



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

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

**PUBLIC HEARING  
SYDNEY**

**THURSDAY, 14 APRIL 2022  
AT 10:00 AM**

**DAY 21**

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

**Star Witness  
MS PAULA MAREE MARTIN  
MR MICHEIL ANDREW BRODIE  
MR MARK GARRY WALKER**

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**<THE HEARING RESUMED AT 10:15 AM**

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

5 **MS SHARP SC:** I apologise for the delay this morning, Mr Bell. We were just notified that there were some further documents to produce this morning in answer to your 10 April 2022 summons which resulted from a call I had previously made. Amongst those documents is an email I need to examine about this morning. So I've just taken the step of having that loaded into Law in Order.

10 **MS SHARP SC:** Are you saying that these documents should have been produced earlier in answer to a summons?

15 **MS SHARP SC:** Yes, that view appears to have been taken, yes.

**MR BELL SC:** Do you agree with that, Ms Richardson? I can't hear you, unfortunately.

20 **MS RICHARDSON SC:** Sorry, could I deal with this in the absence of the witness?

**MR BELL SC:** Yes. We will go into private mode, please.

25 **<THE HEARING IN PUBLIC SESSION ADJOURNED AT 10:16 AM**

**<THE HEARING IN PRIVATE SESSION RESUMED AT 10:16 AM**

**<THE HEARING IN PRIVATE SESSION ADJOURNED AT 10:18 AM**

30 **<THE HEARING IN PUBLIC SESSION RESUMED AT 10:19 AM**

**MR BELL SC:** Ms Martin, you remain bound by the affirmation you made on Monday.

35 **MS MARTIN:** Thank you.

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

40 **<PAULA MAREE MARTIN, ON FORMER AFFIRMATION**

**MS SHARP SC:** Ms Martin, could I take you, please, to STA.3423.0017.3604. I am sorry, operator. I provided the wrong number. It's STA.3427.0017.3604. Do you recall yesterday, Ms Martin, I asked you some questions about this synopsis that had been prepared by Mr Buchanan?

45 **MS MARTIN:** Yes, Ms Sharp.

**MS SHARP SC:** Could I take you to another document, please. It's STA.3427.0017.3603.

**MS MARTIN:** Yes, I see that.

5

**MS SHARP SC:** And do you see this is an email from Mr Buchanan to you dated 23 July 2019?

**MS MARTIN:** Yes.

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**MS SHARP SC:** And do you see how the attachments are described?

**MS MARTIN:** Yes, Ms Sharp.

15

**MS SHARP SC:** And do you see that first attachment is described as:

"Brief synopsis of Hong Kong and Macau-based meetings."

**MS MARTIN:** Yes.

20

**MS SHARP SC:** Do you see the cover of the email says:

"Paula, please find attached a brief synopsis of the various meetings Kevin and I conducted in Hong Kong and Macau. In short, we managed to achieve all our objectives and a little bit more."

25

Later on:

"If you require any additional information or a fuller debrief, please let me know."

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Now, in these circumstances, it is almost certainly the case you read that synopsis that was emailed to you by Mr Buchanan, isn't it?

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**MS MARTIN:** Ms Sharp, I think it is likely, but I don't recall specifically.

**MS SHARP SC:** It's almost certainly the case, isn't it?

40

**MS MARTIN:** Ms Sharp, as I think I said yesterday, it may have been that it was presented to me and I absorbed the information that way.

**MS SHARP SC:** Ms Martin, could you just answer my question, please. My question now is in relation to this email. On the basis of this email, it is almost certainly the case that you read the attachment to this email. Do you agree or disagree?

45

**MS MARTIN:** I disagree with that specific characterisation.

**MS SHARP SC:** Are you doing your best to answer candidly, Ms Martin?

**MS MARTIN:** I am, Ms Sharp.

5 **MS SHARP SC:** Now, it's right you will see - I'm not going to name it, but you will see there's a reference to a particular due diligence provider there?

**MS MARTIN:** I can see a reference, Ms Sharp, to a provider in the email, yes.

10 **MS SHARP SC:** All right. And you're aware of the name of that provider?

**MS MARTIN:** Yes, it sounds familiar to me.

15 **MS SHARP SC:** And the decision was made to use that particular provider to obtain due diligence in respect of some people with whom The Star dealt?

**MS MARTIN:** That's possible, Ms Sharp. We selected some providers.

20 **MS SHARP SC:** And you're aware, from the documents I took you to yesterday, that in July of 2019 there were concerns about Sixin Qin?

**MS MARTIN:** Sorry, Ms Sharp, can you be more specific about our discussion yesterday.

25 **MS SHARP SC:** I will take you back to the document, if I may. Could I take you to STA.3004.0006.0003, which is a 19 July 2019 information note from Mr Houlihan marked to your attention. This is exhibit G90 - I beg your pardon, exhibit G690.

30 **MS MARTIN:** Yes, I see that.

**MS SHARP SC:** Now, could I take you to pinpoint 0004 and do you see it says:

35 "Patrons of interest (further research required)."

**MS MARTIN:** Yes.

**MS SHARP SC:** And do you see the first person mentioned there is Qin Si Xin?

40 **MS MARTIN:** Yes.

**MS SHARP SC:** And it's right that further due diligence was undertaken with respect to Qin Si Xin, is it not?

45 **MS MARTIN:** I don't recall that, Ms Sharp.

**MS SHARP SC:** Well, it was one of the largest - he was connected with one of the largest junkets with which Star dealt at that time; you're aware of that, aren't you?

5 **MS MARTIN:** I don't know that I'm aware of that patron's specific connections offhand, Ms Sharp.

**MS SHARP SC:** Well, just so I can remind you, if you go further up that page, what Mr Houlihan says in his information note marked to your attention is, the  
10 first dot point:

"Concerns in relation to Qin Si Xin - potential financial exposure to The Star associated with rolling credit and profit sharing information with the Qin Si Xin junket. Two years ago, the Qin Si Xin junket was not well-known but is  
15 now the second highest junket."

**MS MARTIN:** I see that reference.

**MS SHARP SC:** So you did know that, didn't you?  
20

**MS MARTIN:** Ms Sharp, I would have known what was in the information note at the time. I'm drawing my knowledge from the documents.

**MS SHARP SC:** In any event, it's right that The Star received the intelligence report of a third party due diligence provider in relation to Qin Si Xin, isn't it?  
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**MS MARTIN:** I'm not sure I know that without looking at the materials.

**MS SHARP SC:** Well, in fact, a number of of third party due diligence reports were received, weren't they?  
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**MS MARTIN:** Sorry, Ms Sharp, I didn't hear that question.

**MS SHARP SC:** I said a number of third party due diligence reports were provided to The Star in relation to this gentleman, weren't they?  
35

**MS MARTIN:** I don't know that detail offhand, Ms Sharp.

**MS SHARP SC:** Well, could I show you exhibit G747, which is STA.3023.0005.0045. Now, I'm not going to mention the name of this provider, but do you see it relates, in part, to "Qin Sixin"?  
40

**MS MARTIN:** Yes, I see that.

45 **MS SHARP SC:** And it's dated January 2020?

**MS MARTIN:** Yes.

**MS SHARP SC:** And do you see the reference is "STAR-LEGAL"?

**MS MARTIN:** Yes, I see that.

5 **MS SHARP SC:** Well, given it was obtained by The Star legal team, it's most likely that you saw it, isn't it?

**MS MARTIN:** No, not necessarily.

10 **MS SHARP SC:** Don't you ordinarily acquaint yourself with due diligence that has been obtained in relation to the subjects of investigation by Mr Houlihan?

**MS MARTIN:** No, not the reports themselves.

15 **MS SHARP SC:** Is there some possibility you saw this report?

**MS MARTIN:** I don't recall that, Ms Sharp.

20 **MS SHARP SC:** Is there some possibility you saw the report?

**MS MARTIN:** I don't believe so.

25 **MS SHARP SC:** In any event, if I can take you through the report, could I take you, please, to pinpoint 0051. Do you see there's a heading "Further Enquiries re QIN Sixin".

**MS MARTIN:** Yes.

30 **MS SHARP SC:** And do you see it says, "Source(s) of wealth? How does he fund his gambling activities?"

**MS MARTIN:** Yes.

35 **MS SHARP SC:** Just to be clear, this was the due diligence provider that had been recommended to you by Mr Buchanan and Mr Houlihan following their trip to Hong Kong and Macau in July 2019; do you agree with that?

40 **MS MARTIN:** Yes. May have been one of them, Ms Sharp. I think there were multiple.

**MS SHARP SC:** And this particular provider was recommended by them to you because of their extensive connections with law enforcement overseas; do you remember that?

45 **MS MARTIN:** I don't specifically recall that description. I recall they were recommended, Ms Sharp.

**MS SHARP SC:** And do you see here, in the report of this due diligence provider:

5 "According to confidential Sources, the main sources of wealth of Qin Si Xin are (a) illegal money lending (by casino chip stacking and loan-sharking) and acting as a junket; (b) Operating illegal online gambling and gaming and illegal online bookmaking, especially on soccer and horses; and (c) Maintaining a rolling account with the Suncity Group."

