



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**

**FRIDAY, 18 MARCH 2022
AT 10AM**

DAY 2

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<THE HEARING COMMENCED AT 10:03 a.m.

MR BELL SC: Ms Scopel, can you hear me?

5 **MS SCOPEL:** Yes, I can.

MR BELL SC: You remain bound by the affirmation you made yesterday, Ms Scopel. Yes, Ms Sharp.

10 **<SARAH EMILY SCOPEL, CONTINUING**

<EXAMINATION BY MS SHARP SC:

15 **MS SHARP SC:** Ms Scopel, is it correct that at some point in 2019 you became aware that CUP cards were used at Star Entertainment Group's hotels in order to fund gambling?

MS SCOPEL: Yes.

20 **MS SHARP SC:** How did you become aware of that?

MS SCOPEL: I don't recall specifically. I believe it was around the time that I was being requested to respond directly to NAB (indistinct).

25 **MS SHARP SC:** And how did you become aware of that?

MS SCOPEL: I believe it was in a conversation with Mr Theodore.

30 **MS SHARP SC:** Sorry, who was that?

MS SCOPEL: Mr Theodore.

MS SHARP SC: And what did Mr Theodore tell you?

35 **MS SCOPEL:** I don't recall specifically, but I believe at the time I was made aware of - at a high level of how the transactions could be linked to gaming.

40 **MS SHARP SC:** Can you do your best to tell us how you were made aware that the transactions could be linked to gaming?

MS SCOPEL: So it was conversation and it was described that when a card was swiped at the terminals that we're talking about, the amounts transacted could be moved between accounts, I believe through different systems or ledger adjustments to be made available at the cage.

45 **MS SHARP SC:** And where did you understand the cards were being swiped?

MS SCOPEL: A hotel terminal.

MS SHARP SC: And who made you aware of that?

MS SCOPEL: I believe it was Mr Theodore.

5

MS SHARP SC: And can you pinpoint in time when you were made aware of that?

MS SCOPEL: I can't specifically recall. I believe it was around late 2019 when I became actively involved in responding to NAB's requests.

10

MS SHARP SC: Why was it that you became actively involved in responding to the requests?

MS SCOPEL: The requests, up until that point, had followed a standard process, but they were escalated to me and our relationship manager at NAB, Ms Arthur, contacted me directly requesting a response.

15

MS SHARP SC: Did she contact you directly by email or by telephone?

20

MS SCOPEL: Both.

MS SHARP SC: When you spoke on the telephone, what did she say to you?

MS SCOPEL: I recall receiving a phone call before a request was sent to me, addressed specifically to me, and the phone call was to advise me the request was going to be sent. I don't recall the details of that conversation more than that.

25

MS SHARP SC: And it's right that Ms Arthur was your counterpart at NAB?

30

MS SCOPEL: Yes.

MS SHARP SC: Can I take you to some emails, please. I will start with an email at exhibit B, tab 1430 and I will bring up STA.3002.0010.0096. Just while that is coming up, was it your standard practice to read emails into which you were copied?

35

MS SCOPEL: Not necessarily.

MS SHARP SC: What about when they were emails passing between Star Entertainment Group and NAB?

40

MS SCOPEL: Not if they related to a business-as-usual request.

MS SHARP SC: Would you accept that the inquiries in relation to the use of a CUP card were not business-as-usual requests?

45

MS SCOPEL: At the time, I understood that they were standard requests being then followed a specific process for a long period of time.

5 **MS SHARP SC:** Can I show you this email. It's from Ms Dudek to NAB, and you're copied into it. It's dated 19 June 2019. Now, did you read this email at the time?

MS SCOPEL: I don't recall reading it.

10 **MS SHARP SC:** You'll see Ms Dudek provides a response to NAB. Can I take you to what the question was, which is further down the email chain into which you were copied. If we can go to the bottom of that page, you will see there's an email from Helen Zhou dated 13 June 2019.

15 **MS SCOPEL:** Yes.

MS SHARP SC: And you will see that Ms Zhou states:

20 "The reason is suspicious large amount gambling transaction with improper MCC."

MS SCOPEL: Yes.

25 **MS SHARP SC:** Now, do you understand that MCC stands for merchant category code?

MS SCOPEL: I do now. I didn't at the time.

30 **MS SHARP SC:** Now, what I want to know is whether, as at June 2019, you were aware that NAB, on behalf of CUP, was making inquiries about whether these cards had been used to fund gambling?

35 **MS SCOPEL:** I may have been generally aware. I don't recall my awareness from that time.

MS SHARP SC: When you say you may have been generally aware, why do you say that?

40 **MS SCOPEL:** Because I would have seen these emails going through my inbox, even if I didn't specifically become actively involved in the responses.

MS SHARP SC: So you would have read these emails; is that right?

45 **MS SCOPEL:** I would have seen them in my inbox, but I may not have gone in and gone through the email trail and read them.

MS SHARP SC: Well, what do you think is most likely?

MS SCOPEL: That I would have seen it, known it was under control because Ms Dudek was responding and filed it.

5 **MS SHARP SC:** Did you know that CUP wanted to know whether the cards were used for gambling at this time in June 2019?

MS SCOPEL: I don't believe I was aware of that at the time.

10 **MS SHARP SC:** Can I take you up to the response from Ms Dudek. If we go to the top of the email, did you - and you will see Ms Dudek says:

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

15 And so on. Did you have any role at all in settling that statement?

MS SCOPEL: No.

20 **MS SHARP SC:** Did Ms Dudek speak with you before sending a statement of this nature?

MS SCOPEL: I don't recall any conversation regarding this email.

25 **MS SHARP SC:** You do agree that in some point in 2019 you saw the hotel receipts?

MS SCOPEL: Yes.

30 **MS SHARP SC:** And you do agree that at some time in 2019 you saw receipts for the transaction swipes?

MS SCOPEL: Yes.

35 **MS SHARP SC:** Can I take you to the hotel receipts that are appended to this email, and I will start by taking you to the invoice at exhibit B, tab 1431, which is STA.3002.0010.0097. And do you recognise this type of invoice as one you saw during 2019 when you were dealing with these requests from NAB?

40 **MS SCOPEL:** Yes.

MS SHARP SC: And you will see this is an invoice issued on the hotel letterhead?

45 **MS SCOPEL:** Yes.

MS SHARP SC: You will see that it refers to a particular room number?

MS SCOPEL: Yes.

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

MS SCOPEL: Yes.

5

MS SHARP SC: And do you see the description is "transfer to customer's account"?

MS SCOPEL: Yes.

10

MS SHARP SC: What do you understand that to mean?

MS SCOPEL: I understood it was to do with expenditure within the resort. So from - yes, for other purposes other than perhaps their - just their hotel accommodation.

15

MS SHARP SC: Ms Scopel, I don't understand your answer. What did you understand "transfer to customer's account" to mean?

MS SCOPEL: I understood customers had accounts that were able to be used for expenditure more generally within The Star's facilities or outside of those facilities.

20

MS SHARP SC: Did you understand "transfer to customer's account" meant transfer to the front money account?

25

MS SCOPEL: No.

MS SHARP SC: Did you come to learn that at a particular point in 2019?

30

MS SCOPEL: No, I'm not sure that this transfer relates to a transfer specifically that goes to the cage.

MS SHARP SC: Ms Scopel, did you come to see a number of invoices in 2019 from the various Star hotels that said "transfer to customer's account"?

35

MS SCOPEL: Yes.

MS SHARP SC: What did you understand it to mean?

40

MS SCOPEL: I understood it to mean that funds were being put on to an account that could be accessed by a customer for expenditure for various purposes.

MS SHARP SC: Was one of those purposes front money?

45

MS SCOPEL: Yes.

MS SHARP SC: So you did understand that?

MS SCOPEL: Well, what I didn't understand was whether this transfer was to an account that could be used for front money or whether that was a separate transfer subsequent to this transfer.

5

MS SHARP SC: So you understood it had some connection with transfers to a patron's front money account? You did?

MS SCOPEL: Yes.

10

MS SHARP SC: And you understood that in 2019, at some point in or after June 2019?

MS SCOPEL: Yes.

15

MS SHARP SC: Can I just draw your attention, please, to the GST component on this invoice. Do you see "no GST has been charged on this transaction"?

MS SCOPEL: Yes.

20

MS SHARP SC: Did you reflect in 2019 as to why GST was not charged on that transaction?

MS SCOPEL: No.

25

MS SHARP SC: Would you ordinarily expect that if somebody was paying for hotel accommodation, they would pay GST?

MS SCOPEL: Yes.

30

MS SHARP SC: Did you ordinarily expect if somebody was paying for entertainment-related services, they would pay GST?

MS SCOPEL: Yes.

35

MS SHARP SC: Did it strike - well, I withdraw that. I will now take you to the transaction receipt, if I can, which is exhibit B, tab 1433 at STA.3002.001.0099. I apologise. I think I read out the number incorrectly. It is - here it is. Now, from time to time in 2019 as you were responding to NAB's requests, did you see transactions swipe receipts like this one I am just showing you?

40

MS SCOPEL: Yes.

MS SHARP SC: And can you see at the top it says "Jupiters Limited Brisbane AU"?

45

MS SCOPEL: Yes.

MS SHARP SC: So you agree that no reference is made to the casino?

MS SCOPEL: Jupiters was the old name of the casino.

5 **MS SHARP SC:** Was that the name of the casino in 2019?

MS SCOPEL: No.

10 **MS RICHARDSON SC:** Mr Bell, I do object. In fairness to this witness, the previous document was described as being on a hotel letterhead when the letterhead was Treasury Casino and Hotel. If this line of questioning is being put that there's no reference to a casino, in my submission the documents ought fairly to be put to the witness and not just selecting other aspects of the documents to put to the witness.

15

MR BELL SC: Ms Sharp?

MS SHARP SC: This is a different document, Mr Bell.

20 **MR BRAHAM SC:** Well, I have an objection as well. The witness has made it clear she doesn't remember this document. The questions are being put on the basis that she saw documents like this. And in particular, in relation to the email to which this document is attached, the witness doesn't remember - doesn't think she did read it. This is the June email. There can't be, in my respectful
25 submission, any utility in putting propositions to a witness in relation to documents she has not been shown ever to have seen. And the introduction of documents like this is ambiguous on matters such as how the terminal was identified at the top of the merchant copy. I suppose my submission on the
30 objection is this can't assist the inquiry.

30

MR BELL SC: How should I interpret Ms Scopel's evidence that she saw documents like this?

35 **MR BRAHAM SC:** Well, I think there has to be additional questions asked to establish what the documents she did see, in what respects they were like this. It may be - well, I won't pre-empt what the answer may be, but that's the problem with the questioning as it is currently being put. We have all seen documents like this.

40 **MR BELL SC:** Yes. Well, perhaps, Ms Sharp, you can focus in on the kind of documents that we are now seeing.

MS SHARP SC: Certainly. Ms Scopel, do you recognise this particular document to be a receipt from an EFTPOS terminal?

45

MS SCOPEL: I do.

MS SHARP SC: And in 2019, as you were responding to inquiries from NAB, did you from time to time see receipts from EFTPOS terminals, those terminals being located in The Star's hotels?

5 **MS SCOPEL:** I don't believe so, but I don't have knowledge around the ways to identify these sorts of receipts with the specific terminals. That's an operational matter that I wasn't involved in at The Star.

10 **MS SHARP SC:** Does the heading Jupiters Limited Brisbane give you any clue as to who may have issued this EFTPOS terminal receipt?

MS SCOPEL: It - it may indicate it was linked to a casino entity, but I am not familiar with how the terminal naming conventions worked.

15 **MS SHARP SC:** Do you see reference to UnionPay midway down that receipt?

MS SCOPEL: Yes.

20 **MS SHARP SC:** As you sit here today, do you have any doubt whatsoever that this was a receipt issued by Jupiters in respect of a CUP transaction that was swiped at that terminal?

25 **MS SCOPEL:** I - I can't - I can't - I don't know how the terminal name was linked to a specific location or entity, but I can see that it was a UnionPay transaction.

MS SHARP SC: And you do accept that, periodically in 2019, you saw swipe transaction receipts for UnionPay transactions?

30 **MS SCOPEL:** Yes.

MS SHARP SC: And is this receipt --

35 **MR BELL SC:** Sorry. Just for the record, Ms Scopel did you say "yes" to that?

MS SCOPEL: Yes.

MR BELL SC: Thank you.

40 **MS SHARP SC:** And do you agree that this particular receipt I'm showing you is consistent with the swipe receipts you saw because it names a hotel and it says UnionPay on it?

45 **MR BRAHAM SC:** Well, I object to that. That's not fair to the witness. Is the witness being asked now to remember, by reference to this document, whether the similar documents she agrees she saw in 2019 also referenced a hotel at the top? Is that really the question? Because if so, she should be shown the documents and

asked to identify the description of the terminal. They're in the bundle. It's not fair to ask her to remember.

5 **MR BELL SC:** Ms Scopel, just before you were shown these two merchant documents, you were shown an invoice. Do you recall?

MS SCOPEL: Yes.

10 **MR BRAHAM SC:** Well, Commissioner, I'm sorry, but I object to that too. I don't think she was shown an invoice. I think it was described by the questioner as an invoice, but it's described on its face as a statement.

15 **MS SHARP SC:** Mr Bell, I just took the witness to the invoice, which the witness accepted was an invoice that was annexed to the email that was sent to the witness.

20 **MR BELL SC:** What I'm trying to understand, Ms Scopel, is whether from time to time in 2019 with these documents - let's call them invoices - you also saw swipe transactions within them; is that correct?

MS SCOPEL: I did see the statements that we saw earlier with the hotel transfers, together with these terminal receipts, yes.

25 **MR BELL SC:** Well, let's move on, shall we?

MS SHARP SC: Yes. Can I just take you back to that email, Ms Scopel. That is the one STA.3002.0010.0096. That's the email into which you were copied. Do you see it's dated 19 June 2019 at 10.15?

30 **MS SCOPEL:** Yes.

MS SHARP SC: Can I now take you to a further email of that same day. I will bring up STA.3002.0010.0093. And, Mr Bell, this is exhibit B at tab 1422.

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

MS SHARP SC: Now, Ms Scopel, you agree that you are copied into this email?

40 **MS SCOPEL:** Yes.

MS SHARP SC: And it's another email from NAB?

MS SCOPEL: Yes.

45 **MS SHARP SC:** Now, given that this is entitled Irregular Transaction Investigation Request, do you expect that you would have read this email?

MS SCOPEL: I don't recall reading it.

MR BELL SC: It was hardly a business-as-usual email, was it, Ms Scopel?

5 **MS SCOPEL:** It's usual for banks to send requests for further information on - on transactions if they're flagged on their - on their sides.

MR BELL SC: I just want to understand, Ms Scopel, are you telling me in accordance with your usual practice, I should conclude that you probably did not look at this email? Is that what you are telling me?

10

MS SCOPEL: I don't recall looking at it at the time.

MR BELL SC: I'm not asking you that. I'm asking you about your practice.

15 **MS SCOPEL:** Yes.

MR BELL SC: Yes, you probably would have looked at it?

20 **MS SCOPEL:** I probably would have - I probably would have looked at it at the time.

MR BELL SC: Yes, Ms Sharp.

25 **MS SCOPEL:** But I can't recall.

MS SHARP SC: It's not very long, is it?

MS SCOPEL: No.

30 **MS SHARP SC:** Can you see that the question expressly put is:

"Can you please confirm with the client that the transactions does not contain any gambling component in this exchange and solely for accommodation only?"

35

MS SCOPEL: Yes.

MS SHARP SC: Now, were you aware as at around 19 June 2019 that CUP wanted to know whether its cards were being used to fund gambling?

40

MS SCOPEL: I - I don't recall specifically, but - if I read this, I would have been aware.

45 **MS SHARP SC:** But you do agree that at least at some point in 2019, you were aware that CUP wanted to know whether its cards had been used to fund gambling?

MS SCOPEL: Yes.

MS SHARP SC: And, Ms Scopel, is it right that you understood that NAB was passing on the information that Ms Dudek provided to CUP?

5 **MS SCOPEL:** I expect that NAB were responding - passing on the details in those emails, yes.

MS SHARP SC: Can I take you to another set of emails, please, Ms Scopel. This is exhibit B at tab 1639, STA.3401.0005.3069. Now, I'll take you to the back
10 of this chain, if I can, Ms Scopel, and we'll start at pinpoint 3071. Now, at the top of that page, do you see there's an email from NAB to Ms Dudek dated 27 August into which you're copied?

MS SCOPEL: Yes.
15

MS SHARP SC: And into which your counterpart at NAB, Ms Arthur, is copied?

MS SCOPEL: Yes.

20 **MS SHARP SC:** Now, does the fact that both you and Ms Arthur are copied into this email suggest that you were becoming involved more directly in NAB's queries about the CUP card as at late August 2019?

MS SCOPEL: Yes, my awareness would have been - of the issue would have
25 been increasing.

MS SHARP SC: And you'll see that in that email, the NAB is advising that it has received a request from UnionPay International for additional information around
30 card transactions?

MS SCOPEL: Yes.

MS SHARP SC: And do you see, if we go to the next page - that's pinpoint
35 3070 - that Ms Dudek has forwarded that email to Juanita Larkin and David Smart?

MS SCOPEL: Yes.

40 **MS SHARP SC:** Now, at the time, you understood these two people to work within the cage at the casino?

MS SCOPEL: Yes.

45 **MS SHARP SC:** Did you understand by this time that the CUP cards were being used to fund gambling?

MS SCOPEL: I expect I was aware there was potentially - that there was a link. Yes.

MS SHARP SC: Can you think of any other reason why Ms Dudek would have forwarded this inquiry to the cage if it had nothing to do with CUP cards being used for gambling purposes?

5

MS SCOPEL: Treasury doesn't have the information required to respond to details of specific transactions, and Ms Dudek would have been directed to forward it to those people who have access to transaction information.

10 **MS SHARP SC:** You were - Ms Dudek reported to you, didn't she?

MS SCOPEL: Yes.

15 **MS SHARP SC:** Had you and Ms Dudek discussed these requests from NAB by this point in time?

MS SCOPEL: I expect we would have had discussions relating to these requests. I don't recall the discussions.

20 **MS SHARP SC:** Can I take you to the next email in the chain, please, if we go over to pinpoint 3069. At the bottom of that page - again, you're copied to this email - do you see this email is from Mr Oliver White?

MS SCOPEL: Yes.

25

MS SHARP SC: Are you able to explain why Mr White was involved in answering these requests from NAB?

30 **MS SCOPEL:** That was the standard practice and process that had been in place for a number of years regarding requests relating to bank accounts. Anything relating to bank accounts had to go through legal because of the regulated nature of the business.

35 **MS SHARP SC:** Now, you will see, if I direct your attention to the bottom of that page, that Mr White is suggesting that the proposed responses look fine. Can I take you back to pinpoint 3070. Do you see that the response that has been proposed is that:

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

MS SCOPEL: Yes.

45

MS SHARP SC: At this point in time, that is, 28 August 2019 or thereabouts, did you have any conversations with Mr White about these proposed responses to NAB?

MS SCOPEL: I don't recall having conversations. I don't believe I did.

5 **MS SHARP SC:** Can I take you, please, to an email from Ms Dudek. This one is dated 28 August 2019. It's STA.3002.0010.0004. It's exhibit B at tab 1594. You agree you are copied into this email?

MS SCOPEL: Yes.

10 **MS SHARP SC:** And it's from Ms Dudek to NAB?

MS SCOPEL: Yes.

15 **MS SHARP SC:** And Ms Dudek has provided the response that I just read out to you; do you agree?

MS SCOPEL: Yes

20 **MS SHARP SC:** Do you agree?

MS SCOPEL: Sorry, I said yes.

25 **MS SHARP SC:** Is it most likely - I withdraw that. Did you read this email at the time it was sent to you?

MS SCOPEL: I don't recall reading it.

30 **MS SHARP SC:** Is it most likely you did, given that your counterpart at NAB, Ms Arthur, was copied into it?

MS SCOPEL: Yes.

35 **MS SHARP SC:** Now, by this time, were you aware that the CUP card was being used to fund gambling?

MS SCOPEL: I don't recall specifically. I expect I was.

40 **MS SHARP SC:** Now, do you agree that in asserting the cardholder purchased hotel accommodations services with the transactions in question does not disclose that the cardholder, in fact, funded gambling with the card?

MS SCOPEL: Yes.

45 **MS SHARP SC:** Do you agree that the statement "the cardholder purchased hotel accommodation services with the transactions in question" is not correct?

MS SCOPEL: I - I understood at the time that to be a reference to where the transaction occurred.

MS SHARP SC: So what's the distinction you're trying to make here, Ms Scopel?

5 **MS SCOPEL:** I understood this to be a transaction that was made at the hotel but wasn't specifically a transaction that was a gaming transaction.

MS SHARP SC: You understood at this point that CUP was interested in the very question of whether the card had been used to fund gambling?

10

MS SCOPEL: Yes.

MS SHARP SC: Did you consider that this response provided by Ms Dudek into which you were copied was a transparent response?

15

MS SCOPEL: I - I don't recall considering this at the time.

MS SHARP SC: Really?

20 **MS SCOPEL:** Yes. It had been reviewed and signed off by legal and was a standard and accepted response to these types of questions as, you know, a process that had been followed for a long period of time between The Star and NAB.

25 **MS SHARP SC:** So it's your evidence that it simply didn't cross your mind that this may not have been a transparent response?

MR BRAHAM SC: Well, I object, Mr Bell. The witness's evidence has been she doesn't remember reading the email.

30 **MS SHARP SC:** That was not the witness's evidence.

35 **MR BRAHAM SC:** Yes, it was. And then you asked her, with respect, whether it was likely she did because Ms Arthur is copied in, and the witness agreed it was likely she did. And in that state of the evidence, it's not fair to ask a witness what she thought when she read it.

MS SHARP SC: I'm happy to approach the matter a different way, Mr Bell.

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

MS SHARP SC: Now, you do agree, Ms Scopel, that at a particular point in 2019, you became aware that this standard response was being provided to NAB?

45 **MS SCOPEL:** Yes.

MS SHARP SC: And there did come a point in 2019 where you became aware that this standard response did not correctly state what the CUP card was being used for?

MS SCOPEL: Yes, it did not describe any subsequent use of funds.

5 **MS SHARP SC:** And did you have a concern at some point in 2019 that the statements being made to NAB were not transparent?

MS SCOPEL: Yes.

10 **MS SHARP SC:** When did you form that concern?

MS SCOPEL: The point which I recall being concerned was in late 2019 when I was responding to requests and directly involved.

15 **MR BELL SC:** What time in late 2019 did you have a concern?

MS SCOPEL: I don't recall specifically. But from looking at documents, I recall being concerned in early November. I - I understood that would have been early November.

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

MS SHARP SC: Can I take you now to an email which is at exhibit B, tab 1763. This is STA.3105.0007.2848.

25 **MR BELL SC:** Sorry, Ms Sharp. What was the exhibit number?

MS SHARP SC: It was tab 1763.

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

MS SHARP SC: Now, can you see, midway down the page, there's an email, again from NAB, to Ms Dudek into which - I withdraw that. If I can go further up the page to the top, do you see there's an email dated 22 October 2019 from Ms Dudek into which you are copied?

35 **MS SCOPEL:** Yes.

MS SHARP SC: And do you see it's titled UnionPay International Query?

40 **MS SCOPEL:** Yes.

MS SHARP SC: Do you recall whether you read this email at the time?

45 **MS SCOPEL:** I don't recall reading the email.

MS SHARP SC: Can I take you, please, to a document at exhibit B, tab 1785, which is STA.3105.0011.4753. Now, you see this is an email from Mr White dated 30 October 2019 into which you're copied?

MS SCOPEL: Yes.

5 **MS SHARP SC:** And is this around the time where you did become more directly involved in this matter?

