleading impression, no.

MS SHARP SC: Well, it does create a misleading impression, based on the information known to you, doesn't it?

20 **MR POWER:** If taken alone, that paragraph, it may. But I don't believe that it created a misleading impression.

25 **MS SHARP SC:** Well, I'm asking this question to you in your capacity as group general counsel today. Do you agree that that paragraph creates the misleading impression that Suncity were compliant in their processes in Salon 95 after May of 2019?

MR POWER: I didn't read it as going that far, no.

30 **MS SHARP SC:** I'm asking for your judgment today.

35 **MR POWER:** I'm saying today, as I sit here, I don't believe that that means that - or creates a misleading impression that Suncity were operating a compliant junket. I think it's - that report, as I discussed previously, was a regulatory review and it provided a snapshot in time that had been looked at that there was some compliance. But I don't think that it's suggested - it provides some comfort that they're capable of it. I think the wording speaks for itself, and I don't believe it creates a misleading impression that they were compliant.

40 **MS SHARP SC:** I suggest you knew well at the time that this document created a misleading impression.

MR POWER: I - I didn't believe at the time - I - that it created a misleading impression, no.

45 **MS SHARP SC:** And that was consistent with your objective when meeting with Mr Buchanan and Mr Houlihan in December 2020 to have Mr Buchanan amend his report.

MR POWER: I don't believe that was our objective at any point.

MS SHARP SC: And in fact, what you did, Mr Power, was you conspired with Mr Houlihan and Mr Buchanan to have him amend and sanitise his reports.

5

MR POWER: That's not correct.

MS SHARP SC: And it's right, isn't it, that it was this version of the report that provided the basis of recommendations Mr Buchanan made to you in August 2021 when it came time for you to make a decision about whether to continue dealing with Mr Chau?

10

MR POWER: I'm sorry. Would you mind, please, repeating the question?

MS SHARP SC: It's right that this January 2021 version of the report is what formed the basis of the recommendations made to you by Mr Buchanan in 16 August 2021 when it came time for you to make a decision about whether to continue dealing with Mr Chau?

15

MR POWER: I think that's - practically, that's right, yes.

20

MS SHARP SC: I will take you to exhibit C at tab 256. This is STA.3428.0005.1401. And you will agree that's a memo from Mr Buchanan to yourself and to Mr Houlihan?

25

MR POWER: Yes.

MS SHARP SC: And he's writing to you two on the basis that you are the two people who will be making the decision about whether to continue dealing with Mr Chau?

30

MR POWER: Minor point, but I believe it relates to a number of people. But Mr Chau is one of them, yes.

MS SHARP SC: And can I take you, please, to pinpoint 1403. Do you see that's an entry relating to Alvin Chau?

35

MR POWER: Yes.

MS SHARP SC: And do you see that two options are set out, being the option to cease the relationship and the option of continuing the relationship?

40

MR POWER: Yes, I see that.

MS SHARP SC: And what's happened here is that the text, which appears from paragraph 49 to 52 of the January 2021 report I've just taken you to, has been reproduced here in this recommendation?

45

MR POWER: It looks that way, without having read this closely. But it does appear that way, yes.

5 **MS SHARP SC:** So what's happened here, isn't it, that this highly sanitised version of Mr Buchanan's report is what forms the basis of the decision-making paper provided to you; correct?

10 **MR POWER:** I don't believe it was a highly sanitised version. It was Mr Buchanan's report that was updated. And yes, he appears to then use that as the basis for making a recommendation.

15 **MS SHARP SC:** And you well knew at the time of receiving this document that Mr Buchanan had significantly watered down the concerns he initially expressed in his October 2020 report to you about the propriety of Mr Chau?

MR POWER: Just to be clear, I accept that he took out some of his concerns around how the AML program had operated historically. But I don't believe that that report - the January report - is a watered down, sanitised version.

20 **MS SHARP SC:** And your last answer is completely untrue, isn't it?

MR POWER: It's not untrue.

25 **MS SHARP SC:** And let me take you, please, to pinpoint 1403. This is in the context - you see there's a - halfway down that page, it refers to:

"The second option is The Star continues to engage with the patron."

30 **MR POWER:** Yes.

MS SHARP SC: And do you see reference is made in that second dot point:

35 "The group compliance officer's audit report, completed in May 2019, found that Suncity were adhering to the mandatory Salon 95 service desk processes. This report provides some comfort that Suncity are capable of operating compliant junket programs."

MR POWER: Yes, I see that.

40 **MS SHARP SC:** And once again, no mention whatsoever is made to each of the concerning instances of cash transactions which you know occurred in May, June, July of 2019?

45 **MR POWER:** Yes, I agree it's not referenced there.

MS SHARP SC: And then if we go over the page to pinpoint 1404, you will see it says - the third dot point down:

"The instances of non-compliance, which occurred at Salon 95 during 2018 and 2019, could be contributed to Suncity's poor internal management and governance systems as opposed to criminal intent."

5 And this document, to your knowledge, provided a completely misleading impression as to Suncity's compliance with service desk protocols in Salon 95 during 2019, didn't it?

10 **MR POWER:** I believe it is a view expressed by Mr Buchanan. I don't - I don't - I don't agree that it's necessarily intended to mislead. I think it reflects the fact that Mr Buchanan - I mean, I don't find this particularly helpful, him outlining options. What Mr Buchanan was asked to do was to provide a recommendation, and I think this reflects the fact that he was - he was having difficulty with that.

15 **MS SHARP SC:** And to your knowledge, this decision-making paper and the recommendations set out here provided a skewed and inaccurate picture of the very real concerns that you held at the time about the propriety of dealing with Alvin Chau?

20 **MR POWER:** [Redacted]

MS SHARP SC: Can I just ask that that --

25 **MS RICHARDSON SC:** I'm sorry. Sorry. Could I ask that that reference to what I won't call be removed from the live audio and the transcript?

MR BELL SC: Yes. I will have to use the words. I think, perhaps, the whole of Mr Power's answer should be removed from the live feed, please, operator. And you might ask a different question, Ms Sharp.

30 **MS SHARP SC:** To your knowledge, this decision-making paper, and the recommendations set out in it, provided a skewed and inaccurate picture of the due diligence holdings that Star possessed about Mr Chau at this time?

35 **MR POWER:** I don't agree. I think they reflected Mr Buchanan's views, which we had asked for.

40 **MS SHARP SC:** And it's right, isn't it, that on the basis of this document, you made the decision, together with Mr Houlihan, that it was appropriate for The Star to continue dealing with Mr Chau?

45 **MR POWER:** To be clear, only in respect of the AML program. So the decision as to whether to continue to deal with Mr Chau was not complete. This was the first step in a two-step process. And the view that was expressed by Mr Buchanan was that was - that under the AML program, that the risks relating to money laundering could be effectively managed and that the second part of the process was to - was to continue with an assessment as to whether Mr Chau was of good repute.

MS SHARP SC: And you made the decision to continue - I withdraw that. You made the decision, on the basis of this document, that The Star could continue to deal with Mr Chau; correct?

5

MR POWER: Only in respect of the AML program. Correct.

MS SHARP SC: But that was also in respect of whether to continue dealing with Mr Chau at all; correct?

10

MR POWER: Well, at the time, we didn't think Mr Chau would ever make an appearance or have any dealings with us in future. But we were trying to put through - we were trying to assess Mr Chau's suitability as a way to address how The Star would manage these sorts of matters moving forward.

15

MS SHARP SC: To be clear, you didn't understand that The Star had ruled out forever thereafter dealing with junkets, did you?

MR POWER: Certainly in the way that they'd been dealt with historically, I think we had ruled that out, yes.

20

MS SHARP SC: You didn't understand that The Star had already made a decision never to deal with Suncity or Alvin Chau again, did you?

MR POWER: At this point - so I believe the government's recommendations had just come out. Ms - the Bergin Report recommended that junkets be banned. So I think it was 18 August that the New South Wales Government's position came out, and it actually supported the Bergin recommendation but then indicated that the next step in the process was for the - ILGA or the newly formed regulator to establish a licensing process. So in and around this time, it appeared that junkets may not be dead forever. So I think an assessment did need to be made at that particular time.

30

MR BELL SC: Mr Power, at this time, which I think is August 2020 --

35

MR POWER: Yes.

MR BELL SC: -- is it the case that Mr Chau continued to hold an \$80 million cheque cashing facility?

40

MS RICHARDSON SC: Sorry. I think this document is August 2021.

MR POWER: Yes, that's correct. It's --

MR BELL SC: I'm sorry. I will withdraw that question and ask a different question. Is it the case, as at August 2021, that Mr Chau continued to hold an \$80 million cheque cashing facility?

45

MR POWER: I don't know if I can assist, Mr Bell. I don't think - my understanding was that there were no junkets at this time. So the fact was that that CCF wouldn't be used, but I'm not sure if the CCF was still open or not.

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

MS RICHARDSON SC: I do note the time. This witness has been giving evidence for 90 minutes.

10 **MR BELL SC:** Yes, I think we will adjourn for 15 minutes.

<THE HEARING ADJOURNED AT 11:36 AM

<THE HEARING RESUMED AT 11:51 AM

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

MS SHARP SC: Now, Mr Power, to your knowledge, neither the October 2020 version of Mr Buchanan's report, his November 2020 version or his January 2021 version are contained in the records of TrackVia?

MR POWER: I - I can't answer that. It's not something that I would be aware of.

25 **MS SHARP SC:** Well, you were the AML - one of the AML compliance officers up to November 2021, weren't you?

MR POWER: That's correct.

30 **MS SHARP SC:** Well, don't you, in that capacity, have a fairly good understanding of the kind of things that are and are not kept on TrackVia, which has been in operation since April 2021?

MR POWER: Mr Houlihan was dealing with the day-to-day management of the compliance officer responsibilities, and he was very close to TrackVia and was part of the team that implemented that program. But I didn't play a - I guess, an active role in the management of that database, no.

40 **MS SHARP SC:** Well, you're not suggesting you weren't the compliance officer at that time, are you?

MR POWER: No, I'm not.

MS SHARP SC: And it wouldn't be right, would it, to be the compliance officer if you weren't taking an active role in performing the duties of that role?

45 **MR POWER:** I beg your pardon? Sorry, could you please repeat --

MS SHARP SC: It wouldn't be right to hold the position of AML/CTF compliance officer unless you were actively undertaking the duties associated with that position?

5 **MR POWER:** Well, I think we were sharing the responsibilities and duties of that position.

MS SHARP SC: Well, I will take you to a document that I understand is available on TrackVia in relation to Mr Chau. Could I call up STA.3023.003.0050.
10 Operator, could I check that you have that document, please?

MS RICHARDSON SC: I think Ms Sharp said 003 is the middle set of numbers. It should be 0003.

15 **MS SHARP SC:** I think that is entirely correct. Thank you, Ms Richardson. I will call out the correct document number now. It's STA.3023.0003.0050. Mr Bell, I'm told that - I must say I thought I had taken Mr Houlihan to this document, but there seems to be some trouble having it made available. So I will come back to that topic and I will move to a different one now, if that's convenient?
20

MR BELL SC: Yes.

MS SHARP SC: It's right, isn't it, that you sought advice from Mallesons in about August 2021 as to whether there was an ongoing obligation on the part of the
25 casino operator to ensure the people with whom it held were suitable persons?

MR POWER: I believe I sought that advice in - sometime in July, yes.

MS SHARP SC: Now, are you suggesting that you have not at all times been
30 aware that it was necessary for persons - I withdraw that. Has it been your understanding at all times while you've worked at The Star that the casino operator must only have business relationships with persons who are of good repute?

MR POWER: I'm sorry, Ms Sharp. Would you mind, please, repeating that
35 question?

MS SHARP SC: Has it always been your understanding while you've been at Star that the casino operator must ensure it only has dealings with those of good
40 repute?

MS RICHARDSON SC: Given we are about to get to a legal advice, in my submission, Ms Sharp should put the language of section 12 accurately to this witness, which that question does not, in my respectful submission.

45 **MR BELL SC:** I'm sure you could quote section 12, Ms Sharp.

MS SHARP SC: I will just have to grab my copy to do it accurately. Pardon me.

5 **MR BELL SC:** Perhaps I could have a go. Mr Power, has it been your understanding whilst you've been working with The Star or Star Entertainment Group that the casino licensee must only deal with – must only have business associations with people who are of good repute, having regard to character, honesty and integrity?

MR POWER: I think that has been my understanding, yes, at my time at the Star.

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

MS SHARP SC: And the provisions of section 12 haven't changed in that time, have they?

15 **MR POWER:** I haven't checked that, but I don't believe that they have, no.

MS SHARP SC: All right. Has it always been your understanding that the casino operator needed to ensure that matter?

20 **MR POWER:** Yes. I accept that we had to ensure that we remained suitable, and it was one of the factors that were relevant to The Star's suitability.

25 **MS SHARP SC:** And by that, do you mean that one of the factors relevant to the casino operator's suitability was that it needed to ensure that it only had business relations with those of good repute?

30 **MR POWER:** Yes, I don't wish to try and be difficult. There's some technicality to the language and whether it's good repute or not have business dealings with people who are not of good repute. But, practically, what you're saying is correct, that it was a relevant factor to The Star's ongoing suitability, which is a matter that it needed to ensure.

35 **MS SHARP SC:** All right. Well, to cut to the chase, you've always been aware, haven't you, that it's not appropriate for the operator to deal with people where there is a good basis to think they might be linked to triads?

MR POWER: Sorry. Do you mind repeating that question?

40 **MS SHARP SC:** To cut to the chase, you've always been aware, haven't you, that it is not appropriate for the casino operator to deal with people when there is a good basis to think they might be linked to triads?

45 **MR POWER:** I agree that that's a - a matter of concern. But I don't know if you could place it as just a blanket rule that if someone had an association with triads, that you can't deal with them.

MS SHARP SC: And that's your position today in your capacity as the general counsel at Star Entertainment, is it?

MR POWER: I think it's - it is a relevant factor. I think it's probably a decisive factor. But I think it is one factor that would need to be considered in the context of all the factors - the timing of that association, the nature of that association, the source of that information, the weighting given to that - that source and so on. I
5 just don't believe it's as straightforward as if there is an allegation that someone was at some point involved with triads, that therefore The Star can't deal with them.

MS SHARP SC: Well, that wasn't my question. My question was whether, in the
10 circumstance, that there was a good basis to believe.

MR POWER: Well, my answer remains the same. It's not a - it can't be considered in isolation. It has to be considered with all other information relating to that person.
15

MS SHARP SC: Can I take you now to that TrackVia document, which is STA.3023.0003.0050. You will see this is headed AML/DD Review Report, and the printed date is 2 March 2022?

MR POWER: Yes, I see that.
20

MS SHARP SC: Do you recognise this as the kind of printout one may obtain from TrackVia in the nature of a due diligence review report?

MR POWER: It appears that way, yes.
25

MS SHARP SC: Could I have this marked for identification, please, Mr Bell?

MR BELL SC: Yes. This document will be MFI42.
30

MS SHARP SC: And do you see, right up there at the top, it's a report in respect of Cheok Wa Chau?

MR POWER: I see that, yes.
35

MS SHARP SC: And you understand that's a reference to Alvin Chau, don't you?

MR POWER: Yes, I understand that.

MS SHARP SC: All right. Can I take you, please, to pinpoint 0058. And it says there:
40

45 "Following an out of cycle JRAM meeting on 19 August 2021, a number of potential risk mitigation strategies were drafted in the event that a decision was made to maintain a business relationship with the patron. Following the meeting, the CLRO and the GGC agreed with the recommended strategies which were as follows."

Now, "CLRO" is a reference to the chief legal and risk officer, Ms Martin, is it?

MR POWER: Yes, it is.

5 **MS SHARP SC:** And "the GGC" is a reference to group general counsel, being you?

MR POWER: Yes.

10 **MS SHARP SC:** So we may take it that both Ms Martin and yourself agreed with the recommended strategies that are recorded in this document?

MR POWER: Let me just have a quick read for a moment, please. Sorry, I've read that. Would you mind, please, repeating the question?

15

MS SHARP SC: You would agree that you and Ms Martin agreed with the recommended strategies outlined here?

MR POWER: Yes.

20

MS SHARP SC: And point 6 is:

"Independent report to be delivered to the AML compliance officer and chief legal and risk officer for deliberation."

25

That's a reference to Mr Buchanan's report, is it?

MR POWER: I - I can't be sure what that's a reference to, I'm sorry.

30 **MS SHARP SC:** Well, you agreed with the recommended strategies. So what is your best understanding of what this is a reference to?

MR POWER: It may well be a reference to Mr Buchanan's report. I'm - it's not clear to me from that whether it is.

35

MS SHARP SC: Well, after the interventions of both you and Mr Houlihan in Mr Buchanan's report, it could hardly be described as an independent report, could it?

40 **MR POWER:** I don't think "independent report" would be an accurate description, no.

MS SHARP SC: And then do you see a little bit further down, it says:

45 "The only noteworthy matter that came to light during the screening was that 1.23 million was transferred by the Iek Kit Lon to the patron during May of 2021."

MR POWER: Sorry, I don't see that.

MS SHARP SC: If you could scroll down, please, operator. Do you see the reference:

5 "The only other noteworthy matter that came to light during the screening was the 1.2 million was transferred by the Iek Kit Lon to the patron during May 2021."

MR POWER: I see that. I'm just reading it now. Yes, I see that.

10

MS SHARP SC: Did you know that at the time?

MR POWER: I don't recall whether I knew that at the time.

15 **MS SHARP SC:** Is it right that there were no junket operations on foot at The Star in May of 2021?

MR POWER: That's correct.

20 **MS SHARP SC:** But it appears here that a transaction from the Iek junket to Mr Chau occurred in May 2021; do you agree?

MS RICHARDSON SC: I object to that question. There's no basis for the proposition that it's coming from a junket.

25

MR BELL SC: That seems to be right, Ms Sharp.

MS SHARP SC: I withdraw the question. You understood that Iek Kit Lon was a junket operator, didn't you?

30

MR POWER: I did.

MS SHARP SC: You didn't understand him to be a patron, did you?

35 **MR POWER:** He may have been a patron as well. I don't know if I could comment on that.

MS SHARP SC: You understand he was authorised to operate the cheque cashing facility of Suncity, didn't you?

40

MR POWER: I believe that's right, yes.

MS SHARP SC: All right. Well, were you aware - I suggest to you that the reasonable - in view of your understanding, the reasonable construction of this information is the Iek Kit Lon junket transferred \$1.2 million to Mr Chau in May 2021; do you agree?

45

MR POWER: Do you mind if I read this? I'm - I'm not familiar with this entry.

MS SHARP SC: Have you finished reading that paragraph?

5 **MR POWER:** I haven't, no, I'm just finishing now. Okay. Thank you. Yes, I've read that.

10 **MS SHARP SC:** All right. Well, bearing in mind when you know, the only reasonable construction of this paragraph is that the Iek Kit Lon junket was paying the \$1.2 million to Alvin Chau during May 2021?

15 **MR POWER:** It certainly appears that the reference to "patron" is a reference to Mr Chau. In terms of payment, it appears to be a transfer. So whether that's coming out of Mr Iek's account and he's transferring funds back to Mr Chau, that may be the case. I don't believe it's related to any junket activity. But it's not something that I was aware of.

MS SHARP SC: How do you have any basis at all for suggesting it's not related to junket activity?

20 **MR POWER:** Because there was no junket activity at this time.

MS SHARP SC: Well, doesn't this information tend to suggest that there was some junket activity at the time?