This raises significant concerns about the good repute of Qin Si Xin, does it not?

10 **MS MARTIN:** Ms Sharp, I wouldn't describe it going quite that far, on that paragraph.

**MS SHARP SC:**

15 "According to confidential sources, the main sources of wealth of Qin are illegal money lending, operating illegal online gambling and gaming and illegal online bookmaking."

20 Which bit of that doesn't give you concern about the good repute of Qin Si Xin?

**MS MARTIN:** It gives me cause to make inquiry, Ms Sharp, because that description, as presented, has red flags that require investigation.

25 **MS SHARP SC:** But, you see, Star did the investigation and it obtained the intelligence report of a third party due diligence provider. The investigation was done. Do you understand that?

30 **MS MARTIN:** I do understand that this report had been prepared, Ms Sharp. I'm not familiar with the rest of its content to put that in context as well.

**MS SHARP SC:** Well, given you were the chief - and you are - the Chief Risk Officer of this organisation, was this information made known to you?

35 **MS MARTIN:** I don't recall all of the specific details being made known to me, as compared with the fact the due diligence review was being undertaken, Ms Sharp.

40 **MS SHARP SC:** You see, it's right, isn't it, that once The Star came into possession of this information, the only correct position was not to deal with this person until The Star could exclude the possibility that Sixin Qin was involved in the illegal activities identified here. Do you agree?

**MS MARTIN:** Not with that particular description, Ms Sharp.

45 **MS SHARP SC:** Well, if that's your view, it's right, isn't it, that the New South Wales Casino Regulator can have absolutely no confidence in your judgment as the Chief Risk Officer of the organisation. That's right, isn't it?

**MS MARTIN:** No, I don't believe so.

**MS SHARP SC:** Mr Bell, I do need to mark for identification the email that I took Ms Martin to previously. That was STA.3427.0017.3603.

5 **MR BELL SC:** Yes, that will be MFI45. But before we leave this document, Ms Martin, what about the reference here to this person's engagement in loan sharking? Would that have not been of considerable concern to you?

10 **MS MARTIN:** I think those sorts of activities, Mr Bell, are of concern to me, and they're the sorts of things that I would expect the AML team are taking into account, absolutely, in conducting their due diligence. They're the sorts of things that we should be alert to.

15 **MR BELL SC:** If it was established that this person was engaging in loan sharking, would you agree that they were not a person of good repute with which The Star should have a business association?

20 **MS MARTIN:** If that was established, Mr Bell, then I think that, yes, it's likely that would be the decision.

**MR BELL SC:** Do you know what investigation, if any, took place in relation to the assertion in this report that this person was engaged in loan sharking?

25 **MS MARTIN:** I don't know that specific detail, Mr Bell. I -as I said before, I was aware of the general due diligence reviews being conducted. I just cannot speak to that detail.

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

30 **MS SHARP SC:** Can I take you to pinpoint 0053. Do you see at 8 it says:

"Any adverse information personal or business related. Qin was a swindler in Shanghai."

35 That can't give you any confidence that this is a man of good repute, can it?

**MS MARTIN:** I don't know what that means, Ms Sharp.

40 **MS SHARP SC:** Well, it's the due diligence report that was retained by The Star.

**MS MARTIN:** Yes.

45 **MS SHARP SC:** And you have no idea what that meant .What does it suggest to you?

**MS MARTIN:** Ms Sharp, it's such general language in that paragraph, I don't know what that means.



**MS SHARP SC:** Well, maybe this will assist you if I take you up to 7:

"According to confidential sources, Qin was formerly a swindler, fraudster in Shanghai."

5

Does that assist?

**MS MARTIN:** No, not really.

10 **MS SHARP SC:** What about this bit at 9:

"Qin maintains very low key and on the face is a 'bona fide' businessman but, in fact, he is the 'gold master' behind illegal online gambling and bookmaking syndicates."

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**MS MARTIN:** Sorry, Ms Sharp, where is that on the page?

**MS SHARP SC:** Paragraph 9. I will read it out to you:

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"Qin maintains very low key and on the face is a 'bona fide' businessman but, in fact, he the 'gold master' behind illegal online gambling and bookmaking syndicates. Qin is not known to be a member of any triad society or to be involved in any triad activity but cannot avoid being acquainted with triad members through his illegal gambling activities."

25

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:** Is there anything in these parts of the report I've taken you to that give you any comfort at all that this man is of good repute?

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**MS MARTIN:** Ms Sharp, as I've said, some of these sections, I'm not sure I know what they mean, and I'm not able to form that judgment.

**MS SHARP SC:** So you can't assist Mr Bell in understanding what due diligence, if any, has occurred with respect to the person who was The Star's second-largest junket?

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**MS MARTIN:** I can only assist to the extent of explaining that the due diligence process was being undertaken.

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**MS SHARP SC:** Is it really the position that Star continues, or continued, to deal with junket operators and would continue to deal with these people in the future because they bring in so much money, regardless of what adverse information is drawn to the attention of The Star about them?

45

**MS MARTIN:** No.

**MS SHARP SC:** Is it right that you consider, on the basis of the information that I have shown to you, that the only appropriate response was to escalate this man for careful review by the due diligence processes at Star?

5 **MS MARTIN:** Ms Sharp, can you just repeat that question?

**MS SHARP SC:** Is your view that, in view of these - this information in this due diligence report, the only appropriate response upon receiving this report was to conduct a full and careful due diligence review in relation to this patron?

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**MS MARTIN:** Ms Sharp, I don't think I've seen this full report to be able to answer that particular question.

15 **MS SHARP SC:** Well, I'm asking you in your capacity as the Chief Risk Officer of this organisation. Based on the information I've shown to you, which has been in the hands of Star since January 2020, is it right that the only appropriate response, upon becoming aware of this information, was to either cease doing business with him there and then, or escalate this for a full due diligence review?

20 **MS MARTIN:** Ms Sharp, on the information that I have seen, there would certainly be some steps to take in terms of completing the due diligence review and taking the appropriate actions determined from that review.

25 **MS SHARP SC:** Are you in a position to ascertain what steps have been taken in relation to Qin Si Xin?

**MS MARTIN:** Not without recourse to materials, Ms Sharp.

30 **MS SHARP SC:** You should be able to ascertain that information from a review of TrackVia, shouldn't you?

**MS MARTIN:** I personally don't use TrackVia directly, Ms Sharp.

35 **MS SHARP SC:** But you should be able to cause others with your - within your organisation to review TrackVia and generate a report telling us what review has been conducted on Qin Si Xin, if any, since January 2020?

**MS MARTIN:** I believe so.

40 **MS SHARP SC:** And you could cause that to be done?

**MS MARTIN:** I believe so, sitting here today, yes.

45 **MS SHARP SC:** Will you cause that to be done for this review?

**MS MARTIN:** If I'm requested to do so, Ms Sharp.

**MS SHARP SC:** Well, can I request you to do so?

**MS MARTIN:** Yes, I believe so.

5 **MS SHARP SC:** Well, I will request you to do so. Now, could I move, please, to another document which is exhibit B at tab 2193, STA.3009.0003.0025. Operator, that's exhibit B at tab 2193. Now, this is a document I showed to you yesterday, which was the chronology prepared by Mr Buchanan in February 2020. Have you seen this document before?

10 **MS MARTIN:** Yes. This is the document we looked at yesterday, did you say? Yes.

15 **MS SHARP SC:** And do you understand that there were aspects of this chronology that were critical of the processes that The Star had followed in 2018 and 2019 in dealing with Suncity?

**MS MARTIN:** Ms Sharp, I - I'd need to look at the specific document again to see if it matches that description. It was a chronology of interactions.

20 **MS SHARP SC:** So you can't remember off the top of your head?

**MS MARTIN:** Not off the top of my head whether this particular document contained opinions or views or was a chronology of activity.

25 **MS SHARP SC:** Well, I will show you the first page, just to remind you what the document is. In fact, I'm sorry, I have put the question to you incorrectly. I don't read this as being critical of the process. I withdraw that question. Could I take you, please, to exhibit B at tab 2603, which is STA.30002.0005.0001. Now, you're aware, aren't you, that an extended - sorry, an enhanced customer due diligence of  
30 Mr Chau was undertaken from October - I beg your pardon - yes, October 2020?

**MS MARTIN:** Ms Sharp, I was aware enhanced due diligence review was conducted.

35 **MS SHARP SC:** And what was your involvement in that process?

**MS MARTIN:** I didn't have any direct involvement in the review process.

40 **MS SHARP SC:** So were you being briefed on the review process from time to time?

**MS MARTIN:** I was being briefed on the broader enhanced due diligence review process that was being conducted in late 2020, Ms Sharp.

45 **MS SHARP SC:** I'm just wondering if you could assist us with this; in view of the decision not to deal with junkets, why is it that The Star was conducting enhanced due diligence of certain junket operators and those associated with them at this particular time?