MS SCOPEL: It's near the time, yes.

10 **MS SHARP SC:** And do you see that Mr White is proposing a response to these inquiries of NAB?

MS SCOPEL: Yes.

15 **MS SHARP SC:** And do you see that the statement in the third paragraph is:

"Please run this by Harry."

MS SCOPEL: Yes.

20 **MS SHARP SC:** That was a request to run the proposal by Harry Theodore?

MS SCOPEL: Yes.

25 **MS SHARP SC:** Now, did you talk to Mr Theodore at about this time about these requests from NAB?

MS SCOPEL: I don't recall talking to Harry at this time about it, but we had regular meetings.

30 **MS SHARP SC:** Will you pardon me for one moment, please, Mr Bell.

MR BELL SC: Yes, of course.

35 **MS SHARP SC:** I just want to understand: do you recall talking to Mr Theodore about the CUP transactions at all in 2019?

MS SCOPEL: Yes.

40 **MS SHARP SC:** Tell us what you recall was discussed.

MS SCOPEL: I recall talking to Mr Theodore in relation to a response that I had to send to NAB in early November.

45 **MS SHARP SC:** And is that the only conversation you recall with Mr Theodore about the matter?

MS SCOPEL: No.

MS SHARP SC: It's not? So you spoke to Mr Theodore on multiple occasions about what responses Star should provide to NAB in relation to the CUP queries?

5 **MS SCOPEL:** The conversations I recall relate to particular responses from early November onwards.

MS SHARP SC: Can I take you back to this email from Mr White, into which you're copied, where Mr White suggests a proposed response. Now, you are fully aware of what the response is to, aren't you, that being the NAB query?
10

MS SCOPEL: Yes.

MS SHARP SC: And Mr White suggests a response:

15 "Certain very high end premium guests at The Star's integrated resorts incur expenses at the hotel, across a range of entertainment venues within the resort, as well as travel expenses."

20 And so on.

MS SCOPEL: Yes.

MS SHARP SC: Do you - I withdraw that. Do you now consider that to be a transparent response in relation to NAB's queries?
25

MS SCOPEL: I agree it could have been clearer and more direct. Entertainment is the way Star describes its business generally, using entertainment or integrated resorts, that sort of terminology, which is all encompassing.

30 **MR BELL SC:** It doesn't refer to the fact that the CUP cards were being used to fund gambling, does it?

MS SCOPEL: It - it doesn't.

35 **MR BELL SC:** And looking it now, it's clearly a misleading response, isn't it?

MS SCOPEL: Yes.

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

MS SHARP SC: Did you know that in late 2019, Ms Scopel?

MR BRAHAM SC: I'm sorry, we got half that question cut off. I didn't hear it all. I do apologise. Could it be repeated, please.
45

MS SHARP SC: Did you know that this response was misleading in late 2019?

MS SCOPEL: I knew it wasn't direct. I didn't feel it was misleading at the time of typing it.

MR BELL SC: You were concerned about it, though, were you?

5

MS SCOPEL: In November when I was responding, I - I recall being concerned.

MR BELL SC: Perhaps we can go to the document in November that Ms Scopel is referring to.

10

MS SHARP SC: We will go there now. Could I take you, please, Ms Scopel, to document STA.3401.0003.1566. And, Mr Bell, this is exhibit B at tab 1797. Now, Ms Scopel, you would agree that this email is sent by Mr White directly to you?

15

MS SCOPEL: Yes.

MS SHARP SC: On 4 November 2019?

20

MS SCOPEL: Yes.

MS SHARP SC: And do you recall that at about this time, there had been an escalation because UnionPay was now making inquiries directly with Star Entertainment Group?

25

MS SCOPEL: I expect that was the case, but I can't recall the specific escalation at this point.

MS SHARP SC: Well, let me see if I can assist you. Can you have regard to the bottom of that first page in an email from Mr Peter Humphreys. And this is forwarded to you, that's the email I've just shown you. Do you see Mr Humphreys says:

30

"See below that has just come through from China UnionPay."

35

MS SCOPEL: Yes.

MS SHARP SC: Does that refresh your memory that there came a point where China UnionPay was directly inquiring as to which the use the CUP cards were put?

40

MS SCOPEL: Yes.

MS SHARP SC: And it was escalated to you, wasn't it, Ms Scopel?

45

MS SCOPEL: Yes.

MS SHARP SC: And can I show you exactly what that inquiry was, if we go over to pinpoint 1567. You see that's an email from a UnionPay representative?

MS SCOPEL: Yes.

5

MS SHARP SC: And he is requesting further detail on certain transactions?

MS SCOPEL: Yes.

10 **MS SHARP SC:** And this is escalated to you?

MS SCOPEL: Yes.

15 **MS SHARP SC:** And if we go back to Mr White's email to you at the top of 1566, Mr White advises you that he's going to meet with Peter Humphreys about the matter.

MS SCOPEL: Yes.

20 **MS SHARP SC:** And did you have any conversations with Mr White at this time?

MS SCOPEL: I don't recall.

25 **MS SHARP SC:** Can I now take you to a document at exhibit B, tab 1813, which is STA.3401.0005.3084. Can I direct you to an email that you sent, Ms Scopel, at the - just a little while from the top of that document. Can I have enlarged the email dated 5 November 2019. And you agree that I'm showing you an email dated 5 November 2019 from yourself to Mr White?

30

MS SCOPEL: Yes.

MS SHARP SC: And there's no doubt that you sent this at that time?

35 **MS SCOPEL:** Yes.

MS SHARP SC: And what you say is:

40 "I called James yesterday (from a meeting room so he doesn't have my number) and said the reason we weren't providing information direct is customer privacy and security."

MS SCOPEL: Yes.

45 **MS SHARP SC:** And you did make that call to James?

MS SCOPEL: Yes.

MS SHARP SC: And James was from UnionPay?

5 **MS SCOPEL:** He said he was. We didn't have a relationship with UnionPay, hence the sensitivity I had around calling someone who was unknown to us in case it was not legitimate.

MR BELL SC: But you had seen the email from James Craig that led to this, hadn't you?

10 **MS SCOPEL:** It didn't help me in gaining comfort that it was a legitimate email. It's typical to receive scam emails in treasury.

15 **MS SHARP SC:** You accept that by this time in November, you were more directly involved in these inquiries from NAB on behalf of UnionPay?

MS SCOPEL: Yes.

20 **MS SHARP SC:** Could I take you now to tab - I beg your pardon, exhibit B, tab 1834, document STA.3401.0005.1453. And I'll take you to pinpoint 1454. And if I could enlarge the bottom part of that page. This is an email from Tanya Arthur at NAB to you dated 6 November 2019?

MS SCOPEL: Yes.

25 **MS SHARP SC:** May we take it that you would have read that at the time?

MS SCOPEL: Yes.

30 **MS SHARP SC:** And what Ms Arthur advises you is that UnionPay has provided notice indicating that they are considering issuing NAB a directive to cease provision of the UnionPay card acceptance to The Star?

MS SCOPEL: Yes.

35 **MS SHARP SC:** And if we go further down that paragraph, you will see a sentence that says:

40 "PBOC has observed individual cardholder spending more than 20 million at The Star which they believe includes gambling and they are struggling to see how this level of expenditure could be made on non-gambling entertainment."

MS SCOPEL: Yes.

45 **MS SHARP SC:** And do you remember receiving this email from Ms Arthur at the time?

MS SCOPEL: Yes.

MS SHARP SC: Because this was a significant escalation where Ms Arthur was now dealing directly with you about the matter?

5 **MS SCOPEL:** Yes.

MR BELL SC: And, Ms Scopel, you were aware at this time that UnionPay were receiving explanations from The Star via NAB?

10 **MS SCOPEL:** Yes. I knew that NAB were responding based on the information Star was providing, but we did not see any of the responses from NAB to UnionPay.

MR BELL SC: No, but you expected the responses you were providing to NAB
15 to be forwarded to UnionPay, I take it?

MS SCOPEL: I expect NAB would have taken the information and provided that to UnionPay. I don't expect it would have been directly forwarded.

20 **MR BELL SC:** Well, they say that - or NAB is saying that UnionPay is not satisfied with the explanations received from The Star by NAB. Did you understand at this time that the information that The Star was providing to the NAB was being forwarded to UnionPay?

25 **MS SCOPEL:** I - I - I understood they were passing on information from The Star, but I don't know that they were forwarding it on without any changes being made.

MR BELL SC: Yes, I understand.

30

MS SHARP SC: Can I take you to the next page of this email from Ms Arthur to you, which is pinpoint 1455. Do you see that Ms Arthur requested you to "provide additional information as suggested below"?

35 **MS SCOPEL:** Yes.

MS SHARP SC: And she asked you for example breakdowns of typical expenditure, copies of supplier invoices, and she also asked you for:

40 "Written confirmation that no transactions via the merchant facility includes a gambling component."

MS SCOPEL: Yes.

45 **MS SHARP SC:** And just to confirm, by this time, you were in no doubt whatsoever that CUP was concerned to confirm the cards were not used to fund gambling?

MS SCOPEL: Yes.

MS SHARP SC: And you then prepared a draft response to provide to NAB, didn't you?

5

MS SCOPEL: I was given guidance on preparing that response.

MS SHARP SC: I beg your pardon?

10 **MS SCOPEL:** I was given guidance on how to prepare that response.

MS SHARP SC: Who gave you that guidance?

MS SCOPEL: Mr Theodore and Mr White.

15

MS SHARP SC: Can I take you to an email from yourself, which is also in this document, at pinpoint 1453. Now, this is an email of 7 November that you send to Mr Theodore and Mr White. Do you remember preparing this email?

20 **MS SCOPEL:** Yes.

MS SHARP SC: And you agree that this is a draft response to go back to NAB?

MS SCOPEL: Yes.

25

MS SHARP SC: Now, what you say in your draft is:

"Without specific customer transactions to review, it is difficult to understand the areas of concern."

30

Did you have any difficulty whatsoever as to understanding what CUP's central concern was?

MS SCOPEL: No.

35

MS SHARP SC: You understood its central concern was whether the card had been used to fund gambling?

MS SCOPEL: Yes.

40

MS SHARP SC: If I can take you to the next part of your email at pinpoint 1454. What you do is set out that:

45

"Certain very high end premium guests at The Star's group's integrated resorts incur expenses at the hotel, across a range of entertainment venues."

And so on. You make no mention at all in this paragraph that these guests spend any money on gambling, do you?

MS SCOPEL: No.

5 **MS SHARP SC:** And then in the next paragraph, you suggest some examples of non-gaming related VIP customer expenses?

MS SCOPEL: Yes.

10 **MS SHARP SC:** And then the nature of the charges, you suggest:

"We confirm the terminal is located in The Star Grand Hotel outside of gaming-related areas, and gaming transactions are not conducted at the hotel. To provide further comfort around the nature of the transactions being non-gaming related, we could restrict the transaction size."

15 Now, this is the response you suggested sending; correct?

20 **MS SCOPEL:** It was dictated to me from a higher level. I drafted it and provided the draft for review.

MS SHARP SC: And just so we understand, you suggest it was either Mr Theodore or Mr White who dictated it to you?

25 **MS SCOPEL:** I recall generally both receiving guidance from both Mr White and Mr Theodore.

MR BELL SC: Just to be clear, Ms Scopel, are you telling me that you received guidance from Mr Theodore and Mr White before you drafted this email in relation to this draft?

30 **MS SCOPEL:** Yes.

35 **MS SHARP SC:** Now, what - do you agree that what you were doing in this email was trying to distance the usage of these cards from any use in funding gambling?

MS SCOPEL: Yes, that was The Star's intention.

40 **MS SHARP SC:** Do you agree that that was misleading?

MS SCOPEL: Yes.

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

45 **MS SCOPEL:** Yes.

MS SHARP SC: And when you suggested "to provide further comfort around the nature of the transactions being non-gaming related", in fact, it was your understanding that the transactions were gaming related?

5 **MS SCOPEL:** I - I understood that a large portion of these transactions were gaming related.

MS SHARP SC: So the assertion that the transactions being non-gaming related was just not true?

10

MS SCOPEL: At the time, I understood that technically the transactions at the hotels were not a gaming transaction in themselves. The gaming transaction happened subsequent to that, but these transactions were linked to gaming.

15 **MS SHARP SC:** So you understood that the transactions were gaming related?

MS SCOPEL: Yes.

20 **MS SHARP SC:** So to say that the transactions were not gaming related was false?

MR BRAHAM SC: Well, I object. Where is that statement in the email?

25 **MS SHARP SC:** I will read the exact words:

"To suggest the nature of transactions being non-gaming related was false."

30 **MR BRAHAM SC:** I'm sorry, I maintain the objection. I might be missing something, but I understand the statement that is said to be false is the second sentence of the paragraph under the italicised words "nature of charges".

35 **MR BELL SC:** Well, Mr Braham, I'm reading a sentence which says "to provide further comfort around the nature of the transactions being non-gaming related". So I will allow the question, Ms Sharp.

35

MS SHARP SC: The statement "the nature of transactions being non-gaming related" was false?

40 **MS SCOPEL:** Yes.

MS SHARP SC: And it was false to your knowledge at that time?

45 **MS SCOPEL:** At the time, I understood that there was a technical reason that we could make this statement. But with the benefit of hindsight, I agree it was false.

MR BELL SC: Ms Scopel, you must have been concerned at the time that this was misleading?

MS SCOPEL: Yes.

MR BELL SC: And did you challenge Mr White and Mr Theodore about your concerns?

5

MS SCOPEL: I didn't believe I was in a position to do so.

MR BELL SC: Why not?

10 **MS SCOPEL:** I was concerned that if I didn't provide the response The Star wanted, which was consistent with the previous agreed approach to responding that - that it seemed to operate at NAB for a long time, that it could impact my employment.

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

MS SHARP SC: Now, did you discuss this response you drafted with Mr Theodore or Mr White after you drafted it?

20 **MS SCOPEL:** I apologise. Could you please repeat the question.

MS SHARP SC: Did you discuss your draft response with Mr Theodore or Mr White after you had drafted it?

25 **MS SCOPEL:** Yes, both of them.

MS SHARP SC: And you did not - I withdraw that. Did you raise any concern at all that you thought this approach - or this draft response was not entirely correct?

30 **MS SCOPEL:** Yes, it - it was obvious that it wasn't entirely correct.

MS SHARP SC: Did you raise your concern - or you were concerned about that, weren't you?

35 **MS SCOPEL:** Yes.

MS SHARP SC: Did you raise your concern with Mr Theodore or Mr White?

MS SCOPEL: I believe I would have.

40

MS SHARP SC: Well, do you have a recollection of doing so or not?

MS SCOPEL: Not specifically.

45 **MS SHARP SC:** Well, what does "specifically" add to that?

MS SCOPEL: I can recall generally talking about the difficulty in responding and being uncomfortable with the indirect approach, but I didn't actively challenge the response.

5 **MS SHARP SC:** Well, I can't really understand what you said. Did you challenge them, or did you tell them you felt uncomfortable, or what?

MS SCOPEL: I - I think I recall expressing discomfort but not challenging.

10 **MS SHARP SC:** And what did you say?

MS SCOPEL: I don't recall.

15 **MS SHARP SC:** At about this time, did you have any telephone conversations with Ms Arthur about NAB's queries?

MS SCOPEL: Yes.

20 **MS SHARP SC:** What did you discuss with Ms Arthur?

MR BRAHAM SC: Well, I object. I mean, I appreciate the question, what it's aimed to, but the "about this time", I wonder if the counsel assisting could identify more specifically the time and parties to the call that's being asked about so the witness knows exactly what she's being asked - about which call she's being asked.

25 **MR BELL SC:** Mr Braham, I think the question is perfectly fair and understandable, and I will allow it.

30 **MS SCOPEL:** I had a number of conversations with Ms Arthur. She would call me before sending emails to let me know requests were coming, and before responding there were conversations regarding the responses before Star provided those responses.

35 **MS SHARP SC:** And can you tell us the content of those conversations, please.

MS SCOPEL: Those conversations described the nature of the response at a high level. There was a particular conversation that I remember- from reading the documents, it would have occurred on the morning of 7 November, which I was present for, as - as was Mr Theodore, and it was a phone conversation and we described this specific response and - and described that - it was described by Mr Theodore to Ms Arthur that we weren't able to provide the specific confirmations relating to the transactions being non-gaming that were being requested.

45 And Harry - Mr Theodore said, "And you know we can't provide that," and words to that effect as well. And Ms Arthur responded affirmatively and without surprise, based on my perception, with a - something to the - along the lines of "Yes, yes, I know." It was also discussed in that conversation around the

reducing - the reduction in transaction size that would be offered in the response.
And I - yes.

5 **MS SHARP SC:** Did either you or Mr Theodore tell Ms Arthur during those calls that the CUP cards had been used to fund gambling?

10 **MS SCOPEL:** I don't recall that explicitly being stated. I only recall it being said that - or words to the effect that we couldn't provide confirmation that the transactions were non-gaming.

MS SHARP SC: Can I take you, please, to an email which is STA.3105.0011.6203.

15 **MR BELL SC:** And the exhibit number, Ms Sharp?

MS SHARP SC: I'm just looking for that, Mr Bell. It's 1867.

MR BELL SC: Thank you.

20 **MS SHARP SC:** Now, Ms Scopel, a moment ago you were referring to reading some documents. I just want to understand: is this the email you were referring to?

25 **MS SCOPEL:** Sorry. I was responding to the - referring to the response provided on 7 November.

MS SHARP SC: Well, just while we're here, Ms Arthur is asking you - or telling you that:

30 "UnionPay has asked if The Star could provide any terms and conditions that communicate to guests that they cannot use a UnionPay card for gambling expenses. I will call you to discuss."

35 Now, you've agreed that you did have a discussion?

MS SCOPEL: Yes.

40 **MS SHARP SC:** Did you discuss whether The Star could provide any terms and conditions that communicate to guests that they cannot use a UnionPay card for gambling expenses?

MS SCOPEL: I would have addressed that. I expect I would have addressed that in the conversation with Ms Arthur.

45 **MS SHARP SC:** Do you have a memory of that?

MS SCOPEL: I don't.

MS SHARP SC: Can I now take you to exhibit B at tab 1828, which is STA.3105.0011.5300. Now, just take a moment to have a look at this email. You agree this is one from you to Ms Arthur, into which Mr Theodore is copied, dated 7 November 2019?

5

MS SCOPEL: Yes.

MS SHARP SC: And is this the email you were referring to earlier in your evidence?

10

MS SCOPEL: Yes.

MS SHARP SC: And you agree that you attached to that email some documents which provided examples of customer expenses?

15

MS SCOPEL: Yes.

MS SHARP SC: If we work through this email, you agree that in the third paragraph you referred to the expenses of certain very high end premium guests?

20

MS SCOPEL: Yes.

MS SHARP SC: And you asserted that:

25

"Such expenses are consolidated within the guest's personal account, which is linked to the guest's hotel accommodation, and cleared with a transfer from the hotel accommodation account, as noted in receipts provided previously."

MS SCOPEL: Yes.

30

MS SHARP SC: And further down you say:

35 "Some examples of external services provided which may be charged to customer accounts are attached (jets, premium wines, jewellery, cars, cruises, travel expenses)."

And so on?

MS SCOPEL: Yes.

40

MS SHARP SC: And further down that email, if we can have that scrolled up, the second last paragraph:

45 "We confirm the terminal is located in The Star Grand Hotel outside of gaming-related areas, and gaming transactions are not conducted at the hotel."

MS SCOPEL: Yes.

MS SHARP SC: Do you agree that what you were doing was creating a document that suggested that these expenses did not relate to gambling?

5 **MS SCOPEL:** Yes.

MS SHARP SC: And you knew at that time that that was not true?

10 **MS SCOPEL:** I knew that the transactions were ultimately linked to gaming.

MS SHARP SC: So I will put it again. You knew that the document you created carried an impression that was not true?

15 **MS SCOPEL:** Yes.

MS SHARP SC: And you were well aware that this document set out an explanation that was misleading as to the use to which the CUP cards were put?

20 **MS SCOPEL:** Yes.

MS SHARP SC: And this was a document into which you copied Mr Theodore?

MS SCOPEL: Yes.

25 **MS SHARP SC:** And you were aware at that time, weren't you, that the contents of your email would be passed on by NAB to CUP?

MS SCOPEL: Yes.

30 **MR BELL SC:** Ms Scopel, this is quite similar to the draft which I asked you about earlier. Are you telling me that this email was in form dictated to you by someone else?

35 **MS SCOPEL:** Yes, I was instructed to include this content and - and that paragraph that has been questioned as well.

MR BELL SC: And who gave you those instructions?

40 **MS SCOPEL:** Mr Theodore and Mr White both gave me instructions.

MS SHARP SC: But - I withdraw that. Now, can I take you to a further document, which is exhibit B, tab 1949. I'm sorry, I didn't read out the document number. It's NAB.001.001.0735. You see this is an email from Ms Arthur to you dated 26 November 2019?

45 **MS SCOPEL:** Yes.

MS SHARP SC: And it states that:

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

5 **MS SCOPEL:** Yes.

MS SHARP SC:

"I apologise for these ongoing requests."

10

Do you remember receiving this email?

MS SCOPEL: Not specifically, but I recall there being requests after the 7 November one.

15

MS SHARP SC: And do you see, if you look in that box, that the number of transactions queried are identified?

MS SCOPEL: Yes.

20

MS SHARP SC: And you can take it from me that if you add that up, that's 156 transactions that are being queried.

MS SCOPEL: Yes.

25

MS SHARP SC: Can I then take you to the response to this email. If we go to exhibit B, tab 2026, STA.3002.0010.0115. And this is an email from Ms Dudek into which you are copied. Do you see that?

30 **MS SCOPEL:** Yes.

MS SHARP SC: And you agree that this responds to the email that Ms Arthur sent directly to you?

35 **MS SCOPEL:** Yes.

MS SHARP SC: And may we take it you would have read this email at the time?

MS SCOPEL: Yes.

40

MS SHARP SC: And do you see that Ms Dudek responds:

"(1) The merchant operates integrated reports in Australia, consisting of hotels, restaurants and other entertainment facilities."

45

MS SCOPEL: Yes.

MS SHARP SC: And it then states:

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

5 **MS SCOPEL:** Yes.

MS SHARP SC: Now, that statement was utterly false, was it not?

MS SCOPEL: Yes.

10

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

MS SCOPEL: Yes. I didn't specifically review the transactions themselves, but I expect they were not purely hotel accommodation.

15

MS SHARP SC: Can I then take you, Ms Scopel, to exhibit B, at tab 2069, which is STA.3002.0010.0389. And if I could take you to the bottom of that first page, you will see there's an email from Ms Arthur to Ms Dudek into which you're copied dated 11 December?

20

MS SCOPEL: Yes.

MS SHARP SC: And can I take you over the page to look at that email. And what Ms Dudek is being asked in that email is to respond to UnionPay's further requests, and part of that request is:

25

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

30 And so on?

MS SCOPEL: Yes.

MS SHARP SC: So by - and may we take it you read this email?

35

MS SCOPEL: I don't recall reading it.

MS SHARP SC: Is it most likely that you did?

40 **MS SCOPEL:** I - not necessarily. I would have been comfortable with Ms Dudek reviewing and discussing with me as needed.

MS SHARP SC: Well, given that by this time you're aware that emails are going off to NAB that contain false information in them, do you think it is most likely that you reviewed this email?

45

MS SCOPEL: Yes.

MS SHARP SC: And can I take you to Ms Dudek's response, into which you are copied, if we go back to the top of point 0389. Do you think it most likely you read this email?

5 **MS SCOPEL:** Yes.

MS SHARP SC: At the time?

MS SCOPEL: Yes.

10

MS SHARP SC: And - take a moment to read it to yourself. And I can have it scrolled for you so you can read it all. Can we just scroll that email up so that Ms Scopel can read the rest of it.