25 **MR POWER:** No, there was no junket activity at this time.

MS SHARP SC: Now, could I direct your attention, please, to the bottom of this page. Do you see there's a heading AML Compliance Officer Review?

30 **MR POWER:** Yes.

MS SHARP SC: And of course, you were one of two compliance officers at the time, the other one being Mr Houlihan?

35 **MR POWER:** Yes.

MS SHARP SC: And do you see it says:

40 "AML compliance officer review date, 18 August 2021."

MR POWER: Yes, I see that.

MS SHARP SC: And now can I take you over the page, please, to pinpoint 0059.

45 **MR POWER:** Yes.

MS SHARP SC: And do you see there's an entry here from Mr Houlihan that says:

"Good morning Angus, thank you for the above information. I note your comments and agree with your recommendations. However, I would request a comprehensive ECDD if we wish to re-establish a business relationship."

5

And then do you see, at the bottom of that page, there's a reference to a final decision being made on 18 August 2021 to maintain a customer relationship?

10 **MR POWER:** Yes, it's a reference to ECDD close date in terms of the date. But I - I see that the final decision recorded here is "maintain customer relationship", yes.

15 **MS SHARP SC:** Well, you understood at the time that it was for the compliance officers, of whom you were one, to make the final decision about whether to deal with patrons, didn't you?

MR POWER: Only in respect of the AML program.

20 **MS SHARP SC:** Yes. Well, if you can't deal with them in respect of the AML program, you can't deal with them, can you?

MR POWER: That's true.

25 **MS SHARP SC:** All right. So what, in substance, does the qualification you are adding add?

30 **MR POWER:** It's an - a critical distinction. It was advice that I provided at the time to Ms Martin and others that the process was a two-step process. We were trying to create a process, based on the legal advice you referred to earlier, to step through, I guess, the question of could we deal with Mr Chau under the AML program - and that assessment is recorded here in the document you are showing me now - and then to the assessment of whether or not Mr Chau was someone of good repute. And that was a question, I guess - it could be characterised as should we deal with Mr Chau. They were two separate questions. It's detailed in advice I gave at the time, including to that JRAM, and it's captured in a document - in a presentation that I delivered to that group about developing a best practices approach to these questions. So in my view, it was a critical distinction.

40 **MR BELL SC:** So, Mr Power, just so I understand this, the AML assessment was one for the compliance officers; is that correct?

MR POWER: That's correct.

45 **MR BELL SC:** So who was responsible for making the decision in relation to the second step, that is, whether the person is of good repute?

MR POWER: And that was - I wouldn't say it was settled yet, Mr Bell, but my advice was - the process that I proposed to Ms Martin, that she agreed with, was

that I would come to her with a recommendation whether or not Mr Chau was of good repute, and then she would ultimately make that decision.

5 **MR BELL SC:** I see. Thank you.

MS SHARP SC: And did you make that recommendation to Ms Martin?

MR POWER: No, I did not.

10 **MS SHARP SC:** Why not?

MR POWER: Well, ultimately, a month later, the Bell Review was announced. We were also seeking to engage with the regulator about these matters, and we didn't ultimately get any engagement with the regulator on these matters. And so
15 we didn't finish the process.

MS SHARP SC: So, Mr Power, despite the fact that you personally held concerns about what had occurred in Salon 95 during the period May to July 2019, by August of 2021 you were yet to make any recommendation about whether
20 Mr Chau was a suitable person with whom to deal; is that correct?

MR POWER: That's correct. We were yet to make that decision.

MS SHARP SC: Well, I suggest that is a completely hopeless risk management practice. Do you agree?
25

MR POWER: I do not agree.

MS SHARP SC: And it was quite inappropriate on the basis of the AML assessment on 18 August 2021 to decide that the customer relationship with Mr Chau ought be maintained?
30

MR POWER: I disagree. If Mr Buchanan had recommended we cease to deal under the AML program, I would have accepted his recommendation.
35

MS SHARP SC: But you watered down his report, Mr Power.

MR POWER: I've never watered down a report. That was not my intent.

40 **MS SHARP SC:** You and Mr Houlihan interfered with his recommendations; that's right, isn't it?

MR POWER: The recommendations of Mr Buchanan are Mr Buchanan's recommendations.
45

MS SHARP SC: And in fact, the recommendations that he made to you in the report of 16 August bore very little resemblance to the very significant concerns

he expressed to you about Mr Chau's propriety back in the October 2020 version of the report; that's right, isn't it?

5 **MR POWER:** I don't accept that the final - or the January version of the report was somehow a green light or a "there is nothing to see here" style report. I just don't accept that. They - they reflected Mr Buchanan's views at the time.

10 **MS SHARP SC:** This documentation process that we see in the due diligence review report generated in TrackVia is a complete charade, isn't it?

MR POWER: I disagree.

15 **MS SHARP SC:** Do you agree that during the period November 2016 to the end of last year, there were shortcomings from a risk management perspective in relation to junkets?

MR POWER: I accept there were some shortcomings, yes.

20 **MS SHARP SC:** And do you agree that there were shortcomings in The Star Entertainment Group's management of risk in relation to junkets and ongoing due diligence and decision-making frameworks and whether it was appropriate to do business with particular junket groups within that period?

25 **MR POWER:** I'll try and answer that as best I can. I think the process that was adopted reflected a longstanding process that had been in place right back to the time when the casino regulator used to approve junkets. There was an assessment done up front as to the suitability of that person. At that point, they were deemed to be of good repute and suitable to deal with. And then with ongoing monitoring, that assessment could change. It was certainly open to the business at any point to
30 determine that it - it no longer wished to do business with someone because they weren't of good repute. But I accept that our processes weren't well documented.

The example of adverse media probably exposed what was a - an area where it needed to be improved. So on the one hand, you had an assessment that Mr Chau
35 was suitable when he was set up, and he continues to get monitored as part of an ECDD program, but then ultimately the trigger to decide whether or not he remains of good repute was something that needed to be formally documented and needed a process put up around it. The same way the AML process had been well established and known for years, what I was trying to do with Ms Martin and Mr
40 Houlihan was establish a similar process that deals with the risk assessment that you're talking about and the question of whether or not he remained someone who was suitable. We were certainly trying to tackle that. I agree it was taking time, and it took longer than it probably should have, but we were trying our best to come up with a best practices approach to - to addressing that question.
45

MS SHARP SC: And was your role in that process in any way influenced by the fact that Alvin Chau and Suncity were the largest junket with which The Star Entertainment Group by reference to turnover?

5 **MR POWER:** I don't believe it was influenced by that. I think he - as much as anything, all the attention given to Alvin Chau meant that we had to approach it carefully. There was a lot of noise around Mr Chau and, accordingly, we had to approached it delicately. But I do not believe the fact that he was a significant funder meant that that changed our decision.

10 **MS SHARP SC:** Can I take you, please, to paragraph 9 of your statement. Do you see there's a heading above it that says:

"Question 1: please explain why Angus Buchanan prepared each of the Buchanan Documents."

15 **MR POWER:** Yes, I see that.

MS SHARP SC: And you then address that question from paragraph 9 through to paragraph 37.

20 **MR POWER:** I'm not scrolling through, but I accept that's probably right. Yes.

MS SHARP SC: I will take you through to paragraph 37, if I can.

MR POWER: Sorry. Are we going sequentially through from 9 to 37?

25 **MS SHARP SC:** Yes. Operator, could you show paragraph 37 to Mr Power, please. Do you agree that there is nothing in your statement about the fact that Mr Buchanan's documents were an input into the August 2021 recommendation paper?

30 **MR POWER:** I agree that it - it may not reference - make that connection, yes.

MS SHARP SC: Well, you didn't fully answer the question, did you?

35 **MR POWER:** I was certainly doing my best to answer the question.

MS SHARP: Is it correct that Fiona Walmsley reported to you in 2013?

MR POWER: Yes, she did.

40 **MS SHARP SC:** And who was she?

MR POWER: I believe she was a senior lawyer within the legal team at The Star Pty Ltd.

45 **MS SHARP SC:** Well, you know she was, don't you?

MR POWER: I'm - I was just unsure of her title, whether it was lawyer or senior lawyer. But, yes, she reported - she most certainly reported to me in 2013.

MS SHARP SC: Now, can I take you to paragraph 77 of your statement. And you say that you became aware of patrons using CUP cards for the purposes of gaming via a hotel account in 2013?

5

MR POWER: Yes, I see that.

MS SHARP SC: And you're asked at question 5 - if we can go to that, above paragraph 71:

10

"In relation to the CUP services, (a) who within your organisation was responsible for creating and authorising this arrangement?"

MR POWER: Yes.

15

MS SHARP SC: It's right that you played an integral role in the development of this arrangement in terms of obtaining legal advice?

MR POWER: Yes, we obtained legal advice.

20

MS SHARP SC: And you played an integral role in that?

MR POWER: Yes, I played an integral role in obtaining legal advice. Yes.

25

MS SHARP SC: And it's right, isn't it, that in 2013 you were briefed regularly about the development of this process, of using CUP cards and swiping them at the hotel?

MR POWER: I couldn't say whether I was briefed regularly. I don't recall the briefings I received in 2013.

30

MS SHARP SC: And it's right, isn't it, that you were briefed regularly in 2014 about the development of a temporary CCF to be used with the China UnionPay facilities?

35

MR POWER: I don't I believe I was briefed regularly about the use of the CCF in 2014, no.

MS SHARP SC: Are you sure about that?

40

MR POWER: I- I can't be sure of what I was briefed on in 2014, but I have no recollection of being involved in the creation of the CCF process.

MS SHARP SC: You see, all you really do in this part of your statement, that is, from paragraph 71, is annex emails and refer to those emails, rather than setting out what your role was with respect to CUP; do you agree?

45

MR POWER: I think the question was who created and authorised it, and I believe that I was responding to the question.

5 **MS SHARP SC:** You didn't indicate that you were integrally involved in obtaining the legal advice, did you?

MR POWER: I don't believe that responds to the question.

10 **MS SHARP SC:** Now, can I take you to paragraph 84 of your statement. All right. You say:

"I understood the purpose of this arrangement was to allow patrons to access funds from their China Union bank accounts and use those funds for gaming."

15 **MR POWER:** Yes.

MS SHARP SC: And that was your understanding at all times from the inception of this process in 2013?

20 **MR POWER:** Yes, it was.

MS SHARP SC: All right. Now, you were aware from around 2013 that, in fact, UnionPay prohibited the use of China UnionPay cards to purchase gaming chips, were you?

25 **MR POWER:** I can't be sure what I was aware of at the time. I did understand that UnionPay had measures in place to prevent transactions being used directly for gaming. Yes, I knew that at the time.

30 **MS SHARP SC:** Sorry. What does the word "directly" add to your answer?

MR POWER: Well, I understood that China UnionPay had a coding for particular types of transactions that were prohibited. So gaming transactions were an example of a prohibited transaction.

35 **MS SHARP SC:** So what does the word "directly" add to your answer?

MR POWER: Well, as opposed to, I guess, a process where funds are deposited and then ultimately then directed to - to gaming.

40 **MS SHARP SC:** All right. So you knew at all times that there was a two-stage process being adopted at Crown where the swipe would occur at the hotel and then immediately thereafter the funds so swiped to be transferred to the front money account?

45 **MS RICHARDSON SC:** Sorry. Just wait. The question was by reference to Crown. I think my learned friend means Star.

MS SHARP SC: I do indeed.

5 **MR POWER:** And I understood the question. And, yes, that was my understanding.

MS SHARP SC: So you knew, in substance, the transaction was achieving a purpose that was prohibited by UnionPay, didn't you?

10 **MR POWER:** I did, yes.

MS SHARP SC: And you knew that at all times from 2013, didn't you?

15 **MR POWER:** Look, I can't be certain of the time, but I believe that's right. I believe that I would have known in and around 2013, yes.

20 **MS SHARP SC:** Now, reflecting on the value introduced by The Star in 2020 known as "do the right thing", do you think that two-stage process measures up to that value?

MR POWER: I certainly think it's a relevant value at the time. I'm not sure I would say, as I sit here today, that it's directly in contradiction with it.

25 **MS SHARP SC:** So just to be clear, you think that two-stage transaction would still pass muster today in terms of the "do the right thing" value of The Star?

MR POWER: I'm not sure that the process would pass muster today, no.

30 **MS SHARP SC:** Can I take you to paragraph 76, please. You say at the bottom of that paragraph - well, hang on. I will take you to the whole paragraph. You are there referring to the use of a temporary CCF together with the China UnionPay cards?

35 **MR POWER:** Yes. It doesn't reference a temporary CCF, but I believe that's the part of the process you're referring to. Yes, I see that.

MS SHARP SC: Well, you always understood that it was referred to within The Star as the temporary CCF, didn't you?

40 **MR POWER:** That's not a phrase that I was familiar with, no.

MS SHARP SC: Well, did you understand it was a special kind of CCF that was only used in relation to China UnionPay credit cards?

45 **MR POWER:** I don't believe I would have even been across that it was a special kind or any different kind, other than a - than a CCF process.

MS SHARP SC: So you didn't understand that, in a sense, it operated like a bridging CCF to cover that period of time between when the card was swiped and when the funds cleared in The Star's casino account?

5 **MR POWER:** I don't believe I was aware of that at the time that this was approved in 2014. I don't have a recollection of exactly when I became aware of the use of the CCF. But I believe it may not have been until about late 2015, as - as far as I can tell from my records.

10 **MS SHARP SC:** And you say at the end of paragraph 76 that:

"I had no direct involvement or knowledge at the time of how the approval for the use of a CCF together with the CUP cards came to be granted."

15 **MR POWER:** That's correct. At the time.

MS SHARP SC: So it follows that at the time, you did not consider whether this CCF procedure was compliant with the Casino Control Act?

20 **MR POWER:** In 2014, I did not, no.

MS SHARP SC: And no one asked you in 2014?

25 **MR POWER:** No.

MS SHARP SC: And you do not know whether this CCF process was disclosed to the authority at that time, do you?

30 **MR POWER:** I don't know that, no. I don't --

MS SHARP SC: And you don't know whether, if it was disclosed, the authority approved the CCF process?

35 **MR POWER:** Yes, it certainly wasn't disclosed by me. No. Or in my presence.

MS SHARP SC: Now, you were involved in commissioning advice from King & Wood Mallesons which was given on 30 April 2013?

40 **MR POWER:** I believe that date sounds about right, yes.

MS SHARP SC: I will show you exhibit B at tab 25. This is STA.3412.0151.0019. You see that's an email from you dated 2 May 2013?

45 **MR POWER:** Yes, I see that.

MS SHARP SC: All right. And you will agree you are referring to advice from external lawyers?

MR POWER: Yes.

MS SHARP SC: And what you're there doing is - and that, of course, is a reference to King & Wood Mallesons?

5

MR POWER: Yes.

MS SHARP SC: And what you're doing is summarising the advice?

10 **MR POWER:** Yes.

MS SHARP SC: Tell me, did you provide this advice to Paula Martin at the time?

MR POWER: I - I am not sure.

15

MS SHARP SC: Do you think it's most likely you did?

MR POWER: I would expect that we did, yes.

20 **MS SHARP SC:** Can I take you, please, to exhibit B at tab 27. Do you see you're copied into an email from Graeme Stevens on 5 June 2013?

MR POWER: I see that, yes.

25 **MS SHARP SC:** And do you see that he refers to a cheque cashing facility internal control manual being approved today?

MR POWER: Sorry, just give - if I could have one second, please. Yes, I see that.

30 **MS SHARP SC:** And do you see Mr Stevens says:

"In the discussions with ILGA that David Procter and I had regarding this change, we clearly called out the use of CUP and so they are aware of these transactions and how they will work."

35

MR POWER: Yes, I see that.

MS SHARP SC: Do you have any recollection at all of asking Mr Stevens what he meant in this statement?

40

MR POWER: I don't - I don't have any recollection of asking him that, no.

MS SHARP SC: Can I take you, please, to exhibit B at 2946, which is STA.3401.0003.5785. Do you see this is an email from Oliver White, dated 24 June 2013, copied to you and Ms Martin?

45

MR POWER: Yes. Do you mind if we just get that expanded, please? Thank you.

MS SHARP SC: And do you see the subject of it is China UnionPay Proposal to Set Up a CCF?

MR POWER: Yes, I see that subject.

5

MS SHARP SC: All right. And do you see it states:

10 "Further to Friday's meeting/call re China UnionPay and potential workarounds to ensure that funds can be made available immediately, I spoke to Paula re AML/CTF issues."

MR POWER: Yes, I see that.

15 **MS SHARP SC:** So you agree you had some knowledge that the business was exploring whether a cheque cashing facility could be used to ensure that funds swiped on the CUP cards were immediately available to make gaming chips available to patrons?

20 **MR POWER:** A CCF for the corporate entity, yes.

25 **MS SHARP SC:** And are you aware that on around 22 November 2013, Mr Stevens wrote to the regulator seeking - well, I will take you to the document rather than summarising it. Can I show you exhibit C at tab 7, which is ILGA.013.001.0073. And can you see this is a letter on a Star letterhead to Micheil Brodie, who was then the chief executive of ILGA, dated 22 November 2013?

MR POWER: I can see that, yes.

30 **MS SHARP SC:** And you can take it from me it is authored by Mr Stevens. Do you expect you would have approved that document before it was sent?

MR POWER: I don't - I don't believe I would have approved it, no.

35 **MS SHARP SC:** Would you have been made aware of it?

40 **MR POWER:** Potentially not. The letter would reflect a submission that the business was seeking at the time. So the instruction may have come from somebody other than myself. It could have been the managing director at the time. Or - or the GM of gaming. It may have been someone in the business.

MS SHARP SC: And do you see that it - if I can take you to the fourth paragraph:

45 "Despite -"

MR POWER: Apologies. Would you mind - thank you.

MS SHARP SC: Now, you should also understand that this document does not make any reference to CUP. What it says is:

5 "Despite the transaction being processed and approved (a merchant copy is printed to this effect) some financial institutions these funds may not actually be deposited into The Star's account for up to 48 hours after the transaction actually takes place. The Star contends that this receipt is sufficient proof for the funds to be released to the patron and that in so doing it is not providing credit."

10

MR POWER: Yes.

MS SHARP SC: And on the basis of that argument, Mr Stevens sought an amendment to internal control manual 15?

15

MR POWER: I see that.

MS SHARP SC: Now, did you know about that at the time?

20 **MR POWER:** I - I don't recall whether I would have been aware of it at the time of this letter, but I believe I would have been aware of it at some point, yes.

MS SHARP SC: Did you know that the authority refused to allow that amendment?

25

MR POWER: I'm not sure if they refused it or if it was withdrawn, but I understand that it didn't proceed.

30 **MS SHARP SC:** Can I take you, please, to - it's not your document, but I want to understand whether you were made aware of it at the time. Could I take you to exhibit B77, which is STA.3008.008.0358. Well, in fact, it is your document. You see the email from Oliver White to you dated 24 April 2015?

35 **MR POWER:** Yes, I see that.

MS SHARP SC: And do you see it refers to the NAB letter of offer and a merchant agreement NAB?

40 **MR POWER:** Yes, I see that.

MS SHARP SC: Now, it's right that you would have read this email sent to you at the time?

45 **MR POWER:** I expect so.

MS SHARP SC: And could I take you to the email that was forwarded to you. If you look at the bottom of the page, do you see there's another email from Oliver White dated 11 April 2014?

MR POWER: Yes, I see that.