**MS MARTIN:** Ms Sharp, I can give my perspective on that. At that time, The Star had ceased doing business with junkets. Some of the individuals - there was always the potential that they could possibly, in a theoretical sense, return as individual customers. So that was one reason. Also, once customers are being assessed for AML purposes in a due diligence sense, they stay within our databases to continue to monitor for new information should we, for example, then need to take that into account again for future purposes. So our AML program can have application beyond just the junket context to individual customers.

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**MS SHARP SC:** So the enhanced due diligence process that occurred with respect to Alvin Chau occurred from a period at least involving October 2020 through to around August of 2021. In view of the fact that that process took such a lengthy amount of time, is it right that The Star was expecting that it would continue to deal with Alvin Chau?

**MS MARTIN:** No, I don't believe so.

**MS SHARP SC:** Well, why did it spend so long doing a due diligence process on him, then?

**MS MARTIN:** Ms Sharp, that was a particularly interrupted period for the business operations, with COVID and the like. And the exercise being undertaken through into 2021 was also to inform a structure and methodology we may adopt going forward as well, by reflecting on some past cases.

**MS SHARP SC:** Well, you're aware, aren't you, that in around August 2021, the decision was taken by the compliance officers that it was fine to continue doing business with Alvin Chau?

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**MS MARTIN:** I don't know that I'm specifically aware of that decision, Ms Sharp.

**MS SHARP SC:** But you're the Chief Risk Officer.

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**MS MARTIN:** Yes.

**MS SHARP SC:** Well, wouldn't you have been informed of that decision?

40  
**MS MARTIN:** Not necessarily if you're referring to the AML compliance officer decisions. They can be made independently.

**MS SHARP SC:** Well, the decision was made, at least in part, by Kevin Houlihan and at least in part by Andrew Power, and they both reported directly to you, didn't they?

45  
**MS MARTIN:** They did, Ms Sharp.

**MS SHARP SC:** Are you saying that neither of them informed you that they made a decision that it was okay to keep dealing with Alvin Chau?

5 **MS MARTIN:** I don't recall being informed of that, Ms Sharp.

**MS SHARP SC:** Isn't that somewhat remarkable, that they didn't inform you of that matter, in view of Mr Chau's profile by that time?

10 **MS MARTIN:** Not necessarily.

**MS SHARP SC:** Can I take you, please, to STA.0015.0001.0294. Now, this is an email sent from Peter Jenkins to Matt Bekier, Harry Theodore, yourself and Mr Martin, dated 17 August 2019?

15 **MS MARTIN:** Sorry, Ms Sharp, I can see a Mr Hawkins.

**MS SHARP SC:** Yes.

20 **MS MARTIN:** Not a Mr Martin.

**MS SHARP SC:** I'm sorry, I said - to you and to Mr Hawkins. Do you see the addressees?

25 **MS MARTIN:** Yes, I do.

**MS SHARP SC:** Mr Bell, this is B1556. Do you expect you read that email at the time, given it was sent to you in the midst of all the media allegations being made about Crown and junkets?

30 **MS MARTIN:** I believe I would have read it on or about that time, Ms Sharp.

**MS SHARP SC:** And you agree it relates to Suncity?

35 **MS MARTIN:** I see that heading, yes.

**MS SHARP SC:** And it's almost certainly the case you read this email at the time?

40 **MS MARTIN:** As I said, I think it's likely on or around that time, given it was a weekend, Ms Sharp.

**MS SHARP SC:** And given that - well, I withdraw that. Could I take you, please, to pinpoint 0295. Do you see there's a reference at the top of that article to a quote attributed to Mr Bekier:

45

"The fixed room of Suncity will be discontinued here', Mr Bekier said on Friday of The Star casino. 'They had a small fixed room. That room is being closed.'"

**MS MARTIN:** I see that.

5 **MS SHARP SC:** Are you aware as to whether Mr Bekier or anyone else told the media that, in fact, Suncity was being moved to Salon 82?

**MS MARTIN:** I don't believe I'm aware, Ms Sharp.

10 **MS SHARP SC:** And can you see a little bit further down, the article says:

"When asked last week why The Star was still using Suncity, Bekier replied, 'Why not?'"

15 At this time, in August of 2019, could you see any reasons why it might not be appropriate to consider - to continue dealing with Suncity?

20 **MS MARTIN:** We had some matters under consideration, Ms Sharp, as to how we operated with them. So there was certainly an assessment being made of our dealings with them at that time.

**MS SHARP SC:** But can you see any reason why it might not have been appropriate to deal with Suncity at that time?

25 **MS MARTIN:** I think that was still being assessed at that time, Ms Sharp.

**MS SHARP SC:** If I can take you, please, to pinpoint 0296 --

**MS MARTIN:** Is it possible if we just get this enlarged slightly as well, please?

30 **MS SHARP SC:** Yes.

**MS MARTIN:** Thank you.

35 **MS SHARP SC:** Pinpoint 0296, can you see the second paragraph there refers to:

"Leaked reports from Hong Kong Jockey Club obtained by The Age, Sydney Morning Herald and 60 Minutes reveal club officials were briefed by 'Australian Law Enforcement' in May 2017 about the concerns about Suncity. Among those concerns were suspected 'large-scale money laundering'."

40 And then a little further down:

"'Suncity key personalities have demonstrated links to numerous triad societies and organised crime figures,' said the intelligence report."

45 Did you tell Mr Bekier at the time that you actually had access to the Hong Kong Jockey Club report?

**MS MARTIN:** I don't specifically recall whether I referenced the report, Ms Sharp. But that is possible. And I say "possible" because we were discussing matters to do with Suncity at the time, and my recollection is that I'd had discussions with Mr Bekier about Mr Buchanan's background and his awareness of this matter.

**MS SHARP SC:** Do you think it is most likely that you did make Mr Bekier aware that Star had a copy of this report, given that this report is front and centre of media allegations you're being made aware of?

**MS MARTIN:** I'm not sure I have confidence in saying most likely, Ms Sharp. I would say it was certainly possible, potentially likely.

**MS SHARP SC:** What does "potentially likely" mean?

**MS MARTIN:** Sorry, I would say it could have been possible or likely; I wouldn't go as far as "most likely", on my recollection.

**MS SHARP SC:** So we say more than 50 per cent?

**MS MARTIN:** I would say it's at least 50 per cent, possibly more.

**MS SHARP SC:** And can I please take you to exhibit A at 2197 which is STA.3402.0003.6606. Now, this is a document I want to see if you've seen this one before. It says "Improvement Team Agreed Tasks - 21 August 2019." Now, were you aware at this time that there was an Improvement Team in relation to Suncity?

**MS MARTIN:** I was aware of a working group, would be my terminology, Ms Sharp, that were looking at matters in connection with the media stories at the time that included reference to Suncity.

**MS SHARP SC:** And you will agree a number of the people on this document reported to you at that time?

**MS MARTIN:** Yes.

**MS SHARP SC:** Now, do you see there's the first action is:

40 "Suncity Risk Assessment. Description: Conduct a risk assessment of Suncity as a junket operator."

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:** And do you see there's a target date of December 2019?

**MS MARTIN:** Yes.

**MS SHARP SC:** And do you see under Status it says:

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

5

Now, did you understand that, in fact, there was no risk assessment on Suncity following all of these revelations about cash transactions in May and June of 2019 because Suncity was moved on to Salon 82?

10 **MS MARTIN:** Ms Sharp, I would describe that slightly differently. There was a risk assessment done on the operational arrangements, a key part of which was a change in salon that no longer had a service desk, is my recollection.

15 **MS SHARP SC:** Well, was that - I think we came to this question yesterday and there was some controversy about the word "completed". Was a risk assessment completed in respect of Suncity in 2019 - in the second half of 2019?

20 **MS MARTIN:** Ms Sharp, as I think I said yesterday, my recollection is that there were particular risk assessments conducted of matters in 2019. And my recollection is there were other matters that were done either later in '19 or into 2020. There's - I'm using the term "risk assessment" to describe a number of assessments that were made over a period of time.

25 **MS SHARP SC:** Well, I'm just trying to be very specific about whether a risk assessment was completed in relation to Suncity in the second half of 2019. Was it or not?

30 **MS MARTIN:** There were risk assessment steps that were completed in that timeframe, is my recollection.

**MS SHARP SC:** Well, where will we expect to see those documented, Ms Martin?

35 **MS MARTIN:** I don't know that I can tell you that offhand, Ms Sharp.

**MS SHARP SC:** But you're the Chief Risk Officer of the organisation.

**MS MARTIN:** Yes.

40 **MS SHARP SC:** Well, surely you must know where the processes would be documented, if they'd taken place?

**MS MARTIN:** Ms Sharp, they would be available to the extent they exist in document form in emails or on records within The Star.

45

**MS SHARP SC:** Well, I could guess at that myself. But where? Who would have done it? What database is it saved in? Where can we find it now?



**MS MARTIN:** I don't know that, Ms Sharp.

5 **MS SHARP SC:** Is there, in fact, the possibility that no risk assessment was completed on Salon 95 when it was moved to - I withdraw that. Is it, in fact, most likely that no risk assessment was conducted in relation to Suncity and Alvin Chau once they were moved off to Salon 82?