15 **MS SCOPEL:** Yes.

MS SHARP SC: And you will agree that this email makes no reference whatsoever to the CUP transactions being used to fund gambling?

20 **MS SCOPEL:** Yes.

MS SHARP SC: And that the email reasonably conveys the impression that the CUP cards were used for accommodation and luxury services such as jewellery, cars, cruises and so on?

25

MS SCOPEL: Yes.

MS SHARP SC: And that this email provided a false account of what those CUP card transactions had been used for?

30

MS SCOPEL: Yes, it was incomplete.

MS SHARP SC: Well, it was false, wasn't it?

35 **MS SCOPEL:** Some of the transactions may have been used for this purpose.

MR BELL SC: But it was clearly misleading, wasn't it?

MS SCOPEL: Yes.

40

MR BELL SC: As you understood at the time? Yes.

MS SCOPEL: Yes.

45 **MS SHARP SC:** So you would agree this is a second example I've shown you of where Star has sent a misleading email to NAB about the CUP transactions?

MS SCOPEL: Yes.

MS SHARP SC: Is that a yes?

MS SCOPEL: Yes.

5

MS SHARP SC: Now, it's right, isn't it, that NAB ended up receiving a warning letter from UnionPay about these transactions, isn't it?

MS SCOPEL: Yes.

10

MS SHARP SC: And that warning letter was sent to you?

MS SCOPEL: Yes.

15

MS SHARP SC: Can I take you, please, to a document at exhibit B, at tab 2230. This is STA.3105.0002.1405. And I'm showing you an email from Ms Arthur to yourself dated 3 March 2020.

MS SCOPEL: Yes.

20

MS SHARP SC: And you will see - first of all, do you recall receiving this email?

MS SCOPEL: Yes.

25

MS SHARP SC: Now, can I take you to - you will see there's an attachment there, Warning Letter to NAB?

MS SCOPEL: Yes.

30

MS SHARP SC: Can I please take you to that warning letter, which is exhibit B, tab 2232, which is STA.3105.0002.1408. And you read this warning letter at the time, did you?

MS SCOPEL: Yes.

35

MS SHARP SC: This warning letter from UnionPay dated 28 February 2020 says in paragraph 2:

40

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

Now, upon reading this, you could have been in no doubt that CUP had been led to believe the CUP cards were not used to fund gambling, could you?

45

MS SCOPEL: I - I understood CUP still had concerns that cards were linked to gambling, hence the sending of this email.

MS SHARP SC: You could have no doubt that CUP was labouring under the impression that the transactions did not include any component for gambling?

5 **MS SCOPEL:** Do you mean - you mean they were questioning? Yes.

MS SHARP SC: And you understood that CUP were questioning whether the transactions related to gambling?

10 **MS SCOPEL:** Yes.

MS SHARP SC: And didn't you understand from reading this letter that CUP had been told they do not include any component for the purpose of gambling?

15 **MS SCOPEL:** I can see that, that that is in - that appears to be in response to what NAB communicated to CUP. I don't recall Star communicating that.

MS SHARP SC: Well, Star --

20 **MS SCOPEL:** Those specific words in quotations.

MS SHARP SC: But Star certainly provided NAB documents that conveyed that impression, didn't they?

25 **MS SCOPEL:** Yes.

MS SHARP SC: And you had no doubt by this time that that was, in fact, the impression that CUP had formed?

30 **MS SCOPEL:** I don't know what impression CUP had formed.

MS SHARP SC: Well, they're stating it here in black and white, "do not include any component for the purpose of gambling".

35 **MR BRAHAM SC:** Well, I object. The black and white statement does not describe CUP's impression or belief; it describes a response.

MR BELL SC: Yes, I reject that question.

40 **MS SHARP SC:** Did you have any concern, Ms Scopel, at the time of reading this warning letter that UnionPay had been misled about the use to which the CUP cards were put?

MS SCOPEL: Sorry, could you repeat the question.

45 **MS SHARP SC:** Did you have any concern upon reading this letter that UnionPay had been misled about the use to which the CUP cards were put?

MS SCOPEL: Yes.

MS SHARP SC: And what was that concern?

5 **MS SCOPEL:** They did not receive full information about the connection of those transactions with gaming activities.

MS SHARP SC: Do you accept that it is a very serious matter to mislead a payment service provider about the use to which its cards have been put?

10 **MS SCOPEL:** Yes.

MS SHARP SC: Did you communicate your concern to anybody at Star Entertainment Group at this time?

15 **MS SCOPEL:** I believe I would have.

MS SHARP SC: And who - well, I withdraw that. Do you have a specific recollection of doing so?

20 **MS SCOPEL:** I have a recollection around - generally around this time upon receiving this and speaking to Mr Theodore.

MS SHARP SC: And what did you say to Mr Theodore, and what did he say to you?

25 **MS SCOPEL:** I don't recall the specific words in the conversation.

MS SHARP SC: Well, was any part of the conversation you conveying your concern about UnionPay being misled?

30 **MS SCOPEL:** I can't recall.

MS SHARP SC: Well, it's a pretty serious matter to mislead a payment service provider, isn't it?

35 **MS SCOPEL:** Yes.

MS SHARP SC: Isn't this the very sort of conversation you would recall having with the CFO of a large organisation?

40 **MS SCOPEL:** In the context of the timing around this was in the middle of the first lockdowns when - well, there was a lot of other financing activity going on as well as this. And I just don't recall a specific conversation.

45 **MS SHARP SC:** It's right, isn't it, that Star disabled these EFTPOS terminals on about 10 March 2020?

MS SCOPEL: Yes.

MS SHARP SC: Was the reason why Star took this action at this time because UnionPay was expressing these concerns and had issued this warning letter?

5 **MS SCOPEL:** It wasn't my decision. It was an operational decision. And it was in connection with these information requests, from my understanding.

MS SHARP SC: Well, can you tell us what your understanding is, please.

10 **MS SCOPEL:** That Star was unable to provide comfort that the transactions were not gaming related.

MS SHARP SC: Can I take you, please, to exhibit B at tab 2249. Do you see down the bottom of that page is an email from you to Mr Theodore and Mr White?

15

MS SCOPEL: Yes.

MS SHARP SC: And do you see that you've provided some draft text for internal emails?

20

MS SCOPEL: Yes.

MS SHARP SC: And I'll take you over the page to pinpoint 2828 to look at that draft text.

25

MS SCOPEL: Yes.

MS SHARP SC: You say:

30

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

35 Now, do you remember writing this email?

MS SCOPEL: Yes.

MS SHARP SC: Were you involved in this operational decision?

40

MS SCOPEL: I wasn't. I had a discussion with Mr Theodore before writing this email and was instructed to send this draft email.

45 **MS SHARP SC:** So - I withdraw that. You see the statement "the use of CUP card transactions for the purposes of contributing to hotel account balances". That was not consistent with your understanding of what the CUP cards were used for, was it?

MS SCOPEL: It was.

MS SHARP SC: How do you explain that?

5 **MS SCOPEL:** Because the first transaction was to top up a hotel account balance before any subsequent transaction. So this email related to removing that first step.

10 **MS SHARP SC:** Are you suggesting that to state "the use of CUP card transactions for the purposes of contributing to hotel account balances" accurately states the substance of what the CUP cards were used for?

15 **MS SCOPEL:** May I clarify that this email was about making an operational change about a specific process in operations only, not about clarifying the ultimate use of funds.

MS SHARP SC: It's right that this was an email to be sent to staff within Star Entertainment, wasn't it?

20 **MS SCOPEL:** Yes.

MS SHARP SC: So the statement "the use of CUP cards for the purposes of contributing to hotel account balances" doesn't in any way indicate what the substance of the transaction was, does it?

25 **MS SCOPEL:** It - it isn't intended to.

MR BELL SC: Let me ask you this, Ms Scopel: you told me a little earlier that you understood that the operational decision to cease using CUP was because The Star couldn't provide the comfort required that the transactions were not gaming related; is that right?

MS SCOPEL: Yes.

35 **MR BELL SC:** This draft email, which you've told me Mr Theodore directed you to send, says that the decision was due to increased administration, doesn't it?

MS SCOPEL: Yes.

40 **MR BELL SC:** But that's plainly misleading, isn't it?

MS SCOPEL: Yes.

45 **MR BELL SC:** Did you challenge Mr Theodore that he was directing you to make a communication to the staff of The Star which was misleading?

MS SCOPEL: I didn't.

MR BELL SC: And why not?

MS SCOPEL: Because this was simply an email to stop an operational process, to stop doing something that it was determined shouldn't occur anymore.

5

MR BELL SC: Looking back on it now, do you think you should have challenged Mr Theodore about this issue?

MS SCOPEL: No.

10

MR BELL SC: Why not?

MS SCOPEL: Because, to me, this email was simply saying "stop using the cards for hotel transfers", which ultimately stopped those cards being used for gaming, and I agree that was a good thing to do.

15

MR BELL SC: But you've told me you thought it was misleading, didn't you?

MS SCOPEL: I - I - yes.

20

MR BELL SC: And it didn't occur to you that that was something you should challenge Mr Theodore about? Is that what you are telling me?

MS SCOPEL: I didn't think the purpose of stopping this operation was relevant; just that we were stopping doing it.

25

MR BELL SC: Thank you, Ms Sharp.

MS SHARP SC: Mr Bell, could I request an adjournment at this stage, please?

30

MR BELL SC: Yes, we will adjourn for 15 minutes.

<THE HEARING ADJOURNED AT 11:37 a.m.

35

<THE HEARING RESUMED AT 11:56 a.m.

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Ms Scopel, in any of your dealings with Ms Tanya Arthur about the CUP matter, did you explicitly confirm with her that the CUP cards had been used to fund gambling?

40

MS SCOPEL: Not that I recall.

MS SHARP SC: Can I show you a document, which is MF11. It's STA.3008.0023.8145. I'm showing you The Star Entertainment Group Code of Conduct as at 1 March 2018. Have you seen this document before?

45

MS SCOPEL: Yes.

MS SHARP SC: When did you first see this document?

5 **MS SCOPEL:** I can't recall specifically, but it would have been provided to me on commencing my employment with The Star.

MS SHARP SC: And were you familiar with the contents of this document?

10 **MS SCOPEL:** Generally, yes.

MS SHARP SC: And you were aware that this document set out the expectations that The Star Entertainment Group had of the conduct of its staff, including you?

15 **MS SCOPEL:** Yes.

MS SHARP SC: Can I take you, please, to pinpoint 8150. Do you see there's a heading in italics *Our Employees Are Expected To*?

20 **MS SCOPEL:** Yes.

MS SHARP SC: Do you see, six dot points down, it says:

25 "Our employees are expected to refrain from behaviours which could bring Star Entertainment into disrepute."

MS SCOPEL: Yes.

30 **MS SHARP SC:** You engaged in behaviours in relation to your dealings with NAB which could bring Star Entertainment into disrepute, didn't you?

MS SCOPEL: Yes.

MS SHARP SC: You see a few further dot points down:

35

"Our employees are expected to challenge and report unethical behaviours or practices."

MS SCOPEL: Yes.

40

MS SHARP SC: You didn't do that, did you?

MS SCOPEL: No.

45 **MS SHARP SC:** Although you did have a concern that there was unethical behaviour on the part of you, of Mr Theodore and Mr White in relation to NAB dealings regarding the CUP cards?

MS SCOPEL: Yes.

MS SHARP SC: Your behaviour towards NAB in relation to its queries about the NAB transactions was dishonest, wasn't it? Is that a yes?

5

MS SCOPEL: Yes.

MS SHARP SC: And you accept it was unethical?

10 **MS SCOPEL:** Yes.

MS SHARP SC: Were you aware that Star Entertainment Group operated some bank accounts with a bank known as UOB?

15 **MS SCOPEL:** Yes.

MS SHARP SC: And what were those bank accounts used for?

20 **MS SCOPEL:** I believe they were used for patron deposits or payments, or both.

MS SHARP SC: And these were bank accounts maintained by Star Entertainment in Singapore?

25 **MS SCOPEL:** I believe so.

MS SHARP SC: Did you ever review the bank account statements associated with these bank accounts?

30 **MS SCOPEL:** No.

MS SHARP SC: Are you aware as to why The Star Entertainment Group maintained these bank accounts for patrons in Singapore?

35 **MS SCOPEL:** I can't recall specifically. They had been in place for many years.

MS SHARP SC: Can I take you to one email, please, which is in exhibit B, at tab 2462, and it is STA.3105.0007.1015. Can I take you to that first - it's an email chain. You see that you're copied into it, and it's dated 10 June 2020?

40 **MS SCOPEL:** Yes.

45 **MS SHARP SC:** Now, this is - and I will show you the whole of this email, if I can have it scrolled down for Ms Scopel. And if I could direct you to the middle email in the chain, being from Mr Yeo Yee Hang on 27 May 2020 to Ms Dudek, into which you are copied?

MS SCOPEL: Yes.

MS SHARP SC: Do you have any recollection of receiving this email and reading it?

MS SCOPEL: Generally, yes.

5

MS SHARP SC: And you will see that UOB was making inquiries to understand the main purpose of the business account in Singapore?

MS SCOPEL: Yes.

10

MS SHARP SC: Now, Ms Dudek provided the response, but did she liaise with you at all before sending that response?

MS SCOPEL: I do not recall her liaising with me.

15

MS SHARP SC: Can I take you to her response, which is at the top of that email chain. And firstly, do you expect it is most likely that Ms Dudek would have consulted with you before responding to a due diligence request from a partner bank?

20

MS SCOPEL: No.

MS SHARP SC: Why is that?

25

MS SCOPEL: Because it was part of Ms Dudek's role to respond to these sorts of bank queries.

MS SHARP SC: But weren't you the relationship partner for the banks?

30

MS SCOPEL: Yes.

MS SHARP SC: In the event that you - well, I withdraw that. Given you were the relationship representative for the banks, why didn't Ms Dudek run responses to the bank past you?

35

MS SCOPEL: This appears to be a fairly standard query and is well within Ms Dudek's capability to respond.

MS SHARP SC: And you'll see that she says that the purpose of the bank account details in Singapore being:

40

" provided to The Star's VIP customers located in Singapore for efficiency and their convenience. By accepting transfers in Singapore, it reduces the time taken for funds to clear with The Star and also reduces bank fees for The Star's customers."

45

Are you able to explain how it is that it reduces the time for funds to clear with The Star?

MS SCOPEL: No.

5 **MS SHARP SC:** That wasn't a matter you looked into?

MS SCOPEL: No.

10 **MS SHARP SC:** Did you have any understanding of whether or not these banks in Singapore accepted cash deposits?

MS SCOPEL: I don't - I don't recall that. It's moving into operational use of accounts that is not within my general understanding.

15 **MS SHARP SC:** Now, can I - I will move to a different topic now. Can I take you to exhibit B, tab 1168 and bring up document STA.3421.0028.8013. Could I take you to pinpoint 8017. Do you see at the bottom of that page there's an email from Richard Booth dated 28 October 2018 into which you are copied?

20 **MS SCOPEL:** Are you referring to the 25 October?

MS SHARP SC: Yes. Sorry. The 25 October 2018 email at 2.40 pm.

MS SCOPEL: Yes.

25 **MS SHARP SC:** And you will see the subject of that email is EEIS Bank Account at BOC?

MS SCOPEL: Yes.

30 **MS SHARP SC:** Is that Bank of China?

MS SCOPEL: Yes.

35 **MS SHARP SC:** And what it states is:

"I have an introduction meeting with Sarah earlier this week to brief her on EEIS."

40 **MS SCOPEL:** Yes.

MS SHARP SC: Do you recall receiving a briefing with Mr Booth about EEIS in around October 2018?

45 **MS SCOPEL:** Very vaguely. I think it was in my first week at The Star.

MS SHARP SC: Did you become a member of the EEIS working group in 2018?

MS SCOPEL: Not that I recall.

MS SHARP SC: What were your dealings in relation to EEIS while you worked at Star Entertainment?

5 **MS SCOPEL:** I don't recall being involved in very much relating to EEIS, other than helping to set up or administer bank accounts in terms of changing bank accounts (indistinct).

10 **MS SHARP SC:** And why did you understand different bank accounts were being set up for EEIS in 2018?

MS SCOPEL: I don't recall what my understanding was then or now. I don't have an understanding now either.

15 **MS SHARP SC:** Can I take you to another email, please, which is in exhibit B at tab 1317. It's NAB.002.002.3 - I beg your pardon, 3314 - 3311.

OPERATOR: Hi. Sorry, this is the operator. We have lost Kate.

20 **MR BELL SC:** I'm sorry. What am I being told?

OPERATOR: We've just lost Ms Richardson.

25 **MR BELL SC:** I see. Well, we might just take a short adjournment. Thank you.

<THE HEARING ADJOURNED AT 12:09 p.m.

<THE HEARING RESUMED AT 12:11 p.m.

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

MS SHARP SC: This email that I'm showing to you is from Ms Arthur to you dated 18 March 2019 and refers to an AML procedures/obligations review. Now, do you recall receiving this email?

35

MS SCOPEL: Not - no.

MS SHARP SC: Did you participate in an AML procedures/obligations review with NAB on behalf of Star Entertainment Group in 2019?

40

MS SCOPEL: Yes.

45 **MS SHARP SC:** I just want to ask you some questions about that. Could I take you to an email of - it's in exhibit B, tab 1399 at STA.3002.0005.0156. And you'll see that's an email from you to Ms Arthur, and you attach a questionnaire. Do you see that?

MS SCOPEL: Yes.

MS SHARP SC: And do you see that you're responding to an email from Ms Arthur dated 23 May 2019 requesting further information about EEI Services (Hong Kong) Limited?

5

MS SCOPEL: Yes.

MS SHARP SC: And did you liaise with Ms Skye Arnott for the purpose of that questionnaire being completed?

10

MS SCOPEL: Yes.

MS SHARP SC: And I'll just show you that questionnaire that was attached, which is STA.3002.0005.0158. This is exhibit B, tab 1400. Did you have any role in completing the answers to this questionnaire?

15

MS SCOPEL: No.

MS SHARP SC: And do you see it relates to EEI Services (Hong Kong) Limited?

20

MS SCOPEL: Yes.

MS SHARP SC: Now, Ms Arnott - if I take you to the pinpoint 0164, it says that this questionnaire was completed by Ms Arnott, and that is consistent with your understanding, is it?

25

MS SCOPEL: Yes.

MS SHARP SC: And did you provide any input - I beg your pardon, any input whatsoever in relation to this questionnaire?

30

MS SCOPEL: No.

MS SHARP SC: Did you review it before you sent it?

35

MS SCOPEL: I may have. I don't recall.

MS SHARP SC: Did you take any steps to confirm the accuracy of these answers with Ms Arnott before you sent this document?

40

MS SCOPEL: No, Ms Arnott had the knowledge and expertise to complete this questionnaire.

MS SHARP SC: Can I take you to an email, which is exhibit B at tab 1508. It's document STA.3105.0019.2953. And in the middle of the page, you will see there's an email from Ms Arthur to you dated 9 August 2019.

45

MS SCOPEL: Yes.

MS SHARP SC: And you will note that it refers to the AML questionnaire to EEI Services and was asking to arrange a call. Was that call arranged?

5

MS SCOPEL: I believe so.

MS SHARP SC: Are you able to explain why it was sought - I withdraw that. Do you know - I withdraw that. Did you participate in the call?

10

MS SCOPEL: I expect that I would have. I don't recall specifically.

MS SHARP SC: Can I take you to a diary entry, please, STA.3002.0010.0588, which is exhibit B at tab 1555. And you are one of the required attendees according to this meeting?

15

MS SCOPEL: Yes.

MS SHARP SC: Do you see that?

20

MS SCOPEL: Yes.

MS SHARP SC: And you did attend that meeting about EEIS, did you?

25

MS SCOPEL: I can't recall the meeting. I expect I would have.

MS SHARP SC: Do you have any recollection of that meeting?

MS SCOPEL: No.

30

MS SHARP SC: Can I take you to another document, please, which is exhibit B at tab 1649, STA.3015.0002.2283. You will see this is an email from Ms Arthur to you dated 4 September 2019?

35

MS SCOPEL: Yes.

MS SHARP SC: It attaches a statement, do you see, in the little attachment box?

MS SCOPEL: Yes.

40

MS SHARP SC: And Ms Arthur states:

45 "As a follow-up to the EEIS Services call, I attach a copy of a bank statement that highlights some of the transactions that have been flagged by our AML team."

MS SCOPEL: Yes.

MS SHARP SC: Do you have a recollection that NAB did raise some queries with you in - around September 2019 regarding transactions in the NAB accounts for EEIS?

5 **MS SCOPEL:** I do recall transaction queries being made, and I can - I can see that the timing was September.

MS SHARP SC: And did you have any role at all in providing analysis in order to answer those queries?

10

MS SCOPEL: No. Treasury was a liaison with the business into - in order to provide these responses.

15 **MS SHARP SC:** Did treasury have access to the bank account statements for EEIS at that time?

MS SCOPEL: Yes, I believe - I believe so.

20 **MS SHARP SC:** And who did you liaise with within Star to provide the answers to these questions?

MS SCOPEL: I expect it would have been Ms Arnott.

25 **MS SHARP SC:** And it's correct, isn't it, that you've provided a response to these queries?

MS SCOPEL: I expect I would have. I can't recall the details.

30 **MS SHARP SC:** Can I take you to document STA.3002.0001.3366, which is exhibit B, tab 1701. This is an email from Ms Arnott to you dated 18 September?

MS SCOPEL: Are you referring to the email - the bottom email to me?

35 **MS SHARP SC:** I apologise. This is the email at the top. One of the recipients was you?

MS SCOPEL: Yes.

40 **MS SHARP SC:** And another recipient is Ms Arthur from NAB?

MS SCOPEL: Yes.

MS SHARP SC: And it's dated 18 September 2019 at 4.52?

45 **MS SCOPEL:** Yes.

MS SHARP SC: And this is the response of Ms Arnott to the transaction queries raised by NAB in relation to the EEIS accounts?

MS SCOPEL: Yes.

5 **MS SHARP SC:** Can I just take your attention, please, to the very last dot point there. It says:

"In relation to the additional two red boxes, we understand that Silver Express and MS Services Centre are both licence remitters in Hong Kong."

10 Now, did you have any understanding at all that remitters were depositing money into the EEIS accounts maintained by NAB?

15 **MS SCOPEL:** I - I wasn't directly involved or involved at all in the operations of EEIS accounts, but I knew - I was aware that remitters made deposits to Star accounts generally. I didn't know the details.

20 **MS SHARP SC:** Can I take you to exhibit B at tab 1722, which is STA.3105.0012.2555. And you will see this is an email from Ms Arthur to you dated 30 September 2019?

MS SCOPEL: Yes.

MS SHARP SC: And what Ms Arthur says is that:

25 "As part of NAB's increased focus on financial crimes risk, we are looking to elevate our relationship with key clients to include strategic conversations at senior levels."

Then in the third paragraph:

30 "In particular, we would like to revisit the recent discussion regarding the AML and transaction monitoring undertaken for EEI Services Limited and receive confirmation that your internal processes now include visibility/monitoring of the NAB transactional accounts."

35 **MS SCOPEL:** Yes.

40 **MS SHARP SC:** To your understanding, had there been any transaction monitoring on the part of Star Entertainment with respect to the EEIS accounts prior to this time?

45 **MS SCOPEL:** I'm not familiar with the monitoring of those accounts, but I expect they would have been - that would have been a requirement under the AML/CTF.

MR BELL SC: But your treasury team weren't undertaking that monitoring; is that what you are telling me?

MS SCOPEL: That's right. It's not a - not a treasury function.

5 **MS SHARP SC:** Did you, at any time in around September 2019, discover that no one within Star Entertainment had been monitoring the bank account statements of EEIS for AML purposes?