5 **MS SHARP SC:** All right. So this is forwarding to you an advice given a year earlier - or an email given a year earlier?

MR POWER: Yes.

10 **MS SHARP SC:** And could I take you over the page to pinpoint 0359.

MR POWER: Yes. Thank you.

MS SHARP SC: And do you see it refers to the merchant terms with NAB?

15 **MR POWER:** I see there's a reference to that, yes.

MS SHARP SC: And do you understand that this is an advice from Mr White regarding whether there are any restrictions on the use of CUP cards?

20 **MR POWER:** It appears to be advice on restrictions, yes.

MS SHARP SC: Now, were you aware in 2014 that Mr White was providing advice about whether there were any legal impediments in terms of the contractual relationship with NAB from using the CUP cards to permit patrons to purchase gaming chips?

25

MR POWER: Yes, I - that appears to be the advice that he was forwarding to me, yes.

30 **MS SHARP SC:** Right. But were you aware in 2014 that he was providing this advice?

MR POWER: I - I can't recall if I was aware in 2014.

35 **MS SHARP SC:** Are you able to say why it is that you were receiving this advice from Mr White in 2015?

MR POWER: I'm not sure if there's a further page to that or whether that sets it up. In the absence of some explanation in that email, I believe I must have asked for that advice to be sent through.

40

MS SHARP SC: And did you read that advice carefully at the time?

MR POWER: I expect I would have, yes.

45

MS SHARP SC: Did you read the merchant terms at that time?

MR POWER: No, I don't believe I read the merchant terms at that time.

MS SHARP SC: And why was that?

5 **MR POWER:** Well, it appeared that Mr White had already advised on the merchant terms.

MS SHARP SC: Were you aware that, within the merchant terms, NAB had the right to claw back payments made under the CUP cards in certain circumstances?

10 **MR POWER:** I'm not sure if I would specifically reference a "claw back". At some point, I'm certainly aware that - if - if this was the same point - there was an indemnity of some kind that meant that NAB could take recourse against The Star, yes.

15 **MS SHARP SC:** And were you aware that there was an indemnity that meant NAB could take recourse against The Star if the UnionPay International rules were not complied with?

20 **MR POWER:** I'm not sure if that - I could go that far as to what my understanding was at the time.

MS SHARP SC: You will agree that if such a rule existed, that was a matter of significant financial concern to The Star?

25 **MR POWER:** Yes.

MS SHARP SC: Particularly if there were any concern whatsoever that The Star was, in fact, in breach of the UnionPay International rules?

30 **MR POWER:** Yes.

MS SHARP SC: And did you seek any external legal advice on what the reach of these indemnities was?

35 **MR POWER:** I didn't, no.

MS SHARP SC: Was there some reason why you did not seek that advice?

40 **MR POWER:** I expect that, at the time, banking arrangements and matters of that nature weren't areas that I had experience in, and I believe that Mr White had provided advice to that effect.

45 **MS SHARP SC:** Did you, at any point, raise concerns with Ms Martin about whether it would be prudent to take external advice about this matter?

MR POWER: I think it was an issue we may have discussed at some point, whether or not The Star had exposure. I don't believe I ever recommended that we take external legal advice on it.

MS SHARP SC: Could I take you to exhibit B at tab 91, please, which is STA.3412.0151.0079. Do you see this is an email from you to Mr White dated 9 October 2015?

5

MR POWER: Yes, I see that.

MS SHARP SC: And you would agree that you were writing the email because you had had a discussion with Ms Martin about UnionPay?

10

MR POWER: Yes.

MS SHARP SC: And 3 - the point 3 under the heading Next Steps was:

15 "Detail the legal position associated with accepting China UnionPay from a contractual (merchant terms) perspective."

MR POWER: Yes, I see that.

20 **MS SHARP SC:** So it was - in light of that, do you agree that it's right that at this time you did turn your mind to the question of whether the legal position needed to be clarified in relation to the contractual obligations with NAB?

25 **MR POWER:** I agree that I was suggesting the legal position needed to be - needed to be detailed. So I - I believe it needed to be considered and discussed with relevant - relevant people, yes.

30 **MS SHARP SC:** And can I take you, please, to STA.3412.0151.0081. It appears we may not have the right document here. Could I just have the beginning of that document?

MR POWER: I can see that document now, in full.

35 **MS SHARP SC:** Could you just pardon me for a moment, please, Mr Bell?

MR BELL SC: Yes.

40 **MS SHARP SC:** I'm sorry. I've gone to the wrong document, Mr Bell. It's exhibit B100. And this is STA.3412.0151.0091. Now, can you see, Mr Power, there's an email from Mr White to Ms Waterson, copied to yourself and Ms Martin, dated 9 November 2015?

MR POWER: Yes, I see that.

45 **MS SHARP SC:** And it's forwarding an email. Can I take you to the email it forwards, please. If we go to pinpoint 0092. It says:

5 "I have received another phone call from Neil Williams from NAB today. He was inquiring in regards to how we were coming along with the revision of expected volumes and value of China UnionPay transactions for Treasury and Jupiters. Neil went on to advise that unless we are able to provide revised figures, the project may be cancelled by NAB. This cancellation would be based on the risk that the service would be used for gambling services as per the figures already provided."

10 Now, this was a matter of which you were well aware at the time, that this risk existed?

MR POWER: Sorry. The risk that it would be used for gambling services; is that what you mean?

15 **MS SHARP SC:** Yes.

MR POWER: Yes, I was aware. Yes.

20 **MS SHARP SC:** And you were aware that NAB was concerned at this time of a risk?

MR POWER: In 2015, I believe the date was, yes, I was aware at that time.

25 **MS SHARP SC:** Now, could I take you, please, to exhibit B at tab 102. This is STA.3009.0009.0021. Now, this is a document obviously prepared by you; correct?

MR POWER: It would have been, yes.

30 **MS SHARP SC:** And it says "RAR". What does that stand for?

MR POWER: I believe it was "review action results" or something of that nature. It was just a description of the type of meeting.

35 **MS SHARP SC:** And the date is 30 November 2015?

MR POWER: Yes.

40 **MS SHARP SC:** And can I take you to pinpoint 0022. Do you see there's a heading on the right-hand side, "Emerging Issues"?

MR POWER: Yes.

45 **MS SHARP SC:** And at point number 5 it says:

"Casino licence review, TM review of CUP."

MR POWER: Yes.

MS SHARP SC: And what is "TM" a reference to?

MR POWER: I'm not sure.

5

MS SHARP SC: You agree that you are making some kind of reference to China UnionPay in the context of the casino periodic suitability review?

MR POWER: Yes.

10

MS SHARP SC: And that was the review that you understood was being conducted by Dr Horton at this time?

MR POWER: Yes.

15

MS SHARP SC: Was a decision made not to disclose the use of China UnionPay cards to Dr Horton?

MR POWER: I don't believe a decision was made to that effect, no.

20

MS SHARP SC: It's right that the use of the China UnionPay cards was not disclosed to Dr Horton, isn't it?

MR POWER: I - I couldn't say.

25

MS SHARP SC: Are you sure about that?

MR POWER: There was a - an enormous volume of material disclosed to Dr Horton. I couldn't say whether or not China UnionPay was disclosed or not.

30

MS SHARP SC: Well, there was a process of sham documentation involved in swiping these CUP cards at the time, wasn't there?

MR POWER: I'm not sure what you mean by "sham documentation".

35

MS SHARP SC: Well, creating the impression that China UnionPay cards had been swiped for the purpose of paying for hotel accommodation services when that was not, in fact, the case?

40

MR POWER: It's not - I'm not - I'm not clear on whether it was for services or whether it was - so payment for services or a deposit. But I understand that there were records to that effect. I just wouldn't characterise them as "sham documentation".

45

MS SHARP SC: Really?

MR POWER: Not based on my understanding, no.

MS SHARP SC: Well, those swipes were not, in fact, used to pay for accommodation services at hotels, were they?

5 **MR POWER:** There may have been use of those payments to cover the cost of accommodation. I - I can't be --

MS SHARP SC: Mr Power, come on.

10 **MR POWER:** I'm - I'm not trying to be difficult or take a technical point, but --

MS SHARP SC: That's precisely what you're doing, isn't it?

15 **MR POWER:** Well, perhaps if I can explain. I'm - I am not trying to be difficult or - or take a technical point. But insofar as the funds are deposited to a front money account, people on programs would have the cost of accommodation, et cetera, incorporated into that. So potentially it's covering the cost of accommodation and other services, but I - I'm not trying to suggest that that's what it was intended for.

20 **MS SHARP SC:** You had no doubt at all that sham documentation was being created in order to facilitate the China UnionPay process at Star at this time, did you?

25 **MR POWER:** I didn't understand that - I don't believe it was sham documentation, no.

30 **MS SHARP SC:** And in fact, at about this time, you were made aware that dummy invoices were being created for patrons who did not even stay at the hotel when they were using their CUP cards; that's right, isn't it?

MR POWER: I'm not sure about dummy invoices. There was certainly a practice of dummy rooms being assigned to the person that - that I was aware of, yes.

35 **MS SHARP SC:** Well, that's sham documentation, isn't?

MR POWER: Well, I'm not sure I was across the documentation that was created at the time.

40 **MS SHARP SC:** You were very much across that, weren't you, Mr Power?

MR POWER: I - I don't believe I was. That - that would have been a matter for the hotel and VIP business.

45 **MS SHARP SC:** Could I take you to STA.3412.0151.0097, which is exhibit B at tab 117. Can I - you see this is an email authored by you on 20 April 2016?

MR POWER: Yes, I see that.

MS SHARP SC: And you send it to Damian Quayle and copy it to Greg Hawkins?

MR POWER: Yes, I see that.

5

MS SHARP SC: And you say:

"Hi Damian, Greg has asked me to pass on a few issues that came up in my RAR earlier today."

10

MR POWER: Yes.

MS SHARP SC: And do you see 3:

15

"CUP: as previously discussed with you, I have undertaken a review of the CUP process and believe that the legal risk is low to moderate, but from a PR perspective I recommend that we make two changes to our process, (a) cease creating dummy rooms for customers who are not staying in the hotel."

20

MR POWER: Yes.

MS SHARP SC: You were aware of the sham documentation at this time, weren't you?

25

MR POWER: Again, I wouldn't characterise it as sham documentation. I believe what I understood at the time was a room number was being assigned to these transactions when, in fact, that room wasn't a room that was being used by that customer.

30

MS SHARP SC: Well, that's a sham, isn't it?

MR POWER: I'm not sure about the use of the word "sham", so I'm not sure I would characterise it that way. It certainly was a practice --

35

MS SHARP SC: Well, there's nothing confusing about the word "sham", is there?

MR POWER: Can you provide me with another word that I could consider?

MS SHARP SC: Fake.

40

MR POWER: It was fake. Yes, I agree.

MS SHARP SC: So you were well aware that it was fake documentation, were you?

45

MR POWER: That the allocation of the room was not - was not a true reflection of what had occurred, yes.

MS SHARP SC: And the fact that you were aware that it was fake documentation is why you raised a concern from a "PR perspective", wasn't it?

MR POWER: Yes.

5

MS SHARP SC: Now, could I take you to STA.3412.0151.0102. And do you see this is another email from you, Mr Power, dated 27 April 2016?

MR POWER: Yes.

10

MS SHARP SC: And:

15 "As discussed, in order to provide legal advice to the business in preparation for the casino licence review, can you please provide an update in relation to CUP and our current processes and procedures. In particular, can you please provide an explanation of the guidelines which you use for the purposes of you making a decision whether to permit our largest CUP user (Mr Lee) to draw down further funds from his CUP account."

20 **MR POWER:** Yes, I see that.

MS SHARP SC: And you were well aware at the time that Mr Phillip Dong Fang Lee was withdrawing extremely large amounts of money on his CUP card; that's correct, isn't it?

25

MR POWER: I was aware of that, yes.

MS SHARP SC: Mr Bell, would this be a convenient time to adjourn for lunch?

30 **MR BELL SC:** Yes. I will adjourn until five to 2.

<THE HEARING ADJOURNED AT 12:54 PM

<THE HEARING RESUMED AT 1:57 PM

35

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Could I go to exhibit B, tab 121, which is STA.3008.008.0070. Mr Power, I'm taking you to an email you sent to Mr Quayle on CUP. Do you see this relates to Phillip Dong Fang Lee's use of CUP?

40

MR POWER: I'm just having a quick read of it, please. Yes. Yes, I see that.

MS SHARP SC: And is this another example of an email that you've marked "privileged" without actually turning your mind to the question of whether it's privileged?

45

MR POWER: Yes.

MS SHARP SC: Now, you were concerned at this point in time, weren't you, that Phillip Dong Fang Lee was moving very large amounts of money through CUP?

5 **MR POWER:** Yes.

MS SHARP SC: And were you aware that he was, in fact, swiping millions of dollars per day through his CUP card sometimes?

10 **MR POWER:** I'm not sure about those amounts, but certainly I was aware that it was significant sums of money. Yes.

MS SHARP SC: Right. Were you aware that there was a day in 2015 where he swiped \$11 million on his CUP card?

15

MR POWER: No, I wasn't aware of that.

MS SHARP SC: That would have been extremely concerning to you, wouldn't it?

20 **MR POWER:** It certainly - it's an alarming amount of money, yes.

MS SHARP SC: And it would have raised significant source of funds issues for you, wouldn't it?

25 **MR POWER:** Look, at the time, I didn't really have any capacity in terms of AML. You know, I understood that Mr Lee was certainly a very, very wealthy individual. So I'm not sure I would have necessarily turned my mind to the source of funds, but I - I accept it's a large amount of money, and source of funds questions would - would have been considered at the time.

30

MS SHARP SC: Well, they weren't, were they?

MR POWER: Not - not by me, no.

35 **MS SHARP SC:** To your knowledge, they weren't considered by anyone at Star; that's right, isn't it?

MR POWER: I don't think I could say that. I was not involved with the AML side of the business in any capacity at that point.

40

MS SHARP SC: All right. But to your knowledge, there was no one at The Star you can identify who considered source of funds issues for Phillip Dong Fang Lee?

45 **MR POWER:** Well, it would have been Paul McWilliams and the AML team that considered that, if they did.

MS SHARP SC: All right. But I'm asking about your knowledge.

MR POWER: I - I have no involvement with the AML team, so I have no knowledge of whether that was considered.

5 **MS SHARP SC:** Now, is it right that another reason for your concern with Phillip Dong Fang Lee was that he was not an international visitor?

MR POWER: I'm not sure if that was a concern I had at the time.

10 **MS SHARP SC:** Well, if you have a look at what you say in this email, you say:

15 "You mentioned to me that the turnover is a valid consideration and Phillip Lee has been operating recently on a much higher turnover rate than international visitors. This background needs to be incorporated into this summary."

MR POWER: I see that. I'm just not sure it - that references a concern I had, that he was not an international visitor.

20 **MS SHARP SC:** Well, did you understand at the time that the CUP process was being offered to people who were not on a rebate program?

MR POWER: I'm not sure if I understood that at the time, no.

25 **MS SHARP SC:** And if I take you over the page. Is this your handwriting on the document?

MR POWER: It appears to be, yes.

30 **MS SHARP SC:** And why is it that you're drafting or involved in drafting a special arrangement for Mr Lee?

35 **MR POWER:** I believe this relates to a document you showed me earlier in relation to Mr Lee's use of CUP and what I perceived to be some risks associated with that. And I believe I was following up with Mr Quayle about what restrictions had been put in place in relation to Mr Lee's use of CUP, and I believe that these were - I - I don't recall specifically, but I believe these were provided to me by Mr Quayle and I was commenting on the restrictions and trying to assist to capture wording to reflect the restrictions that - that had been put in place.

40 **MS SHARP SC:** What appears to be happening on this document, Mr Power, is that the typewritten part of the document relates specifically to Mr Lee, and by your handwritten amendments you're seeking to generalise it beyond Mr Lee; that's right, isn't it?

45

MR POWER: Yes.

MS SHARP SC: And why were you seeking to generalise it beyond Mr Lee?

MR POWER: Well, I think the issue - whether it was Mr Lee or someone else who is using it, I - to a high level, I think it needed to be captured in some sort of policy or guideline.

5

MS SHARP SC: And you've described it as potential higher risk customers. Higher risk of what?

MR POWER: Yes, I'm not sure what I was thinking of at the time. I just think I meant it in a general sense, high risk around the use of CUP and whether that was acceptable. I - I don't --

10

MS SHARP SC: Well, Mr Power, what does "higher risk" mean?

MR POWER: Well, a higher risk to the business.

15

MS SHARP SC: Of what?

MR POWER: I do not believe it was in relation to money laundering, for example, because as I explained, I didn't have any role in any capacity in relation to money laundering at the time. I think the risks I had identified earlier with Mr Quayle and Mr Hawkins were the use of this process without restrictions presented a risk to the business. It was being used beyond the original intention of the program.

20

25

MS SHARP SC: Well, assist us in understanding what the risk was.

MR POWER: Well, the risk involves whether or not he was - whether - I - I - put it simply, whether or not his gambling play substantiated the volume of the transactions that he was processing through CUP.

30

MS SHARP SC: And what was the risk there?

MR POWER: I guess the risk is that he was using that service as an ATM as opposed to what it was intended to, as we discussed earlier, which was to allow him to access funds for the purposes of gaming.

35

MS SHARP SC: And was that your concern by that stage, that, really, Mr Lee was using the CUP service that Star offered as an ATM?

40

MR POWER: That was the concern, yes, that I had.

MS SHARP SC: Wasn't the appropriate course to recommend that Mr Lee not be permitted to use that service?

45

MR POWER: I think, at the time, I was being assured by the gaming managers that his level of play did justify or warrant the use of that service and the transactions that he had made.

MS SHARP SC: Are you sure you received that assurance from the gaming managers at that time?

5 **MR POWER:** I believe so. I think it's reflected in the email that you showed me previously. My reference to his level of play being at the same level as an international suggests that Mr Lee is an extraordinarily large player.

10 **MS SHARP SC:** Well, would it surprise you to know that in 2015, in fact, the business was concerned that Mr Lee's debits on his CUP card far exceeded the level of his gaming?

15 **MR POWER:** I'm not sure it would surprise me to learn that. I think that was the very thing that I was trying to deal with in these guidelines.

MS SHARP SC: Surely the risk of money laundering in relation to Mr Lee's use of the CUP card was apparent to you at this point in time?

20 **MR POWER:** If you - can we just scroll down on that document a little bit, please? I'm not sure the AML risks were apparent to me. But certainly in point 7 there, I am highlighting that AML practices need to operate. And I believe in my email that accompanied this document, I also said that Paul McWilliams should be consulted. So I think I was suggesting that - so I guess I'm aware on one level that
25 AML risk exists and that - that there was a need to consult with the AML team in relation to those risks.

MS SHARP SC: Can I take you, please, to exhibit B124, which is STA.3009.0009.0058. Now, in your statement, you say that this is a legal advice that you prepared?
30

MR POWER: Yes, that's right.

MS SHARP SC: And it's right that you prepared this on 11 May 2016?

35 **MR POWER:** That's the date that it was presented, yes.

MS SHARP SC: And this was presented to Mr Bekier, wasn't it?

40 **MR POWER:** That's correct.

MS SHARP SC: And you also discussed it with Ms Martin, didn't you?

MR POWER: Yes. She would have been present at that meeting.

45 **MS SHARP SC:** And did you provide a copy of this document to those people at the time of the meeting?

MR POWER: I believe I would have, yes.

MS SHARP SC: You had significant concerns at this time about risks of the CUP process, didn't you?