**MS MARTIN:** No, that's not my recollection.

10 **MS SHARP SC:** But you can't point to where we might find a single document which evidences the fact that the risk assessment was conducted?

**MS MARTIN:** I don't believe I hold that detail, Ms Sharp.

15 **MS SHARP SC:** And you certainly can't tell us who, in fact, did the risk assessment?

20 **MS MARTIN:** Ms Sharp, to be clear, there were - there were different steps that I'm referring to as being risk assessments at that time, and different steps were done by different people, is my recollection.

**MS SHARP SC:** But you can't name a name as the person who did it?

25 **MS MARTIN:** I would be guessing, Ms Sharp.

**MS RICHARDSON SC:** Could I raise a matter - sorry, could I raise a matter in the absence of the witness, please?

30 **MR BELL SC:** Yes, operator can you take us into private mode and in the absence of the witness.

**<THE HEARING IN PUBLIC SESSION ADJOURNED AT 11:01 AM**

35 **<THE HEARING IN PRIVATE SESSION RESUMED AT 11:01 AM**

**<THE HEARING IN PRIVATE SESSION ADJOURNED AT 11:02 AM**

**<THE HEARING IN PUBLIC SESSION RESUMED AT 11:02 AM**

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

45 **MS SHARP SC:** Now, yesterday, Ms Martin, I made a call for any document which showed that there had been a completed risk assessment of Alvin Chau and Suncity in the second half of 2019, and the position is there are no documents in answer to that call. That rather suggests, doesn't it, that there was no completed risk assessment in the second half of 2019, doesn't it?

**MS MARTIN:** I think it does suggest, Ms Sharp, that that's possibly the case, in a documented sense. But I don't think it rules out that there were discussions about risk aspects that were assessed at that time.

5 **MS SHARP SC:** But one of the recommendations in the KPMG report in May of 2018 was that risk assessments had to be more completely documented; is that right?

**MS MARTIN:** For AML risk assessments, yes.

10

**MS SHARP SC:** But you're clearly saying that that didn't happen in the case of Alvin Chau and Suncity, if there was any risk assessment at all?

15 **MS MARTIN:** I - no, I'm just saying that I don't recall it being documented, and I've been advised that there weren't documents in response to that.

20 **MS SHARP SC:** Well, just to be clear, I put to you that no risk assessment was conducted of Alvin Chau or Suncity, despite all of these concerning transactions occurring in May, June and July 2019, because all that was done was to quietly shuffle his junket off to Salon 82.

**MS MARTIN:** I disagree with that description, Ms Sharp.

25 **MS SHARP SC:** Now, could I return you, please, to exhibit B at tab 2603. This is a draft report that Mr Buchanan provided to Andrew Power and Kevin Houlihan and Mr White, in relation to an updated assessment of Alvin Chau and Suncity. Did you see this document at around the time?

30 **MS MARTIN:** I don't recall that I saw it around the time, Ms Sharp.

**MS SHARP SC:** Can I take you, please, to exhibit B at tab 2195, which is STA.3402.0003.6594.

35 **MS MARTIN:** Could that just be enlarged slightly, sorry, Ms Sharp. Thank you.

**MS SHARP SC:** Now, this is an email to you of February 2020. You agree, don't you, that you were emailed the chronology that Mr Buchanan had previously prepared at this time?

40 **MS MARTIN:** Yes, that's attached to this email, Ms Sharp.

**MS SHARP SC:** And it's most likely you did read that chronology at the time; do you agree?

45 **MS MARTIN:** I think it's likely I looked at it on or around this time, Ms Sharp.

**MS SHARP SC:** And it's right that you were being briefed on developments with Suncity and Alvin Chau at this time?

**MS MARTIN:** Could you please clarify what you mean by "briefed on developments"?

5 **MS SHARP SC:** Being kept up to date?

**MS MARTIN:** I was being kept up to date on what my team was working on.

**MS SHARP SC:** And, sorry, who do you define as your team?

10

**MS MARTIN:** At - in respect to this document, it would be the legal team and the AML team.

15 **MS SHARP SC:** And if you were being kept up to date by the legal team and the AML team at this point in time, weren't you being kept up to date by the legal team when Mr Buchanan commenced producing drafts of his updated due diligence assessment of Mr Chau?

20 **MS MARTIN:** Not necessarily in that detail, Ms Sharp.

**MS SHARP SC:** Because what the - I will go back to exhibit B, tab 2603. Do you see it says this at number one:

25 "This paper is to assist the legal team provide advice to the board. "

Now, had you been asked by anyone to provide legal advice with respect to Mr Chau at this time?

30 **MS MARTIN:** I don't recall being asked myself.

**MS SHARP SC:** Did you ask anybody else in your team to provide legal advice in relation to Mr Chau at this time?

35 **MS MARTIN:** I don't recall, Ms Sharp, but I may have in conjunction with the enhanced customer due diligence review that was being undertaken.

**MS SHARP SC:** Are you aware as to whether anyone else in your team had been asked to provide legal advice to somebody within the business about Alvin Chau and Suncity at this time?

40 **MS MARTIN:** I don't know that.

45 **MS SHARP SC:** I'm just going to ask again. Was there a practice of which you were aware at The Star of investigators, and now Mr Buchanan as the due diligence officer, masking - or marking their document with words to the effect that legal advice was being sought, even when no legal advice was being sought?

**MS MARTIN:** No, I'm not aware of that.

**MS SHARP SC:** Can I take you now - just pardon me one moment. Can I take you now to - pardon me one moment, Mr Bell. Can I take you now to a document, exhibit B2705. Now, this is a further draft of Mr Buchanan's due diligence assessment of Alvin Chau and Suncity. Was this document shown to you?  
5

**MS MARTIN:** Not that I recall, Ms Sharp.

**MS SHARP SC:** Are you aware that Mr Buchanan was preparing various versions of this report?  
10

**MS MARTIN:** No, I don't believe so.

**MS SHARP SC:** No one in your legal team made you aware of that.  
15

**MS MARTIN:** No, I don't think so.

**MS SHARP SC:** And can I show you exhibit B2779? This is STA.3412.0054.3083. This is another version of Mr Buchanan's draft report on Mr Chau, dated 7 January. Did anyone show you this copy?  
20

**MS MARTIN:** Not that I recall, Ms Sharp.

**MS SHARP SC:** Can I show you a copy of this document, which is exhibit C at tab 256 and this is STA.3428.0005.1401. Do you see this is from Angus Buchanan to Mr Power, Mr Houlihan and Ms Willoughby?  
25

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:** Of 16 August 2021. All of these people reported to you, didn't they?  
30

**MS MARTIN:** Not all directly, Ms Sharp, but were all members of my team.

**MS SHARP SC:** And do you see in the introduction it says:  
35

"The purpose of this report is to provide the findings of a holistic review undertaken on patrons / non-patrons considered by The Star as being 'high risk'. The 22 persons of interest received adverse mention during the Bergin Inquiry, the 60 Minutes 'Crown Unmasked' programme or associated media reporting."  
40

Now, you were involved in that review, weren't you?

**MS MARTIN:** Yes, I had a role in relation to this project, Ms Sharp.  
45

**MS SHARP SC:** And what was your role?

**MS MARTIN:** I had been in discussions with members of my team, including Mr Power, over the course of our monitoring of the Bergin Inquiry to take an ongoing sort of monitoring position in relation to what was coming out of that inquiry. And then looking to assess how that may need to be taken into account by  
5 The Star going forward.

**MS SHARP SC:** So did you direct the review?

**MS MARTIN:** I certainly directed for the - or requested that the project be  
10 undertaken, and worked on a methodology as to how we would go about assessing The Star's approach to high-risk patrons going forward.

**MS SHARP SC:** Well, it's most likely, isn't it, given you directed the review, that  
15 the results of the review were reported to you?

**MS MARTIN:** I do recall attending meetings on this project where we discussed stages and the status of where things were up to, yes. So --

**MS SHARP SC:** And it's most likely, isn't it, that the final outcome of the review  
20 as committed to paper would have been provided to you; do you agree?

**MS MARTIN:** Ms Sharp, in relation to this review, to be clear, my understanding is aspects of it are not complete yet.

**MS SHARP SC:** Well, this is the report for phase 1 of the review. Do you think  
25 it's most likely that somebody on your team gave you a copy of the phase 1 report?

**MS MARTIN:** I don't recall whether I was given this report, Ms Sharp. I recall  
30 that I attended meetings on this project.

**MS SHARP SC:** Well, surely you would take care to read documentation of direct relevance to a review that you had directed?

**MS MARTIN:** Ms Sharp, it may have been presented to me, as I said, and I  
35 believe I would have paid attention in the meetings that I was in.