MS SCOPEL: I don't recall discovering that. It would be an operational - an operational responsibility within the business.

10 **MS SHARP SC:** Can I take you, please, to STA.3105.0012.2971, which is exhibit B at tab 1738. And you will see this is an email from you to Ms Arthur dated 14 October 2019?

15 **MS SCOPEL:** Yes.

MS SHARP SC: Do you recall sending this email that is relating to organising a meeting with the NAB?

20 **MS SCOPEL:** I recall organising the meeting. I don't recall the specific email.

MS SHARP SC: Did you attend the meeting?

MS SCOPEL: Yes.

25 **MS SHARP SC:** Do you see that there's an agenda for the meeting set out at the bottom of this document?

MS SCOPEL: Yes.

30 **MS SHARP SC:** And do you see that one of the headings is Transaction Monitoring?

MS SCOPEL: Yes.

35 **MS SHARP SC:** And one of the questions is whether there is any recent enhancements to EEIS and Star's transaction monitoring process?

MS SCOPEL: Sorry, I can't read it from where I'm sitting.

40 **MS SHARP SC:** I will have it enlarged for you. If we could enlarge the bottom half of the page, please. And can you now see there's a heading Transaction Monitoring?

45 **MS SCOPEL:** Yes.

MS SHARP SC: And one of the questions is:

"EEIS and Star's transaction monitoring processes and assessments."

MS SCOPEL: I see that now. Thank you.

5 **MS SHARP SC:** Now, did you attend that meeting?

MS SCOPEL: Yes.

10 **MS SHARP SC:** Was EEIS's transaction monitoring process discussed at that meeting?

MS SCOPEL: I believe so. I expect it would have been if it was on the agenda.

MS SHARP SC: Do you remember what discussion occurred?

15 **MS SCOPEL:** I don't.

MS SHARP SC: Can I take you, please, to exhibit B at tab 1741 at STA.3002.0009.0098. You will see that this is - there are two emails I wish to take you to. The first one is from Steven Blackburn to yourself and others dated 20 16 October 2019?

MS SCOPEL: Yes.

25 **MS SHARP SC:** Now, do you recall receiving this email?

MS SCOPEL: Yes.

MS SHARP SC: You will see that he says:

30 "Thanks again for meeting with us earlier today. I greatly appreciate your transparency."

MS SCOPEL: Yes.

35 **MS SHARP SC:** See that? And then can I take you to the email at the top of the page from Ms Arthur to you dated 16 October 2019. Do you recall reading that email?

40 **MS SCOPEL:** No.

MS SHARP SC: Can you see that she says there that she appreciates the transparency of the discussion?

45 **MS SCOPEL:** Yes.

MS SHARP SC: What do you say to the suggestion that at that meeting it was revealed that there had been no transaction monitoring of the EEIS accounts?

MS SCOPEL: I - I really can't recall that being discussed.

5 **MS SHARP SC:** Can I take you to a further email, please, exhibit B, at tab 1784, which is NAB.0002.004.2634. Do you see at the bottom half of that page, there's an email from Ms Arthur to Ms Arnott and yourself dated 24 October 2019?

MS SCOPEL: Yes.

10 **MS SHARP SC:** And do you see - I withdraw that. Do you recall receiving and reading that email at about the time it was sent?

MS SCOPEL: No.

15 **MS SHARP SC:** You will see that it involves Ms Arthur to double-check some information that was conveyed to NAB at the meeting?

MS SCOPEL: Yes.

20 **MS SHARP SC:** And that information was about the Suncity VIP room with The Star?

MS SCOPEL: Yes.

25 **MS SHARP SC:** Did you have any role - and you will see that Ms Arthur has asked for confirmation as to what was said at the meeting about the Suncity VIP room?

MS SCOPEL: Yes.

30 **MS SHARP SC:** Did you have any input into providing a response to that email, other than sending a response? I've put that badly. I will withdraw it. Did you have any role in formulating a response to that request?

35 **MS SCOPEL:** No, I didn't have knowledge around any involvement with Suncity without asking for input on that.

40 **MS SHARP SC:** Just to take you to a further document to follow that up, which is NAB.002.003.3682, being exhibit B, tab 2077 - I'm sorry, that's the wrong exhibit. Exhibit B, tab 1789. Do you see that's an email from Ms Arnott to Ms Arthur, into which you are copied, dated 31 October 2019?

MS SCOPEL: Yes.

45 **MS SHARP SC:** Do you recall receiving that email?

MS SCOPEL: I have a vague recollection of documents being sent - sent to NAB, but I don't recall the specific email or documents.

MS SHARP SC: Do you see in this email that Ms Arnott provides a response to Ms Arthur's query about what was said about the Suncity VIP room?

MS SCOPEL: Yes.

5

MS SHARP SC: And did you have any role at all in formulating those words in italics that Ms Arthur - I beg your pardon - Ms Arnott uses in that email?

MS SCOPEL: No.

10

MS SHARP SC: Did you have any understanding at all as to whether Star had withdrawn exclusive access to one of its VIP rooms?

MS SCOPEL: All I knew was high-level comments made in this email.

15

MS SHARP SC: So were you reliant - entirely reliant on others for your understanding of the situation?

MS SCOPEL: I was.

20

MS SHARP SC: Could I take you to an email at exhibit B, tab 2077, which is STA.3105.0012.2775. Do you see that's an email from Ms Arnott to Ms Arthur at NAB into which you and Mr White are copied?

25

MS SCOPEL: I do. May I have it enlarged, please?

MS SHARP SC: Yes. I will have the first half enlarged for you. It's dated 19 December 2019.

30

MS SCOPEL: Yes.

MS SHARP SC: Now, this email is a response to certain follow-up questions that NAB had regarding transactions in the EEIS accounts. Did you play any role at all in formulating the response to these questions?

35

MS SCOPEL: No.

MS SHARP SC: Can I scroll up ever - scroll down ever so slightly. Do you see the second dot point is:

40

"Could EEIS please provide an explanation as to why most funds transfers to its accounts with NAB originate from overseas MSBs?"

MS SCOPEL: Yes.

45

MS SHARP SC: What are MSBs?

MS SCOPEL: I - I couldn't recall. But through this process, I've been reminded that they are money services businesses, I think.

5 **MS SHARP SC:** So they're remitters, are they?

MS SCOPEL: I - I think so.

10 **MS SHARP SC:** Did you have any discussions at all with Ms Arnott or anybody else from Star about third-party remitters depositing funds into EEIS accounts?

MS SCOPEL: Yes.

MS SHARP SC: What were those discussions?

15 **MS SCOPEL:** I was present for conversations between NAB and Ms Arnott - the meeting that you referred to earlier that occurred - where these matters were discussed generally.

20 **MS SHARP SC:** And what was discussed about the deposits made by these money service businesses?

MS SCOPEL: I can't recall.

25 **MS SHARP SC:** I have no further questions, Mr Bell.

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

MS RICHARDSON SC: Thank you, Mr Bell.

30 **<EXAMINATION BY MS RICHARDSON SC:**

35 **MS RICHARDSON SC:** Ms Scopel, you gave evidence earlier this morning in relation to a discussion that you had with Ms Arthur where she had a process whereby she would call you before sending an information request to you. Do you recall that evidence?

MS SCOPEL: Yes.

40 **MS RICHARDSON SC:** And so - and you - just one moment. I'm sorry for the delay, Mr Bell. Because we're doing this on the hop - just one moment. And it's the case, isn't it, that in early November, Ms Arthur called you to let you know that a further information request would be coming from CUP that would require an answer from The Star; is that correct?

45 **MS SCOPEL:** Yes.

MS RICHARDSON SC: And you had a discussion with Ms Arthur about the information request that she would send by email; correct?

MS SCOPEL: Yes.

5 **MS RICHARDSON SC:** And it's the case, isn't it, that in the discussions that you had with Ms Arthur, she told you that a request would come, sent by her from the NAB, which would set a deadline of 7 November for a response, that the NAB had asked for an extension; is that correct?

10 **MS SCOPEL:** Yes.

MS RICHARDSON SC: And it's the case, isn't it, that you have given evidence this morning that you had a discussion with Mr Harry Theodore in early November about the response that you would have to send to the NAB; correct?

15 **MS SCOPEL:** Yes.

20 **MS RICHARDSON SC:** And it's the case, isn't it, that when you had a discussion with Mr Theodore, he asked you to speak to Ms Arthur and ask her whether The Star should pre-empt the directive as to whether CUP might cease - whether The Star should just do that at that point? Do you agree that Mr Theodore said that to you?

25 **MS SCOPEL:** I don't recall him asking me to ask Ms Arthur. I do recall there was a phone call with Mr Theodore, Ms Arthur and myself.

30 **MS RICHARDSON SC:** And is it the case that in a phone call you had where Ms Arthur was present on the phone, there was a discussion about whether or not the directive that CUP might cease, that if information could not be given, that it was said to Ms Arthur by either you or Mr Theodore, "Should we pre-empt the direction and just cease the CUP service now?" Do you agree that that was discussed with Ms Arthur?

35 **MS SCOPEL:** I don't recall a discussion on immediately ceasing the services with Ms Arthur. What I recall is the reduction in transaction limit being discussed.

40 **MS RICHARDSON SC:** And - well, what I want to suggest to you is that you told Mr Theodore that you had asked Ms Arthur on the phone whether or not The Star should pre-empt the directive and just cease the CUP service now, and that she had told you that The Star should respond to the CUP's queries and see what the CUP's response was. Do you agree that you told Mr Theodore that - or words to that effect?

45 **MS SCOPEL:** I don't recall, but it sounds like that conversation reasonably could have occurred.

MS RICHARDSON SC: And is it the case that Ms Arthur, in a phone call with you, asked for The Star to provide examples of high value non-gaming

transactions in its response that the NAB could then use in their response to the CUP?

MS SCOPEL: Yes.

5

MS RICHARDSON SC: Do you recall Ms Arthur saying that to you?

MS SCOPEL: Yes.

10 **MS RICHARDSON SC:** Could I have the following document brought up, please. Sorry. Document 1814, please.

MR BELL SC: Is that exhibit B1814, Ms Richardson?

15 **MS RICHARDSON SC:** Yes. I apologise. If you could just read that email, please, Ms Scopel.

MS SCOPEL: I've read it.

20 **MS RICHARDSON SC:** Thank you. And - in terms of the timeframe, we see that this email is sent at 6.50 in the evening of 6 November.

MS SCOPEL: Yes.

25 **MS RICHARDSON SC:** I can tell you that that's prior to the email request that Ms Arthur sent you on the 6th, which came at 7.27 that night, just by way of context.

MS SCOPEL: Yes.

30

MS RICHARDSON SC: So when you are recounting to Mr Theodore that "Tanya said the suggestion would go a long way", do you agree with me that this email is recording the fact that you have had a discussion with Ms Arthur, at least on 6 November, about how to deal with the information request that she was about to send to The Star?

35

MS SCOPEL: Yes. We did speak before she sent the request to me.

40 **MS RICHARDSON SC:** Thank you. And when you wrote "Tanya said the suggestion will go a long way", what were you referring to as the suggestion?

MS SCOPEL: The ability to provide a response that generally set out examples of high-value expenditure, as was provided in the response.

45 **MR BELL SC:** It wasn't a suggestion to reduce the transaction limits?

MS SCOPEL: I don't know. I - I only recall - I don't recall discussing that on that evening.

MR BELL SC: You don't recall discussing transaction limits?

MS SCOPEL: I don't recall.

5

MS RICHARDSON SC: Well, Ms Scopel, you've given evidence before Mr Bell that you, at least in one phone call with Ms Arthur, had a discussion about the reduction in transaction size of CUP transactions and that would be offered as part of the response. Do you recall that evidence?

10

MS SCOPEL: I do.

MS RICHARDSON SC: So I want to suggest to you that the suggestion you were referring to in this email is a suggestion in relation to - well, it included a reduction in transaction limits. Do you agree with that?

15

MS SCOPEL: It - it's possible, looking at this, that that's what - that conversation occurred on that evening as well.

MS RICHARDSON SC: And when you wrote "and will liaise with the merchant team to get a guide on how to beat communications it". Seems like there's some type of typo there. Are you able to say what you intended to write there?

20

MS SCOPEL: It - it looks like it's a typo, and it should have read "on how to best communicate it."

25

MS RICHARDSON SC: Thank you. And in your discussion that you had with Ms Arthur that day, did she say to you - or give information to you about how the NAB merchant team was going to best communicate a response from The Star in relation to information it might provide; is that correct?

30

MS SCOPEL: I don't recall.

MS RICHARDSON SC: Could the following document be brought up, please, document B1818. You were shown this email earlier. This is the actual request sent on email by Ms Arthur. Do you recall this?

35

MS SCOPEL: Yes.

MS RICHARDSON SC: And you see there the time that this is sent to you is 7.27 at night, which is after the - it's about 40 minutes after the email I just showed you where it was clear you had already had a conversation with Ms Arthur. Do you see that?

40

MS SCOPEL: Yes.

45

MS RICHARDSON SC: And do you see at the beginning of this email she writes "as discussed".

MS SCOPEL: Yes.

5 **MS RICHARDSON SC:** So when you received this email and you saw that Ms Arthur was saying "as discussed", you - did you understand that this was referring to phone calls you had already had about the information request that would be coming?

10 **MS SCOPEL:** I did.

MS RICHARDSON SC: You've given evidence that on the morning of 7 November, you had a phone call with Ms Arthur where it was said to her that The Star could not provide the information that was being sought in the - the information that was being sought in the information request. Do you recall that?

15

MS SCOPEL: Yes.

20 **MR BELL SC:** Ms Richardson, I'm not sure that that accurately sets out the evidence that I've recorded on this issue. The note that I have made is that Ms Scopel said that Mr Theodore said to Ms Arthur, "You know we can't provide confirmation that transactions are non-gaming." And according to Ms Scopel, Ms Arthur said, "Yes, yes, I know."

25 **MS RICHARDSON SC:** Thank you. I will put it more narrowly. When Mr Theodore said to Ms Arthur on the phone that morning of the 7th, "And you know we can't provide that type of - that information" - when you say Ms Arthur responded affirmatively without surprise, what did you mean by that evidence, that she responded affirmatively without surprise?

30 **MS SCOPEL:** My impression was that Ms Arthur, and NAB generally, were aware of the difficulty in providing the non-gaming confirmations and were aware of the connection to gaming and were comfortable with the intended approach to the response.

35 **MS RICHARDSON SC:** When you say "comfortable with the response", what do you mean?

40 **MS SCOPEL:** That they understood the manner in which we were going to respond and accept it.

MR BELL SC: And, Ms Scopel, you formed that impression from her saying the words "yes, yes, I know" in a tone which suggested to you that there was no surprise; is that correct?

45 **MS SCOPEL:** Yes.

MS RICHARDSON SC: So do you - you gave evidence that in the call with Ms Arthur, a reduction in CUP transaction size was discussed as something that would be offered in the response. Do you recall that?

5 **MS SCOPEL:** Yes.

MS RICHARDSON SC: It's the case, isn't it, that a size of transaction does not affect whether it is used for the purpose of funding gambling or not; do you agree with that?

10

MS SCOPEL: Yes.

MS RICHARDSON SC: Did Ms Arthur say anything to you in that call as to querying why a reduction in transaction size would be proffered by The Star as part of its response?

15

MS SCOPEL: No, not that I recall.

MS RICHARDSON SC: Given your understanding at the time that Ms Arthur and the NAB generally were aware of the connection of the use of CUP cards at The Star to gaming and were comfortable with The Star's response, did you understand that the email you sent on 7 November would, in fact, be misleading to the NAB when you sent it?

20

25 **MS SCOPEL:** I did not believe that it was misleading to the NAB.

MS RICHARDSON SC: Why was that?

MS SCOPEL: Because I understood that they were well aware of the nature of the ultimate connection to gaming of the transactions in question.

30

MS RICHARDSON SC: Can the following document be brought up. I'm sorry, I don't have a tab number. I only have the full number. It's NAB.004.001.1999. Sorry. If we could go down to the bottom email, please. Do you see there is an email from Tanya Arthur to you at 10.27 on 12 November?

35

MS SCOPEL: Yes.

MS RICHARDSON SC: Could you read that to yourself, please.

40

MS SCOPEL: Yes, I've read it.

MS RICHARDSON SC: Do you recall receiving that email?

45 **MS SCOPEL:** No.

MS RICHARDSON SC: Sorry. No?

MS SCOPEL: No.

MS RICHARDSON SC: But do you agree with me that you would have received it and read it at the time?

5

MS SCOPEL: Yes.

MS RICHARDSON SC: And do you see there that Ms Arthur said to you:

10 "We have received an update from UnionPay who seemed satisfied with the response received so far."

MS SCOPEL: Yes.

15 **MR BELL SC:** Who should I understand "PBOC" to refer to, Ms Scopel? Is that People's Bank of China or don't you know?

MS SCOPEL: People's Bank of China.

20 **MS RICHARDSON SC:** And could we go to the middle email, please, at 4 pm. Thank you. Do you see there that you responded to Ms Arthur at 4 pm that day saying:

25 "Thanks, Tanya. Glad it's positive so far."

If you could read the remainder of that to yourself, please.

MS SCOPEL: Yes. I've read it.

30 **MS RICHARDSON SC:** Thank you. And when you referred to having "materially reduced the permitted transaction size", what were you referring to there?

35 **MS SCOPEL:** The reduction in the limit of the amount that a CUP card could be swiped for at the NAB terminals. So a reduction from 100,000, I believe it was, to 50,000.

40 **MS RICHARDSON SC:** Did Ms Arthur ever write to you or say to you in a phone call, "Why is The Star putting forward reduction in permitted transaction size? What is the relevance of that to these queries?" Did she ever say anything like that to you?

MS SCOPEL: No, not that I remember.

45 **MS RICHARDSON SC:** Could we go to the top email, please. And do you see the response that Tanya Arthur sent you shortly thereafter on the 12th?

MS SCOPEL: Yes.

MS RICHARDSON SC: Do you recall receiving this top email from Tanya Arthur where she said, "Thanks Sarah," in response to your email telling her The Star had reduced the transaction size?

5

MS SCOPEL: No.

MS RICHARDSON SC: Mr Bell, I note the time. I would be assisted by the luncheon adjournment just because I have had it do this questioning on the run without a printed transcript. Is it a convenient point to take the luncheon adjournment?

10

MR BELL SC: How much longer do you think you will be?

MS RICHARDSON SC: A couple of minutes. I just would be assisted by the ability to review the transcript because I'm having to do this on the run without a witness statement.

15

MR BELL SC: Yes. All right. Mr Braham, had you proposed to ask Ms Scopol any questions?

20

MR BRAHAM SC: No.

MR BELL SC: Right. All right. Just before we break, Ms Scopol, what did you understand Ms Arthur to be referring to when she said:

25

"We are also keen to hear the alternative methods The Star is looking at for player accounts re similar to that in Macau."

MS SCOPEL: I don't recall.

30

MR BELL SC: Yes. We will break now for lunch, and I will adjourn until 2 pm.

<THE HEARING ADJOURNED AT 1:00 p.m.

35

<THE HEARING RESUMED AT 2:00 p.m.

MR BELL SC: Yes, Ms Richardson.

40

MS RICHARDSON SC: Thank you, Mr Bell. I've reviewed the transcript over the break and I do not have any further questions.

MR BELL SC: I see. Mr Braham?

45

MR BRAHAM SC: I have no questions. Thank you, Mr Bell.

MR BELL SC: Ms Sharp, is there anything arising?

MS SHARP SC: No.

5 **MR BELL SC:** Yes. Ms Scopel, thank you for your evidence. I will adjourn your hearing, although you won't be required further unless you hear from the solicitors assisting the review. Thank you.

MS SCOPEL: Thank you.

10

<THE WITNESS WAS RELEASED

MR BELL SC: Who is the next witness, Ms Sharp?

15 **MS SHARP:** Ms Tanya Arthur.

MR BRAHAM SC: Mr Bell, can I raise something before Ms Arthur gets into the notional witness box?

20 **MR BELL SC:** Yes.

MR BRAHAM SC: There's clearly an issue between the two Star witnesses and what one might anticipate will be Ms Arthur's evidence about the communications between The Star and the NAB and whether the NAB knew - or what the NAB
25 knew about the use to which the funds being transferred into a hotel account from CUP cards were being put. And it seems to me that critical for the resolution of that issue, which is very important for Ms Scopel, is the communications between the NAB and the CUP.

30 And as far as I'm aware, they are not available to the inquiry, in particular, the communications that are specifically referred to in the CUP's letter of 28 February 2020. And I don't know what requests have been made of the NAB in that regard, but I would respectfully request that before I am given the opportunity of
35 cross-examining Ms Arthur, the inquiry take steps to require the NAB to produce the communications between the NAB and the CUP by which the information in the 2019 communications from The Star was communicated to the CUP.

MR BELL SC: Ms Sharp, can you give any indication of whether the review has those documents or has yet sought them?

40

MS SHARP SC: Mr Bell, the review has not sought those documents and does not have those documents.

MR BELL SC: All right. Well, Mr Braham, you would be well aware that this
45 review is operating under extremely tight time limits. I am sympathetic to your overall position, but what I think you will need to do is to proceed as far as you can with examination of Ms Arthur, and if and when the documents you refer to

become available, you may apply for her to be called back. But I can't accede to a request that it be deferred generally.

5 **MR BRAHAM SC:** No, I understand. Thank you. And do I take it from that response that the inquiry will consider requesting the NAB to produce those documents?

10 **MR BELL SC:** I will leave that to those assisting me to consider, and no doubt they can liaise with you and those assisting you.

MR BRAHAM SC: Thank you. Thank you.

MR BELL SC: Yes. Is Ms Arthur available?

15 **MS SHARP:** I understand that Ms Arthur is in the break-out room.

MR BELL SC: Mr Loxley, you are representing Ms Arthur; is that right?

20 **MR LOXLEY:** Yes, Mr Bell. I (inaudible) to leave that you granted on 11 March.

MR BELL SC: I'm sorry, I missed the first part of what you said.

25 **MR LOXLEY:** My apologies, Mr Bell. My name is Loxley. I appear for Ms Arthur pursuant to leave that you granted on 11 March.

MR BELL SC: Yes. Thank you, Mr Loxley. Ms Arthur, can you hear me?

30 **MS ARTHUR:** Yes, I can.

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

MS ARTHUR: An affirmation, please.

35 **<TANYA ARTHUR, AFFIRMED**

<EXAMINATION BY MS SHARP SC:

40 **MR BELL SC:** Ms Sharp.

MS SHARP SC: Ms Arthur, what is your full name?

MS ARTHUR: Tanya Arthur.

45 **MS SHARP SC:** And your address is known to those assisting?

MS ARTHUR: Yes, it is.

MS SHARP SC: Do you presently work at NAB?

MS ARTHUR: Yes, I do.

5 **MS SHARP SC:** What is your position?

MS ARTHUR: I'm the head of the diversified industries and technologies client coverage team within the institutional bank.

10 **MS SHARP SC:** Have you always had that position whilst being employed at NAB?

MS ARTHUR: No.

15 **MS SHARP SC:** Could you just outline your career progression at NAB, please.

MS ARTHUR: I commenced my employment at NAB in the - 1 October 2016. At the time, I was employed as the director within the energy and utilities client coverage team in the institutional bank and was promoted into my current role, which commenced in May of 2018.

MS SHARP SC: And what post-secondary qualifications do you hold?

25 **MS ARTHUR:** I have a Bachelor of Commerce and Economics. I have an executive MBA and a Masters of Financial (indistinct).

MS SHARP SC: And can you just briefly outline your career history prior to joining NAB in October 2016.

30 **MS ARTHUR:** I commenced my career at Vero Insurance and worked there for approximately three and a half years. I then moved to ANZ, initially within the market risk function and then moved across to the institutional bank where I held a variety of analytical and client coverage roles predominately within the energy and utilities client coverage teams.