5 **MR POWER:** I did.

MS SHARP SC: Now, one of the risks that you were aware of was that the CUP transfers were a means of circumventing restrictions on the flow of currency out of mainland China; correct?

10

MR POWER: Sorry. Would you mind just repeating that question for me, please?

MS SHARP SC: One of the risks, of which you were aware at this time, was that the CUP process was a way of circumventing restrictions imposed by the mainland Chinese Government on moving funds out of China?

15

MR POWER: That's certainly how it's expressed there. I'm not sure I was really au fait with the Chinese Government's restrictions on capital flow, but I certainly understood conceptually that the Chinese Government was placing more restrictions on the way that the Chinese people could access those funds. But I'm not sure it's necessarily as expressed there. Sorry. Ms Sharp, did that answer your question?

20

MS SHARP SC: I will move to the next question. One of the risks you identify here is:

25

"Whether CUP policy supporting a practice of converting CUP credit through the hotel lounge and attributing the amount to a hotel room and creating a temporary CCF for gambling is permitted."

30

MR POWER: Yes.

MS SHARP SC: And was that "is permitted" pursuant to arrangements with NAB?

35

MR POWER: I think it relates to permitted pursuant to arrangements with - that ultimately end up with CUP.

MS SHARP SC: But were you concerned that The Star may have been in breach of its arrangements with NAB by this time?

40

MR POWER: I certainly - I think I was considering the fact whether or not we were breaching our arrangements with NAB, but I'm not sure that that is specifically a reference to NAB.

45

MS SHARP SC: And in (b), you say:

"Issue is whether The Star is circumventing China laws and creating reputational risk and taking active steps to conceal this practice (noting NAB email)."

5 **MR POWER:** Yes.

MS SHARP SC: Now, your concern at the time was that the true purpose of these transactions was being concealed from NAB, wasn't it?

10 **MR POWER:** No, I - I believe that's a reference to concealing the practice from CUP.

MS SHARP SC: Right. So you were concerned that The Star was concealing this practice from UnionPay, were you?

15

MR POWER: Yes. And when I look at it now, it could potentially be from NAB as well. So I'm not sure I was being specific. If I - if I look at that now, I think it was more about that the practice is concealed through the process that we discussed before lunch. So - that it was - to conceal the fact that it was intended to be used for gaming.

20

MS SHARP SC: Right. So as a lawyer, with the ethical obligations you have as a lawyer, how could you possibly have thought that this practice of concealing was in any way okay?

25

MR POWER: Well, I certainly - my view at the time was that we were still acting within the law. So the starting point, I suppose, is that, you know, I felt that it was a legal process. We weren't breaching the law. However, I accept that it was a reputational risk that we were doing something of this nature.

30

MS SHARP SC: Didn't you appreciate at the time that this was highly unethical, Mr Power?

MR POWER: I don't believe I viewed it as highly unethical at the time, no.

35

MS SHARP SC: Are you saying that in your capacity as a lawyer, you cannot see why it is unethical to conceal from a bank the true purpose of transactions?

MR POWER: Well, I don't think I would suggest that we were concealing it necessarily from the bank. I think that's my reference to noting the NAB email, but --

40

MS SHARP SC: Well, you're obviously aware that the true purpose of the transactions are being concealed from somebody by this point, aren't you?

45

MR POWER: I - I accept that it was concealed from CUP, and I believe the --

MS SHARP SC: Well, stopping you there. Isn't that completely unethical?

MR POWER: I don't believe it's completely unethical, no.

5 **MS SHARP SC:** Well, I suggest that that is completely unethical and demonstrates a major lack of insight on your behalf today.

MR POWER: Well, I think the point about noting the NAB email is that there was an email from NAB that demonstrated an awareness of this practice.

10 **MS SHARP SC:** So is it your evidence that Star and NAB are colluding together to mislead UnionPay?

MR POWER: No, it's my evidence that that would have a bearing on the ethical position of what we were doing.

15 **MS SHARP SC:** What, it makes it more ethical if you are combining with another bank to mislead a second one? What's the position?

20 **MR POWER:** Well, as I sit here today, I think my position is that if NAB had given us instructions on how to undertake these transactions, and that it was legal at the time, I think that has a bearing on the ethical position of what we did.

25 **MS SHARP SC:** Are you suggesting that you were aware that the NAB had instructed The Star that it could use CUP cards to purchase gambling chips? Is that your evidence?

30 **MR POWER:** My evidence is that I think I was aware at this time that there was an email from NAB that said that if patrons made deposits in the manner that had been outlined, that it was then a matter for the customer as to how they directed those funds or - or used those funds ultimately.

35 **MS SHARP SC:** Are you telling Mr Bell that you satisfied yourself that the NAB said that this practice of swiping at the hotel and then making the funds available to purchase gaming chips was okay?

40 **MR POWER:** I don't think that's what I'm saying at all. Here, I am outlining to the CEO that there is a question as to whether this was known and whether it was concealed. But I am noting the fact there is an NAB email that is a reference to how NAB suggested that we operate the process.

MS SHARP SC: Wasn't the --

45 **MR BELL SC:** Mr Power, did you believe at the time that officers of the National Australia Bank were collaborating with The Star to deceive UnionPay International?

MR POWER: Mr Bell, in 2016, I was aware that some questions had been raised in relation to the setup in Queensland, and ultimately a senior executive of The Star went and met with senior executives of the NAB and then ultimately was

approved. I didn't have specific knowledge of what was communicated to them or how it was that those discussions came to pass that CUP was then offered in Queensland. So I - I don't think I can say with any degree of certainty that I convinced myself or that I had a view at the time. I knew that there were - I had
5 some concerns around this, and this is why I'm raising it in this email.

MR BELL SC: Well, can I just have a direct answer to my question.

10 **MR POWER:** I apologise.

MR BELL SC: Did you believe at the time that officers of the National Australia Bank were collaborating with The Star to deceive UnionPay International?

15 **MR POWER:** I had no knowledge of that, but that had been suggested to me, yes.

MR BELL SC: That would in no way undermine the proposition that The Star's conduct was unethical, would it?

20 **MR POWER:** I think it has a bearing on the ethical position, but I don't think it condones it or makes it acceptable. I - I accept that.

MR BELL SC: Yes, Ms Sharp.

25 **MS SHARP SC:** Wasn't the only appropriate step for you to take at this time to specifically ascertain exactly what it was the NAB knew?

MR POWER: I think my responsibility at this time was to provide legal advice and highlight risks associated with the use of it, which I have done here in 2016.

30 **MS SHARP SC:** So I will ask you to answer my question this time. Wasn't the only appropriate step for you to take at this time to specifically ascertain exactly what the NAB knew?

35 **MR POWER:** I don't think that was the only approach at the time, no.

MS SHARP SC: Were you turning a blind eye to the question of what NAB may or may not have known?

40 **MR POWER:** No, I'm calling out with the CEO that there could be an issue here.

MS SHARP SC: Well, wasn't the appropriate advice for you to give to the CEO, "Look, we better get to the bottom of what exactly NAB understands here"?

45 **MR POWER:** Perhaps I should have given that advice.

MS SHARP SC: And certainly - is it correct that the CEO did not ask you to take that step?

MR POWER: I don't believe so.

MS SHARP SC: And nor did Ms Martin; is that right?

5 **MR POWER:** She did not ask me to either, as far as I recall.

MS SHARP SC: Can I take you, please, to exhibit B at tab 3095.

10 **MR BELL SC:** Just before you do, Ms Sharp. Why were you preparing this advice at this particular point in time, Mr Power?

MR POWER: I believe that we were trying to - I was asked to provide an advice to the CEO in relation to risks that the company was facing at that time.

15 **MR BELL SC:** Did it have anything to do with the imminence of the Horton Review?

20 **MR POWER:** I believe that it would have. I think this document captures a number of risks - operational risks, etcetera, as we saw it at the time, and we were trying to make sure that the CEO was aware of things that might - that might arise.

MR BELL SC: Yes, Ms Sharp.

25 **MS SHARP SC:** Could I take you now to exhibit B at tab 3095. Now, I just want to understand if you were ever made aware of this communication. And I will take you from the back of it to the start. If we can start at pinpoint 6255. Now, this is an email from Mr White to Mallesons on 3 May 2017. And do you see that Mr White is providing Mallesons with the merchant agreement with NAB Bank and the latest version of the China UnionPay rules? And do you see Mr White says:

30 "The most material question on which we need advice here is whether transactions which have previously been settled could be unwound in some way by China UnionPay, were it to find out that a merchant facility was operated in breach of its rules."

35 Now, did you discuss this risk with Mr White at this time?

40 **MR POWER:** Apologies, Ms Sharp. I'm just trying to catch up to where it says that. Sorry, I see it now. I'm sorry. Would you mind, please, repeating the question?

45 **MS SHARP SC:** Did you discuss this risk with Mr White at the time, that is, that transactions could be unwound in some way by China UnionPay, were it to find out that the merchant facility was operated in breach of its rules?

MR POWER: No, I didn't discuss it with Mr White at the time.

MS SHARP SC: Are you sure about that?

MR POWER: I'm positive.

5 **MS SHARP SC:** And Ms Martin didn't raise this issue with you in any way?

MR POWER: I don't believe so, no.

10 **MS SHARP SC:** Do you find it unusual that nobody raised this with you at the time, given that you were previously advising the CEO on risks associated with the CUP process?

MR POWER: No, I don't find it surprising.

15 **MS SHARP SC:** Could I take you, please, to the email from Mallesons back to Mr White on 4 May 2017 at pinpoint 6254. And could I draw your attention to point 4, please.

MR POWER: Thank you.

20 **MS SHARP SC:** Do you see it says there:

25 "It is not clear based solely on the documents you have provided to us that NAB has understood that it may have endorsed or permitted behaviour by The Star that could potentially breach the scheme rules. Rather, it appears from the email chain alone that NAB was considering the most appropriate merchant code for the hotel packages transaction, such as 'membership accounts' or possibly 'lodging'."

30 Did Mr White make you aware at the time that Mallesons was concerned that the NAB may not have known the true purpose of the transactions involving the CUP swipes?

MR POWER: I don't believe so.

35 **MS SHARP SC:** Does it concern you in any way that Mr White did not pass on that information from Mallesons to you?

MR POWER: I don't believe it concerned me, no.

40 **MS SHARP SC:** It doesn't concern you now?

45 **MR POWER:** No, I think Mr White was dealing with one aspect of this, which was, I guess - let's call it the banking aspect. The focus of my involvement was really to ensure that the Casino Control Act wasn't breached in the way that this was set up.

MS SHARP SC: Well, you were still advising in around mid-2021 about risks associated with the CUP process, weren't you?

MR POWER: I beg your pardon, in what time period?

5 **MS SHARP SC:** In about mid-2017, you were still advising about risks associated with the CUP process, weren't you?

10 **MR POWER:** I think the advice we showed previously was in 2016 to the CEO. Whether I was still advising in 2017 - excuse me - I may have been, but I don't recall a specific instance.

MS SHARP SC: Because you were generally kept informed of what was going on at the casino with the CUP process, weren't you?

15 **MR POWER:** I don't think I was generally being kept informed. I was certainly sticking my nose into it from time to time.

MS SHARP SC: Can I show you exhibit B at tab 397, which is STA.3402.0008.1057. Do you see this is an email from you to Ms Martin?

20 **MR POWER:** I do.

MS SHARP SC: Is this another example of you writing "privileged" on your email despite not having given any consideration to whether its contents were privileged?

25 **MR POWER:** I can't say whether that was what I thought at the time when I wrote this.

MS SHARP SC: Can I take you to point 2 where you say:

30 "China UnionPay: the risks associated with CUP are well known and a risk assessment and legal advice has been given in this regard."

MR POWER: Yes, I see that.

35 **MS SHARP SC:** All right. And you're expressing a concern here about the dummy invoices for rooms?

MR POWER: Yes, I see that.

40 **MS SHARP SC:** And you see you're saying here that:

45 "This instruction was corrected, but it highlights a risk that the use of CUP for international guests may well have exceeded the intended scope of this service, which may call into question the arrangement we have in place with The Star's bank (NAB)."

MR POWER: Yes, I see that.

MS SHARP SC: You knew at this time that The Star was skating pretty close to the line about whether it was contractually lawful to use the CUP card the way it was being used at The Star?

5

MR POWER: I'm not sure if that's the way I would phrase it, but certainly - excuse me. But certainly I - I did have some concerns, yes.

MS SHARP SC: Well, tell us exactly what those concerns were, please, Mr Power.

10

MR POWER: Well, I - I think if you take this as a reference point, I was calling out that there was a compliance risk here, that while advice had been given, there were still some practices within the business that were going outside of the SOP and guidelines that had been set up for this process in the first place. So the use of dummy rooms, as - as we've said, was something that, for me, was outside of the agreed process or the documented process for the use of the service.

15

MS SHARP SC: Wasn't the only appropriate response of you, as one of the senior lawyers at The Star at this time, to advise that the use of CUP cards in this manner should have been brought to an end?

20

MR POWER: I don't think that was the only advice that could have been given, no.

25

MS SHARP SC: At this time, you're aware that fake documents are being created as part of this scheme?

MR POWER: I am, from that - that email, and --

30

MS SHARP SC: And you're aware at this time, aren't you, that there is a real question about whether NAB knows the real purpose of these transactions?

MR POWER: Yes.

35

MS SHARP SC: Well, isn't the only appropriate and responsible and ethical piece of advice that you, as a lawyer, could have given to be immediately ceasing to use the CUP cards in this manner?

MR POWER: I think I'm advising that we shouldn't be creating dummy rooms. I think that's - that's very clear. In relation to ceasing the service, well, could I have given that advice? I guess I could have given that advice. Was it the only advice that could have been given? I certainly didn't think so at the time.

40

MS SHARP SC: Are you suggesting that there was advice that you could continue to use the CUP cards the way The Star was that was consistent with basic ethical practice?

45

MR POWER: I think I was suggesting that there were risks associated with it, and the business needed to make a decision, eyes wide open, about those risks. I - I don't think I gave advice that they should immediately cease it and potentially - you know, potentially I should have.

5

MS SHARP SC: Did anybody in the legal team - I withdraw that. Did you have a discussion with anybody in the legal team at this time about the ethics of continuing the CUP practice?

10 **MR POWER:** Not that I recall.

MS SHARP SC: Can I take you, please, to exhibit B at tab 93 which is STA.3401.0151.0082. You see this is an advice from Mr - I beg your pardon, an email from Mr White to you and Ms Martin dated 22 October 2015?

15

MR POWER: I see that, yes.

MS SHARP SC: And it's headed China UnionPay NAB Queries?

20 **MR POWER:** Yes, I see that.

MS SHARP SC: And do you see that Mr White says:

25 "NAB's approach appears to be changing with a change in personnel (it was NAB who recommended the charge code that is used at The Star)."

MR POWER: Yes.

30 **MS SHARP SC:** And let me take you to the rest of this email, please, Mr Power. And do you see there's another email that is being forwarded from Ms Martin dated 22 October 2015?

MR POWER: Yes. I see that.

35 **MS SHARP SC:** And that, in turn, forwards an email from Deborah Waterson of 22 October 2015?

MR POWER: Yes, I see that.

40 **MS SHARP SC:** And what that says is:

45 "I received a phone call yesterday from Neil Williams at NAB in relation to the email below sent re the expected volume and values of transactions through the China UnionPay capable NAB EFTPOS terminals."

MR POWER: Yes, I see that.

MS SHARP SC: Now, you were not in any doubt at this time that NAB was not necessarily a party to these arrangements - I withdraw that. I will put that a different way. You could have no confidence at all by this time that NAB knew that the China UnionPay cards were being used to purchase gaming chips?

5

MR POWER: I had no dealings with NAB. I'm not sure I was in a position to comment on what NAB did or didn't consent to or otherwise guide us on.

MS SHARP SC: In fact, what Mr White was bringing to your attention in his 22 October 2015 email was the risk that NAB did not know that the CUP cards were being used to purchase gaming chips; do you agree?

MR POWER: Not based on what I saw before. I believe he was suggesting that their position had changed.

15

MS SHARP SC: Can I take you, please, to paragraph 103 of your statement. And you refer to an email you sent on 28 October 2015?

MR POWER: Yes, I see that.

20

MS SHARP SC: And we'll go to that email. It's STA.3412.0151.0088. See, what you were doing at this time was following up on what information had been made known to NAB, weren't you?

MR POWER: Can I just see the email below, please? I'm sorry. Do you mind scrolling up to the - the relevant email, please? And, sorry, Ms Sharp, would you mind, please, repeating the question?

MS SHARP SC: You were, in fact, following up on what NAB did know at this time, weren't you?

30

MR POWER: I'm not sure I'm following up on what NAB knew. I think I'm --

MS SHARP SC: I withdraw that question. You were following up on what records The Star had which might indicate whether or not NAB knew the true purpose of arrangements; correct?

35

MR POWER: I'm not sure if I'm doing that in this email. I - I think I'm suggesting that the person who's raising the query in Queensland from NAB speak to the people in New South Wales, who we understood had given us direction previously about how the service could be used.

40

MS SHARP SC: I will take you to pinpoint 0090. Do you see the email halfway through the page from Oliver White to you dated 28 October 2015? And it says:

45

"Hi Andrew, in our discussions around CUP, the email I was thinking of is the one at the bottom of this chain. Unfortunately it doesn't contain the

original email from David Aloï, but it looks pretty much like them telling us what to do, as discussed."

5 And then let me take you to the email at the bottom of the chain. This is at
pinpoint 0090. Do you see this is the email from Andrew Haberley to David Aloï
dated 9 March 2013 talking about the UnionPay transactions?

10 **MR POWER:** Sorry, I'm just reading this. Okay. I believe there may have been
another email that Mr White forwards me at the time with correspondence from
Andrew Haberley from the NAB. But in response to your question about whether
it was me following up, I don't believe I was following up in relation to what NAB
knew. I understood that a query had come through to me in relation to CUP use in
Queensland, and I was the general counsel of New South Wales at the time. So it
15 was really not for me to be responding to the NAB, and I was leaving it to Oliver
White - I think I say in the email, "I will leave it to you to respond." So I'm not
sure --

20 **MS SHARP SC:** Mr Power, isn't it correct that what you were doing was trying to
ascertain what documentary holdings The Star had about what communications
had occurred between Star and NAB as to the true use to which these CUP swipes
were put?

25 **MR POWER:** I'm not sure if that was my intention at the time. But certainly
those emails are being forwarded to me, yes, as part of the response to the query
that had gone to Ms Waterson.

MS SHARP SC: So you don't dispute that that's what you were doing; is that
right?

30 **MR POWER:** Well, I don't dispute that those - that correspondence was sent to
me, this email and another email, around the same time.

35 **MS SHARP SC:** Are you trying your best to answer my questions at the moment,
Mr Power?

MR POWER: Yes, Ms Sharp.

40 **MS SHARP SC:** Can I take you to paragraph 104 of your statement, please. And
to a document which you have annexed to your statement. Do you see you refer to
STA.3412.0151.0084?

MR POWER: Yes.

45 **MS SHARP SC:** Okay. Can I take you to that document, please. Can you see this
is an email from Oliver White to you and Ms Martin - or copied to Ms
Martin - dated 28 October 2015?

MR POWER: Yes, I see that.

MS SHARP SC: And Mr White says:

5 "Please see the email chain below. This is the one I was previously referring to where we sought input from NAB on how this would work and they say use the relevant code and that our internal transfers after a transaction swipe are not information for CUP or NAB. I see that the person we are dealing with in this chain is not particularly senior and will check the position of the person raising questions in Queensland."