**MS SHARP SC:** Well, there were special meetings to discuss the outcomes of phase 1 of Project Congo, weren't there?

**MS MARTIN:** I recall attending meetings on this project, as I said, yes.  
40

**MS SHARP SC:** And one of them was an out of round JRAM meeting, wasn't it?

**MS MARTIN:** That sounds familiar, yes.  
45

**MS SHARP SC:** And you attended that, did you?

**MS MARTIN:** I don't know if I attended the JRAM meeting or another meeting, Ms Sharp.

5 **MS SHARP SC:** Mr Bell, could I just have a short five-minute adjournment, please?

**MR BELL SC:** Yes. I will adjourn for five minutes.

10 **<THE HEARING ADJOURNED AT 11:16 AM**

**<THE HEARING RESUMED AT 11:21 AM**

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

15 **MS SHARP SC:** Ms Martin, it's almost certain that you saw this written report of the phase 1 of Project Congo, isn't it?

**MS MARTIN:** No, Ms Sharp, I wouldn't go that far as "almost certain".

20 **MS SHARP SC:** Well, it's most likely, isn't it?

**MS MARTIN:** I think it's likely I was briefed on it, as I said, and it may have been in a meeting format. I don't recall how I received the comments of the outcome of the review.

25 **MS SHARP SC:** Well, surely if you were given documents for the purposes of meeting, you took the time to read them?

**MS MARTIN:** Ms Sharp, they may have been presented in the meeting.

30 **MS SHARP SC:** Well, that was quite a different question I asked. Surely if you were given documents for the purpose of a meeting, you took the time to read them?

35 **MS MARTIN:** I don't recall being given documents for the purposes of the meeting.

**MS SHARP SC:** So you have some memory of the meeting, do you?

40 **MS MARTIN:** I recall attending a meeting on which I was briefed on this project, Ms Sharp.

**MS SHARP SC:** Well, given the significance of this meeting, don't you agree that the prudent course of a senior lawyer would be to request a copy of any written briefing note that exists so you may fully inform yourself?

45 **MS MARTIN:** No, not necessarily.

**MS SHARP SC:** Is there some reason you're not willing to acknowledge that you probably read this document?

**MS MARTIN:** Just because I don't know, Ms Sharp.

5

**MS SHARP SC:** Well, let me take you to this document. Do you see in the introduction it says:

10                    "The purpose of this report is to provide the findings of a holistic review undertaken on patrons and non-patrons."

Do you understand that this report is the outcome of phase 1 of Project Congo?

**MS MARTIN:** It appears that way.

15

**MS SHARP SC:** And do you see at paragraph 2 it says:

20                    "The review's findings and recommendations, detailed in the accompanying Project Congo spreadsheet, are designed to assist the business in assessing the suitability for The Star to continue or establish customer relationships with these individuals."

**MS MARTIN:** Yes, I see that description.

25   **MS SHARP SC:** So this is a pretty important document for the purpose of those decisions being made, isn't it?

**MS MARTIN:** It's relevant, Ms Sharp. I - I haven't seen the full document yet.

30   **MS SHARP SC:** Well, let me take you over the page:

                      "Review Recommendations."

Do you see it says:

35

                      "These recommendations will be discussed at a proposed out of cycle Joint Risk Assessment Meeting."

**MS MARTIN:** Yes, I see that.

40

**MS SHARP SC:** Now, you attended that meeting, didn't you?

**MS MARTIN:** No, I don't recall that.

45   **MS SHARP SC:** Well, you did, didn't you?

**MS MARTIN:** I don't recall that, Ms Sharp.

**MS SHARP SC:** Well, you agree, don't you, that if you attended, you would have at least troubled yourself to read the written recommendations that were to be discussed at that meeting, don't you?

5 **MS MARTIN:** I'm speculating on that, Ms Sharp. That sounds reasonable.

**MS SHARP SC:** Can I take you to the minutes of the Out of Cycle JRAM Meeting, please, which are - it's STA.3412.0042.5891. Now, do you see the date is 17 August 2021?

10

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:** Do you see the first attendee identified here is you?

15 **MS MARTIN:** Yes, I see that.

**MS SHARP SC:** So it's really most likely you did attend this meeting, isn't it?

**MS MARTIN:** Yes, now that I see that.

20

**MS SHARP SC:** And other people who attended were Greg Hawkins and Chris Peasley, some of the most senior managers of the business?

**MS MARTIN:** Greg Hawkins and Chris Peasley are senior managers at The Star, yes.

25

**MS SHARP SC:** And this was an important meeting, wasn't it, because a discussion was taking place about whether The Star would continue to do business with certain patrons who had been the subject of review in the course of Project Congo?

30

**MS MARTIN:** It was a meeting to hear those findings, Ms Sharp. I'm not sure whether it was the meeting for decisions or to first receive information.

35 **MS SHARP SC:** Well, can I take your attention, please, to the second page at item 5. Do you see item 5 records that a decision was made at the meeting:

"It was agreed that the Excluded Patrons will remain excluded."

40 **MS MARTIN:** Yes, I see that line.

**MS SHARP SC:** So that decision was made at the meeting, wasn't it?

**MS MARTIN:** That was a decision made at the meeting, yes.

45

**MS SHARP SC:** And do you see that item 7? --

**MS MARTIN:** Ms Sharp, I can't see item 7, please.



**MS SHARP SC:** Can I - well, sorry, I need to take you to item 6. Do you see there's an entry there that says:

5 "AML Compliance Officers Andrew Power and Kevin Houlihan will revert to this forum with recommendations on how to deal with the non-excluded persons of interest."

**MS MARTIN:** Yes, I see that reference.

10

**MS SHARP SC:** And do you see up above that one of those persons of interest is Alvin Chau, the first person under the heading Non-Excluded Persons of Interest?

**MS MARTIN:** Yes, I see that.

15

**MS SHARP SC:** And it was discussed at that meeting, wasn't it, that Andrew Power and Kevin Houlihan would come back to this forum, that is, that group of people, including you, with recommendations on how to deal with Alvin Chau as one of the non-excluded persons?

20

**MS MARTIN:** I'm relying upon the minutes in part for my recollection, Ms Sharp, and the minutes capture that action.

**MS SHARP SC:** Well, don't you remember being told that Houlihan and Power, in their capacity as compliance officers, had decided it was okay for the business to continue dealing with Alvin Chau?

25

**MS MARTIN:** No.

**MS SHARP SC:** That doesn't stick in your mind?

30

**MS MARTIN:** No, it doesn't, Ms Sharp.

**MS SHARP SC:** Are you telling the review the truth about this matter? It only happened a year ago?

35

**MS MARTIN:** Yes, I believe so, Ms Sharp, because I think that action was referring to people still coming back on those decisions.

**MS SHARP SC:** Well, let me take you now to item 7 on the next page. And do you see in the right-hand column the who says "PM". I take it that's you?

40

**MS MARTIN:** Yes.

**MS SHARP SC:** And item 7 is:

45

"Kevin Houlihan, Andrew - Angus Buchanan and Marcella Willoughby to include Risk Mitigation Strategies when providing recommendations on how

to deal with Non-excluded patrons which The Star will continue the relationship with."

5 **MS MARTIN:** Yes, I see that reference.

**MS SHARP SC:** Because by this time, Andrew Power and Kevin Houlihan had made the decision to continue dealing with Alvin Chau, hadn't they?

10 **MS MARTIN:** No, I don't take that from that note, Ms Sharp.

**MS SHARP SC:** And at that meeting where they communicated that matter to you - I withdraw that. At that meeting, they did communicate with you that they had made the decision to continue dealing with Alvin Chau?

15 **MS MARTIN:** No, I don't recall that, Ms Sharp.

**MS SHARP SC:** And, for the purpose of that meeting, which you attended, you did read this document that I've shown to you, which I will bring up again, which is exhibit C at tab 256. That's correct, isn't it?

20 **MS MARTIN:** No, I don't say that absolutely, Ms Sharp.

**MS SHARP SC:** And, of course, you read this because this is a review that you directed and this is the paper that sets out the findings on phase 1 of that review and records the recommendations for what decisions were to be made moving forward. Do you agree?

**MS MARTIN:** No, I don't believe so.

30 **MS SHARP SC:** And is the reason why you are so reluctant to acknowledge that you read this paper because you are well aware that it contains highly misleading information insofar as Alvin Chau and Suncity are concerned?

**MS MARTIN:** No, I don't say that.

35 **MS SHARP SC:** Well, let me take you to pinpoint 1403. And do you see there's a recommendation in relation to Alvin Chau?

**MS MARTIN:** Sorry, I'm struggling to read this page. Thank you. I can see there's a recommendation column and this is the line item on Alvin Chau.

**MS SHARP SC:** Yes. And it says that there are "two feasible options the business can consider taking" and continues:

45 "The first option is to cease the relationship."

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:** You see it says:

5 "Consequently, it is assessed that maintaining a relationship with the patron and Suncity may pose something of a reputational risk, ie, it provides an impression The Star is comfortable to engage with a company which has demonstrated organised crime links and which allegedly facilitates money laundering."

10 And then do you see it says:

"A number of internal factors support the option to cease the business relationship."

15 **MS MARTIN:** Sorry, Ms Sharp, I can't see that line.