35 **MS SHARP SC:** Who do you report to at NAB?

MS ARTHUR: I report to Tom Mazzaferro.

40 **MS SHARP SC:** And what is his position?

MS ARTHUR: He's the executive for the CREDI super sector within the client coverage business within the institutional bank.

45 **MS SHARP SC:** What are your key responsibilities in your present position?

MS ARTHUR: As the head of the diversified industries and technology business, my role is to provide senior guidance and leadership to a team of bankers that have

portfolios of clients within that particular sector. In addition to those responsibilities, I also have a small portfolio of clients.

5 **MS SHARP SC:** How many clients are in your portfolio?

MS ARTHUR: I currently have three.

MS SHARP SC: Is The Star Entertainment Group one of your clients?

10 **MS ARTHUR:** It was up until recently, and I'm no longer looking after that client.

MS SHARP SC: How recently did that arrangement stop?

15 **MS ARTHUR:** Last Friday.

MS SHARP SC: Prior to last Friday, how long had you had The Star Entertainment Group within your portfolio?

20 **MS ARTHUR:** I started assisting on the file in late 2018, and it became formally an account of mine in, I think, February 2019.

MS SHARP SC: And what were your key responsibilities so far as that client was concerned?

25 **MS ARTHUR:** As the relationship banker, you are the main interface for the client to the bank. You act as a coordinating point for the various products and services that the bank provides to the client.

30 **MS SHARP SC:** During the course of your career, have you undertaken any training in anti-money laundering or counter-terrorism financing responsibilities?

MS ARTHUR: Yes.

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

MS ARTHUR: So I've reviewed this recently. When the Act came into place in 2006, I received training when I was at ANZ on the introduction of the Act and particularly in relation to the collection of KYC identification documents. Since commencing at NAB, I've undertaken six online modules in relation to financial crime specifically.

40 **MS SHARP SC:** Does NAB have any kind of internal ranking system for its clients in terms of the AML and CTF risks they present because of the particular industry of their business?

45 **MS ARTHUR:** Yes.

MS SHARP SC: And where does Star Entertainment sit within that internal system of risk and ranking?

5 **MS ARTHUR:** It sits as a high risk or high category client due to the nature of the industry in which it operates, being gaming.

MS SHARP SC: Just returning to the AML training that you've had, are you familiar with the concept of a reporting entity?

10 **MS ARTHUR:** Yes, I am.

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

15 **MS ARTHUR:** Yes, I am.

MS SHARP SC: And I take it you're familiar with Know Your Customer requirements?

20 **MS ARTHUR:** Yes, I am.

MS SHARP SC: And is one aspect of that knowing the source of funds of the particular customer?

25 **MS ARTHUR:** That is correct.

MS SHARP SC: Why is it important to know the source of funds?

30 **MS ARTHUR:** So you know where the funds that are potentially coming into the bank or any other organisation are coming from and that they're not from illegal sources.

MS SHARP SC: Are you familiar with the concept of Enhanced Customer Due Diligence? Sorry, was that a yes?

35 **MS ARTHUR:** Yes, I am. Sorry. Yes.

MS SHARP SC: Are you familiar with the concept of transaction monitoring for money laundering and terrorism financing purposes?

40 **MS ARTHUR:** Yes, I am.

MS SHARP SC: Could you just explain what your understanding of that transaction monitoring requirement is?

45 **MS ARTHUR:** I understand that there is a requirement when you're providing a Designated Service to monitor - ongoingly monitor the - in the bank's instance, the accounts for which (indistinct) that Designated Service.

MS SHARP SC: Do you understand the Australian anti-money laundering and counter-terrorism financing framework to be a risk-based framework?

MS ARTHUR: Yes, I do.

5

MS SHARP SC: And what exactly does that mean?

MS ARTHUR: That - it's a risk-based framework in the sense that risk controls are to be put in place that are commensurate with the measurable risks of the organisation.

10

MS SHARP SC: Now, when precisely did you commence your relationship with Star Entertainment in terms of it being within your portfolio?

MS ARTHUR: I believe it was February in 2019.

15

MS SHARP SC: And who did you take over from?

MS ARTHUR: I took over from a gentleman by the name of Andrew Bowen.

20

MS SHARP SC: And in what circumstances did you take over from him?

MS ARTHUR: Andrew Bowen was a relationship banker within my team who had been looking after The Star for a considerable period of time. He went on sick leave in late 2018, and that's when I started helping out on the account. And then by early 2019, we were aware that his sick leave would be for an extended period and so I assumed a number of his accounts, including The Star, at that time.

25

MS SHARP SC: Did you receive any kind of handover from Mr Bowen in relation to Star Entertainment?

30

MR BELL SC: Sorry, Ms Arthur. I couldn't hear your answer. There might be something wrong with the audio. What was your answer to that question?

MS ARTHUR: I did not receive any handover from Mr Bowen upon the account.

35

MS SHARP SC: And did you receive any kind of briefing from anybody else at NAB in relation to taking on the responsibilities with that account?

MS ARTHUR: I recall I was provided with an overview of the facilities that the bank provided to the client, the client management and execution team, and that's the team of analysts that support the relationship bankers in the ongoing management of the file.

40

MS SHARP SC: At around the time you took on Star Entertainment as a client, did you review any documentation to familiarise yourself with that client?

45

MS ARTHUR: The internal credit memorandums and information that was saved on our internal directories, a document provides an overview of the facilities that we have with the client.

5 **MS SHARP SC:** During the time that you had Star Entertainment within your particular client portfolio, who was your counterpart at Star Entertainment?

MS ARTHUR: Sarah Scopel.

10 **MS SHARP SC:** Is it correct that NAB maintained a number of bank accounts for a Star Entertainment subsidiary called EEI Services (Hong Kong) Limited?

MS ARTHUR: Yes.

15 **MS SHARP SC:** Are those - are any of those bank accounts still open?

MR BELL SC: I'm sorry. Once again, Ms Arthur, the audio is not terrific. I didn't hear your answer.

20 **MS ARTHUR:** I'm sorry. No, those accounts are no longer open.

MS SHARP SC: Do you know when those accounts were closed?

MS ARTHUR: They were closed in November of last year.

25 **MS SHARP SC:** Was any explanation provided to you as to why those accounts were closed?

30 **MS ARTHUR:** I believe the client indicated that they were no longer willing to - wanting to use those accounts - or use that particular business, so they wanted to close the accounts.

MS SHARP SC: And when you say "the client" who from the client gave you that advice?

35 **MS ARTHUR:** (Indistinct) Danny Huang (indistinct) Paulina Dudek.

MS SHARP SC: And did they - either of them - explain to you why they no longer wished to use those accounts?

40 **MS ARTHUR:** I believe that they were no longer providing the services that they were providing through EEIS.

MS SHARP SC: And what were those services?

45 **MS ARTHUR:** We were told that the services for EEIS was for a money services business and a money lending business, and that the money services business was

registered with AUSTRAC within Australia and that the EEIS itself (indistinct) in Hong Kong.

5 **MR LOXLEY:** Sorry to interrupt, Ms Sharp. I note the audio is pretty poor coming from Ms Arthur, I'm wondering if we might have a short adjournment to see if we can attend to it at our end.

10 **MR BELL SC:** Yes. We will have a short adjournment. If someone could please notify me when the problem has been rectified.

MR LOXLEY: Thank you.

<THE HEARING ADJOURNED AT 2.17pm.

15 **<THE HEARING RESUMED AT 2:21 p.m.**

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

20 **MS SHARP SC:** Ms Arthur, why did you cease your client relationship with Star Entertainment last Friday?

25 **MS ARTHUR:** A decision was made within NAB, due to the basis of me being called as a witness to this inquiry, that it was no longer appropriate for me to primarily be the relationship banker for The Star.

MS SHARP SC: Does NAB continue its relationship with Star Entertainment?

MS ARTHUR: Yes, it does.

30 **MS SHARP SC:** Returning now to the accounts that NAB maintained for EEIS, were there foreign currency accounts maintained for EEIS?

MS ARTHUR: Yes, there was four foreign currency accounts.

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

40 **MS ARTHUR:** Each of the foreign currency accounts collect - or housed currency - different currencies. So I believe that there was Hong Kong, Singapore dollar - and I couldn't - I can't recall the other two currencies, but there were different currency accounts, yes.

45 **MS SHARP SC:** Based upon the training you have done regarding money laundering and terrorism financing, did you, back in 2019, have the expectation that Star Entertainment, or somebody within that group, was monitoring the transactions occurring in the bank accounts of EEIS that were maintained by NAB?

MS ARTHUR: We request - we requested an AML questionnaire from the client in the middle of 2019 on - specifically on EEIS, and included in that questionnaire was the question regarding transaction monitoring and if that was being undertaken. And at that time the transaction monitoring was stated as being
5 manual. That was in the middle of 2019.

MS SHARP: And I will come back to that matter, but my question was slightly different. In 2019, did you have the expectation that EEIS, or somebody else
10 within The Star Entertainment Group, was conducting transaction monitoring of the EEIS bank accounts?

MS ARTHUR: Yes.

MS SHARP SC: Now, I will come now to ask you some questions about the money laundering review that NAB conducted of EEIS and Star Entertainment in
15 2019. Now, that commenced in early 2019, didn't it?

MS ARTHUR: Correct.

MS SHARP SC: Can I take you to a document, please, which is exhibit B at tab
20 1317, NAB.002.002.3311. Can I take your attention please, Ms Arthur, to the bottom of that page and there is an email from you to Ms Scopel of March 2019, and you there state:

25 "We are required to undertake regular reviews of our clients' AML procedures and obligations."

MS ARTHUR: Yes.

MS SHARP SC: Now, how regularly did you undertake these AML reviews of
30 your clients?

MS ARTHUR: AML reviews are undertaken at - on an annual basis. However, should there be extraneous circumstances, we will - that will trigger an additional
35 review in an addition to the normal annual review.

MS SHARP SC: And was this the normal annual review, or was this a triggered review?

MS ARTHUR: This was a normal annual review.
40

MS SHARP SC: Can I take you, please, to the attachment to this - if you - can I actually ask you to scroll a little further - the operator to scroll a little further up
45 this email. You will see that on 18 March you sent to Ms Scopel a questionnaire. Do you see that attachment? Can I take you now to that questionnaire, please. It's exhibit B, tab 1318, NAB.002.002.3317.

MS ARTHUR: Yes.

MS SHARP SC: And this, obviously, is the questionnaire. It's blank. Did you receive a completed version of that questionnaire?

5 **MS ARTHUR:** I believe we did.

MS SHARP SC: Can I take you to the second page of the questionnaire, which is point 3318.

10 **MS ARTHUR:** Yes.

MS SHARP SC: Do you see there's a heading towards the top that says Independent Review/Regulatory Review?

15 **MS ARTHUR:** Yes, I can see that.

MS SHARP SC: And the question is:

20 "Has your AML/CTF program been independently reviewed in the last 12 months?"

MS ARTHUR: Yes, can I see that.

25 **MS SHARP SC:** What do you recall you were told about that when you received the completed questionnaire?

MS ARTHUR: I believe that we were aware that KPMG had undertaken an independent review of the AML program for The Star.

30 **MS SHARP SC:** And how were you made aware of that?

MS ARTHUR: I believe that that was provided in the responsive form.

35 **MS SHARP SC:** Were you provided with a copy of that independent review by KPMG?

MS ARTHUR: No, we were not.

40 **MS SHARP SC:** Did you ask for a copy of that review?

MS ARTHUR: As requested on the bottom of this form, we (indistinct) request a number of documents, which include independent reviews, in addition to any suggestions of uplift as a consequence of those reviews.

45 **MS SHARP SC:** And I'll just take you to the end page of this questionnaire, which is pinpoint 3320. There's an entry down the bottom:

"Please ensure the following documents are submitted."

And number 2 is:

5 "Independent auditor or assessment report, including action plans to close any gaps identified."

Is that what you were just referring to?

10 **MS ARTHUR:** Yes, it is.

MS SHARP SC: And it is the case that that document - that report was not provided to you?

15 **MS ARTHUR:** That's correct.

MS SHARP SC: Did you follow up on that request?

20 **MS ARTHUR:** We requested as part of the form we request, but it was not provided.

MS SHARP SC: Did you receive any explanation as to why it was not provided?

25 **MS ARTHUR:** The client was generally - cited confidentiality concerns in relation to the provision of its AML program initially and any independent auditor reports.

MS SHARP SC: Was the KPMG audit report ever provided to NAB for the purposes of this AML review?

30 **MS ARTHUR:** No, it was not.

35 **MS SHARP SC:** I see on the last page of this questionnaire it asks for "action plans to close any gaps identified". Was any document of that nature provided to you for the purpose of this AML review?

MS ARTHUR: No, it was not.

40 **MS SHARP SC:** Did you follow up by asking for that to be provided if it did exist?

MS ARTHUR: I don't believe we followed up outside of the initial request to provide it. So there wasn't a secondary follow-up.

45 **MS SHARP SC:** Can I take you to another email, which is exhibit B, tab 1399. This is STA.3002.0005.0156.

MS ARTHUR: Yes.

MS SHARP SC: Can I draw your attention to the middle of the page to the email you sent Ms Scopel dated 23 May 2019?

MS ARTHUR: Yes.

5

MS SHARP SC: Do you see that you are asking some questions about EEIS?

MS ARTHUR: Yes, I can see.

10 **MS SHARP SC:** Can you assist us in understanding why you were asking some further questions about EEIS?

15 **MS ARTHUR:** We had become aware that earlier that year, EEIS had expanded its services to include remittance. And as a money services business, it had an obligation to have a separate AML program to The Star. And so we were requesting the same information and AML review that we were doing with The Star.

20 **MS SHARP SC:** Now, it's right that you requested a particular questionnaire about EEIS and money laundering be completed?

MS ARTHUR: Yes, that's the same questionnaire as was cited previously.

25 **MS SHARP SC:** And if I could direct your attention to the top of this page, you see there's an email from Ms Scopel to yourself dated 7 June 2019 that attaches a questionnaire?

MS ARTHUR: That's correct.

30 **MS SHARP SC:** Could I take you to that questionnaire, please. It's exhibit B, tab 1400, document STA.3002.0005.0158.

MS ARTHUR: Yes.

35 **MS SHARP SC:** And do you recall receiving this in 2019?

MS ARTHUR: Yes.

40 **MS SHARP SC:** May we take it you reviewed it?

MS ARTHUR: Yes.

45 **MS SHARP SC:** And can you see midway down that bottom page a brief description of the business was requested?

MS ARTHUR: Yes.

MS SHARP SC: And it was stated that EEIS was extending its business offering to include the provision of remittance services?

MS ARTHUR: Yes.

5

MS SHARP SC: Are you aware as to whether EEIS ever did, in fact, provide remittance services?

MS ARTHUR: I don't believe that they have.

10

MS SHARP SC: Can I take you to the next page, which is pinpoint 0159.

MS ARTHUR: Yes.

15

MS SHARP SC: And you will see a brief description of the usage of NAB's products was called for?

MS ARTHUR: Yes.

20

MS SHARP SC: And it was stated that the NAB bank account was to be used for - or was used for transfers to the client's front money account at a casino operated by The Star and repayment of a debt at a casino operated - sorry, owned by The Star.

25

MS ARTHUR: Yes.

MS SHARP SC: To your understanding, did EEIS have any other function in addition to being a conduit for money to move to The Star?

30

MS ARTHUR: I believe it provided loans to particular patrons that were clients of the casino.

MS SHARP SC: But there's nothing mentioned in this document about the provision of loans?

35

MS ARTHUR: No.

MS SHARP SC: When did you become aware that EEIS was providing loans to patrons of The Star?

40

MS ARTHUR: I can't recall exactly. Is it provided further in this questionnaire?

MS SHARP: We'll go through that and see. Could you have a look at the heading AML/CTF Program Part A General, and there's a question:

45

"Have you implemented an AML/CTF program?"

And it is stated:

"Yes. We cannot provide a copy of the AML/CTF program."

MS ARTHUR: Yes.

5

MS SHARP SC: So is it correct you were not provided with a copy of the AML/CTF program at that time?

MS ARTHUR: At that time, no, we were not provided a copy.

10

MS SHARP SC: Did you find that odd at all?

MS ARTHUR: It was not inconsistent with clients of this sector. We did request it, but it was initially not provided by the client.

15

MS SHARP SC: Did the client explain why it wouldn't provide this document to you?

MS ARTHUR: It provided two reasons why: the first one citing confidentiality concerns; and the second one from a practicality perspective in terms of providing the program and the supporting documents.

20

MS SHARP SC: What was the - I don't understand what you mean by "the practicality perspective"?

25

MS ARTHUR: It was explained to us that it was cumbersome to provide all the different standards that supported the program.

MS SHARP SC: Who explained that to you?

30

MS ARTHUR: This form, I believe, was completed - completed by Skye Arnott, but I also recall in a meeting subsequent to this that Paula mentioned it as well.

MS SHARP SC: When you say "Paula", are you referring to Paula Martin?

35

MS ARTHUR: Yes, I am.

MS SHARP SC: Can I take you to the next page, please, being pinpoint 0160. And do you see there's a question:

40

"List the 'designated services' provided to your customers."

MS ARTHUR: Yes.

MS SHARP SC: And you will see it says:

45

"Remittance and loans (not yet commenced)."

MS ARTHUR: Yes.

MS SHARP SC: Now, did you have an understanding of what had not yet commenced?

5

MS ARTHUR: I believe at this time that the remittance had not yet commenced.

MS SHARP SC: And there's a question:

10 "Do you have an appointed money laundering reporting officer/AML compliance officer?"

And the statement is "yes". And then you will see there's a question:

15 "Please detail the qualifications and experience of those officers."

At that time, were you told who the officers were?

20 **MS ARTHUR:** I don't believe so.

MS SHARP SC: Did you come to learn who the compliance officer or officers of EEIS were?

25 **MS ARTHUR:** Not that I recall.

MS SHARP SC: Was it unusual not to be told the names of the compliance officers in a questionnaire like this?

30 **MS ARTHUR:** Yes.

MS SHARP SC: Did you do anything to follow that up?

MS ARTHUR: I don't recall following it up.

35 **MS SHARP SC:** Can I take you to pinpoint 0161. Do you see there's a heading Transaction Monitoring?

MS ARTHUR: Yes.

40 **MS SHARP SC:** And there's a question:

"Do you have a transaction monitoring process in place?"

And there's an answer "yes"?

45

MS ARTHUR: That's correct.

MS SHARP SC: So may we take it from that that you concluded that the bank account statements were being monitored or something else?

5 **MS ARTHUR:** At that time, yes, that the bank accounts were being monitored.

MS SHARP SC: And you see there's a description:

"Briefly describe the transaction monitoring process implemented."

10 And it's stated:

"All transactions that take place in relation to designated services will be monitored for red-flag activity."

15 **MS ARTHUR:** Yes.

MS SHARP SC: Now, did you assume that was a correct statement of what was taking place in terms of transaction monitoring?

20 **MS ARTHUR:** Yes.

MS SHARP SC: And you will see a question was stated:

25 "Please provide, as an attachment, details on transaction monitoring scenarios/rules."

And there's a statement:

30 "This document is confidential."

Do we take it that document was not provided to you at the time?

MS ARTHUR: No, it was not provided at the time.

35 **MS SHARP SC:** Was that unusual, in answering this kind of questionnaire, for the client not to provide a copy of its transaction monitoring documents to you?

40 **MS ARTHUR:** It is unusual, but at this point in time it was not inconsistent with the behaviour of the client. They had not provided us with a copy of their program or any independent review.

MS SHARP SC: Did you ask them at the time this was submitted why they weren't providing the transaction monitoring document or documents to you?

45 **MS ARTHUR:** I believe subsequent to the receipt of this completed form, we arranged for a follow-up call with the client to discuss a number of these documents verbally.

MS SHARP SC: Can I take you, please, to next page, which is STA.3002.0005.0162.

MS ARTHUR: Yes.

5

MS SHARP SC: And you will see there's a heading towards the bottom Regulatory Reporting?

MS ARTHUR: Yes, I can see that.

10

MS SHARP SC: And you will see there's a question:

15 "Does your program include reporting requirements for suspicious matter reports and cash transaction reports and international funds transfer instructions?"

MS ARTHUR: Yes, I can see that.

20 **MS SHARP SC:** And then the statement "yes" is made. Did you understand that to mean reporting requirements pursuant to Australian law?

MS ARTHUR: Yes.

25 **MS SHARP SC:** And why did you have that understanding?

MS ARTHUR: Because this - the framework for which we are asking these questions in relation to the obligations within the Australian law.

30 **MS SHARP SC:** And there's a question that follows:

"Is your IFTI reporting automated or manual?"

35 And the statement is made "manual". Did you understand from that that EEIS was engaged in IFTI reporting?

MS ARTHUR: That was my understanding.

40 **MS SHARP SC:** Was it your understanding that EEIS was engaging in IFTI reporting pursuant to Australian law?

MS ARTHUR: Yes.

MS SHARP SC: And why did you have that understanding?

45 **MS ARTHUR:** For the same provided for the TTRs and IFTIs and SMRs.

MS SHARP SC: And could I take you over the page - this is pinpoint 0163 - and do you see the next question there is:

"What is the frequency of IFTI report submission to your applicable regulator?"

5 **MS ARTHUR:** Yes, I can see that.

MS SHARP SC: And do you see it states:

"Quarterly in Hong Kong. Within 10 days in Australia."

10

MS ARTHUR: I can see that.

MS SHARP SC: Did that statement "within 10 days in Australia" fortify you in your conclusion that IFTI reporting was being made to the Australian regulator?

15

MS ARTHUR: That's my understanding of the timeframe that is required for IFTI reporting, so yes.

MS SHARP SC: Can I take you to the next page, please, which is pinpoint 0164.

20

MS ARTHUR: Yes.

MS SHARP SC: Do you see the heading Enhanced Customer Due Diligence?

25 **MS ARTHUR:** Yes, I can see that.

MS SHARP SC: Did you understand from the answer to the question:

30

"Do you have an enhanced customer due diligence process for higher risk customers including PEPs?"

That EEIS did have such a process?

MS ARTHUR: Yes.

35

MS SHARP SC: And you will see that this questionnaire was completed by Ms Skye Arnott?

MS ARTHUR: Yes.

40

MS SHARP SC: Could I take you, please, to exhibit B, tab 1508, which is STA.3105.0012.2953.

MS ARTHUR: Yes.

45

MS SHARP SC: Can I direct your attention, please, to the email in the middle. It's an email from you to Ms Scopel dated 9 August 2019.

MS ARTHUR: Yes.

5 **MS SHARP SC:** And you there refer to this AML questionnaire for EEIS that I've just taken you to, and you're seeking to arrange a follow-up call to discuss the responses?

MS ARTHUR: Yes.

10 **MS SHARP SC:** Did that follow-up call take place?

MS ARTHUR: I believe it did.

15 **MS SHARP SC:** Now, that email was sent on 9 August 2019. However, the EEIS questionnaire that had been sent to you was sent on 7 June. I'm just wondering why it took a period of about two months to seek a follow-up call to discuss details?

20 **MS ARTHUR:** When the - when the form is received back from the clients, it is referred on to our internal risk team and their review. And I would - I can't give an exact reason as to why it's taken so long, but I would suggest that it would have been workload of that team at that time.

25 **MS SHARP SC:** Can I take you to a document, which is exhibit B, tab 1555, which is STA.3002.0010.0588.

MS ARTHUR: Yes.

30 **MS SHARP SC:** And is it correct that what you're doing here is inviting Sarah Scopel, Skye Arnott and Micheil Brodie to a meeting to discuss the EEIS questionnaire?

MS ARTHUR: Yes.

35 **MS SHARP SC:** And that meeting was to occur on 21 August?