10

MR POWER: I can see that, yes.

MS SHARP SC: Now, it's right, isn't it, that what you were doing at this time was trying to ascertain what records The Star had about what the NAB knew about the true purpose of these transactions?

15

MR POWER: I'm not sure if that was my intention at the time, to ascertain that. It was certainly sent to me by Mr White. I think what we were trying to do was work out - well, The Star was trying to work out how to respond to the query.

20

MS SHARP SC: Well, why didn't you tell NAB, "By the way, yes, we are using the CUP cards to allow patrons to purchase gaming chips"?

MR POWER: I mean, this correspondence culminates with a senior officer from The Star going up and meeting with officers of the NAB, and I wasn't privy to those discussions. It may well have been raised.

25

MS SHARP SC: Did you have any concern at all at this time that The Star was misleading the NAB in relation to the true purpose of the CUP transactions?

30

MR POWER: I think my understanding at the time was that NAB had given us some guidance on how to use it. So I'm not sure that I was making the - the link to that we were misleading them. So I wouldn't say that was my primary concern. But it certainly highlighted some inconsistency between how NAB had dealt with the setup versus what they were asking at this time in late 2015.

35

MS SHARP SC: Did you have any concern at this time that The Star had misled NAB as to the true purpose of the CUP transactions?

MR POWER: I don't believe at this time I was concerning myself with that question, no.

40

MS SHARP SC: Are you telling the truth in that answer?

MR POWER: I - I am telling the truth, yes.

45

MS SHARP SC: Can I take you to paragraph 108 of your statement. Now, you there say:

5 "I do not recall receiving any further emails in relation to any other queries raised by NAB in relation to the use of CUP cards until 7 November 2019, where I was forwarded an email between NAB and The Star in relation to queries raised by UnionPay. I do not recall reading this email at the time it was sent, or later."

10 Now, can I take you to this email, please. This is STA.3401.0005.1453. Now, do you see this is an email of Mr White dated 7 November 2019 addressed directly to you and Ms Martin?

MR POWER: Yes, I see that.

15 **MS SHARP SC:** Well, there's no reason why you would not have read an email at the time that was directly sent to you?

MR POWER: No particular reason, no.

20 **MS SHARP SC:** So it's most likely you read it, do you agree?

MR POWER: It's likely I read it, yes.

25 **MS SHARP SC:** And this is exhibit B1834. You see that it forwards an email from Sarah Scopel dated 7 November 2019?

MR POWER: It's just cut off, but I accept that that's right, yes.

30 **MS SHARP SC:** Operator, I will just have that second half of the page shown. And in fact, I will take you to the bottom of the email chain that was on the email to you, Mr Power. Do you see at pinpoint 1454 there's an email from Tanya Arthur at the NAB to Sarah Scopel dated 6 November 2019?

MR POWER: Yes, I see that.

35 **MS SHARP SC:** And what it says is:

40 "UnionPay have provided us notice indicating they are considering issuing NAB a directive to cease provision of UnionPay card acceptance at The Star. UnionPay can fine NAB as an acquirer and terminate acceptance if we don't comply with their directives. From our conversation with local UnionPay representatives, China's central bank is not satisfied with UnionPay's explanations received from The Star (via NAB) for previous irregular transaction investigation requests. The People's Bank of China has observed individual cardholders spending more than 20 million at The Star which they believe includes gambling and are struggling to see how this level of
45 expenditure could be made on non-gambling entertainment."

Now, you knew at the time that NAB was making further requests about the purpose to which these CUP card swipes were being put, didn't you?

5 **MR POWER:** I believe I would have, yes.

MS SHARP SC: Now, let me take you to the draft reply to this email that Ms Scopel sets out in her email. If we go back to pinpoint 1453. And do you see Ms Scopel saying:

10 "Email from NAB below and my draft response."

And you can read that to yourself. It goes over the page.

15 **MR POWER:** Yes, I've read that.

MS SHARP SC: Now, it's the case that Ms Scopel has made no mention of the fact that the CUP cards are being used to purchase gaming chips?

20 **MR POWER:** It appears that way, yes.

MS SHARP SC: And on the contrary, she is doing everything to imply that they are not being used to purchase gaming chips?

25 **MR POWER:** It appears that way, yes.

MS SHARP SC: And you understood that at the time of reading this email, didn't you?

30 **MR POWER:** I - I'm not sure if I read the bulk of that email at the time.

MS SHARP SC: Well, it's most likely you did, isn't it?

35 **MR POWER:** Given it was sent to Paula and I, and I wasn't involved in the response to NAB, I - I don't know whether I would have read it. I don't recall reading it.

MS SHARP SC: Well, you can't exclude the possibility that you did read it, can you?

40 **MR POWER:** I - I don't have a recollection of whether I did or did not read it, yes.

45 **MS SHARP SC:** And it's quite apparent to you, as you read it right now, that it is highly misleading as it relates to the question that Ms Scopel was asked?

MR POWER: I don't - I don't believe it's - yes, I accept that it's misleading.

MS SHARP SC: Now, were you aware at this time, that is, in November 2019, that The Star was providing misleading answers to NAB in relation to its questions about the purposes for which the CUP transactions were being conducted?

5 **MR POWER:** I - I don't recall being aware of that, no.

MS SHARP SC: So you're not excluding the possibility that you were aware?

10 **MR POWER:** Look, I - I don't believe I was. Matters relating to the bank and how they were treated were not matters that I got involved in. But can I rule it out? I - I can't recall whether I read this email at the time or not, but I don't recall reading it.

15 **MS SHARP SC:** Do you agree that this conduct, in making these misleading representations to NAB, are highly unethical - or is highly unethical?

MR POWER: I accept that it's unethical.

20 **MS SHARP SC:** And yet you're saying that you simply can't recall whether you knew about this unethical conduct at the time?

MR POWER: I certainly wasn't involved in it - or assisting with the response to the bank. I can say that with certainty.

25 **MS SHARP SC:** Did you know about it?

MR POWER: I don't recall.

30 **MS SHARP SC:** So you're saying you can't recall whether you knew that unethical conduct was being engaged in by The Star towards its bank?

35 **MR POWER:** I think my recollection is that I was aware that the bank was asking questions. I was aware that a number of people were assisting in providing a response. So I understood that Oliver had responsibility for assisting with those responses, but I don't recall being involved or looking closely at what was being provided or sent to us by the NAB.

40 **MS SHARP SC:** Did you know that The Star was providing misleading answers to the NAB in request for further information about the use to which CUP cards were being put?

MR POWER: I don't believe so, no.

45 **MS SHARP SC:** Are you sure you are telling the truth there?

MR POWER: I am, yes.

MS SHARP SC: Could you just give me one moment, please, Mr Bell?

MR BELL SC: Yes.

5 **MS SHARP SC:** Can I move to a new topic now, Mr Power. You're aware that as between the New South Wales Government and Star Entertainment, there exists a duty and responsible gambling agreement?

MR POWER: Yes.

10 **MS SHARP SC:** And you're aware that The Star is liable to pay different levels of duty depending upon whether there has been non-rebate play or rebate play?

MR POWER: Yes, I'm aware of that.

15 **MS SHARP SC:** And you have been involved in advising on the obligations to pay under this duty agreement?

MR POWER: I have.

20 **MS SHARP SC:** And you're aware, aren't you, that section 120 of the Casino Control Act makes it a condition of Star's licence that it pay the duty required under this agreement?

25 **MR POWER:** I don't have a specific recollection of that section, but I accept that to be the case.

MS SHARP SC: Can I take you to the duty and responsible gaming levy agreement of May 2020. This is exhibit B at 2432 at ILGA.001.013.0001.

30 **MR POWER:** Yes, I see that now.

MS SHARP SC: You've seen this document before?

35 **MR POWER:** I have, yes.

MS SHARP SC: And could I take you to recital B at pinpoint 0005. You see it says:

40 "Pursuant to section 120 of the Act, it is a condition of the licence that the licensee must pay any duty, levy or interest payable under part 8 of the Act."

MR POWER: Yes, I see that.

45 **MS SHARP SC:** And:

"The treasurer and the licensee are parties to the existing agreement, which provides for the payment of duty and responsible gambling levy by the licensee for the period 1 July 2008 to 30 June 2020."

MR POWER: Yes, I see that.

5 **MS SHARP SC:** And you're aware, aren't you, that there was a subsequent agreement which - you're aware that this is the agreement that continues in force today?

MR POWER: Yes.

10 **MS SHARP SC:** Can I take you, please, to the pinpoint 0007. And you will see the definition of "commencement date". And you understand, don't you, that the commencement date of this agreement is 1 July 2020?

MR POWER: I see that, yes.

15 **MS SHARP SC:** If I can take you over the page to pinpoint 0010. Do you see that the expression "rebate gaming" is defined?

MR POWER: Yes, I see that.

20 **MS SHARP SC:** And it's defined to mean:

"Gaming by rebate players in connection with (a) a premium player agreement or (b) a junket as defined in the Act."

25 **MR POWER:** Yes, I see that.

MS SHARP SC: And just before I ask you more about these definitions, you agree that prior to this version of the rebate agreement, there was a different duty and rebate agreement in force between The Star and the New South Wales Government?

MR POWER: Yes.

35 **MS SHARP SC:** Now, returning to the definitions here, do you see that "rebate player" is defined to mean:

"A person not normally a resident of New South Wales."

40 **MR POWER:** Yes, I see that.

MS SHARP SC: And it includes:

45 "(a) a person who participates in gaming either individually or as a participant in a junket."

MR POWER: Yes.

MS SHARP SC: All right. But rebate gaming has to mean a premium player arrangement or a junket, and we know that from the expression "rebate gaming" above; do you agree?

5 **MR POWER:** Yes. I agree.

MS SHARP SC: Can I take you now to what I understand to be a confidential document. So I won't ask you to read any of it out. It's exhibit B at tab 2120. And what I'm showing you is a copy of the rebate play standard operating procedure,
10 effective as at 25 July 2019?

MR POWER: Yes.

MS SHARP SC: And you're familiar with this document, are you?
15

MR POWER: I'm aware of this document, yes.

MS SHARP SC: And you've provided - or received certain advice about this document?
20

MR POWER: Yes.

MS SHARP SC: Can I take you, please, to pinpoint 2337. And do you see - bearing in mind this is a confidential document, do you see a heading Standards?
25

MR POWER: Yes, I can see that.

MS SHARP SC: And you agree, don't you, that there's a reference to an international checklist?
30

MR POWER: If we can please just get that expanded a little bit, please? There is a reference to a checklist, yes.

35 **MS SHARP:** And you see what the statement of the purpose of that checklist is?

MR POWER: Yes. Sorry. Yes, I can see that.

MS SHARP SC: All right. And can I just ask you to note to yourself the underlined portion of the words in that column.
40

MR POWER: Yes, I see that.

MS SHARP SC: And you're aware, aren't you, that the duty payable on rebate play is 10 per cent?
45

MR POWER: Yes.

MS SHARP SC: And you're aware, aren't you, that the duty payable on non-rebate play is significantly higher than that?

MR POWER: Yes.

5

MS SHARP SC: Now, are you aware that the rebate play standard operating procedure was revised with effect from 8 September 2020?

MR POWER: That's not something I'm aware of, but I accept that that's true.

10

MS SHARP SC: All right. Well, you don't - when I've asked to look at that underlined portion of the document that's on your page now at pinpoint 2337, you don't understand that that requirement has changed, do you?

15 **MR POWER:** I'm not aware that it's changed.

MS SHARP SC: Would you pardon me for a moment, Mr Bell?

20 **MR BELL SC:** Ms Richardson, I wouldn't have thought that the underlined words are in themselves confidential, are they?

MS RICHARDSON SC: Could I take instructions about that, please?

25 **MR BELL SC:** Yes, of course.

MS RICHARDSON SC: Mr Bell, I have instructions that those words underlined are not confidential.

30 **MR BELL SC:** Yes. So is this the position, as you understand it, Mr Power: that The Star's approach to determining if a patron is a non-resident, or at least as at the date of this document, was to identify if they had been in Australia for less than 183 days out of a rolling 12-month period?

35 **MR POWER:** I believe that would have been one aspect of the checklist that's referred to. That would be my understanding.

MR BELL SC: Yes, Ms Sharp.

40 **MS SHARP SC:** Yes. And I just want to make sure you're aware of this, Mr Power. Could I take you to exhibit B at tab 3267, which is STA.3002.0017.0001. And do you see this is a further version of the rebate play standard operating procedure, effective from 2 November 2021?

45 **MR POWER:** Yes, I see that.

MS SHARP SC: Are you aware of this document?

MR POWER: I'm not aware of this document, but I'm aware that changes were made to it.

5 **MS SHARP SC:** Can I take you to pinpoint 0011. And could you note the description of the task at the top there.

MR POWER: Sorry. Just to be clear, Ms Sharp, are you referring to the objective?

10 **MS SHARP SC:** If I could just direct you to the very top row that describes what the task is.

MR POWER: Sorry. Yes. I see that, yes.

15 **MS SHARP SC:** And then do you see there's a column Standards?

MR POWER: I do.

20 **MS SHARP SC:** And could you read that paragraph to yourself, please, just that - five lines of that paragraph.

MR POWER: Yes, I see that.

25 **MS SHARP SC:** And do you see that as compared with the previous version of the rebate SOP I took you to, there has been a change?

MR POWER: Perhaps we could scroll down just so I can validate that. Yes, I can see that there has been a change.

30 **MS SHARP SC:** All right. But you would agree, do you, that up until the time of this effective date - I withdraw that. You would agree that up until November 2021, the guiding rule for The Star in terms of its international checklist was the 183-day rule?

35 **MS RICHARDSON SC:** I object to that question. Framing it as a rule does not reflect the language that was put - that was in the document --

MS SHARP SC: I withdraw that.

40 **MS RICHARDSON SC:** -- shown to the witness.

45 **MS SHARP SC:** I withdraw it. Could we return, operator, please, to exhibit B at 2120. And go to pinpoint 2337. And I will just have the Standards column - top half of it - enlarged for you. You would agree that until November 2021, the rebate SOP said that:

"For a patron to be considered as a non-resident of Australia, they generally must be in Australia for less than 183 days out of a rolling 12-month period."

MR POWER: I see that.

MS SHARP SC: And you agree?

5

MR POWER: I believe that the checklist formed the basis upon which the SOP sets out whether someone is eligible or not. I think that statement is an attempt to canvass what is, I guess - what is - what is the general position. But I believe it's the checklist.

10

MS SHARP SC: All right.

MR BELL SC: But you would expect employees of The Star to follow the SOP, would you not?

15

MR POWER: And I think the checklist is referred to in the SOP, Mr Bell. So I think it would be both.

MR BELL SC: I see. Thank you.

20

MS SHARP SC: Now, it's correct, isn't it, that in August of 2020 that New South Wales Liquor and Gaming commenced a rebate audit?

MR POWER: My recollection was it was later than that, but it would only be a matter of months.

25

MS SHARP SC: Can I take you, please, to exhibit B at tab 3268, which is STA.3412.0084.5907. And is this an email that you've sent to yourself, Mr Power?

30

MR POWER: It doesn't appear I even sent it. It appears that it's a draft.

MS SHARP SC: And it's dated 3 November 2021?

MR POWER: I see that, yes.

35

MS SHARP SC: Did you create this draft at that time?

MR POWER: I - I expect that I would have, yes.

40

MS SHARP SC: And for the first entry, it says:

"12 August 2021, rebate audit by New South Wales Liquor and Gaming."

MR BELL SC: 12 August 2020, Ms Sharp.

45

MS SHARP SC: I beg your pardon.

"12 August 2020, a rebate audit by New South Wales Liquor and Gaming."

MR POWER: Yes, it does say that. Yes.

MS SHARP SC: And it says:

5

"14 named persons who were of interest to Liquor and Gaming New South Wales."

MR POWER: Yes, I see that.

10

MS SHARP SC: And:

"Checklists were not able to be provided for all guests and this was explained to the regulator."

15

MR POWER: I see that.

MS SHARP SC: And what you're doing here is setting out your understanding of the chronology of events in relation to that audit and certain inquiries that were made by The Star in light of that audit?

20

MR POWER: I don't recall why I was making this note, but it appears that I'm setting out a chronology of key - key points in relation to rebate eligibility, yes.

25

MS SHARP SC: And on the basis that you were writing a chronology, you expect that it's an accurate one?

MR POWER: As I understood at the time, yes.

30

MS SHARP SC: And it is right that what you've done is attach to this chronology a series of documents which you considered supported that chronology?

MR POWER: Yes.

35

MS SHARP SC: And in particular, you refer to making a call to Mallesons on 19 August 2020 in relation to whether Star had an obligation to report an underpayment of gaming duty?

MR POWER: Yes, I see that.

40

MS SHARP SC: And that's what you did do that day, is it?

MR POWER: I believe so, yes.

45

MS SHARP SC: And is it right that on 20 August 2020, you did receive advice from KWM in relation to the consequences of under payment of gaming duty?

MR POWER: Yes.

MS SHARP SC: And is it correct that on 24 August 2020, you did receive advice from KWM in relation to the meaning of "not normally a resident of New South Wales"?

5

MR POWER: I assume the date's correct. Yes, we did get an advice.

MS SHARP SC: And is it correct that on 1 September 2020, you encouraged Greg Hawkins to find out when gaming duty is payable so that an adjustment can be made if it is determined that individuals are no longer eligible for rebate programs?

10

MR POWER: Yes.

MS SHARP SC: Now could I take you, please, to exhibit B at tab 3300, which is STA.3412.0087.7486.

15

MR POWER: I have that on my screen. If I could just have that enlarged, please?

MS SHARP SC: I'm showing you an email that you sent to Greg Hawkins on 1 September 2020.

20

MR POWER: I can see that, yes.

MS SHARP SC: And if I could start at the bottom of that email chain - operator, if you could scroll down to an email from Mr Power dated 12 August 2020. And you there state:

25

30

"Hi Greg, as discussed, I would appreciate your assistance in formulating the response to the regulator in relation to 14 named persons who were of interest to Liquor and Gaming New South Wales part of their rebate audit."

MR POWER: Yes.

MS SHARP SC: And then what - if you've got the - I withdraw that. Did you create this little coloured schedule we see at the bottom of this document?

35

MR POWER: I don't believe so, no.

MS SHARP SC: Who created that?

40

MR POWER: I expect it may have been someone in the regulatory affairs team.

MS SHARP SC: And when we look at the question "issue", is "RC" a reference to residency checklist?

45

MR POWER: I would expect so, yes.

MS SHARP SC: And is it right that what's being depicted in the green shade here is an absence of records in relation to the residency checklist?

5 **MR POWER:** Certainly that - in relation to that first customer, it appears that it's suggesting that we don't have it at that stage, yes.

MS SHARP SC: So is it right that for some of these 14 people, you were not able to identify residency checklists having been completed by The Star?

10 **MR POWER:** Not able to identify them at that time, yes.

MS SHARP SC: And it is right that another problem was you could not identify certain documents supporting assertions that were made in the residency checklists that were available to you?

15 **MR POWER:** I beg your pardon, Ms Sharp. Would you mind, please, repeating that?

20 **MS SHARP SC:** Yes. Is it right that where you did have the residency checklists, in some cases you could not find the documents which supported assertions made in those checklists?

MR POWER: If I could just have a quick read, please. I'm not sure if there's - it's suggested that the documents supporting the checklists can't be found.