**MS SHARP SC:** (Indistinct.)

**MS MARTIN:** Thank you.

20 **MS SHARP SC:** And do you see it says:

25 "Following the internal investigation into suspicious activities at Salon 95 and the two warning letters provided to Mr Iek, as a result of repeated non-compliance, there are legitimate concerns as to Suncity's ability to operate compliant junket programs. Also of concern is the fact that Cheng Ting Kong, an Australian enforcement person of interest, remains the Patron's Suncity business partner."

30 **MS MARTIN:** Yes, I see -.

**MS SHARP SC:** And then do you see it goes on to say:

35 "The second option is The Star continues to engage with the patron. Should this option be supported:"

And then do you see there's a second dot point or hyphen, which says:

40 "The Group Compliance Officer's audit report, completed in May 2019, found that Suncity were adhering to the mandatory 'Salon 95 Service Desk Processes'. The report provides some comfort that Suncity are capable of operating compliant junket programs."

45 And you understand, don't you, that this document makes no reference at all to a series of events subsequent to that May 2019 report where concerning transactions had continued in Salon 95 in May, June and July of 2019?

**MS MARTIN:** Ms Sharp, I don't know that without reviewing the entire document again. I don't see reference in those sections you've just taken me to.

5 **MS SHARP SC:** Well, you can take it from me there is no reference to any of those events occurring in the second half of 2019. And it's right, isn't it, that this document creates the misleading impression that there were no further compliance problems in Salon 95 following the audit report of May 2019, isn't it?

**MS MARTIN:** I don't agree with that description, Ms Sharp, on the sections I've seen.

10 **MS SHARP SC:** There is no reference anywhere in this document to any further matters of concern happening in the Suncity room in May, June, July of 2019.

**MS MARTIN:** Sorry, Ms Sharp, can you repeat that question?

15 **MS SHARP SC:** Yes, and please take your time to read this page and the next and then I will put the question to you again. Operator, could you scroll when Ms Martin asks you to.

20 **MS MARTIN:** Could we just please return to the top of this page. I'm not sure which parts of this document I've seen now. Thank you. I've read that page.

**MS SHARP SC:** And, operator, could you please take Ms Martin to the second page. Operator, have you taken Ms Martin to the second page?

25 **MS MARTIN:** Ms Sharp, I'm currently at the bottom of the page, numbered page 3.

**MS SHARP SC:** Had you finished that?

30 **MS MARTIN:** I was just about to and now it's disappeared.

**MS SHARP SC:** All right. Operator, take Ms Martin back, please. And, operator, if you could go to the bottom of that page, which is page 3.

35 **MS MARTIN:** Thank you. I've finished that page, Ms Sharp. I've read to the end of the paragraph under Recommendation.

40 **MS SHARP SC:** Now, you agree, don't you, that there is no reference anywhere to the further incidents of concern in the Suncity Salon 95 in May, June, or July of 2019?

45 **MS MARTIN:** Ms Sharp, I may need to correct what I said earlier. I thought I saw a reference to repeated non-compliances in conjunction with Salon 95, as I just re-read that.

**MS SHARP SC:** You would agree, wouldn't you, that there is no reference anywhere in what you've read to transactions of concern in May, June or July of 2019?

**MS MARTIN:** I don't see there is a reference to --

5 **MS SHARP SC:** (Indistinct) repeated non-compliance, you will find them up above at the paragraph 4.

**MS MARTIN:** Yes, thank you.

10 **MS SHARP SC:** Now, if you could attend to my question. You would agree that there is no reference to any of the transactions of concern in May, June or July of 2019?

15 **MS MARTIN:** I agree those specific transactions and months, Ms Sharp, are not referenced in this report.

**MS SHARP SC:** And the only fair reading of the statement:

20 "The Group Compliance Officer's audit report completed in May 2019 found that Suncity were adhering to the mandatory Salon 95 service desk processes. The report provides some comfort that Suncity are capable of operating compliant junket programs."

Is to convey that Suncity was brought into a state of compliance in May of 2019?

25 **MS MARTIN:** No, I don't read that paragraph that way.

**MS SHARP SC:** It is the only fair reading of that paragraph, isn't it?

30 **MS MARTIN:** No, I disagree with that.

**MS SHARP SC:** And what this paragraph does is give a misleading and incorrect account of the information which you knew was held about Suncity in May, June and July of 2019 in relation to those various transactions of concern.

35 **MS MARTIN:** No, I don't describe that paragraph that way, Ms Sharp.

**MS SHARP SC:** And if I could draw your particular attention to the final paragraph on pinpoint 1403, where it states:

40 "The Star could reasonably argue that evidence led during the inquiry ..."

That's a reference to the Bergin Inquiry:

45 "... did not substantiate the patron ever being a member of a triad group nor that he has or has had any involvement in organised crime. As such, other than rumours and innuendo regarding his antecedents, there is no irrefutable evidence which may prevent The Star from continuing to engage with the patron. The patron is generally perceived as being a respected, astute business

figure who does not have any criminal convictions, and who can be regarded as being of good repute. Of note, the patron has successfully completed numerous due diligence screening processes conducted by US-owned casino operators in Macau and, indeed, Macau's regulatory body."

5

So this document, in this paragraph or in any of the rest of it, makes no mention of the fact that the Suncity Hong Kong Jockey Club report said Alvin Chau was a member of a triad gang in his youth, does it?

10 **MS MARTIN:** Ms Sharp, I haven't seen those specific words.

**MS SHARP SC:** And that's because they're not there, Ms Martin. The other thing it makes no reference to is the fact that law enforcement confirmed to Mr Houlihan and Mr Buchanan in July 2019 that Suncity and Alvin Chau were of current interest to them. No reference is made to that either, is there?

15

**MS MARTIN:** I haven't seen that specific reference in the sections we've just reviewed.

20 **MS SHARP SC:** Because the whole import of this recommendation is to substantially underplay the true due diligence concerns that you and others who had worked on Alvin Chau and Suncity then held about Alvin Chau and Suncity. That's correct, isn't it?

25 **MS MARTIN:** No, Ms Sharp, I disagree with that position.

**MS SHARP SC:** And the purpose of documenting the matter this way was to create a misleading audit review in the event that any of the regulators came looking to try to understand what your decision-making process was. That's right, isn't it?

30

**MS MARTIN:** No, Ms Sharp, I disagree with that.

35 **MS SHARP SC:** And you were party - you were party - to the creation of these documents which did not fairly disclose the level of information you held that cast aspersions on the propriety of Alvin Chau and Suncity?

**MS MARTIN:** Ms Sharp, I disagree with that, but I did lose the question fully, I believe.

40

**MS SHARP SC:** You were a party to the creation of these documents which did not fairly disclose the level of information that Star held, to your knowledge, that cast aspersions on the propriety of Alvin Chau and Suncity?

45 **MS MARTIN:** No, I disagree with that, Ms Sharp.

**MS SHARP SC:** And this whole decision-making process with respect to Alvin Chau was documented with the intention of misleading regulators as to what information The Star held about Alvin Chau.

5 **MS MARTIN:** I disagree with that, Ms Sharp.

**MS SHARP SC:** And it's right, isn't it, that the Hong Kong Jockey Club report is not recorded anywhere in TrackVia, isn't it?

10 **MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** And it's right, isn't it, that none of the three Buchanan due diligence assessments I've taken you to are recorded in TrackVia, isn't it?

15 **MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** It's right, isn't it, that the only documentation of the decision by Kevin Houlihan and Andrew Power on 16 August in relation to Alvin Chau that is documented in TrackVia is this recommendation that I've just taken you to?

20 **MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** Would this be a convenient time, Mr Bell?

25 **MR BELL SC:** Yes, in the circumstances, I will adjourn for 10 minutes.

**<THE HEARING ADJOURNED AT 11:47 AM**

**<THE HEARING RESUMED AT 11:57 AM**

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

**MS SHARP SC:** Ms Martin, you're aware, aren't you, that the Bank of China in Macau closed its account with Star in December of 2017?

35 **MS MARTIN:** Yes, Ms Sharp, I'm aware they closed those accounts. I think that date - the correct one was actually January 2018, in my second statement.

40 **MS SHARP SC:** And that, to your knowledge, created some difficulties for The Star because it became harder for some overseas patrons to get their front money through to the casino and also repay their cheque cashing facilities?

45 **MS MARTIN:** Yes, Ms Sharp. It became harder, I would just say, in the general sense that we didn't have a bank account available in Macau for patrons to make deposits. As to the specific descriptions, I'm not sure.

**MS SHARP SC:** And one of the advantages of which you were aware in the Bank of China Macau accounts is that that bank would accept large cash deposits?

**MS MARTIN:** I'm not sure if I'm aware of the nature of the deposits. I think it would be reasonable to assume it included cash, Ms Sharp.

5 **MS SHARP SC:** Well, I suggest you were perfectly well aware that one of the attractions of the Bank of China Macau accounts was that the Bank of China accepted large cash deposits?

10 **MS MARTIN:** Ms Sharp, I would just describe that as the nature of bank accounts generally, the acceptance of the deposits.