MS ARTHUR: Yes.

MS SHARP SC: And that meeting did occur, did it?

40 **MS ARTHUR:** Yes.

MS SHARP SC: What was discussed at that meeting, to the best of your recollection?

45 **MS ARTHUR:** I believe our risk team were asking questions of The Star to obtain additional information based on what was provided in the form, particularly in relation to the outline of the program itself and other areas within the form that were not necessarily clearly prescribed.

MS SHARP SC: Did the meeting actually take place on 21 August, or could have it happened a bit later in time?

5 **MS ARTHUR:** I thought maybe it might have been a little bit later, but I - to be honest I can't - I can't exactly recall that far back.

MS SHARP SC: Can I show you another document please, being a document in part C at tab 95, which is NAB.010.001.7369.

10

MS ARTHUR: Yes, I can see that.

MS SHARP SC: Yes. And this is - Bhawna Bhardwaj is somebody within your organisation, are they?

15

MS ARTHUR: Yes, Bhardwaj was part of our risk team.

MS SHARP SC: And what are we seeing here? Were you sent this at the time?

20 **MS ARTHUR:** I don't recall if I was sent it, but it's certainly notes of the meeting. It looks like Bhardwaj has sent it to herself at the top of the email, but it's her notes of the meeting.

MS SHARP SC: And to your recollection, did Ms Bhardwaj attend this meeting?

25

MS ARTHUR: Yes, she did.

MS SHARP SC: And is it consistent with your recollection that discussing - EEIS providing remittance was discussed at the meeting?

30

MS ARTHUR: Yes.

MS SHARP SC: Were you told whether or not EEIS was registered with AUSTRAC as a remitter?

35

MS ARTHUR: I believe it was.

MS SHARP SC: And is it consistent with your recollection that you were told at that meeting that EEIS would extend its business offering to include the provision of remittance services to certain individuals who were clients of The Star?

40

MS ARTHUR: Yes.

MS SHARP SC: And what those clients would do was use the remittance service of EEIS to send funds from Hong Kong to The Star?

45

MS ARTHUR: That's correct.

MS SHARP SC: Were you told whether or not these EEIS funds in Hong Kong would be remitted to an EEIS account or to a Star account?

5 **MS ARTHUR:** I believe we were told that they would be remitted to a Star account.

MS SHARP SC: Can I take you, please, to exhibit B at tab 1651, to STA.3105.002.2288.

10 **MS ARTHUR:** Yes.

MS SHARP SC: Now, this is an email from you to Ms Scopel dated 4 September 2019?

15 **MS ARTHUR:** Yes.

MS SHARP SC: Do you remember sending this email? Sorry, is that a yes?

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

MS SHARP SC: And what you did was attach a bank account statement from one of the EEIS NAB accounts?

25 **MS ARTHUR:** That's correct.

MS SHARP SC: And why were you sending this email to Ms Scopel at this time?

30 **MS ARTHUR:** The EEIS bank accounts had a number of transactions going through that we were seeking additional clarifications on.

MS SHARP SC: And why was that?

35 **MS ARTHUR:** Because we were unsure as to what was going through the account and we wanted to seek additional information.

MS SHARP SC: Can I just take you to the statement that you appended to this email. That is exhibit B, tab 1650 at STA.3105.0002.2284.

40 **MS ARTHUR:** Yes.

MS SHARP SC: Now, I might just have this reduced in size so you can see the whole document for a moment. Are we to understand that the annotations in red were annotations made by somebody at NAB?

45 **MS ARTHUR:** Yes, that's correct.

MS SHARP SC: And were these accounts that - these were the transactions being queried?

5 **MS ARTHUR:** Yes, I believe there was highlighter on the original statement as well, in addition to the red. It doesn't look like there's highlighter on this one.

10 **MS SHARP SC:** Yes, I see - Mr Bell, if I may interpolate for a moment, certainly my copy of this same document ending 2284 and 2285 does have some yellow highlighting in it. I wonder if the operator can show a version that does have the highlighting.

MR BELL SC: Yes. I can see highlighting now in yellow.

15 **MS SHARP SC:** Can you now see highlighting in yellow, Ms Arthur?

MS ARTHUR: Yes, I can.

20 **MS SHARP SC:** Can I just ask you, did you have a look at the - I withdraw that. Were you the one who put the annotations and highlighting on here?

MS ARTHUR: No, it was from within our risk team.

25 **MS SHARP SC:** Did you have a look at this highlighting and these annotations before you sent it to Star Entertainment?

MS ARTHUR: Yes, briefly.

30 **MS SHARP SC:** Did you try to understand for yourself what these transactions were about before you sent them to Star Entertainment?

MS ARTHUR: No, I didn't do any additional research. We were simply asking the client to explain the noted transactions.

35 **MS SHARP SC:** Now, if I can take you to the second entry on 11 January 2019, do you see there's a reference to "Silver E Xpress" and then there's a comment in red that says "Hong Kong MSB"?

MS ARTHUR: Yes, I can see that.

40 **MS SHARP SC:** What does MSB stand for?

MS ARTHUR: Money services business.

45 **MS SHARP SC:** Is that the same as a remittance business?

MS ARTHUR: Yes, that's my understanding.

MS SHARP SC: Was it your understanding that “Silver E Xpress” was a money service business?

5 **MS ARTHUR:** Unfortunately, I did not put the red on this account. It was completed by my risk team. So I personally was not aware that Silver E Xpress was a money services business, but I believe that was the knowledge or understanding of our risk team and that was sent through to the client for confirmation.

10 **MS SHARP SC:** If I could just take you down to the entry at 15 January 2019, do you see that it says "MS Ser Vices Centre"?

MS ARTHUR: Yes, I can see that.

15 **MS SHARP SC:** There's another red annotation that says "Hong Kong money service business"?

MS ARTHUR: Yes, I can see that.

20 **MS SHARP SC:** And was it your understanding from these annotations by those at NAB that “MS Ser Vices Centre” was also a money service business?

MS ARTHUR: That is my understanding.

25 **MS SHARP SC:** And can I take you to the next page of this statement, which is pinpoint 2285. And you will see down at the bottom of the page at 5 February 2019 - do you see there are a number of deposits by Silver E Xpress Investment?

MS ARTHUR: Yes, I can see that.

30

MS SHARP SC: And consistently what you said in relation to the first page, did you understand that was a money service business?

MS ARTHUR: I believe that was the case.

35

MS SHARP SC: Are you able to explain why NAB was querying deposits by money service businesses in this account?

40 **MS ARTHUR:** Because it was not consistent with how the account was explained and the funds flow through that account as explained to us by the client.

MS SHARP SC: And why wasn't it consistent?

45 **MS ARTHUR:** Because we were of the understanding initially that only individuals would be putting their funds through this account. And so the existence of MSBs depositing into the account was inconsistent with that understanding.

MS SHARP SC: And did you hold any concerns about money service businesses depositing into the EEIS accounts?

5 **MS ARTHUR:** Yes. National Australia Bank generally does not like the risk profile of money services businesses, particularly because they are of high risk and give rise to potential money laundering.

10 **MS SHARP SC:** And can you explain why they are high risk and give rise to potential money laundering?

MS ARTHUR: They facilitate payments internationally on behalf of third parties.

15 **MS SHARP SC:** Does that mean that there can be difficulties in ascertaining the source of funds when money services businesses have deposited money into bank accounts?

MS ARTHUR: Yes.

20 **MS SHARP SC:** Now, returning to your email if I can for a moment. We will go back to STA.3105.0002.2283. And that is exhibit B tab 1651.

MS ARTHUR: Yes.

25 **MS SHARP SC:** Now, do you see your email is dated 4 September 2019?

MS ARTHUR: Yes.

30 **MS SHARP SC:** Is it correct that there was - I withdraw that. Can I take you to exhibit B, tab 1701. And this is STA.3002.3366.

MS ARTHUR: Yes.

35 **MS SHARP SC:** And you'll see that that is an email from Ms Arnott to you dated 18 September 2019?

MS ARTHUR: Yes.

40 **MS SHARP SC:** Now, that was a period of about - that was two weeks from the time you first made the request?

MS ARTHUR: Yes.

45 **MS SHARP SC:** Were you concerned in any way that it took two weeks to reply to your request?

MS ARTHUR: I believe we may have followed up for a reply because it was taking a bit longer than expected, but it wasn't necessarily inconsistent because we had to often follow up for replies.

5 **MS SHARP SC:** Is that from this client, you had to follow up from --

MS ARTHUR: (Indistinct).

10 **MS SHARP SC:** Could I take you in that regard, please, to a further part of this email chain, which is pinpoint 3368. Can I direct your attention, please, to the top to an email from Ms Scopel to you dated 5 September 2019.

MS ARTHUR: Yes.

15 **MS SHARP SC:** Do you see that Ms Scopel says:

"Following the call on Monday, our risk team immediately reviewed the transactions in the account mentioned and found no concerning transactions. We will respond to the specific transactions queried."

20

MS ARTHUR: Yes.

25 **MS SHARP SC:** Now, if I can take you to another page in this chain, pinpoint 3367. If you look at the second half of that document, you will see there's an email from you to Ms Scopel dated 12 September 2019, and you're following up on an answer to that query, aren't you?

MS ARTHUR: Yes, I am.

30 **MS SHARP SC:** And then if can I take you to the top of this page, there's another email from you dated 17 September to Ms Scopel, and you're following up again now, aren't you?

MS ARTHUR: Yes, that's correct.

35

MS SHARP SC: And here you're saying:

"Just wondering if you can please chase up this reply. It's now urgent."

40 **MS ARTHUR:** That's right.

MS SHARP SC: Why was it urgent by that point?

45 **MS ARTHUR:** I believe my risk team had followed up with myself a number of times to request a reply.

MS SHARP SC: Why was it urgent, though, that time?

MS ARTHUR: I don't specifically recall.

MS SHARP SC: Now, can I take you to Ms Arnott's response, which is on the first page of that email chain at pinpoint 3366. Now, Ms Arnott says to you:

5

"As I am sure you appreciate, these are sensitive documents."

I withdraw that. Ms Arnott says to you:

10

"Please see the responses below. I note that you have also requested information regarding our suspicious matter red flags. As I am sure you appreciate, these are sensitive documents and on reflection I would rather discuss these with you in a call than provide them as documents."

15

Was that unusual, for a client not to share that kind of information with its banker?

MS ARTHUR: I believe as part - yes, as part of our questionnaire, we requested to understand how many suspicious matter red flags had been submitted to the regulator.

20

MS SHARP SC: But was it unusual for the client to say that they would prefer to discuss them on the phone than send them to you?

25

MS ARTHUR: I believe it was consistent with the behaviour of the client at the time, in that they preferred to speak about certain sensitive matters by telephone rather than send correspondence.

MS SHARP SC: And can I just take you to the statement from Ms Arnott:

30

"I note that all the customers below are subject to transaction monitoring when they consume designated services at The Star or from EEIS."

What did you understand that to mean?

35

MS ARTHUR: That the - that transaction monitoring was occurring across both The Star and the EEIS.

40

MS SHARP SC: Now, can I take you to the last dot point on - in Ms Arnott's email. She confirmed to you, didn't she, that "Silver E Xpress" and "MS Services" were remitters, didn't she?

MS ARTHUR: Yes.

45

MS SHARP SC: Now, you passed on this response to your AML team at NAB, did you?

MS ARTHUR: Yes, that's correct.

MS SHARP SC: And it was determined to further query Star Entertainment about the EEIS accounts at about this time, was it?

5 **MS ARTHUR:** In particular - in relation to this particular response?

MS SHARP: No, just in relation to the EEIS accounts in general.

MS ARTHUR: I don't recall, I'm sorry.

10 **MS SHARP SC:** Could I take you to an email dated 30 September 2019, which is exhibit B at tab 1722, STA.3105.0012.2555.

MS ARTHUR: Yes.

15 **MS SHARP SC:** Now, this is an email you sent to Ms Scopel?

MS ARTHUR: That's correct.

20 **MS SHARP SC:** And you're explaining that you wish to elevate the relationship with key clients include strategic conversations at senior levels?

MS ARTHUR: That's correct.

25 **MS SHARP SC:** And you were writing to request a face-to-face meeting with Harry and Paula - that's Harry Theodore and Paula Martin, is it?

MS ARTHUR: That's correct.

30 **MS SHARP SC:** To broadly discuss The Star's approach to financial crimes?

MS ARTHUR: That's correct.

35 **MS SHARP SC:** Was this some sort of escalation in the dialogue with Star Entertainment about its accounts?

40 **MS ARTHUR:** Not necessarily. It was reflective of a change in process or approach by NAB, in that as part of our annual AML reviews, we had made the decision that we wanted to meet with clients at the senior levels to discuss their AML program and also to obtain an understanding of how those programs may have changed or been uplifted throughout the last 12 months.

MS SHARP SC: Now, in this second last paragraph, you say:

45 "In particular, we would like to revisit the recent discussion regarding the AML and transaction monitoring undertaken for EEI Services Limited and receive confirmation that your internal processes now include visibility and monitoring of the NAB transactional accounts."

MS ARTHUR: Yes.

MS SHARP SC: Why were you asking whether they now included visibility and monitoring of the NAB transactional accounts?

5

MS ARTHUR: My understanding was at the time when we had the telephone conversation with the client that they indicated that - verbally that transaction monitoring was not occurring across those accounts because EEIS had not commenced providing Designated Services.

10

MS SHARP SC: Who was that conversation with?

MS ARTHUR: That was the meeting referred to previously. So Skye Arnott, I believe, confirmed that to us.

15

MS SHARP SC: And that was the meeting in late August or early September, was it?

MS ARTHUR: I believe so.

20

MS SHARP SC: Can I take you now to exhibit B at tab 1735, which is NAB.002.003.0991.

MS ARTHUR: Yes.

25

MS SHARP SC: And this is an email that Ms Scopel sends to you on 8 October 2019?

MS ARTHUR: Yes, that's correct.

30

MS SHARP SC: And she was asking for a time to discuss - or to have a conversation with you and Skye Arnott prior to the meeting with The Star Entertainment Group CFO and chief risk officer? I'm sorry, I didn't hear your response.

35

MS ARTHUR: Sorry. That's correct, yes.

MS SHARP SC: And did that preliminary call happen?

40

MS ARTHUR: Yes, I believe so.

MS SHARP SC: Can I take you to exhibit B, tab 1738, which is STA.3105.0012.2971.

45

MS ARTHUR: Yes.

MS SHARP SC: And this is an email exchange in which you've set out the agenda for what will be discussed at the meeting between the senior executives?

MS ARTHUR: That's correct.

5 **MS SHARP SC:** And is it right that one of the topics that was set to be discussed related to transaction monitoring?

MS ARTHUR: That's correct.

10 **MS SHARP SC:** Now, did you attend the meeting that did take place between the senior executives?

MS ARTHUR: Yes, I did.

15 **MS SHARP SC:** And did those executives from Star Entertainment's side include Paula Martin, Harry Theodore, Skye Arnott, Oliver White and Sarah Scopel?

MS ARTHUR: I believe it did.

20 **MS SHARP SC:** What was discussed in relation to transaction monitoring of the EEIS accounts?

25 **MS ARTHUR:** That the transaction monitoring process was a manual one, and we discussed the - the - the ability for clients to deposit cash into those accounts and what protections we were asking were in place such as they knew where those deposits were coming from.

MS SHARP SC: And what did they tell you about protections, if any, in place?

30 **MS ARTHUR:** I believe that they advised that deposits into their bank accounts were vetted by the individual - by The Star, as - when they were patrons for their accounts. But there was no protections, if you like, to - to prevent or restrict cash deposits as such.

35 **MS SHARP SC:** Did they tell you if any protections were in place when money service businesses deposited money into those accounts?

MS ARTHUR: I don't recall that, no.

40 **MS SHARP SC:** Was the topic of junkets discussed at the meeting?

MS ARTHUR: Yes.

MS SHARP SC: Was the topic of the Suncity junket discussed?

45 **MS ARTHUR:** I believe so.

MS SHARP SC: Was the topic of the Suncity VIP gaming room discussed?

MS ARTHUR: I believe so.

MS SHARP SC: And what discussion took place in that regard?

5 **MS ARTHUR:** We were asking The Star what their overall relationship was with junkets and the use of junkets in general, and specifically in relation to their relationship with Suncity as to whether that relationship still existed.

MS SHARP SC: And what did they tell you?

10

MS ARTHUR: There was some disagreement between those in attendance of that meeting. I understood at the time that they told us that they didn't have an exclusive relationship with Suncity anymore and that they had withdrawn exclusive use of one of their salons to that particular junket. That was confirmed
15 between my colleagues Amanda and Vivianna, and they understood that reference to be different to theirs, and they cited that the client stated that they still maintained a relationship with Suncity but had withdrawn exclusive use of the salon to Suncity.

20 **MS SHARP SC:** Just so I understand, did you have a different recollection of what was said at the meeting as compared with your colleagues?

MS ARTHUR: Yes.

25 **MS SHARP SC:** But did you all agree you had been told that the exclusive salon had been withdrawn by Star Entertainment?

MS ARTHUR: Yes, that was - that level - that understanding was consistent across the three of us.

30

MS SHARP SC: And who - at that meeting, who on behalf of Star Entertainment was doing the talking?

35 **MS ARTHUR:** It was a combination of individuals, but predominantly Paula Martin and Skye Arnott.

MR BELL SC: Are you able to recall who from The Star told you that the exclusive salon had been withdrawn from Suncity?

40 **MS ARTHUR:** I think it was Paula Martin.

MR BELL SC: Thank you.

45 **MS SHARP SC:** Can I take you to another document, which is exhibit B, tab 1741, which is STA.3002.0009.0098.

MS ARTHUR: Yes.

MS SHARP SC: Now, this is an email that you sent to Ms Scopel and Ms Arnott on 16 October 2019. And amongst other things, you say:

5 "We found the meeting really valuable and appreciate the transparency of the discussion."

Now, this was a reference to the meeting with the senior executives which you attended, was it?

10 **MS ARTHUR:** Correct.

MS SHARP SC: And can I take you to the email a little bit further down that page from Steven Blackburn to Ms Scopel. Now, Mr Blackburn, he's the chief financial crime and risk officer at NAB?
15

MS ARTHUR: That's correct.

MS SHARP SC: And you will see in that email that he says:

20 "I greatly appreciate your transparency."

MS ARTHUR: Yes.

MS SHARP SC: So is it right that you took the view that Star Entertainment was being transparent at that meeting?
25

MS ARTHUR: Yes.

MS SHARP SC: And what, in particular, did you think they were being transparent about?
30

MS ARTHUR: I recall at the meeting they were talking about their program, and the discussion that included Steven was when we talked about transaction monitoring and particularly some of the due diligence requirements. It came across as a collaborative approach in such that the client was open to hearing from Steven's experience in this area.
35

MS SHARP SC: The reference in your email and, indeed, in Mr Blackburn's email is to Star Entertainment Group being transparent. What did you find they were being transparent about that caused you to send an email telling them you appreciated the transparency?
40

MS ARTHUR: As this was the first meeting that we had requested of this kind, we were greatly appreciative of the time of the senior individuals that attended that particular meeting and their openness to discuss their AML program at the time and responding to our questions and queries.
45

MS SHARP SC: Did they - and when I say "they", did Ms Martin, Ms Arnott or Mr White tell you anything about any shortcomings on the transaction monitoring process?

5 **MS ARTHUR:** I - I don't specifically recall. I do recall discussions with regards to the monitoring of cash deposits, but I can't recall other details in relation to other areas of uplift.

10 **MS SHARP SC:** Can you tell us what you recall about the monitoring of cash deposits.

MS ARTHUR: It's difficult to monitor cash deposits going into accounts, certainly from a bank perspective, as our - it's challenging for us to do - to decipher between different types of deposits. So there was discussion around how we could potentially work together to try and uplift that control.

15 **MS SHARP SC:** Because of the difficulty of the bank in monitoring cash deposits in terms of knowing the source of funds, does that make it important from a money laundering perspective that the recipient of the deposit also monitors those deposits?

MS ARTHUR: Yes.

25 **MS SHARP SC:** Now, can I take you to an email, which is NAB.002.004.2634, which is exhibit B at tab 1784. And if I could direct your attention to the bottom half of that page, this is an email from you to Ms Arnott dated 24 October 2019?

MS ARTHUR: Yes.

30 **MS SHARP SC:** Now, is this the email where you were trying to work out what had been said in relation to Suncity because your notes differed to those of your colleagues?

35 **MS ARTHUR:** (Indistinct).

MS SHARP SC: Did you say "correct"?

MS ARTHUR: Yes.

40 **MS SHARP SC:** And the words we see in italics, that is, "Suncity's VIP room with The Star has been closed and a direct relationship with Suncity chief executive Alvin Chau no longer exists", are these italicised words your recollection?

45 **MS ARTHUR:** That's correct. That was my recollection of what was said in the meeting. That was - sorry.

MS SHARP SC: I cut across you. I'm sorry.

MS ARTHUR: That is okay. That was different to my risk colleagues, and we were looking to clarify and confirm because we felt that that was a significant point.

5

MS SHARP SC: And which was the bit where you and your colleagues differed?

MS ARTHUR: In relation to the relationship with Suncity itself and the junket operators associated with Alvin Chau.

10

MS SHARP SC: So was that as to whether there was a direct relationship with Suncity?

MS ARTHUR: Yes, that's correct.

15

MS SHARP SC: What about this bit:

"The closure of the Suncity VIP room was a commercial decision driven by slower demand."

20

Did you and your colleagues disagree about that being said?

MS ARTHUR: No. Consistent across the three of us.

25

MS SHARP SC: Just to be clear, had Star Entertainment Group told you that it closed the Suncity VIP room?

MS ARTHUR: Yes, that's correct.

30

MS SHARP SC: Now, Ms Arnott did reply to you and suggest some wording?

MS ARTHUR: Yes, that's correct.

35

MS SHARP SC: Could I take you to that response. Sorry, I've just lost my note, Mr Bell. I'm wondering if now might be a convenient time in which time I may locate that note?

MR BELL SC: Yes. I am keen to ensure that Ms Arthur finishes her evidence today, so I will adjourn for 10 minutes.

40

MS SHARP SC: Thank you, Mr Bell.

<THE HEARING ADJOURNED AT 3:26 p.m.

45

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

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Could I take you please, Ms Arthur, to exhibit B, tab 1789 at NAB.002.003.3682. You will see that this is an email from Ms Arnott to you dated 31 October 2019?

5 **MS ARTHUR:** Yes, that's correct.

MS SHARP SC: And it's right, isn't it, that what she is doing here is providing an answer to your response about the correctness of the note you took?

10 **MS ARTHUR:** Yes, that's correct.

MS SHARP SC: And what Ms Arnott suggests is that what was stated at the meeting is that:

15 "The Star has withdrawn exclusive access to one of its VIP rooms previously provided to a junket operator associated with the Suncity group."

MS ARTHUR: Yes.

20 **MS SHARP SC:** And she says a little further on:

"The Star maintains a business relationship with Suncity chief executive Alvin Chau."

25 **MS ARTHUR:** Yes.

MS SHARP SC:

30 "And an individual junket operator associated with the Suncity group."

MS ARTHUR: Yes.

MS SHARP SC: And:

35 "The withdrawal of exclusive access to the VIP room was a commercial decision driven by slower demand."

MS ARTHUR: Yes.

40 **MS SHARP SC:** Now, at the meeting with the senior executives, did any of Ms Martin, Mr White or Ms Arnott tell you that The Star had made available to the Suncity junket another VIP gaming salon, known as Salon 82?

45 **MS ARTHUR:** No.

MS SHARP SC: And did they tell you that Suncity branding was able to be displayed in that junket room via televisions?

MS ARTHUR: No, they did not.

MS SHARP SC: Now, you've already mentioned that you took a note of what was told to you at that meeting?