25 **MS SHARP SC:** Well, I'm really asking you for your recollection. What do you recollect happened?

MR POWER: I think we were trying to get to the bottom of the request from the regulator and get assistance in providing information that had been requested.

MS SHARP SC: And what did you find when you were trying to compile that information?

35 **MR POWER:** Well, I think we were provided with some documents from the business and we were seeking assistance from Mr Hawkins's team to try and track down any documents that hadn't been identified. So if I'm - my timing is right, I believe that the casino was operating on a restricted basis and staff members had been stood down at the time. And so we were needing assistance to try and track
40 down documents and also seek documents out of archive with the staff that were still employed at the time.

MS SHARP SC: And was there a concern at this time that while the Australian borders were shut due to COVID, rebate play was still occurring --

45 **MR POWER:** I - I certainly wouldn't say - I beg your pardon.

MS SHARP SC: Was there a concern at this time that while Australia's borders were shut, there was still international rebate play occurring at The Star in Sydney?

5 **MR POWER:** I'm not sure if I would say it was a concern at the time, but it was certainly something that piqued our interest in the legal and regulatory affairs teams, yes.

10 **MS SHARP SC:** Because that might raise a red flag about how, given that the borders were shut, it could be said that people were not ordinarily resident in New South Wales for 183 days out of the year?

MR POWER: Certainly we were interested in how that would be the case, yes.

15 **MS SHARP SC:** Could I take you, please to exhibit B3301, which is STA.3412.0087.7489. And what I'm showing you is an advice - well, it is an advice from Mallesons to you dated 20 August 2020?

20 **MR POWER:** I believe it is, yes.

MS SHARP SC: And what you had done was seek some advice about whether The Star had an obligation to report an underpayment of duty?

25 **MR POWER:** Yes, I think related to the issue that you just identified.

MS SHARP SC: And you received that advice about what The Star's legal obligations are in this email; do you agree?

30 **MR POWER:** Yes, I agree.

MS SHARP SC: And can I take your attention, please, to the third-last paragraph there. It says:

35 "It seems to me that upon discovering that Star had made a mistake as to the normal residency of a person who had originally been treated as a rebate player, Star would then be aware of an inaccuracy in the relevant records held by The Star."

40 **MR POWER:** Apologies. Can we just - the screen enlarged when I was reading. I'm just trying to find that point, Ms Sharp, if you could help me to it.

MS SHARP SC: Yes. I will ask the operator to highlight the third paragraph from the bottom, please, which commences, "It seems to me."

45 **MR POWER:** No - yes, sorry, I have that now. Yes, I see that.

MS SHARP SC: And right at the bottom - and I will take you to the bottom and then the few paragraphs on the following page:

5 "The upshot is that, in my view, The Star has an obligation to notify ILGA if The Star becomes aware that it has incorrectly classified a person as a rebate player by reason of their normal residency, and to pay the difference in duty plus penalty interest."

And then it says:

10 "If, on the other hand, the facts are that Star's records are insufficient to allow you to determine whether persons who have been treated as rebate players were not normally residents of New South Wales at the time they gambled at The Star, it does not automatically follow that duty has been underpaid."

15 And what did you understand this advice to mean?

MR POWER: Sorry, bear with me. It was - the - the screen was moving when you were reading. I'm just quickly catching up. I think at the time when I spoke to KWM, my initial concern was that during - the borders were shut, and people had been here for longer than they were otherwise entitled to be considered not normally a resident of New South Wales, that we may have underpaid duty. And the advice certainly highlighted a bunch of obligations that arise. And the part you have specifically referred me to is just what would actually trigger a notification to the regulator.

25 **MS SHARP SC:** And did you understand the advice to be that if your records were unclear, that did not trigger a duty to notify the regulator?

30 **MR POWER:** No, I think the gist of the advice was that it's actually a factual matter whether someone is or isn't eligible to be on a rebate program. And if it becomes known to us that they are not and, in fact, that had been treated under a rebate program, that we would have an obligation to notify, but that we wouldn't otherwise.

35 **MS SHARP SC:** And did this cause you to think that you should have a look back at whether the records were sufficient to support the residency checklist or not?

MR POWER: Certainly in relation to those people that were on rebate programs during that period that the casino was - sorry, that the borders were closed. Yes.

40 **MS SHARP SC:** And so did you have a look back for that period when the borders were closed?

45 **MR POWER:** Not me personally, but I understood that the business did look back at those customers and their eligibility.

MS SHARP SC: And how do you understand the business did that - I withdraw that. How were you of that understanding?

MR POWER: I believe that was communicated to me by Mr Hawkins.

5 **MS SHARP SC:** Can I take you, please, to exhibit B at tab 3270, which is STA.3412.0084.5910. And I'm showing you an advice from King & Wood Mallesons dated 2 September 2020. Do you remember receiving that?

MR POWER: I do, yes.

10 **MS SHARP SC:** And it's right, isn't it, that you're here being provided advice about what the expression "not normally resident in New South Wales" means?

MR POWER: Yes.

15 **MS SHARP SC:** Because this has implications for whether The Star can say somebody is a rebate player?

MR POWER: Yes.

20 **MS SHARP SC:** And pay less duty?

MR POWER: Yes.

25 **MS SHARP SC:** And it's right, isn't it, that KWM advises you on this first page under the heading Overview:

"There is no bright line test of when a foreign individual will be taken to be 'not normally resident in New South Wales'."

30 And:

"The fact that the individual had been resident in New South Wales for six months or more is not determinative."

35 **MR POWER:** Yes, it says that.

MS SHARP SC: But is it correct that at this time, to your knowledge, Star had been treating that six-month test as determinative?

40 **MR POWER:** My understanding was it was certainly part of the checklist process. But then when the borders were shut, the suggestion - I - if I recall it correctly, the suggestion put to us was even though they had been there longer than six months, they're still not normally residents of New South Wales. It was only by virtue of the fact that the borders were shut that they were staying longer and that there was a question put to us by the business as to whether or not that
45 was sufficient. That was a position that was accepted in Queensland and discussed with the regulator at the time. But it wasn't a position that was discussed or agreed in New South Wales.

MS SHARP SC: My question was slightly different, Mr Power.

MR POWER: My apologies.

5 **MS SHARP SC:** Until you received this advice, it was your understanding, wasn't it, that the way The Star determined whether or not a citizen was not normally resident in New South Wales was to look at whether they'd been in New South Wales for six months, that is, 183 days?

10 **MR POWER:** My understanding was that the checklist would be referred to to determine whether or not someone was eligible, and I believe that that was part of the checklist.

15 **MS SHARP SC:** If I can take you over the page to pinpoint 5911. Do you see there's a heading Discussion?

MR POWER: Yes.

20 **MS SHARP SC:** And it says:

"There is no definition in the duty agreement of the meaning of the concept 'not normally resident in New South Wales'."

25 **MR POWER:** Yes.

MS SHARP SC: And a little further down it says:

30 "The cases call for close analysis of (a) the behaviour of the individual while present in the relevant jurisdiction."

MR POWER: Yes.

MS SHARP SC: And then a little further down:

35 "(b) the period of physical presence in the relevant jurisdiction."

MR POWER: Yes, I see that.

40 **MS SHARP SC:** So did you understand, when reading this advice, that to determine whether somebody was not normally resident in New South Wales did not mean that you could simply ask whether they had been physically present in New South Wales for a period of 183 days or over?

45 **MR POWER:** That's how I understood the advice, yes.

MS SHARP SC: And do you see immediately above the heading What Further Steps that there's the recommendation that:

"The Star revise its standard operating procedure to collect more information from foreign individuals."

And a little further:

5

"In our view, three months would be an appropriate period to adopt, as most tourist visas permit the visa holder to stay for up to that period."

MR POWER: Yes, I see that.

10

MS SHARP SC: And do you see under the heading at the bottom of that page, it says:

15

"The current streamlined process for assessing residency for certain low risk categories of visa holders involves a degree of risk for The Star that we consider to be inappropriate. In our view, the streamlined process should be applied only to foreign passport holders who have been resident in the country of these specified visas for a period of three months or less."

20

MR POWER: I see that, yes.

MS SHARP SC: And over to the top of the following page:

25

"All other individuals should be subject to more detailed scrutiny of their residency. And if an individual has been present in Australia for more than three months, their residency status should be reviewed monthly."

MR POWER: Yes, I see that.

30

MS SHARP SC: Right. So you understand that KWM were recommending that The Star take a different approach?

MR POWER: Yes.

35

MS SHARP SC: Can I take you now, please, to exhibit B at tab 2571, which is STA.3412.0067.1375.

MR POWER: Yes, I see that.

40

MS SHARP SC: Now, this is an advice that you sent to Mr Hawkins on 4 September 2020?

MR POWER: Yes.

45

MS SHARP SC: And you there state:

"See our advice below in relation to the characterisation of residency for rebate play in New South Wales."

MR POWER: Yes.

5 **MS SHARP SC:** And you advise Mr Hawkins under the heading What Needs to Be Done:

10 "(1) Before submitting the duty calculation to the New South Wales regulator for July, there is a need to do an urgent stocktake of who has been playing on rebate programs during the month of July and work out whether we have substantiation of that fact that they are not normally resident of New South Wales."

15 **MR POWER:** Yes. It would help if we could expand the page. But, yes, I see that.

MS SHARP SC: And you advised him at point 2 that there were serious consequences if a person mischaracterised the purposes of rebate duty calculation?

20 **MR POWER:** Yes.

MS SHARP SC: And you advised him of that matter at point 3, which is in blue shade, which I can't read out to you.

25 **MR POWER:** I understand. Yes.

MS SHARP SC: And can I take you to the heading Notification Obligations at point 6.

30 **MR POWER:** Yes.

MS SHARP SC: And you advised him that:

35 "Care needs to be taken in substantiating the residency status of these individuals and our records/correspondence in this regard. There is a requirement to notify the casino regulator in circumstances where it is known that duty has been underpaid."

And:

40 "Accordingly, if there is any doubt, the safer approach would be to move any players that we do not presently have substantiation into the non-rebate revenue/duty calculation."

45 **MR POWER:** Yes.

MS SHARP SC: And at point 7, you said:

"Moving forward, it is recommended that enhanced due diligence is undertaken in order to obtain sufficient justification/substantiation before a player commences on a rebate program and, after a period of three months, is then assessed on a routine basis."

5

MR POWER: Yes.

MS SHARP SC: So you were giving effect, really, to the advice you had just received from KWM; is that right?

10

MR POWER: I believe so, yes.

MR BELL SC: Operator, could we just move back up the page to the part that is in blue, please. Now Ms Richardson, I would understand that this has been put in blue because it refers back to the 2019 rebate SOP and the manner of calculating non-residents. I would have thought that it would follow that there is no confidentiality in the information in paragraph 3. Can you take instructions on that?

15
20 **MS RICHARDSON SC:** I will do that.

MR BELL SC: Thank you.

MS SHARP SC: Would now be a convenient time for an adjournment?

25

MR BELL SC: Yes, it would. I will adjourn for 15 minutes.

MS SHARP SC: Thank you.

30 **<THE HEARING ADJOURNED AT 3:27 PM**

<THE HEARING RESUMED AT 3:42 PM

MR BELL SC: Ms Richardson, have you had a chance to take instructions on that issue in relation to paragraph 3?

35

MS RICHARDSON SC: We accept that paragraph 3 is not confidential.

MR BELL SC: Yes. Thank you. Yes, Ms Sharp.

40

MS SHARP SC: Mr Power, if I can just direct your attention to that paragraph 3. You there state that:

45

"If you have not already done so, anyone who has been in New South Wales for more than 183 days in the past 12 months should be transitioned into a non-rebate duty calculation, in order to comply with the rebate SOP."

MR POWER: Yes, I see that.

MS SHARP SC: So at this point, you were still using the 183 test as a bright line test, were you?

5 **MR POWER:** Well, I believe that that was required under the SOP or at least the checklist. So as far as the SOP was concerned, that was the relevant - that was a relevant test, yes.

10 **MS SHARP SC:** Could I take you now, please, to exhibit B at tab 3277 at STA.3412.0084.5940. And I'm now showing you an email exchange between you and Mr Hawkins. Can I firstly take you to the middle of the page where Mr Hawkins sends an email to you dated 8 October 2020?

15 **MR POWER:** Yes, I see that.

MS SHARP SC: Now, what Mr Hawkins states here is that:

20 "The current COVID situation, including periods of closure of the property as well as the ongoing closure of international and some domestic borders, unfortunately exposed some administrative confusion regarding the status of a number of rebate classified players. As per your guidance on point 3, when this was identified we immediately transitioned any rebate player who had been in New South Wales for greater than 183 days onto a non-rebate player profile."

25 **MR POWER:** Yes.

30 **MS SHARP SC:** Now, did you have any conversations about this point with Mr Hawkins at that time?

MR POWER: I don't believe so, no.

35 **MS SHARP SC:** And what did you understand him to mean? Did you understand him to - sorry. Did you understand him to mean that he did not have the documents to support the proposition that these people had not been in New South Wales for 183 days?

MR POWER: No, I didn't take it to mean that.

40 **MS SHARP SC:** Well, he says that:

"The COVID situation unfortunately exposed some administrative confusion regarding the status of a number of rebate classified players."

45 What did you understand that to mean?

MR POWER: I think my understanding, when I received this, was that there was a distinction between the position in Queensland and the position in New South

Wales. So the Queensland regulator had accepted the proposition that people were stuck in Queensland because of border closures and, while they were stuck here, they still weren't ordinarily residents of Queensland. And I - I understood this to mean that the business had taken that to be a - an approach that they could also
5 adopt in New South Wales. But I don't believe that was a position that we were able to take. That's my understanding of that - that sentence.

MS SHARP SC: All right. Because to your understanding, the New South Wales regulator had never said you don't have to count COVID days when making a
10 determination of whether somebody is not ordinarily resident in New South Wales?

MR POWER: That's my recollection, yes.

MS SHARP SC: Did you expressly ascertain with Mr Hawkins whether he had located documents which supported the assessment that these people had not been
15 in Australia - sorry, in New South Wales for more than 183 days?

MR POWER: Apologies. Would you mind, please, repeating that question?
20

MS SHARP SC: Yes. It's difficult because of the negative I have to use, which is "not ordinarily resident in New South Wales". So I will try and put the question a bit more simply. Did you leave it to Mr Hawkins to decide - in fact, I won't ask that question. I withdraw that. Can I take your attention to the email at the top of
25 the page. And this is on Saturday, 17 October?

MR POWER: I see that, yes.

MS SHARP SC: And what you say there - third line is:
30

"I will leave it to you to liaise with the finance team to ensure that the monthly rebate duty reports and weekly non-rebate duty reports provided to Liquor and Gaming are in order and any necessary adjustments have been (or will be) made."

MR POWER: Yes.
35

MS SHARP SC: So you didn't provide any further advice about that matter?

MR POWER: I don't believe so, no.
40

MS SHARP SC: And you didn't check as to whether any adjustments needed to be made?

MR POWER: The only thing I recall is that I believed that there was an urgency because ordinarily - this is the best of my recollection, that ordinarily the tax is dealt with the month following the prior month. And I had understood that we needed to quickly get on top of this, but it may have been - I think I learn at some
45

point that due to the COVID period, the State Government had agreed that we could delay the payment of tax. So in fact, there had been more time to make the assessment. That's my recollection of it. But to answer your question, Ms Sharp, I didn't - I don't recall playing any further role in that, no.

5

MS SHARP SC: Can I take you now, please, to exhibit D at tab 36. Do you see this is a Response to Request for Information Dated 18 February 2020?

MR POWER: I see that, yes.

10

MS SHARP SC: And it's CORRO.001.001.0556. Did you prepare this document?

MR POWER: No, I didn't.

15

MS SHARP SC: Have you seen this document before?

MR POWER: I can't tell from that page. It doesn't look familiar to me.

20

MS SHARP SC: I will just take you over to pinpoint 0558. Do you understand that this is a response to the New South Wales Liquor and Gaming in relation to a query dated 18 February 2022?

25

MR POWER: Apologies. Would you mind - would the operator please scroll up to the top of the document? It's not clear to me who the response is to. I mean, request for information - I mean, it almost appears to me that it was in response to a request from this Review. But I - I can't be sure. I didn't - I don't believe I was involved in preparing the response.

30

MS SHARP SC: Yes. In fact, I am told that this is a response to this Review. But were you involved in it?

MR POWER: No, I was not.

35

MS SHARP SC: Can I take you now to exhibit B, tab 3268, which I've already taken you to, but I have one more question. This is the draft document that you prepared. Why were you preparing this at this time?

40

MR POWER: I don't recall. I'm wondering whether this was an email I sent to one of the other lawyers in our team. But at the time, either it - either it may not have gone through or that - I believe I might have been asked by one of the lawyers in the team about the series of events. So I might have been collating the relevant information together for my own purposes. I don't recall, if I'm being honest, why I prepared it.

45

MS SHARP SC: Can I take you, please, to exhibit B tab 3295, which is STA.3412.0087.7473. Do you see this is an email from you to Mr Hawkins dated 29 January 2021?

MR POWER: Yes, I see that.

MS SHARP SC: And what you say in that second full paragraph is:

5 "In the course of preparing this response we also reviewed our rebate eligibility documentation for some international rebate players. We will need to discuss this at some stage and the risks associated with failing to adhere strictly to the rebate SOP."

10 Was it your view at the time that there had been a failure to adhere strictly to the rebate SOP?

MR POWER: My recollection is there may have been some examples that I had been made aware of where the SOP hadn't been strictly followed, yes.

15 **MS SHARP SC:** And did you have a discussion with Mr Hawkins about that?

MR POWER: I - I can't recall if I did have a discussion. I expect that I - that I would have.

20 **MS SHARP SC:** Well, it was only about two or three months ago. What's your best recollection?

25 **MR POWER:** I think it's longer than - I think this is 2021, but I - I don't have a recollection of it.

MS SHARP SC: I withdraw that. I'm sorry. It's a year and a couple of months ago.

30 **MR POWER:** But - but either way, I - I know that I had discussions with Mr Hawkins about rebate SOP and the need to ensure that our paperwork was in order.

35 **MS SHARP SC:** Now, you're familiar with Project Zurich, are you?

MR POWER: I am, yes.

MS SHARP SC: And what is that?

40 **MR POWER:** I believe it was The Star's attempt to look at matters that had been raised in the Bergin Inquiry and undertake an assessment of whether there were vulnerabilities or issues arising out of The Star's operation of - well, it's not Star's operation, but relevant to The Star.

45 **MS SHARP SC:** And relating to what issues, Mr Power?

MR POWER: I think there were some issues that came up in the Bergin Review that we - The Star wished to examine in order to understand what The Star's

position was. So for example, the operation of The Star's bank accounts and whether there were similar arrangements in place at The Star that existed in relation to Crown's operation of their bank accounts and matters that came up during the Bergin Inquiry. So bank accounts was one. There was a number of topics, and I think CUP was examined as part of that. I believe the governance structures in place at The Star and their arrangements in relation to shareholdings - things like that had been reviewed.

10 **MS SHARP SC:** And it's correct, is it, that you presented to the board in 2021 regarding Project Zurich?

15 **MR POWER:** It was certainly included in updates that we prepared for the board, but I believe that occasionally - or in relation to CUP, for example, that the lawyer that was assisting us at the time presented to the board on that matter.

15 **MS SHARP SC:** And that was Mr Seyfort, was it?

MR POWER: That's correct.

20 **MS SHARP SC:** Could I take you, please, to STA.3412.0038.5089.