15 **MS SHARP SC:** And I'm asking you to answer my question. It's right, isn't it, that one of the attractions to Star of the Bank of China Macau accounts is that the Bank of China would accept large cash deposits?

**MS MARTIN:** Ms Sharp, I agree they accepted the cash deposits. I don't know that that was unique to that bank.

20 **MS SHARP SC:** Well, let me add another point. One of the advantages of the Bank of China accounts in Macau, of which you were aware, is that the bank would accept large cash deposits at the same time as doing little in the way of confirming source of funds?

25 **MS MARTIN:** No, I don't believe I was aware of that at that time, Ms Sharp.

30 **MS SHARP SC:** You were aware, weren't you, that there was a mad scramble at Star, in the period late 2017 to - first half of 2018, to set up alternative arrangements by which large amounts of cash could find their way from Macau through to the casino's bank accounts in Australia?

**MS MARTIN:** It's not a description I would use, Ms Sharp. Alternatives were looked into. I'm not sure I recall a mad scramble.

35 **MS SHARP SC:** Those alternatives were explored with some urgency, weren't they?

**MS MARTIN:** I don't know that I can comment on the urgency. I know they were explored, Ms Sharp.

40 **MS SHARP SC:** You're aware, aren't you, of the EEIS project in early 2018?

**MS MARTIN:** Yes, I'm aware of a project that was of that name.

45 **MS SHARP SC:** And Oliver White was one of the lead proponents of that project, together with Mr Michael Whytcross; do you agree?



**MS MARTIN:** He was certainly the lead from my team, Ms Sharp, and worked heavily on the project. I don't know who else were - you'd say were lead proponents.

5 **MS SHARP SC:** And did you supervise Mr White in relation to his work on the EEIS project?

**MS MARTIN:** In the sense of a manager and he reported to me, yes.

10 **MS SHARP SC:** So did you endeavour to keep yourself in - generally informed in how the EEIS project was progressing?

**MS MARTIN:** Ms Sharp, I think I would have only kept generally aware of its status and progress.

15

**MS SHARP SC:** So is it right that he reported to you on its progress from time to time in 2018?

**MS MARTIN:** I don't specifically recall, Ms Sharp.

20

**MS SHARP SC:** Given that you supervised him, is it most likely that he did?

**MS MARTIN:** It's most likely that he kept me updated on the progress of the project generally, Ms Sharp.

25

**MS SHARP SC:** Could I show you this article, please, exhibit B at tab 1490, INQ.014.001.0130. Now, it's right, isn't it, that in late July and early August 2019, you were reviewing media reports for the purpose of briefing the board on those media reports?

30

**MS MARTIN:** Ms Sharp, as I think I said yesterday, I was generally monitoring the media for my purposes, not necessarily for my purposes to brief the board on the media.

35 **MS SHARP SC:** Can I show you this article in The Age.

**MS MARTIN:** Yes.

**MS SHARP SC:** Of 5 August 2019:

40

"Crown investment companies were used to launder drug funds."

And do you see it says in the second paragraph - well, I withdraw that. The first paragraph:

45

"Drug traffickers have used two private companies which were set up by Crown Resorts with Crown executives as directors to bank suspected proceeds of crime, federal investigations have alleged.

5 Investigators traced money from a number of suspected or convicted drug traffickers and money launderers flowing into the bank accounts of two companies, Southbank Investment and Riverbank Investment, between 2012 and 2016, according to former officials."

Did you read this article at the time?

10 **MS MARTIN:** I don't - I don't specifically recall, Ms Sharp.

**MS SHARP SC:** It's right, isn't it, that you participated in meetings in the later part of 2019 with NAB about certain AML matters; do you agree?

15 **MS MARTIN:** I think I have a recollection of one meeting, Ms Sharp.

**MS SHARP SC:** Did you have any other involvement in the liaison with NAB at that time?

20 **MS MARTIN:** I don't believe that I did.

**MS SHARP SC:** Were you made aware that NAB was querying transactions which had moved through the EEIS accounts it maintained?

25 **MS MARTIN:** I was made aware of that at a point in late 2019, Ms Sharp.

30 **MS SHARP SC:** Can I show you, please, exhibit B at tab 1651, which is STA.3105.0002.2288. Now, I'm not suggesting this is your email, but I want to know whether this was escalated to you. Do you see Tanya Arthur from NAB has sent an email to Sarah Scopel, who was the relationship manager for The Star at the time with NAB, querying transactions which had occurred in the EEIS accounts?

**MS MARTIN:** I see that.

35 **MS SHARP SC:** I will take you to what was attached. If we go to exhibit B at tab 1650, which is STA.3105.0002.2284. Now, you can take it from me that the red writing here are annotations that NAB added to a bank account statement of EEIS. Were you made aware of this query at around this time?

40 **MS MARTIN:** Ms Sharp, I'm not sure that I was specifically alerted to this email at this time.

45 **MS SHARP SC:** But you were made aware that there were certain queries of the EEIS bank accounts?

**MS MARTIN:** I do recall being made aware that there were some queries that members of my team had looked at. I don't recall the specific queries, Ms Sharp, offhand.

**MS SHARP SC:** Were they queries about whether third-party remitters had deposited funds in the EEIS accounts?

5 **MS MARTIN:** I don't recall that detail, Ms Sharp.

**MS SHARP SC:** You appreciate, with your AML experience, don't you, that there are heightened risks of money laundering where third-party remitters deposit money into bank accounts because it can be the case that limited source of wealth checks have been conducted by those remitters?  
10

**MS MARTIN:** I would say I'm aware of money service providers or remitters having a higher-risk profile from an AML perspective, Ms Sharp. One of the reasons is because of the step in the process that can, depending on the circumstances, make source of funds less readily able to be confirmed. That's how I describe it.  
15

**MS SHARP SC:** Now, can I show you another document, please, which is exhibit B at tab 1735, STA.3105.0012.2971. That's not the right document. I'm sorry. I will do the document number instead, if I can, operator. It's STA.3105.0012.2971. And do you see there's an email here dated 14 October 2019 which is looking to organise a meeting between The Star representatives and NAB representatives?  
20

**MS MARTIN:** Yes, I see that.  
25

**MS SHARP SC:** And you see you're one of the people identified as somebody who will be attending?

**MS MARTIN:** Yes.  
30

**MS SHARP SC:** Now, you did attend a meeting with NAB representatives in October of 2019, didn't you?

**MS MARTIN:** Yes, that's my recollection.  
35

**MS SHARP SC:** Did you make notes of your meeting?

**MS MARTIN:** I don't recall that, Ms Sharp.

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

**MS MARTIN:** No, I don't think so, in this context.

**MS SHARP SC:** Who, from your team, would have been most likely to have made notes of the meeting?  
45

**MS MARTIN:** I'm not sure about that, Ms Sharp.

**MS SHARP SC:** Well, somebody would have, wouldn't they?

**MS MARTIN:** I don't know.

5 **MS SHARP SC:** Well, that would be the prudent thing to do, you would agree, as a lawyer, wouldn't you?

**MS MARTIN:** Not necessarily, Ms Sharp.

10 **MS SHARP SC:** I call for any notes made by any of the attendees at the meeting with NAB in October of 2019.

**MS RICHARDSON SC:** I will make inquiries.

15 **MS SHARP SC:** And do you see that an agenda is set out at the bottom of this email?

**MS MARTIN:** Yes. Thank you.

20 **MS SHARP SC:** And do you agree that those matters were discussed at the meetings - I beg your pardon, at the meeting?

**MS MARTIN:** I don't have a specific recollection of all the details, Ms Sharp. But I know we were there to talk about AML compliance-related matters.

25 **MS SHARP SC:** And were they - was NAB, to your understanding, a bit concerned about its bank accounts for EEIS?

30 **MS MARTIN:** I don't know whether they were concerned, Ms Sharp. It was on the agenda there, from that agenda, as a topic.

**MS SHARP SC:** A query was raised about transaction monitoring on the part of The Star in relation to the EEIS accounts, wasn't it?

35 **MS MARTIN:** Yes, I think I saw that in the earlier email you presented.

**MS SHARP SC:** And what did The Star disclose to NAB about the transaction monitoring of those accounts?

40 **MS MARTIN:** I don't know that I recall that detail, Ms Sharp. I recall that we had general discussions on our AML program. And I'm just not sure of all the detail of that discussion. I have some recollection of my role in the meeting.

45 **MS SHARP SC:** What was your role in the meeting?

**MS MARTIN:** I was being introduced, Ms Sharp, as recently having taken on responsibility for the AML area, talking to members of the team who were present. I do recall speaking to our AML program and how it operated more

generally, and what we were doing in the AML area in terms of what we were describing at the time as the uplift in our program.

5 **MS SHARP SC:** Did you know at this time that there had been a gap in transaction monitoring of the EEIS NAB accounts by The Star?

**MS MARTIN:** I don't know that I was aware of a gap, Ms Sharp.

10 **MS SHARP SC:** Do you agree that surely if a gap had been identified by that time, you would have been briefed on it prior to attending the meeting?