5

MS ARTHUR: The - this particular meeting, the notes of the meeting were taken by the risk individuals that attended. And that particular paragraph there was my recollection of what was stated around explanation of the junket and the relationship with Suncity.

10

MS SHARP SC: Could I take you to a document at NAB.001.001.1800. This is, Mr Bell, exhibit C at tab 319.

MR BELL SC: Thank you.

15

MS SHARP SC: I might just read out the doc ID again. It's NAB.001.001.1800. And I will just, if I can, have that entire first page shown to you, if it can be minimised and then scrolled - this isn't the same document that I called up, I'm afraid. Can I have that one taken down, please. Could we go to NAB.001.001.1800. I'm just trying to - if you can take your time just to look at this first page and then if you need to have a look at the second. I'm trying to understand if this is a note that you made or that you were sent. If I can have this slowly scrolled for Ms Arthur to review, please.

20

25

MS ARTHUR: I don't believe I was the author of this note.

MS SHARP SC: Can I just have it scrolled up to the top, please. Do you see that there's an email at the top that is sent to you dated 7 December 2021, and it says:

30

"You have received a new call report."

What does that mean?

35

MS ARTHUR: So this is an example of call reports that are distributed internally amongst NAB. It is an email that is distributed to interested parties within the organisation to record meetings that we have with the client. So the - it's like a central call reporting system.

40

MS SHARP SC: Are you in a - can I take you to pinpoint 1801. And can I take you, please, about midway down where it says:

"PM advised that Suncity's VIP room with The Star has been closed and the relationship with Suncity chief executive Alvin Chau no longer exists."

45

MS ARTHUR: I believe - yes, I can see that. Yes.

MS SHARP SC: I'm just wondering, in view of the email exchange I've just taken you to, is this a final record of the notes of that meeting, or is it a draft record of the notes of this meeting?

5 **MS ARTHUR:** The notes of the meeting were updated once we received the confirmed relationship from the client.

MS SHARP SC: So the document I'm showing you now is a draft, is it?

10 **MS ARTHUR:** I don't believe that to be the final copy because we did make certain that we got clarification on that point, and it was different to what's written there.

MS SHARP SC: Could I take you, please, to NAB.010.003.2243.

15

MR BELL SC: Sorry, Ms Sharp. Before we go to that, could we - operator, could you scroll back to the first page of that note, please. Should I understand that this was a meeting that occurred at the casino on 16 October?

20 **MS ARTHUR:** Yes.

MR BELL SC: And where in the casino was the meeting held?

MS ARTHUR: In the corporate offices.

25

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

MS SHARP SC: I will now take you to exhibit C at tab 134, to an email which is at NAB.010.003.2243.

30

MS ARTHUR: Yes.

MS SHARP SC: And you see this is dated 1 November 2019. It's an email from Amanda Wu to yourself, and it says it's attaching Star Casino Meeting Minutes Final?

35

MS ARTHUR: Yes.

MS SHARP SC: Should we understand that this is the email which transmitted the final version of the notes that NAB had taken at the meeting?

40

MS ARTHUR: Yes.

MS SHARP SC: Can I take you to that attachment, please, which is NAB.010.003.2245, and this is exhibit C at 135. Now, I will just go back to that little note regarding Suncity so you can have a look at what is recorded. This is at pinpoint 2246. And if I can take you to the bottom of that page, do you see the note:

45

"PM advised that The Star has withdrawn exclusive access to one of its VIP rooms."

5 And a little further down:

"The Star maintains a business relationship with Suncity chief executive Alvin Chau."

10 **MS ARTHUR:** Yes.

MS SHARP SC: Now, that statement is consistent with the email that Ms Arnott sent to you suggesting a rewording of that part of the note you had taken?

15 **MS ARTHUR:** Yes.

MS SHARP SC: So does this suggest to you that we are indeed looking at the final version of the NAB record of the meeting?

20 **MS ARTHUR:** I believe so.

MS SHARP SC: Can I take you back to the first page, which is pinpoint 2245, and I wanted to focus on the paragraph, fourth one down, saying:

25 "PM explained that the EEIS was a new structured offering."

MS ARTHUR: Yes.

MS SHARP SC: I take it PM stands for Paula Martin?

30

MS ARTHUR: Correct.

MS SHARP SC: And it states there:

35 "EEIS was set up to assist The Star remain competitive internationally by offering flexibility to customers requesting credit for longer than 30 days."

MS ARTHUR: Yes.

40 **MS SHARP SC:** And do you have a recollection that Ms Martin did say that?

MS ARTHUR: Yes.

MS SHARP SC: And you see the next paragraph:

45

"The business has taken a long time to set up due to the deep consideration of the ML/TF and non ML/TF risks posed."

MS ARTHUR: Yes.

MS SHARP SC: Was that something that either Ms Martin, Mr White or Ms Arnott told to NAB representatives at the meeting?

5

MS ARTHUR: I believe it was Paula Martin that said that.

MS SHARP SC: Can I take you to pinpoint 2246 on that document. Can I take you to the entry about halfway down the page that starts, "SB challenged." And if we can highlight that paragraph - the SB is Steve Blackburn, is it?

10

MS ARTHUR: That's correct.

MS SHARP SC: And it is then stated - if we work through that paragraph, it's stated that:

15

"PM advised that for Chinese high rollers, most of Star's VIP customers are coming from Hong Kong, Macau or have businesses/companies set out in Asia outside of PRC."

20

Is that People's Republic of China?

MS ARTHUR: Correct.

MS SHARP SC: And the PM is a reference to Paula Martin?

25

MS ARTHUR: Yes, that's correct.

MS SHARP SC: And is that what was said by Paula Martin at the meeting?

30

MS ARTHUR: Yes.

MS SHARP SC: It continues:

35

"Reliance is placed on The Star employees/hosts that are internationally based to know the VIP players well through building close professional relationships to understand the player's tendencies and behaviours."

MS ARTHUR: Yes, that's correct.

40

MS SHARP SC: Is that something that Ms Martin said during that meeting?

MS ARTHUR: I believe so.

MS SHARP SC: And it's then stated:

45

"AUSTRAC has regular reviews on The Star's customers and so far are happy with the AML and credit records including SoW/SoF information collected."

5 **MS ARTHUR:** Yes.

MS SHARP SC: Does SoW/SoF mean source of wealth, source of funds?

MS ARTHUR: Yes.

10

MS SHARP SC: And is that what Paula Martin said at the meeting?

MS ARTHUR: Yes, I believe so.

15 **MS SHARP SC:** And could I take you, please, to pinpoint 2247. Third paragraph from the bottom commencing, "AW indicated." Is that AW a reference to Amanda Wu at NAB?

MS ARTHUR: Yes.

20

MS SHARP SC: And it states here that:

"Amanda Wu indicated in previous meetings with The Star AML team, SA."

25 Is that Skye Arnott?

MS ARTHUR: That's correct.

MS SHARP SC:

30

"Had advised that they expected few cash deposits to The Star's NAB accounts by their customers or third parties."

Is that what Ms Arnott said during that meeting?

35

MS ARTHUR: I don't believe she said it in that meeting. I believe Amanda is citing it from a previous conversation.

MS SHARP SC: Then this document goes on to state:

40

"However, NAB have identified several incoming cash payments and Amanda Wu queried if The Star's transaction monitoring had been enhanced to capture cash transactions to identify the purposes of cash deposits. OW."

45 Is that a reference to Oliver White?

MS ARTHUR: Yes, that's correct.

MS SHARP SC:

"OW suggested that further discussion be held to collaborate with NAB to improve the controls on cash deposits."

5

MS ARTHUR: Yes.

MS SHARP SC: Is that what Oliver White did say at this meeting?

10 **MS ARTHUR:** Yes, I believe so.

MS SHARP SC: Had some kind of shortcoming in Star Entertainment's transaction monitoring of cash payments been identified at this meeting or previously?

15

MS ARTHUR: I don't specifically recall. I know at this meeting there was discussion around controls that could be put on cash deposits which would indicate that there was a shortcoming. I know certainly from the bank's perspective that that was a challenge that we had from a systems perspective. I can't specifically recall, but that meeting note would suggest that that is what's being said. I'm sorry.

20

MS SHARP SC: And was it your understanding that those who had prepared this meeting note took steps to ensure it was an accurate note of the meeting?

25

MS ARTHUR: Yes.

MS SHARP SC: And that's why there was a cross-check with your recollection?

30 **MS ARTHUR:** That's correct.

MS SHARP SC: And that's why, because there was a dispute in the recollections, you went back to Star Entertainment to clarify?

35 **MS ARTHUR:** That's correct.

MS SHARP SC: Could I take you now, please, to exhibit B, tab 2077, to STA.3105.0012.2775. Now, it's an email chain, so I will have to start at the back. If I could take you to pinpoint 2776. Do you see there's an email from you to Ms Arnott dated 11 December 2019?

40

MS ARTHUR: Yes, I can see that.

MS SHARP SC: And what you're doing here is passing on some questions from your financial crime team in relation to EEIS?

45

MS ARTHUR: Yes, that's correct.

MS SHARP SC: And one question your financial crime team had is set out at dot point 2:

5 "Could EEIS please provide an explanation as to why most funds transfers to its accounts with NAB originate from overseas MSBs?"

MS ARTHUR: Yes.

10 **MS SHARP SC:** That's a reference to money service businesses?

MS ARTHUR: Yes.

MS SHARP SC: And a question is asked:

15 "Does EEIS rely on overseas MSBs to conduct the required KYC?"

That is, "Know Your Customer":

20 "On the payer of the funds."

MS ARTHUR: Correct.

25 **MS SHARP SC:** Ms Arnott replied to you by email dated 19 December 2019, which I will show you at pinpoint 2775. And could I ask you to have regard to the second dot point there, Ms Arthur. That's the question I've just drawn your attention to. Now, that purple writing is that of Ms Arnott, is it?

MS ARTHUR: That's correct.

30 **MS SHARP SC:** And what she explains is:

"The majority of funds that are transferred into the EEIS account relate to the payment of debts for The Star."

35 **MS ARTHUR:** That's correct.

MS SHARP SC:

40 "The payments come from the countries where The Star's customers reside rather than the countries where The Star has a formal business presence."

MS ARTHUR: Yes.

45 **MS SHARP SC:**

"These do not represent remittances conducted by EEIS."

MS ARTHUR: Yes.

MS SHARP SC:

5 "The Star conducts due diligence on the customer who is responsible for repaying the debt but does rely on the MSB to conduct the required due diligence on the payee. The Star (and EEIS by proxy) request that our customers only deal with licensed remitters so that we are able to rely on the due diligence conducted by the money service business."

10 Now, did you have any concerns when you were told that Star, or EEIS by proxy, was relying on the due diligence of the money service businesses?

15 **MS ARTHUR:** Yes. I understand that they were not necessarily doing it themselves and that was their obligation, to - to know the - where those funds that were being deposited into that account were coming from.

MS SHARP SC: And was there any concern with the fact in particular that it was relying on the due diligence of money service businesses?

20 **MS ARTHUR:** Yes.

MS SHARP SC: And what was that concern?

25 **MS ARTHUR:** They expressed that they were only dealing with licensed remitters, but that doesn't necessarily provide sufficient comfort that the relevant due diligence was being done, particularly for overseas jurisdictions that may have inconsistent obligations to that required within Australia.

30 **MS SHARP SC:** Can I turn now to ask you some questions about China UnionPay cards. First of all, you're familiar with what China UnionPay cards are?

MS ARTHUR: Yes.

35 **MS SHARP SC:** They operate a bit like Visa and Mastercards?

MS ARTHUR: Yes.

40 **MS SHARP SC:** When did you first become aware that The Star Entertainment Group had terminals supplied by NAB being used in its hotels to allow swipes of the CUP cards?

45 **MS ARTHUR:** I believe I was aware that they had merchant terminals in the hotel when I first started looking after the account. I don't believe that I knew that they were for exclusive CUP use until we started receiving some queries from China UnionPay in relation to the transactions on the terminal.

MS SHARP SC: So there came a point in time where you became aware that these merchant terminals were only used for CUP swipes?

MS ARTHUR: That's correct.

5 **MS SHARP SC:** And who was it who told you in the first place that these merchant terminals were located in the hotels?

MS ARTHUR: I believe that would have been told to me within - someone from within NAB.

10 **MS SHARP SC:** Did that person within NAB tell you that these UnionPay cards were being used to fund gambling?

MS ARTHUR: No.

15 **MS SHARP SC:** Were you aware of that matter when you first took over client management of Star Entertainment Group?

MS ARTHUR: No, I was not aware.

20 **MS SHARP SC:** No one within NAB made you aware of that matter?

MS ARTHUR: No one within NAB made me aware.

25 **MS SHARP SC:** And there were no documents that you reviewed as you were taking over the management responsibilities of this client that made you aware of that matter?

MS ARTHUR: No.

30 **MS SHARP SC:** Can I take you, please, to exhibit B at tab 1594, which is STA.3002.0010.0004. Now, I appreciate that this email from Ms Dudek is not to you, but it is copied to you. It dates from 28 August 2019. Did you read that at about the time it was sent to you?

35 **MS ARTHUR:** Yes.

MS SHARP SC: Were you aware at this time that UnionPay was making queries of NAB about the use to which these CUP cards were being put at Jupiters and The Star?

40 **MS ARTHUR:** Yes.

MS SHARP SC: And in terms of your awareness of these inquiries, were you aware as to whether or not NAB was passing on the results of its queries to UnionPay?

45 **MS ARTHUR:** Yes. NAB was passing on the results of its queries back to UnionPay.

MS SHARP SC: This email from Ms Dudek - can you see that her response is:

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

MS ARTHUR: Yes.

10

MS SHARP SC: Can I take you to one of those invoices, please. If I can take
you to STA.3002.0010.0026, which is exhibit B at tab 1605. Can I ask you this:
did you look at the invoices at the time this email was sent to you?

15 **MS ARTHUR:** Briefly.

MS SHARP SC: I beg your pardon?

MS ARTHUR: Briefly. Yes.

20

MS SHARP SC: You did.

MS RICHARDSON SC: Sorry, I didn't get that answer. I'm sorry.

25 **MS ARTHUR:** Yes. Briefly.

MS RICHARDSON SC: Thank you.

30 **MS SHARP SC:** And you will see the invoice is on the letterhead of The Star
Grand Hotel and Residences?

MS ARTHUR: Yes.

MS SHARP SC: And you see it refers to a room number?

35

MS ARTHUR: Yes.

MS SHARP SC: And it refers to an arrival date and a departure date?

40 **MS ARTHUR:** Yes.

MS SHARP SC: And it names a particular person?

MS ARTHUR: Yes.

45

MS SHARP SC: And in the description of the transaction, it says "transfer to
customer's account"?

MS ARTHUR: Yes.

MS SHARP SC: And you will see it was for an amount of \$480,000?

5 **MS ARTHUR:** Yes.

MS SHARP SC: Now, I will return to that cover email that I took you to, which is exhibit B at tab 1594, STA.3002.0010.0004. And now could I just enlarge the top part of that email. What did you understand this statement to mean?

10

MS ARTHUR: The three dot points?

MS SHARP: Yes.

15 **MS ARTHUR:** That was an explanation provided to NAB by The Star in relation to the transactions that were identified below. It was a response to the three specific questions that Martin had asked Paulinka at the time in relation to where - what the merchant was used for and what the cardholder purchased and also provides attachments of the invoices for those relevant transactions.

20

MS SHARP SC: When you referred to the three specific questions that Paulinka was asked - could I just scroll down, please, to the bottom of this page - are these are the three questions you were referring to?

25 **MS ARTHUR:** That's correct.

MS SHARP SC: Now could I scroll up to the top of this page. When you read this statement in light of those questions, what was your understanding of the purpose of the transactions - the CUP transactions?

30

MS ARTHUR: My understanding was that the CUP transactions were taken at the hotel and they were transferred across to a patron account and that patron account was an account that expenses, both internally and externally, were allocated to and that the purchases on the China UnionPay card were to cover those expenses.

35

MS SHARP SC: And, sorry, what were those expenses related to? What was your understanding when you read this document?

40 **MS ARTHUR:** This document describes it as "hotel accommodation services". My understanding was that the patron account included expenses both from within the resort itself, relating to accommodation, restaurants and etcetera, in addition to external expenses, such as travel, jewellery, cars and other expenses that the patron incurred whilst they were at the hotel.

45

MR BELL SC: At this time, did you understand that The Star was permitting its patrons to use the CUP cards to obtain funds for gambling?

MS ARTHUR: No, I was not.

MS SHARP SC: And nothing at all in this email made you aware of that fact, did it?

5

MS ARTHUR: No, it did not.

MS SHARP SC: In fact, quite the contrary; would you agree?

10 **MS ARTHUR:** There's no mention of gambling.

MS SHARP SC: Can I take you, please, to a document which is exhibit B at tab 1670, which is NAB.001.001.0694. And it's an email chain. I will have to take you through it. Could I start at pinpoint 0695. And you will have this enlarged.
15 In the middle of the page, do you see there's an email from Sudono Salim dated August 2019 into which you are copied?

MS ARTHUR: Yes, I do.

20 **MS SHARP SC:** Do you see it states:

"Thanks for the quick turnaround, but we require the actual tax invoices for these transactions. What were the payments for? We need to be sure that these were not for gambling purposes."

25

MS ARTHUR: Yes, I can see that.

MS SHARP SC: Now, did you read that email at the time it was copied to you?

30 **MS ARTHUR:** Yes, I did.

MS SHARP SC: So you understood, didn't you, that it was important for NAB to confirm that these cards were not being used for gambling purposes?

35 **MS ARTHUR:** Yes.

MS SHARP SC: Did anyone at NAB at this time tell you that, in fact, these cards were being used for gambling purposes?

40 **MS ARTHUR:** No.

MS SHARP SC: Could I take you, please, to an email in this chain that you sent on the first page on 4 September 2019. If I can enlarge it, it's the second half of the page. See there's an email of 4 September 2019 at 3.44 pm?

45

MS ARTHUR: Yes.

MS SHARP SC: And you say:

"Hi everyone, I have spoken to Paulinka and she has followed up with the appropriate internal department again for clarification. She confirms the transactions were used for hotel accommodation services only."

5

MS ARTHUR: Yes.

MS SHARP SC: Is that what she said to you?

10 **MS ARTHUR:** Yes.

MS SHARP SC: So you spoke to her that day or around that day, did you?

MS ARTHUR: I believe I spoke to her that day.

15

MS SHARP SC: Did you ask her to confirm whether or not there was a gambling component to those transactions?

MS ARTHUR: I believe I did.

20

MS SHARP SC: And what did she tell you?

MS ARTHUR: That there was no gambling component.

25 **MS SHARP SC:** Can I take you up to the top of this email chain to your email dated 10 September 2019?

MS ARTHUR: Yes.

30 **MS SHARP SC:** And I will take you to the top. And you state:

"Hi Joel, she said that there was no gambling component, so I take it this includes chips and credits."

35 **MS ARTHUR:** Yes.

MS SHARP SC: So were you quite sure that Ms Dudek told you there was no gambling component to these transactions?

40 **MS ARTHUR:** Yes.

MS SHARP SC: And just to confirm, nobody else at NAB made you aware at this time that there was a gambling component to these transactions?

45 **MS ARTHUR:** No.

MS SHARP SC: Can I take you, please, to exhibit B at tab 1802 at STA.3002.0010.0434. Can I take you, first of all, to the middle of that page - the

email chain. You will see there's an email from Ms Dudek dated 22 October 2019?

5 **MS ARTHUR:** Yes.

MS SHARP SC: And you're copied into that email?

MS ARTHUR: Yes.

10 **MS SHARP SC:** And what Ms Dudek says is she has requested information and will reply shortly?

MS ARTHUR: Yes.

15 **MS SHARP SC:** And can I take you to the top of this email chain. Now, this is another email from Ms Dudek into which you're copied dated 4 November 2019?

MS ARTHUR: Yes.

20 **MS SHARP SC:** Did you read this email at or about the time it was sent to you?

MS ARTHUR: Yes.

MS SHARP SC: And you will see there are attachments to that email?

25

MS ARTHUR: Yes.

MS SHARP SC: And you see that Ms Dudek says:

30 "(1) Previously advised transactions. Certain very high end premium guests at The Star Entertainment Group's integrated resorts incur expenses at the hotel, across a range of entertainment venues within the resort, as well as travel expenses."

35 And so on.

MS ARTHUR: Yes.

MS SHARP SC: And there is New Transaction Request, second dot point:

40

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

MS ARTHUR: Yes.

45

MS SHARP SC: I just want to ask you this: when you did receive that email at the time, what did you understand the purpose - I withdraw that. When you read this email, what did you understand the purpose of the CUP transactions to be?

5 **MS ARTHUR:** I understood the purpose of the CUP transactions to be transactions that were undertaken at the hotel, and they were used to cover expenses for the patron account of The Star, being VIPs or high-end players of The Star, and the cards were being used to pay for those expenses that were co-mingled in the player's account - or patron's account, I should say.

10 **MS SHARP SC:** Did you understand from this email that the CUP cards had been used to fund gambling?

MS ARTHUR: No.

15 **MS SHARP SC:** Did you have any understanding at that time from elsewhere that the CUP cards were used to fund gambling?

MS ARTHUR: No.

20 **MS SHARP SC:** Can I take you, please, to exhibit B, tab 1828, which is STA.3105.0011.5300.

MS ARTHUR: Yes.

25 **MS SHARP SC:** Now, can I take you to the second point - I beg your pardon, the second page, which is point 5301. Now, you will agree this is an email from you to Ms Scopel dated 6 November 2019? Sorry, I can't hear your answer.

MS ARTHUR: Yes, that's correct.

30 **MS SHARP SC:** Do you remember sending this email to Ms Scopel?

MS ARTHUR: Yes, I do.

MS SHARP SC: Do you see it states:

35 "As discussed, UnionPay has provided us notice."

MS ARTHUR: Yes.

40 **MS SHARP SC:** Do you agree that means you did have a discussion with Ms Scopel prior to sending this email?

MS ARTHUR: Yes.

45 **MS SHARP SC:** Do you remember that discussion?

MS ARTHUR: Not - not an independent recollection, no.

MS SHARP SC: Any recollection at all?

MS ARTHUR: My usual practice is to call clients ahead of significant emails to give them indication that I'm going to send an email as a courtesy, and so that's why I have written there "as discussed".

5

MS SHARP SC: Tell me, this discussion you had with Ms Scopel, did it include a discussion with Mr Harry Theodore?

MS ARTHUR: No.

10

MS SHARP SC: Are you sure about that?

MS ARTHUR: I believe I would have called Sarah directly.

15

MS SHARP SC: Did you have any conversations with both Ms Scopel and Mr Theodore at around this time, that is, in around 6 November 2019?

20

MS ARTHUR: I don't believe so. The only phone call I recall Harry Theodore being on was the meeting in early March the following year on - on around the 3rd of March.

25

MS SHARP SC: Well, I want to suggest to you that there was a call that took place on around 6 or 7 November 2019 that involved you, Mr Theodore and Ms Scopel where you asked for details of the transactions and Mr Theodore said to you in relation to evidence for there being non-gaming transactions, "You know we can't provide that." And you said, "Yes, yes, I know."

MS ARTHUR: I do not recall that conversation occurring.

30

MS SHARP SC: Is it that you have no memory of such a conversation or that it did not take place?

35

MS ARTHUR: I have no memory of that conversation occurring, so I cannot confirm that it did not take place.

MS SHARP SC: Was there any time in 2019 where Mr Theodore or Ms Scopel expressly stated or otherwise conveyed to you that the CUP transactions had been used to fund gambling?

40

MS ARTHUR: No.

MS SHARP SC: Are you quite sure about that?

45

MS ARTHUR: Yes.