MR POWER: Yes, I have that up.

25 **MS SHARP SC:** And you see this is titled Board Paper, dated 27 May 2021 and it's said to be from Ms Martin and yourself?

MR POWER: Yes, I see that.

30 **MS SHARP SC:** Did you prepare this document?

MR POWER: I certainly would have prepared the initial draft, and it would have been reviewed by Ms Martin and Mr Bekier before going to the board.

35 **MS SHARP SC:** Is there some reason why this document is marked as being privileged?

MR POWER: I suspect it may contain reference to legal advice within it.

40 **MS SHARP SC:** Well, was the dominant purpose for bringing this document into existence to provide legal advice?

MR POWER: No, I don't believe so.

45 **MS SHARP SC:** Well, why is it marked "privileged"?

MR POWER: I believe we would have marked it "privileged" because it may signal that the document contains legal advice and may need to be redacted.

MS SHARP SC: So this is another example of where you've marked something "privileged" without satisfying yourself that it is, in fact, privileged?

5 **MR POWER:** I - I don't believe that's - that's accurate. I think if a document contains privileged material, that material will still be privileged. The whole document itself may not be privileged, but the reference to legal advice could be.

10 **MS SHARP SC:** Can you have a look, please, on the first page at point number 3, Risk Assessment Methodology?

MR POWER: Yes.

15 **MS SHARP SC:** And it's here that you're referring to an external advisor being engaged to oversee risk assessments of key risk areas?

MR POWER: That's correct.

20 **MS SHARP SC:** And what you do is identify focus areas at paragraphs (a) through (j) on the following page?

MR POWER: Yes.

25 **MS SHARP SC:** And is it right that these are the areas where you perceived The Star may have some shortcomings in light of matters arising in the Bergin Inquiry?

MR POWER: I wouldn't say that I specifically thought of as areas where there may be shortcomings. But in discussion with Ms Martin and Ms Martin's discussions with others, they were the areas identified.

30 **MS SHARP SC:** And what was the purpose of retaining HWL Ebsworth?

35 **MR POWER:** Well, I think at this point in time - you know, it was a particularly hectic period, and I just don't think we had capacity - the legal team - the internal team - to start doing an analysis of these areas. So the idea would be that we take someone who is independent of us to - to be able to do an analysis or a risk assessment of these areas and provide us with some guidance or some advice on whether or not they felt we had similar issues.

40 **MS SHARP SC:** And was it your view that Mr Seyfort of HWL Ebsworth was independent from you?

MR POWER: Yes.

45 **MS SHARP SC:** It's right that he had provided The Star with advice about various patron account issues over the years, isn't it?

MR POWER: I expect he would have. He had been a fairly long-term AML advisor for The Star.

MS SHARP SC: Well, in that event that he had - well, on that basis, how can it be said that he is independent?

5 **MR POWER:** Well, he's independent of The Star.

MS SHARP SC: So independent of The Star but not necessarily independent in terms of the issues he was providing a review with respect to?

10 **MR POWER:** Potentially. He had previous involvement. I'm not sure if any of these issues related to matters that he had previously advised on. I - I couldn't say.

MS SHARP SC: Well, I will suggest to you that he did previously advise in relation to the EEIS transactions. Are you aware of that?

15

MR POWER: I - I was not involved in - in that advice, but I accept that that may have been the case, yes.

20 **MS SHARP SC:** And were you aware that he drafted the agreement between Star and Kuan Koi?

MR POWER: No, I wasn't aware of that.

25 **MS SHARP SC:** And are you aware that he provided advice about whether IFTIs should be lodged in respect of certain patron bank account transactions?

MR POWER: I'm not aware of that, no.

30 **MS SHARP SC:** Well, now you are aware, does that cast any doubt on the question of whether he's able to conduct an independent review of these issues?

MR POWER: Not in my mind, no.

35 **MS SHARP SC:** It is right that you reviewed - I withdraw that. He prepared a number of review papers for the purpose of submission to the board; is that correct?

MR POWER: That's correct.

40 **MS SHARP SC:** And it's right that you reviewed and commented on those draft reports before they were finalised?

MR POWER: I expect so, yes.

45 **MS SHARP SC:** So if could I take you, please, to STA.3402.0007.1612.

MR POWER: Yes, I see that.

MS SHARP SC: Could I take you, please, to - this is exhibit B2972. Can I take you to the bottom of that first - well, actually, I will take you to the start of the email chain. But do you see that this is an email chain that involves Mr Seyfort at the bottom of that first page?

5

MR POWER: Sorry. At the bottom of the first page, yes, on 7 July.

MS SHARP SC: And if I take you over the page, you send an email to Mr Seyfort on 7 July 2021. Do you see that?

10

MR POWER: I do.

MS SHARP SC: And you say:

15

"I would appreciate having a quick discussion with you this afternoon/evening in relation to the final point about transactions outside the AML program."

MR POWER: I can see that.

20

MS SHARP SC:

25

"We discussed this previously and the inferences that could be drawn from this, but that need to be tied back to a risk assessment approach in the context of the company's risk appetite statement."

MR POWER: I see that, yes.

30

MS SHARP SC: Were you seeking to suggest to him what the contents of his report should be?

MR POWER: I don't recall what that's a reference to. So I'm not - I'm not sure.

35

MS SHARP SC: Can I take you to pinpoint 1612, which is the first page. Do you see Mr Seyfort sends you an email on 7 July 2021 and he says:

"Here is my updated draft"

40

Is that - "review paper" - "on bank accounts."

MR POWER: Yes, if I could get that expanded slightly, please. And scroll down.

MS SHARP SC: And do you see that he says:

45

"My EEIS concerns appear on page 1. I have needed to express them carefully, because the concerns actually relate to management and control which technically is at the edge at, or outside the scope of, this paper."

MR POWER: Yes.

MS SHARP SC:

5 "I'm happy to have another quick chat if you see it differently."

MR POWER: I see that.

10 **MS SHARP SC:** So was he running the contents of his report by you to see if you were satisfied with those contents?

15 **MR POWER:** I'm not sure if it was to see I was satisfied. I think he may be suggesting that this paper is not the paper in which concerns around EEIS should appear, that potentially it was in another paper. But I guess that would be a question for Mr Seyfort.

MS SHARP SC: Do you maintain that Mr Seyfort was independent of you in preparing these reports?

20 **MR POWER:** I do, yes.

MS SHARP SC: And did you try to influence the opinions that he expressed in any way?

25 **MR POWER:** I don't believe so.

MS SHARP SC: No further questions, Mr Bell.

30 **MR BELL SC:** I beg your pardon? Have you finished, Ms Sharp?

MS SHARP SC: Yes, I have, Mr Bell.

35 **MR BELL SC:** Mr Power, is there an employee of The Star or Star Entertainment known to you by the name of Justin Yi, Y-i?

MR POWER: Not - not known to me, Mr Bell.

MR BELL SC: All right. Yes, Ms Richardson. Do you have any questions?

40 **MS RICHARDSON SC:** Sorry. If I could just have 10 seconds, please.

MR BELL SC: Yes.

45 **MS RICHARDSON SC:** No questions. Thank you.

MR BELL SC: Thank you very much. Mr Power, the direction I will make is that your examination is adjourned, but you won't be required to attend again unless you receive notification from those assisting the Review. Thank you.

<THE WITNESS WAS RELEASED

5 **MR BELL SC:** Yes, Ms Sharp. Who is the next witness?

MS SHARP SC: I call Paula Martin.

10 **MR BELL SC:** Do you need a moment or two to get Ms Martin available, Ms Richardson?

MS RICHARDSON SC: Yes. She is physically in Brisbane and we are in Sydney, but I think there will have to be a changeover of cameras.

15 **MR BELL SC:** Yes. I will adjourn for five minutes.

<THE HEARING ADJOURNED AT 4:07 PM

<THE HEARING RESUMED AT 4:15 PM

20 **MR BELL SC:** Ms Martin, would you prefer to take an oath or an affirmation?

MS MARTIN: I will take an affirmation, thanks, Mr Bell.

25 **<PAULA MAREE MARTIN, AFFIRMED**

MR BELL SC: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

30 **MS SHARP:** Could you state your full name please, Ms Martin.

MS MARTIN: Yes. It's Paula Maree Martin.

35 **MS SHARP SC:** And your work address is known to those assisting this Review?

MS MARTIN: I believe so, yes.

MS SHARP SC: You've prepared two statements for the purpose of this Review?

40 **MS MARTIN:** Yes, I have.

MS SHARP SC: The first of those statements is dated 8 February 2022?

45 **MS MARTIN:** Yes.

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

MS MARTIN: Yes.

MS SHARP SC: And there are some corrections you've made in your 22 March 2022 statement; is that right?

5 **MS MARTIN:** Yes.

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

MS MARTIN: Yes.

10

MS SHARP SC: What is your present position at Star Entertainment Group?

MS MARTIN: I'm the Chief Legal and Risk Officer.

15 **MS SHARP SC:** And it's right that you've held that position since August of 2019?

MS MARTIN: Yes, I have.

20 **MS SHARP SC:** And you have, in fact, been employed by The Star Entertainment Group for around 11 years?

MS MARTIN: That's right.

25 **MS SHARP SC:** And you were in the position of General Counsel, Queensland, from June 2011 till August 2012?

MS MARTIN: Yes.

30 **MS SHARP SC:** And you were the Company Secretary at that time?

MS MARTIN: Yes.

MS SHARP SC: That was the Company Secretary of Star Entertainment Group?

35

MS MARTIN: That's right, yes.

MS SHARP SC: And then from August 2012 to August 2019, you were the group General Counsel and the Company Secretary?

40

MS MARTIN: Yes.

MS SHARP SC: And it's from August 2019 that you've held your current position?

45

MS MARTIN: Yes.

MS SHARP SC: It's correct that you report to the CEO?

MS MARTIN: Yes, I do.

MS SHARP SC: And who is presently the CEO?

5

MS MARTIN: Ms Sharp, I should clarify that at the moment, I'm actually reporting to the Executive Chairman as of - just in the last week or so. And prior to that, I reported to the Managing Director and CEO, Mr Matt Bekier.

10 **MS SHARP SC:** And it's right, isn't it, that you are responsible for a range of functions, including legal, regulatory, financial crime and investigations, risk, insurance compliance, internal audit and social responsibility?

MS MARTIN: Yes.

15

MS SHARP SC: So not all of your work is legal work, is it?

MS MARTIN: That's right.

20 **MS SHARP SC:** And in fact, there are a number of matters in respect of which you are called upon to advise where you are not providing legal advice?

MS MARTIN: Yes.

25 **MS SHARP SC:** Now, at paragraph 9 of your first statement, you identify the individuals who reported directly to you as at August 2019?

MS MARTIN: Yes.

30 **MS SHARP SC:** And those individuals included Andrew Power and Oliver White?

MS MARTIN: Yes, that's right.

35 **MS SHARP SC:** And also Kevin Houlihan, who at that time was the group investigations manager?

MS MARTIN: Yes.

40 **MS SHARP SC:** And you say that Andrea Long, who was a regulatory affairs manager in Queensland, reported directly to you at that time?

MS MARTIN: Yes, that's right.

45 **MS SHARP SC:** Was there a regulatory manager in New South Wales at that time?

MS MARTIN: Yes, there was.

MS SHARP SC: And who was that?

MS MARTIN: I believe that was Graeme Stevens at that time.

5

MS SHARP SC: Is there some reason why you didn't note that in paragraph 9?

MS MARTIN: He didn't report to me at that time, Ms Sharp.

10 **MS SHARP SC:** Is the reporting line of Mr Stevens at that time via Mr Power?

MS MARTIN: That's right.

MS SHARP SC: At paragraph 14, you refer to the fact that:

15

"In May 2019, the role of due diligence program manager was added on a contract basis."

MS MARTIN: Yes, that's right.

20

MS SHARP SC: And that was Mr - was and is Mr Angus Buchanan?

MS MARTIN: Yes.

25 **MS SHARP SC:** And it is right that he has had a promotion since he commenced working at Star?

MS MARTIN: Yes. He's had a change of role, which I think you would classify as a promotion, yes.

30

MS SHARP SC: And what's his position now?

MS MARTIN: He's currently the Group Manager of Due Diligence, I think is the title— correct me - if I have that correct, in the Financial Crime and Investigations Department.

35

MS SHARP SC: And when he was the Due Diligence Program Manager, did he report directly to you?

40 **MS MARTIN:** Yes, he did.

MS SHARP SC: Does he still report directly to you?

MS MARTIN: No, he doesn't.

45

MS SHARP SC: He reports directly now to Mr Houlihan, does he?

MS MARTIN: That's right.

MS SHARP SC: And Mr Houlihan reports directly to you?

MS MARTIN: Yes.

5

MS SHARP SC: And Mr Power reports directly to you?

MS MARTIN: Yes, he does.

10 **MS SHARP SC:** And until his resignation, Mr White reported to you, or did he report through Mr Power for a particular period of time?

MS MARTIN: That's right. He reported through to Mr Power for a particular time.

15

MS SHARP SC: Now, it's right that Wayne Willett was the AML/CTF administrator for a period of time?

MS MARTIN: Yes, I believe he was one of them.

20

MS SHARP SC: Does he still hold that position?

MS MARTIN: The title may have changed slightly, but yes. I think he's now an AML manager in New South Wales, may be the correct title now. I would need to check that, Ms Sharp.

25

MS SHARP SC: In 2019, did he report directly to you?

MS MARTIN: No. Not in 2019, no.

30

MS SHARP SC: Who did he report to then?

MS MARTIN: Sorry, which part of 2019?

35 **MS SHARP SC:** I think things changed in November of 2019.

MS MARTIN: Yes, they did. Thank you.

MS SHARP SC: Okay. Prior to November 2019, did he report directly to you?

40

MS MARTIN: No, he didn't.

MS SHARP SC: And who did he report to?

45 **MS MARTIN:** At that time, I - I think he either reported to Skye Arnott or Micheil Brodie.

MS SHARP SC: And did Micheil Brodie report to you?

MS MARTIN: Micheil Brodie reported to me from August 2019, yes.

5 **MS SHARP SC:** And is he still somebody who reports directly to you?

MS MARTIN: He is, albeit his role has changed. Between August and November of 2019.

10 **MS SHARP SC:** And how did his role change?

MS MARTIN: So originally when Mr Brodie reported to me, he had responsibility for the areas of compliance and anti-money laundering. Those areas were moved in terms of area of responsibility across to the group General Counsel role, Mr Power.

15 **MS SHARP SC:** And, sorry, did that happen in August of 2019 or November of 2019?

20 **MS MARTIN:** I think it was effectively from the start of November by the time the organisational structure had been put in place.

MS SHARP SC: And in your capacity as the Chief Risk Officer, what are your key responsibilities?

25 **MS MARTIN:** Just to clarify, just with respect to the risk aspect or my whole role?

MS SHARP SC: Your risk aspect.

30 **MS MARTIN:** So in relation to the risk aspect, I oversee a risk and assurance team. And that team, led by myself, has responsibility for implementing our risk advisory function, and that includes establishing the risk management framework and governance structure around the management of risk within the company, also providing advice to business stakeholders on risk management. And then we also
35 have reporting lines and responsibilities through to the board risk and compliance committee.

40 **MS SHARP SC:** And in your capacity as the Chief Legal Officer, what are your key responsibilities?

MS MARTIN: So again, just to clarify, just with respect to the legal part of the team?

45 **MS SHARP SC:** Yes.

MS MARTIN: Yes. So I oversee and manage the team of lawyers that exist within The Star Entertainment Group, and they report through to myself. That team is charged with providing legal advice to the business on any range of

matters that are relevant to the overall conduct of the business of the Star Entertainment Group.

5 **MS SHARP SC:** Is it correct that you've developed a detailed understanding of the Casino Control Act during the course of your duties with Star Entertainment?

MS MARTIN: In New South Wales - the New South Wales Act?

10 **MS SHARP SC:** Yes.

MS MARTIN: Yes. I would describe my understanding of that Act as a high-level working knowledge, but I would have to have recourse to it to recall specific provisions.

15 **MS SHARP SC:** As we know, Mr Bekier recently resigned as the managing director and CEO. At that time, did he also resign as a director of The Star Pty Ltd?

20 **MS MARTIN:** I'm not aware that he's resigned from that subsidiary entity at this time.

MS SHARP SC: That's the subsidiary entity that holds the casino licence, isn't it?

25 **MS MARTIN:** It is.

MS SHARP SC: Are you aware that one of The Star's core values is "do the right thing"?

30 **MS MARTIN:** Yes, I am.

MS SHARP SC: That was a value that was introduced in about 2020, was it?

MS MARTIN: Yes. I think it was about 2020, yes.

35 **MS SHARP SC:** And what was your role, if any, in the introduction of that value?

40 **MS MARTIN:** I don't recall playing a specific role other than as part of the broader executive committee group, which I think we were engaged in a discussion with Mr Bekier about that.

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

45 **MS MARTIN:** I generally understand that value as one of our four core values that means, broadly as it reads, as in, the team at The Star should hold as a value doing the right thing in the way we conduct ourselves, in the way we make decisions, for example, and consider matters as we go about doing our roles. I

understand it also involves a component of speaking up or raising issues that we see that may not accord with that value.

5 **MS SHARP SC:** Do you agree that it is important for the casino operator in all dealings with the regulator to answer questions honestly, fully and transparently?

MS MARTIN: Yes, I do.

10 **MS SHARP SC:** Has that always been your approach while you've worked at Star Entertainment?

MS MARTIN: Yes, I think that's always been my approach.

15 **MS SHARP SC:** Is it correct that you're the chair of an ethics panel at Star Entertainment?

MS MARTIN: I'm a member of the ethics panel. I have chaired it from time to time, but so have others.

20 **MS SHARP SC:** And how long has that ethics panel been in existence?

MS MARTIN: I don't recall a specific date, but I believe it was in 2018.

25 **MS SHARP SC:** And what is the remit of the ethics panel?

MS MARTIN: So the ethics panel operates under a charter, and it is a group that is comprised from different departments across The Star Entertainment Group. And its remit is essentially to bring together different areas of skill base to assess things that may present themselves as ethical matters requiring consideration.
30 They range from some items that are standing agenda items. So, for example, receiving reporting from our people and performance team on employee-related matters. We also hear from our whistleblower service provider, for example. And we hear from the investigations part of the business just on matters they may be dealing with and anything that may constitute, for example, an emerging issue.
35 And then we would have other specific agenda items that are raised from time to time.

MS SHARP SC: And how regularly does the ethics panel meet each year?

40 **MS MARTIN:** I think that has changed over the time based on needs, but I would say around quarterly on average.

MS SHARP SC: And is it right that the ethics panel is established under the Code of Conduct?
45

MS MARTIN: Yes. It's one of the bodies, is my recollection, referred to in the Code of Conduct that also has a role in having a line of sight to conduct-related policies and their application.

MS SHARP SC: Now, is it correct that as between Andrew Power, Oliver White and yourself, you have the greatest expertise in anti-money laundering and counter-terrorism financing and the legal framework governing that matter?

5

MS MARTIN: I'm not sure I - that's quite correct. I think there's others with greater AML expertise. But in relation to the legal team, I would say Mr Power and Mr White have a higher level of expertise. I think I have a general level of expertise. But there's also others outside the legal team with specialist AML expertise.

10

MS SHARP SC: Just as between the three of you, that is, you, Mr Power and Mr White, who of the three of you has the greatest expertise in that matter?

15 **MS MARTIN:** I would say that's Mr Power or Mr White.