MS SHARP SC: Could I return now to an email on the first page of the document I've just been showing to you, to pinpoint 5300. And do you see there's an email from Ms Scopel to you, copied to Mr Theodore?

MS ARTHUR: Yes.

5 **MS SHARP SC:** And just to - just before we go through that, I want to remind you of your request, if we can go back to pinpoint 5301, and you state:

10 "UnionPay have provided us notice indicating they are considering issuing NAB a directive to cease provision of UnionPay card acceptance to 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. PBOC."

15 I assume that's People's Bank of China?

MS ARTHUR: Correct.

20 **MS SHARP SC:**

"PBOC 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 expenditure could be made on non-gambling entertainment."

25 Now, Ms Arthur, you were well aware at this time that CUP wanted NAB to confirm whether or not these transactions involved a gambling component?

30 **MS ARTHUR:** Yes.

MS SHARP SC: And when you requested further information of Ms Scopel - see the third dot point down in the email is:

35 "Written confirmation that no transactions via the merchant facility included a gambling component."

MS ARTHUR: Yes.

40 **MS SHARP SC:** Now, can I show you the response, which we went to previously and will go to again, at pinpoint 5300. Now, this was in relation to your specific response as to whether these transactions involved a gambling component. Do you remember receiving this response?

45 **MS ARTHUR:** Yes.

MS SHARP SC: Do you agree that it makes no reference anywhere to the transactions involving a gambling component?

MS ARTHUR: I agree.

MS SHARP SC: And in fact, what this email did was append some attachments which set out examples of luxury expenses?

5

MS ARTHUR: That's correct.

MS SHARP SC: And can I take you, in particular, to the second-last paragraph on this page:

10

"We confirm the terminal is located in The Star Grand Hotel outside of gaming related areas, and gaming transactions are not conducted at the hotel."

15 Once you read - I withdraw that. At the time you read this email, did you draw a conclusion about whether or not the CUP cards had been used to fund gambling?

MS ARTHUR: No.

20

MS SHARP SC: You didn't draw a conclusion?

MS ARTHUR: I did not believe that the transactions were being used to fund gambling - gambling.

25

MR BELL SC: Were you familiar with the UnionPay International scheme rules in the period up to March 2020?

MS ARTHUR: Insofar as they prohibited the use of the terminals for gaming. I had not sighted the document up until that time.

30

MR BELL SC: And did you understand that NAB had a contractual obligation to ensure the scheme rules were complied with?

MS ARTHUR: Yes.

35

MR BELL SC: Yes. Thank you.

MS SHARP SC: Can I just take you to a further aspect of this email. At the very last paragraph, it states:

40

"To provide further comfort around the nature of the transactions, we could restrict the transaction size to \$50,000 with no more than one of this value per day available for our customers to pay for resort expenses."

45

MS ARTHUR: Yes.

MS SHARP SC: Do you remember having any conversations with Ms Scopel at the time about imposing a transaction limit?

MS ARTHUR: Yes, I do.

MS SHARP SC: And what were those conversations?

5 **MS ARTHUR:** I believe Sarah and I spoke on the phone, and she offered
verbally to suggest that particular restriction on the terminals and
requested - requested - sorry, she didn't request. She was - she wanted to know
whether or not that would be a good suggestion, and I confirmed with her on the
10 phone that I thought it would be helpful. And I then told my merchant team that
The Star were offering to restrict the transactions to a smaller size.

MS SHARP SC: And just back to your understanding after you read this email
on 7 November 2019, did you at this point in time have any understanding at all
15 that the CUP transactions had been used to fund gambling?

MS ARTHUR: No.

MR BELL SC: Sorry, Ms Arthur. One more question I should have asked you.
Did you understand that there could be serious consequences for the National
20 Australia Bank if it didn't ensure that the China UnionPay scheme rules were
complied with?

MS ARTHUR: Yes. I understood that NAB could be fined by China UnionPay.

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

MS SHARP C: Could I take you to another document, please, Ms Arthur, which
is exhibit B, tab 1929, STA.3002.0010.0360.

30 **MS ARTHUR:** Yes.

MS SHARP SC: And this - if we go to the email at the bottom of this first page,
it's an email from you to Ms Scopel, and you're passing on further - I withdraw
that. You're stating that:
35

"UnionPay has responded with a few further questions."

And you requested a response, didn't you?

40 **MS ARTHUR:** Yes.

MS SHARP SC: And if I can take you to the top of that page, you receive a
response from Ms Dudek dated 22 November 2019?

45 **MS ARTHUR:** Yes.

MS SHARP SC: Now, can I ask you to read those three dot points in response. And in addition to that information, you were provided with a number of invoices from the hotel, weren't you?

5 **MS ARTHUR:** Yes.

MS SHARP SC: What did you believe these CUP transactions related to after you read this email?

10 **MS ARTHUR:** I believed that these transactions were related to purchases that were made at the hotel that were then used to pay for goods and services that were allocated to the patron account of The Star.

15 **MS SHARP SC:** Did you have any understanding at all at this time that those transactions were being used to fund gambling?

MS ARTHUR: No.

20 **MS SHARP SC:** And was that the information you were passing on to CUP?

MS ARTHUR: Yes, we were passing directly the responses from the client on to CUP.

25 **MS SHARP SC:** When you say you were doing that directly, were you simply forwarding the emails?

MS ARTHUR: Well, I would send the response received from the client to my colleague within the merchant team, and the merchant team representative was sending that on to China UnionPay.

30 **MR BELL SC:** And, Ms Arthur, did you see the actual responses that were passed on by the merchant team to China UnionPay yourself?

35 **MS ARTHUR:** No, I did not.

MS SHARP SC: Can I take you to another document, please, which is STA.3002.0010.0115, which is exhibit B at tab 2026. If we start at the bottom of this page, do you see there's an email from you dated 26 November 2019?

40 **MS ARTHUR:** Yes.

MS SHARP SC: And this one is to Ms Scopel?

45 **MS ARTHUR:** Yes.

MS SHARP SC: And you're stating that:

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

And you can take it from me that this document refers to about 156 transactions.

5

MS ARTHUR: Yes.

MS SHARP SC: Now, you've copied a number of people from NAB into this email, including Carlson Fung and Michael Burns and Maryanne Harris. Why were you copying those people into this email?

10

MS ARTHUR: Carlson and Michael work in the client management and execution team for this particular account, and Maryanne Harris at the time worked within the transactional banking team alongside Martin. So it was usual practice for us to cc relevant internal stakeholders on emails to clients.

15

MS SHARP SC: And if I can take you to the top of this page, you receive an email from Ms Dudek dated 9 December 2019, which, once again, attached a very large number of invoices from the hotels?

20

MS ARTHUR: Yes.

MS SHARP SC: And the same response that we've already seen is provided, the three points starting:

25

"The merchant operates integrated resorts."

And so on.

30

MS ARTHUR: Yes.

MS SHARP SC: Did you form the conclusion - I withdraw that. Do you remember reading this email?

35

MS ARTHUR: Yes.

MS SHARP SC: What conclusion did you draw when you read this email?

MS ARTHUR: The transactions were being used inconsistently with what had previously been described to us.

40

MS SHARP SC: And what did you think these - I withdraw that. What did you understand from this email the CUP transactions were related to?

45

MS ARTHUR: The transactions were related to the terminals at the hotel and that they were used to fund purchases of goods and services that were allocated to the patron's account.

MS SHARP SC: Did you have any understanding at this time that the transactions had been used to fund gambling?

MS ARTHUR: No.

5

MS SHARP SC: Can I take you to an email which is exhibit B, tab 2042, STA.3002.0010.0112. And what you're doing here is responding to that email from Ms Dudek I've just taken you to, by email of 11 December. Do you remember sending this email?

10

MS ARTHUR: Yes.

MS SHARP SC: And you explain that:

15

"We provided this information to UnionPay."

MS ARTHUR: Yes.

MS SHARP SC:

20

"And they are now seeking additional details on the transactions."

MS ARTHUR: Yes.

25

MS SHARP SC: And in - what's this blue italicised text? Is that from CUP?

MS ARTHUR: Yes.

MS SHARP SC: And is one of those questions from CUP:

30

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

And so on?

35

MS ARTHUR: Yes.

MS SHARP SC: Now, did you have a conversation with Ms Scopel at around this time about these queries from CUP?

40

MS ARTHUR: Not that I recall.

MS SHARP SC: Did you have any conversations with anybody else from The Star Entertainment Group at around this time about these queries?

45

MS ARTHUR: Not that I recall.

MS SHARP SC: Can I show you a document. It's not your document and you've probably never seen it before, but I want to take you to it, as a matter of fairness to you, to give you the opportunity to respond. Could we go, please, to exhibit B, tab 2059, at STA.3401.0003.2247. And could I direct your attention please,
5 Ms Arthur, to the bottom of the page, an email from Ms Dudek to Mr White, copied to Ms Scopel dated 12 December 2019?

MS ARTHUR: Yes.

10 **MS SHARP SC:** And could I just take you over the page, so you can read the rest of that email, to pinpoint 2248. So at pinpoint 2248. And do you see right up the top there, Ms Dudek says:

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

20 Now, having seen that email - and I know you aren't a party to it, but do you have any doubt that you did speak with Ms Dudek that day?

MS ARTHUR: I don't have a recollection of that conversation.

25 **MS SHARP SC:** Is it possible that by this time you became aware that, in fact, the CUP cards were being used to fund gambling --

MS ARTHUR: No.

30 **MS SHARP SC:** -- at The Star? Can I take you now to exhibit B, tab 2069, which is STA.3002.0010.0389. And can you see there's another email from Ms Dudek to you dated 16 December 2019 in relation to these transactions?

MS ARTHUR: Yes.

35 **MS SHARP SC:** Do you remember seeing this email?

MS ARTHUR: Yes.

40 **MS SHARP SC:** Do you agree that there is nothing in this email at all which in any way suggests that these transactions had been used to fund gambling?

MS ARTHUR: I agree.

45 **MS SHARP SC:** At this time, did you have any understanding at all that these transactions had been used to fund gambling?

MS ARTHUR: No.

MS SHARP SC: What did this email cause you to believe about the purpose to which the CUP transactions were put?

5 **MS ARTHUR:** Email provides an explanation of the - how the notional accounts work within the organisation and provides examples of the expenses that patron - VIP patrons could incur, both from within the resort and outside of the resort, as an example of the types of expenses a patron could incur whilst they were at The Star.

10 **MS SHARP SC:** Now, could I move you further in time to March of 2020 and take you to exhibit B, tab 2275, which is STA.3008.0004.0902.

MS ARTHUR: Yes.

15 **MS SHARP SC:** Now, just before I go to that email, I should ask you: is it right that in March of 2020, you were made aware that CUP had issued a warning notice to NAB?

20 **MS ARTHUR:** That's correct.

MS SHARP SC: And did you see that warning notice?

MS ARTHUR: Yes, I did.

25 **MS SHARP SC:** And is it right that that warning notice expressed concern or suspicion that the transactions had been used for the purpose of funding gambling?

MS ARTHUR: Yes.

30 **MS SHARP SC:** And it's right that you sent that warning notice to Ms Scopel at NAB?

MS ARTHUR: Yes, I sent it to Ms Scopel.

35 **MS SHARP SC:** Did you have any conversations with Ms Scopel about that warning notice at about the time you sent it to her?

MS ARTHUR: Yes, I called her in advance of sending the email.

40 **MS SHARP SC:** Did you have any discussions at all with her about whether those suspicions of CUP were correct?

MS ARTHUR: No.

45 **MS SHARP SC:** Did you have any discussions whatsoever about whether the CUP cards had been used to fund gambling?

MS ARTHUR: Sorry, can you repeat the question?

MS SHARP: Did you have any discussions with her at around that time about whether the CUP cards had been used to fund gambling?

5 **MS ARTHUR:** No.

MS SHARP SC: Did you ask her outright?

10 **MS ARTHUR:** I did not ask her outright. We were asking The Star to substantiate a number of different transactions that were coming through from UnionPay, and I believed the answers that were being provided to me at the time.

15 **MS SHARP SC:** I'm just wondering, given that UnionPay International was expressly asking you - or, that is, NAB - whether the transactions had a gambling component, why did you not expressly ask Ms Scopel that question?

MS ARTHUR: Because I believed the explanations that were provided to me in responses from The Star.

20 **MS SHARP SC:** Can I take you now to that email that's up on the screen and go to the bottom of the page, an email from Ms Scopel to you dated 4 March 2020 into which Mr Theodore and Mr White are copied.

25 **MS ARTHUR:** Yes.

MS SHARP SC: And Ms Scopel says:

30 "Following discussions around the increased administration associated with CUP transactions, The Star wishes to cease acceptance of CUP card transactions across all NAB terminals at all properties."

MS ARTHUR: Yes.

35 **MS SHARP SC:** Did Ms Scopel have any conversation with you at around that time about the cancellation of this terminal?

MS ARTHUR: Yes.

40 **MS SHARP SC:** And what was that conversation?

45 **MS ARTHUR:** There was a meeting - the client requested a meeting the previous day with myself, primarily to discuss the warning letter that I had sent to the client. And in that meeting, we discussed the warning letter that was provided. We discussed a suggestion from NAB to facilitate a meeting with China UnionPay such that The Star could explain directly to China UnionPay their explanation of the transactions. It was also discussed if - or suggested if they were to cancel the use of the terminal, that what other payment methods they could potentially use. And it was - there was also an grievance communicated around the number of

requests that had been coming through from both NAB and China UnionPay in relation to the transactions.

5 **MS SHARP SC:** Was there any discussion about whether these cards had been used to fund gambling?

MS ARTHUR: No.

10 **MS SHARP SC:** During the entire period you have worked with NAB, have you ever been made aware of documents which may suggest - I withdraw that. Can I show you a document. It's not your document. This is exhibit B at tab 332. It is STA.3401.0001.4216. Now, this is an internal Star document to start with, but I want to take you to a communication down the bottom with NAB. Can you see at the second half of that document, there's an email from Andrew Haberly at NAB
15 dated 19 March 2013?

MS ARTHUR: Yes.

20 **MS SHARP SC:** Do you know Mr Haberly at all?

MS ARTHUR: No.

MS SHARP SC: To your knowledge, does he work at NAB?

25 **MS ARTHUR:** I don't believe so.

MS SHARP SC: You've never met him before?

30 **MS ARTHUR:** No.

MS SHARP SC: And you see this is sent to David Alois?

MS ARTHUR: Yes.

35 **MS SHARP SC:** I just want to take you through this document. Do you see it's referring to a terminal at which a UnionPay card can be used?

MS ARTHUR: Yes.

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

45 "In regards to your request below around withdrawing the funds from customer cards as they transact at the hotel, UnionPay advised me this is fine as long as the merchant category code is not restricted or subject to transaction limits, which in this case it should not be based on the below document."

MS ARTHUR: I can see that.

MS SHARP SC: And then it says:

5 "You will need to keep in mind that the transaction will not be completed and posted for 24 hours. Once the funds hit the account after 24 hours, you can disperse them accordingly to the casino's operating/playing accounts."

MS ARTHUR: Yes, I can see that.

10 **MS SHARP SC:** This is not a document that has ever been made known to you?

MS ARTHUR: Not prior to this inquiry. I've seen this email as part of the subpoenaed documents for the inquiry, but never have I seen this email prior to that.

15

MS SHARP SC: Can I take you now, please, to a document at exhibit B at tab - I withdraw that. Could you pardon me for one moment, please, Mr Bell?

MR BELL SC: Yes.

20

MS SHARP SC: Is it correct, Ms Arthur, that you had a conversation with Tom Mazzaferro on around 7 October 2021 about a conversation he had had with Mr Theodore?

25 **MS ARTHUR:** I received a call report from Tom following a conversation he had received - sorry, he had had with Harry Theodore.

MS SHARP SC: And did you participate in that conversation with Mr Theodore?

30 **MS ARTHUR:** No, I did not.

MS SHARP SC: Could I show you a document, being NAB.003.001.0099. And this is exhibit B3149. It's rather difficult to read, but I will have it enlarged for you, Ms Arthur. You will see that - if we go to the top, you will see it's from Tom
35 Mazzaferro, and you're one of the recipients, and it is dated 7 October 2021?

MS ARTHUR: That's correct.

40 **MS SHARP SC:** Is this the call report you're referring to?

MS ARTHUR: Yes.

MS SHARP SC: Now, can you have a look at that first - I withdraw that. Did
45 you read this call report at the time it was sent to you?

MS ARTHUR: Yes.

MS SHARP SC: Can you have a look at the first dot point, and it says:

"The use" -

I withdraw that. I better read the opening paragraph:

5

"I just received a call from Harry Theodore CFO. Harry wanted to let me know that Star had been notified by SMH/Nine that they were intending to run a story on Star. While Star have refused to comment to Nine, the line of questions provided to Star leads them to believe the story will focus on the following."

10

And then there are a number of dot points.

MS ARTHUR: Yes.

15

MS SHARP SC: The first dot point is:

"The use of China UnionPay merchant terminals in the hotel to provide funds to hotel guests who then use those funds for gambling."

20

Second dot point:

"This occurred from 2014 until 2020 when the terminals were removed."

25 Now, what was your reaction when you read this call report?

MS ARTHUR: I was quite shocked.

MS SHARP SC: And why was that?

30

MS ARTHUR: Because it was inconsistent with what the client had told us when we had inquired with them on numerous occasions.

35 **MS SHARP SC:** And when you say "what the client had told us", are you referring to the emails I took you to, or are you referring to something else?

MS ARTHUR: No, the responses provided in the emails that the transactions were not used for gambling.

40 **MS SHARP SC:** Now, it's correct, isn't it, that you participated in meeting with Mr Harry Theodore, Mr Tom Mazzaferro, Cathryn Carver, Steven C. Daniels, Majella Quarterman and Paul Jevtovic from NAB, as well as Danny Huang, Matt Bekier and Paula Martin from Star Entertainment on 21 October 2021?

45 **MS ARTHUR:** Yes.

MS SHARP SC: Was that - that was a telephone call, was it?

MS ARTHUR: It was a Zoom video conference.

MS SHARP SC: And what was the purpose of that video conference?

5 **MS ARTHUR:** We requested a meeting with the client in response to the media - the adverse media that had come out on the 60 Minutes program and wanted to understand their response in relation to the allegations that were aired on that program.

10 **MS SHARP SC:** Was the matter of the usage of CUP cards discussed at that meeting?

MS ARTHUR: No, it was not discussed.

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

MS ARTHUR: We wanted to provide an opportunity for The Star to talk about all the allegations that were aired, and they chose not to bring it up.

20 **MS SHARP SC:** Was there some reason why, as far as you're aware, that anyone from NAB did not raise that matter?

25 **MS ARTHUR:** I don't believe there was a reason. We wanted to provide the client the opportunity to talk to us in relation to their use of the China UnionPay terminals and the allegations that were in the 60 Minutes program, in addition to the other allegations as well.

30 **MS SHARP SC:** Can I take you to a document which is in exhibit B at tab 3449, which is STA.3009.0007.0480. Now, this is a letter dated 23 December 2021 to Mr Danny Huang, the general manager, strategy and group treasurer at Star Entertainment, and it's from you, isn't it?

MS ARTHUR: That's correct.

35 **MS SHARP SC:** Now, you refer to the telephone conversation that took place on 7 October 2021 with Mr Tom Mazzaferro?

MS ARTHUR: Yes.

40 **MS SHARP SC:** And you record that in that call, Mr Theodore said that:

"Between 2014 and 2020, CUP merchant terminals in The Star hotel were used to provide funds to hotel guests who then used those funds for gambling."

45

And you recall certain other matters. Why did you send this letter at this time, given that that call had taken place on 7 October 2021?

MS ARTHUR: There were - I think internally, we were unsure as to the correct way to handle the claim that - or, sorry, the disclosure that Harry had provided to Tom. And after the meeting where it was not discussed, we felt that we needed to send a letter specifically asking them to please explain.

5

MS SHARP SC: Now, can I take you to the bottom part of that first page, please. If we can just scroll down. You will see right at the bottom, you state:

10 "So that NAB can better understand the circumstances surrounding this apparent disconnect, we would be grateful if you would provide us with the following information."

And then you ask a series of questions, but one of them is:

15 "Explain what Star now knows about how the CUP terminals may have been used for gambling related purposes."

Have you received a response to that request?

20 **MS ARTHUR:** Yes.

MS SHARP SC: When did you receive that response?

25 **MS ARTHUR:** I believe a response was received last week.

MS SHARP SC: Could you pardon me for one moment. Pardon me for one moment, Mr Bell. We're just trying to locate a document. Can I show this - a document to you, please, Ms Arthur. It's STA.3009.0007.0583.

30 **MR BELL SC:** Exhibit, Ms Sharp?

35 **MS SHARP:** No, it is not an exhibit. May I indicate that a new statement was provided by Mr Harry Theodore to those assisting you this morning, and it is an exhibit to that new statement. I'm just making inquiries as to whether it can be shown electronically at this stage. In any event, it's a short letter. I will read it out. Is it right that a response was received on 14 March 2022?

MS ARTHUR: I don't recall the exact date of the letter.

40 **MS SHARP SC:** Now, can I just be clear: you never received a response to your letter?

MS ARTHUR: No, I did not.

45 **MS SHARP SC:** And you have been made aware by others within NAB that a response has recently been provided by Star; is that right?

MS ARTHUR: Yes. There was a second letter that was sent to the client by senior management at NAB, and I believe that we have since received a response in relation to that second letter.

5 **MS SHARP SC:** And when was that second letter sent?

MS ARTHUR: I believe last week.

10 **MS SHARP SC:** And have you seen the letter that The Star provided to NAB on 14 March 2022?

MS ARTHUR: I - I have seen the response that The Star has provided in that letter.

15 **MS SHARP SC:** And in substance, the response said that:

"The use of the China UnionPay facility is being investigated by the Bell Review and, in the circumstances, it is not appropriate to respond substantively to the matters raised in your correspondence."

20

Sorry, I can't hear you.

MS ARTHUR: That is correct.

25 **MS SHARP SC:** I have no further questions.

MR BELL SC: Yes. Thank you, Ms Sharp. Mr Braham, although I can't see, I take it that you are in the virtual hearing room.

30 **MR BRAHAM SC:** I am, and I'm trying to turn my video on, but I need the permission of the administrator again.

MR BELL SC: Well, just for the moment, can you please tell me if you have any questions for Ms Arthur?

35

MR BRAHAM SC: I do. I do. I think --

MR BELL SC: How long do you think you will be?

40 **MR BRAHAM SC:** Well, I would hope to do it in half an hour. I won't be - about half an hour. I can probably be even more efficient than that, but --

MR BELL SC: And, Ms Richardson, do you expect to have questions of Ms Arthur?

45

MS RICHARDSON SC: Yes, Mr Bell.

MR BELL SC: And how long, roughly, do you expect to be?

MS RICHARDSON SC: I would expect at least half an hour, closer to an hour.

5 **MR BRAHAM SC:** But it must be said, it might be that Ms Richardson and I, whichever of us goes first, will save the other one time.

10 **MR BELL SC:** Yes. Well, Ms Arthur, regrettably, you are going to have to come back on Monday. I will say this: it is a possibility that another witness will need to be interposed before you resume your evidence. I'm not sure whether that's the case or not. But in any event, you will be - I'm sure your evidence will be concluding at some time on Monday. Is that clear?

MS ARTHUR: Yes, that's clear.

15 **MR BELL SC:** All right. Is there any administrative matter that anyone wants to raise with me at the moment?

20 **MR BRAHAM SC:** Yes, I do. Counsel assisting referred to a new statement by Mr Theodore. Could those assisting you please forward that statement to my instructing solicitors?

MR BELL SC: I'm sure Ms Sharp can arrange that, yes.

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

MR BELL SC: All right. Well, I will adjourn until 10 am on Monday.

<THE HEARING ADJOURNED AT 5:06 p.m.