MS SHARP SC: And on what basis do you say that?

MS MARTIN: Well, in the case of Mr Power in the first instance, for a period of time he has overseen the AML team and, as part of that, has worked more closely in that area and provided advice on matters to the AML team in terms of legal advice. And then in the case of Mr White, I'm aware he has provided advice over a number of years to parts of the business in need of AML-related advice.

20

25 **MS SHARP SC:** I'm sorry. I cut you off.

MS MARTIN: Sorry, I was just going to say in his role as corporate general counsel.

30 **MS SHARP SC:** And when did Mr Power have responsibility for managing the AML team?

MS MARTIN: That was from November 2019 until the start of December last year, 2021.

35

MS SHARP SC: Would you agree that all casinos, of their nature, present anti-money laundering and counter-terrorism financing risks?

MS MARTIN: Yes, I agree casinos present those risks.

40

MS SHARP SC: Have you undertaken any training in anti-money laundering and counter-terrorism financing law?

45

MS MARTIN: I have undertaken some training. The training that The Star Entertainment Group provides all team members in the first instance. So some general AML compliance training and risk training. I've also attended some specific training sessions conducted by external advisors for our board, and I've

been in attendance at those. And I have, from time to time, attended some CLE or CPD related sessions that have related to topics on money laundering.

5 **MS SHARP SC:** What training has been provided to the board in which you've participated?

10 **MS MARTIN:** I can recall that training has been provided both by the representatives of the AML team themselves, so subject matter experts within the AML team - and also from external advisors in this area.

MS SHARP SC: And who are the external advisors who have provided training to the board in which you have participated?

15 **MS MARTIN:** I'm not sure I recall all of them, but most recently there was a session held in December provided by a partner from HWL Ebsworth. And I'm also aware - it would have been quite some years ago, though, now - we have used other law firms. I'm just not sure I recall at this time.

20 **MS SHARP SC:** And can you describe to us your sort of level of familiarity with Australia's anti-money laundering and counter-terrorism financing legal framework?

25 **MS MARTIN:** So I would say I have a high level in general understanding of the legislative framework, in that being the Act itself and then the rules in particular made under it, and the broad areas in which that covers. Part of that is to know that we are required, as a provider of designated services, to have an AML program. And I'm familiar with our AML program that we have across the designated business group entities at The Star.

30 **MS SHARP SC:** And is it right that you have been responsible for driving improvements in the AML and CTF program at The Star?

35 **MS MARTIN:** Certainly since I've had the legal and risk function, yes, I have been endeavouring to do that.

MS SHARP SC: And do you understand that that framework is a risk-based framework?

40 **MS MARTIN:** Yes, I do.

MS SHARP SC: And what does that mean?

45 **MS MARTIN:** A risk-based framework, to me, means that underlying the compliance structures that you may have in place is a risk assessment that's done for that purpose, and that risk assessment is conducted - or it may be a number of risk assessments - in accordance with a framework or a risk management framework. And my general understanding is that the aim of that is to then enable

you to direct your efforts or compliance activities towards the higher risk parts of your operation, just speaking in general terms.

5 **MS SHARP SC:** So it's necessary to set risk assessment strategies that are commensurate with the level of risk presented?

MS MARTIN: Yes.

10 **MS SHARP SC:** And that has at all times been your understanding?

MS MARTIN: I believe so, yes.

15 **MS SHARP SC:** And do you agree that in order to set appropriate risk management strategies, you need to accurately identify and evaluate those risks in the first place?

MS MARTIN: Yes, I would agree with that.

20 **MS SHARP SC:** You're familiar with the fact that Dr Jonathan Horton QC conducted a suitability review of the casino operator in New South Wales in 2016?

MS MARTIN: Yes, I am.

25 **MS SHARP SC:** He said that junkets presented a risk to the integrity of the casino by reason of the large amounts of money involved and the potentially illicit source of funds. Did you agree with that observation at the time?

MS MARTIN: I guess I would say I would agree with it.

30 **MS SHARP SC:** And he said an obvious risk associated with junkets was money laundering. Did you accept that observation at the time?

MS MARTIN: Yes. I think that risk presented by junkets is understood.

35 **MS SHARP SC:** And did you understand those risks as at 2016?

MS MARTIN: I understood the potential for those risks to exist in casinos in 2016, yes.

40 **MS SHARP SC:** And have you always understood that one of the primary objects of the Casino Control Act is to ensure that the management and operation of the casino remain free from criminal influence and exploitation?

45 **MS MARTIN:** Yes.

MS SHARP SC: Is it your understanding that the reason why that is a primary object is because casinos, of their nature, are vulnerable to criminal influence or exploitation?

MS MARTIN: Yes, I understand that casinos can be vulnerable to criminal influence or exploitation.

5 **MS SHARP SC:** And has it at all times been your understanding that the casino licensee must remain vigilant to ensure that these risks are not realised?

MS MARTIN: I would say that the casino licence holder has responsibilities to be alert to and manage those risks and, yes, in that sense, vigilant.

10

MS SHARP SC: And have you always been aware that the casino licensee may only hold the casino licence as long as it remains a suitable person to do so?

MS MARTIN: That's my understanding, yes.

15

MS SHARP SC: And has it always been your understanding that suitability in that context depends upon the casino operator being of good repute, having regard to character, honesty and integrity?

20 **MS MARTIN:** I believe so, yes.

MS SHARP SC: And have you always understood that for the casino licensee to remain a suitable person, it must take care to ensure that it only has business associations with those of good repute, having regard to character, honesty and integrity?

25

MS MARTIN: I'm sorry. Do you mind just repeating the entirety of that?

30 **MS SHARP SC:** Certainly. Have you always been aware that one aspect of determining the suitability of the casino licensee to continue holding the licence is that it takes care to ensure that it only has business associations with persons of good repute, having regard to character, honesty and integrity?

35 **MS MARTIN:** I believe I've understood that the casino licence holder's business associates and whether they are or are not of good repute is relevant to the casino licence holder's suitability. So that - that's what my understanding has been.

MS SHARP SC: And have you understood that the casino licensee's business associates have included junkets?

40

MS MARTIN: That's my current understanding, yes.

MS SHARP SC: Has that been an understanding that you've had for the entire period you've been the chief legal and risk officer, or has it changed over time?

45

MS MARTIN: I would say it has become more clear to me while I've been in that role. And I'm not sure it was as clear when I commenced in the role.

MS SHARP SC: You're aware, aren't you, that that requirement ultimately derives from section 12 of the Casino Control Act?

5 **MS MARTIN:** I'm not sure of the specific section reference, but I am familiar with the - the fact that the Act does list those sorts of suitability requirements.

10 **MS SHARP SC:** Are you aware as to whether or not those suitability requirements have been amended since you've held your position of Chief Legal and Risk Officer?

MS MARTIN: I - I don't recall that they've been amended in that time.

15 **MS SHARP SC:** Is it right that you've become more focused on the question of the suitability of The Star's business associates since the Bergin Inquiry?

MS MARTIN: Yes, I think that's right.

20 **MS SHARP SC:** And prior to the Bergin Inquiry, you had only given limited attention to the question of whether business associates of The Star satisfied suitability requirements?

25 **MS MARTIN:** I'm not sure whether I would say "limited". I think it's just more contextual, as in, the - depending upon the context of matters I was considering, it may or may not have - may, sorry, or may not have been as prominent in matters I was considering.

30 **MS SHARP SC:** But have you always understood that if a person or a business presents an unacceptable risk from a money laundering perspective, the casino operator should not deal with them?

MS MARTIN: I'm sorry, Ms Sharp. Could you just repeat that? I just had some background noise.

35 **MS SHARP SC:** Yes. Have you always understood that if a person or business with whom The Star deals presents an unacceptable risk of money laundering, The Star ought not deal with them?

40 **MS MARTIN:** My understanding is that under our anti-money laundering framework and program, one of the things that is - the relevant consideration, depending upon the risk presented by that person, is whether the casino should cease to deal with that particular person.

45 **MS SHARP SC:** All right. So I just want to make sure I am following this correctly. Have you been of the understanding at all times you've been the Chief Legal and Risk Officer that there comes a point where the money laundering risk that a person or business presents is so great that the only appropriate risk management measure is to not deal with that person?

MS MARTIN: Yes. I believe there's that scenario, yes.

5 **MS SHARP SC:** And have you understood that even where The Star considers it can manage a money laundering risk, it should not deal with the person or business where it cannot be satisfied that the person or business is of good repute, having regard to character, integrity and honesty?

MS MARTIN: Ms Sharp, could you just repeat that one more time?

10 **MS SHARP SC:** Certainly. Have you understood at all times that you've been the Chief Legal and Risk Officer that even if The Star considers it can manage a person's money laundering risk, it ought not deal with that person unless it can also be satisfied that the person is of good repute, having regard to character, integrity and honesty?

15 **MS MARTIN:** I would say that that's something that I have come to understand more clearly while I have been in the role.

20 **MS SHARP:** And is that as a result of learnings from the Bergin Inquiry?

MS MARTIN: I think it comes from two things: one is a broadening of the portfolio I was responsible for; and the second is a combination of looking into the AML part of our team more closely and taking into account things that have come out of other inquiries, in particular the Bergin Inquiry.

25 **MS SHARP SC:** So do you now have the view that there is a difference between a money laundering risk and the requirement of suitability?

30 **MS MARTIN:** I understand that, yes, they can be different things.

MS SHARP SC: And certainly the considerations have some overlap; would you agree?

35 **MS MARTIN:** Yes, often.

MS SHARP SC: But do you now agree that a casino operator must be satisfied of two matters: firstly, that it can adequately manage any identified money laundering risk; and secondly, that the person is a suitable person for the casino operator to deal with?

40 **MS MARTIN:** If can I just break those down into two things, to be clear, as you did. Just on the money laundering aspect, first, I agree that we have obligations that relate to not just managing but identifying and mitigating risk as well. So there are those aspects. Then in relation to suitability, my understanding is that
45 business associates who are not of good repute can go to the suitability of the casino licence holder and, therefore, in that sense, it's relevant to the casino operator to turn its mind to the suitability of its business associates in the sense of

whether they are not of good repute because that could impact on the casino operator's suitability.

5 **MS SHARP SC:** And has that been a matter you've understood at all times from November 2016, or is it a matter you've only more recently understood?

MS MARTIN: Sorry, did you say November 2016?

10 **MS SHARP SC:** Yes.

MS MARTIN: I think, since November 2016, I would not have necessarily turned my mind separately to the concept of a suitability assessment, as in, whether something was not of good repute, as a separate holistic lens outside of the existing control framework of the casino. So as a standalone concept, I perhaps
15 would have considered it in the context of it being present in a range of controls around the operations of the business. And I would say since later in 2019 through till today, I look at it slightly differently, taking into account others matters that I've just mentioned previously, including the lens from the Bergin Inquiry.

20 **MS SHARP SC:** Now, have you at all times had general familiarity with sections 74 and 75 of the Casino Control Act?

MS MARTIN: I don't recall the specific numbers, but I may do. Do you mind just prompting me on the topics that they relate to?
25

MS SHARP SC: Yes. Have you at all times had general familiarity with the fact that, subject to carefully delineated exceptions, the casino operator and its agents cannot, in connection with gaming, provide credit to patrons?

30 **MS MARTIN:** Yes. I've had a general knowledge of those provisions, which I think have been amended over the years, yes.

MS SHARP SC: And have you at all times had an understanding that, in practice, one way of the casino operator or its agents affording credit to patrons is to
35 establish a cheque cashing facility?

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

40 **MS SHARP SC:** And one of the requirements of that cheque cashing facility is that a cheque be banked within stipulated periods if the patron does not repay the cheque cashing facility?

MS MARTIN: My understanding is there's timeframes for banking cheques in accordance with the requirements for managing those cheques.
45

MS SHARP SC: And those stipulated time periods for banking cheques change depending upon whether the player is an international player, a domestic player or a local player - I withdraw that. I've put that incorrectly. Those time periods

change depending on whether the player is an international player or a domestic player, that is, a player who is not ordinarily resident in New South Wales?

5 **MS MARTIN:** I think that's right, yes. There's different timeframes. I'm not sure of the specific defined terms of the types of players.

10 **MS SHARP SC:** Well, do you appreciate that for the purposes of the Casino Control Act and various regulations and agreements that sit underneath it, a distinction is made between (1) local players, who are those ordinarily resident in New South Wales; (2) domestic players, who are not ordinarily resident in New South Wales but are Australian citizens; and (3) - in fact, I withdraw that. I've put that incorrectly, so I will start again. Have you always understood that for the purpose of the Casino Control Act and regulations and agreements that sit under it, a distinction is made between local players, domestic players and international
15 players?

MS MARTIN: Yes, I understand that distinction exists for some relevant areas. So for example, I think that concept is relevant as to whether - I think whether you're an international player or not, simply. So, yes, I don't think those concepts
20 are always relevant throughout the Act, if I've understood the question, but they are - those concepts do exist in some parts of the Act.

MS SHARP SC: And has it always been your understanding that only domestic players and international players can participate in rebate programs?
25

MS MARTIN: I understand there's a definition for eligibility for those rebate programs.

MS SHARP SC: And what that means is that people who are ordinarily resident
30 in New South Wales cannot participate in rebate programs?

MS MARTIN: I'm not sure of the defined term, but that sounds correct.

MS SHARP SC: Can I show you a document, please. It's a confidential one, so I
35 will have to be circumspect with you when I discuss it. It's STA.3001.001.1359. And I might just go back to the first page of that, if I can, please, operator. And this is the Know Your Customer Standard, effective from 1 June 2020?

MS MARTIN: Yes, I can see that.
40

MS SHARP SC: And you have a general familiarity with this standard, don't you?

MS MARTIN: Yes, I have a general familiarity.
45

MS SHARP SC: Could I just take you, please, to pinpoint 1359. And I think, to give you some context, I really ought to take you to pinpoint 1358 first. And can you see there's a heading down there at 5.2?

MS MARTIN: Yes, I can see that.

5 **MS SHARP SC:** And in that - if I could just ask you to read what's there at the bottom of that page and then over to the top of the pinpoint 1359?

MS MARTIN: Yes.

10 **MS SHARP SC:** And do you see that third dot point there?

MS MARTIN: I'm sorry. I'm just still reading --

MS SHARP SC: Sorry.

15 **MS MARTIN:** So I've read through till the end of 5.2.

MS SHARP SC: And, Mr Bell, this is exhibit B, tab 2436. Can you see that third dot point there?

20 **MS MARTIN:** Yes.

MS SHARP SC: And you see the kind of transaction it's referring to?

25 **MS MARTIN:** Yes.

MS SHARP SC: Have you always been aware that those kinds of transactions trigger source of wealth concerns?

30 **MS MARTIN:** I'm not sure I've always in my career, but certainly I have been aware in my current role. And obviously having knowledge of this document, that those sorts of transactions, as described in that third bullet point, may be something used as a trigger to make the inquiries referred to in that section.

35 **MS SHARP SC:** And whether or not it's identified as such in the Know Your Customer Standard, at all times since November 2016, that is, the current review period, has it always been your understanding that transactions of that type raise money laundering red flags?

40 **MS MARTIN:** I would certainly describe the types of transactions in the second part of that bullet point as something that I've been aware of over all that time as presenting potential money laundering risks. I think with the first part of the bullet point, it can depend on the relevant circumstances.

45 **MS SHARP SC:** Now, do you currently hold a practising certificate in New South Wales?

MS MARTIN: Yes, I do - I hold one in Queensland, actually. My apologies.

MS SHARP SC: Do you hold one in New South Wales?

MS MARTIN: No, I don't.

5 **MS SHARP SC:** How long have you held one in Queensland?

MS MARTIN: I think since the start of 2002.

10 **MS SHARP SC:** And how many years have you been a lawyer? Is it since then, since 2002?

MS MARTIN: Yes. I was admitted in January 2002.

15 **MS SHARP SC:** And are you familiar with the laws relating to legal professional privilege?

MS MARTIN: Yes, I have a general knowledge of those laws.

20 **MS SHARP SC:** And do you understand there's a distinction between advice privilege and litigation privilege?

MS MARTIN: Yes, I generally understand that.

25 **MS SHARP SC:** And can you tell us what the circumstances are when advice privilege can be claimed?

30 **MS MARTIN:** My general understanding is that advice privilege can be claimed in relation to advice or communications that are for the dominant purpose of providing that legal advice.

MS SHARP SC: And do you understand that those communications need to be confidential?

35 **MS MARTIN:** Yes, I do.

MS SHARP SC: And do you understand that that advice must, in one way or another, relate to the law?

40 **MS MARTIN:** Yes.

MS SHARP SC: And do you agree that advice given by a lawyer might not always be legal advice?

45 **MS MARTIN:** Yes, I agree with that.

MS SHARP SC: And do you agree that particularly in relation to in-house counsel, the advice that in-house counsel may give may not always be related to

legal - I withdraw that. Do you agree that in-house counsel do not always give legal advice when they give advice to the business?

5 **MS MARTIN:** Yes. I agree they can give other advice.

MS SHARP SC: And you agree, don't you, that in determining whether the advice privilege can be claimed, an assessment must be made that the dominant purpose of giving the advice is that it is legal advice?

10 **MS MARTIN:** I'm sorry, Ms Sharp. Could you just repeat that?

MS SHARP SC: Yes. I've put it in a very confusing way. You understand that there's a dominant purpose test?

15 **MS MARTIN:** Yes, I do.

MS SHARP SC: For the purpose of claiming the legal advice privilege?

20 **MS MARTIN:** Yes.

MS SHARP SC: Right. And you understand that if the dominant purpose is not giving legal advice, then you can't claim legal professional privilege?

25 **MS MARTIN:** Yes.

MS SHARP SC: And do you agree that where there are two purposes that have equal weight when an advice has been provided, it cannot be said that the dominant purpose of providing the advice is legal advice?

30 **MS MARTIN:** Yes, I would agree. If they're of equal weight, yes.

MS SHARP SC: Do you agree that if a copy of a document is given to a lawyer for the purpose of providing legal advice, then while the copy of the document so provided is privileged, the original document is not?
35

MS MARTIN: Yes. I think, if I've followed that, the document that is provided for the purposes of legal advice would be the only one that attracts the privilege, potentially.

40 **MS SHARP SC:** Do you agree that it is important for a lawyer to be generally familiar with the laws of legal professional privilege?

MS MARTIN: Yes.

45 **MS SHARP SC:** Do you think it would be unethical to knowingly claim legal professional privilege when you are not entitled to claim it as a lawyer?

MS MARTIN: Yes. I think to knowingly do so, if you knew that was not the case, that would be unethical.

5 **MS SHARP SC:** Do you have a practice of marking your documents and communications with others within The Star with the words "privileged" even where you do not satisfy yourself that you are being called upon to provide legal advice?

10 **MS MARTIN:** No.

MS SHARP SC: Do you on some occasions do this?

15 **MS MARTIN:** Sorry. Do I on some occasions mark my correspondence "privilege", even when I know it's not?

MS SHARP SC: Yes.

MS MARTIN: No.

20 **MS SHARP SC:** Mr Bell, I see the time. Would this be a convenient time?

MR BELL SC: Yes. Just before we adjourn. Ms Martin, do you know an employee of The Star or Star Entertainment by the name of Justin Yi, surname Yi?
25

MS MARTIN: Mr Bell, I'm not sure that's ringing a bell for me.

MR BELL SC: Thank you. I will adjourn until 10 am tomorrow morning.

30 **<THE HEARING ADJOURNED AT 5:06 PM**