15 **MS MARTIN:** I think I would have been briefed on the relevant topics for the meeting, including queries that NAB had. But I - I just - I don't know how that would have been described to me, Ms Sharp, in terms of the detail.

**MS SHARP SC:** Well, do you see this agenda has, as one of the topics, transaction monitoring?

20 **MS MARTIN:** Yes, I do see that.

**MS SHARP SC:** And do you see that under that heading, the first dot point is:

25 "EEIS and The Star transaction monitoring process and assessments (any recent enhancements)."

**MS MARTIN:** Yes, I see that.

**MS SHARP SC:**

30 "How do Star manage the risk of their clients depositing directly into their NAB accounts?"

**MR BRODIE:** Yes.

35 **MS SHARP SC:** So you agree, don't you, that prior to the meeting, Star had been notified that these were matters in respect of which NAB wished to hear more information?

40 **MS MARTIN:** Ms Sharp, I can only comment on that by virtue of this agenda with these topics on it.

**MS SHARP SC:** Well, you would agree yes, based on this agenda, wouldn't you?

45 **MS MARTIN:** Yes, based on the agenda, Ms Sharp.

**MS SHARP SC:** So, in view of that, it's most likely, isn't it, that prior to attending that meeting you were briefed on the question of transaction monitoring with respect to the EEIS NAB accounts?

5 **MS MARTIN:** I think it's most likely I had a discussion with my team, Ms Sharp, to be across the topics and interactions they'd had with NAB, and if there were these sorts of items on the agenda, I'm making - I think it's reasonable to assume that I had been told of relevant matters for the agenda. I just - I don't have a specific recollection of my discussions.

10 **MR BELL SC:** Would you say that this was an important business meeting, Ms Martin?

15 **MS MARTIN:** Mr Bell, it was presented to me, I think, as important from the engagement with NAB on what we were doing on AML. I was requested to attend, is my memory, by the finance team so that it wasn't just members of my team in attendance, but I was there also as the responsible executive.

20 **MR BELL SC:** And would you say that it was an important business meeting, Ms Martin?

25 **MS MARTIN:** I think in that sense it was, Mr Bell.

30 **MR BELL SC:** How would you describe your general level of recollection of important business meetings in which you have participated over the last two years?

35 **MS MARTIN:** I think varied, Mr Bell, depending on my role and what I may have been commenting on. My recollection is better on my purpose and role than it may be of what others may do in those meetings, for example, or whether I was responsible for organising the meeting or attending to the actions, for example. I'm not sure I can generalise.

40 **MR BELL SC:** Yes, thank you.

45 **MS SHARP SC:** So did you disclose, or did anyone, to your observation, disclose to NAB that there had been some gaps in the transaction monitoring of the EEIS accounts maintained by NAB?

**MS MARTIN:** I don't specifically recall, Ms Sharp, if there were gaps disclosed.

50 **MS SHARP SC:** Were you aware that there were gaps in the program at this time?

55 **MS MARTIN:** I don't believe I have an awareness of gaps as compared with queries that had been raised and what had been done in response to those. I just don't know if they were gaps or queries that were then investigated and action taken, Ms Sharp.

**MS SHARP SC:** Well, you were responsible for AML at this time, weren't you?

**MS MARTIN:** At the executive level, yes.

5 **MS SHARP SC:** Did anybody make you aware of the fact that nobody within The Star was monitoring the EEIS NAB accounts for the purpose of AML and CTF compliance?

**MS MARTIN:** I don't recall that, Ms Sharp.

10 **MS SHARP SC:** Surely that would be a very significant matter of concern for you, if you had been so notified?

**MS MARTIN:** Yes, I would have been concerned if the position was that there was no monitoring in accordance with our AML program.

15 **MS SHARP SC:** Well, that's, in fact, what the case was, wasn't it?

**MS MARTIN:** I don't know that, Ms Sharp.

20 **MS SHARP SC:** Do you know that now?

**MS MARTIN:** My recollection in preparing for this review is that there were - there was a response to the queries that came out of this that required certain things to be referred to my department in the AML department when they came to be identified through other parts of the business. So, to that extent, I was aware that additional matters were requested to be brought to the attention of the AML team.

25 **MS SHARP SC:** Is that all a very long way of saying that no one was monitoring the transactions for AML purposes at this time, Ms Martin?

30 **MS MARTIN:** I don't know if it was no one, Ms Sharp, or just the involvement of the AML team.

35 **MS SHARP SC:** Well, the AML team weren't monitoring them at this time, were they?

**MS MARTIN:** The AML team were not receiving particular information on these accounts at this time.

40 **MS SHARP SC:** Well, doesn't it follow, if they weren't receiving the information, they weren't monitoring them?

**MS MARTIN:** In the sense that they weren't receiving the information, yes.

45 **MS SHARP SC:** Well, they didn't even have access to the bank accounts at this time, did they?

**MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** Well, you're responsible for this area, aren't you?

**MS MARTIN:** I am.

5

**MS SHARP SC:** Are you telling Mr Bell that after all these inquiries for the purpose of this review, you still don't know whether the AML team was monitoring the bank account statements of EEIS?

10 **MS MARTIN:** I'm not sure I'm clear at this point in time of the past, Ms Sharp. I'm aware now of how matters are referred through to the AML team, and the - I am also aware that bank account monitoring is not just by the AML team.

15 **MS SHARP SC:** Well, bank account monitoring for the purpose of determining whether there are any AML risks is something that is done by the AML team, isn't it?

**MS MARTIN:** Not exclusively, Ms Sharp.

20 **MS SHARP SC:** Do you say it's also done by the cage team?

**MS MARTIN:** I'm saying that there are other teams, one of which is the cage, that have responsibilities and procedures to follow to monitor for AML purposes in relation to our bank accounts.

25

**MS SHARP SC:** But you can't assist us at all in understanding whether there was any monitoring for AML purposes of the EEIS accounts in the time preceding this meeting in late 2019?

30 **MS MARTIN:** Not at an operational detail level, Ms Sharp.

**MS SHARP SC:** Now, you knew about the arrangement that The Star struck with Kuan Koi, didn't you?

35 **MS MARTIN:** I'm familiar with an arrangement with Kuan Koi in a general sense, Ms Sharp.

**MS SHARP SC:** Well, you were kept updated about that as that arrangement was being pursued in 2018 and 2019, weren't you?

40

**MS MARTIN:** I received some updates from Oliver White on that from time to time and, yes, I think it was over the period 2018 and '19.

45 **MS SHARP SC:** Did you see any AML risks arising in relation to that arrangement?

**MS MARTIN:** Ms Sharp, I'm not sure I turned my mind to that in 2018 and early '19 before I had responsibility for AML.



**MS SHARP SC:** Can I take you, please, to STA.3413.0009.3439. Now, I'm taking you to an email chain in which you're a party. I will take you to the end of it. If I can go to pinpoint 3440. This is exhibit 406.

5

**MR BELL SC:** Is that B406?

**MS SHARP SC:** I'm sorry, it's actually exhibit G406.

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

**MS SHARP SC:** And you would agree that this is an email into which you're copied, dated 14 March 2018?

15 **MS MARTIN:** Yes.

**MS SHARP SC:** And it's advice being sought from an external lawyer?

**MS MARTIN:** Yes.

20

**MS SHARP SC:** Do you agree? And it's - the subject heading is:

"Further advice on Macau interim arrangements."

25 **MS MARTIN:** Yes, I see that.

**MS SHARP SC:** So you were being kept in the loop about these Macau interim arrangements, weren't you?

30 **MS MARTIN:** Well, yes, I'm being copied across this aspect at this time.

**MS SHARP SC:** Yes, well do you expect you read this email at the time?

35 **MS MARTIN:** I don't know, Ms Sharp. It may have just been a for information cc.

**MS SHARP SC:** Well, there's no point in a for information cc if you're not going to look at the information, is there?

40 **MS MARTIN:** No, it may just be giving me a status update, Ms Sharp. So, for example, I'd be aware at this point that an external lawyer had been briefed.

**MS SHARP SC:** All right. Well, you were aware at this time that there was an arrangement with Kuan Koi, weren't you?

45

**MS MARTIN:** I'm just hesitating on the timing, Ms Sharp, but it was certainly - I was aware that the potential arrangement with Kuan Koi was being considered in early 2018 to mid-2018, I think.

**MS SHARP SC:** And you know, don't you, that Anthony Seyfort from HWL Ebsworth was advised- involved in advising on the Kuan Koi transactions?

5 **MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** Well, he's the person that the email is from - or to.

**MS MARTIN:** Yes, I see that.

10

**MS SHARP SC:** All right. So you understand, don't you, that he was involved in providing advice in relation to that matter, don't you?

15 **MS MARTIN:** Ms Sharp, I can't see a reference to Kuan Koi in this particular email.

**MS SHARP SC:** Well, what it says is:

20 "As you recall, you have advised on the customer service agreement we put in place for a service provider to act on our behalf in repayment of amounts owing to The Star."

That's a reference to Kuan Koi, isn't it?

25 **MS MARTIN:** I'm not sure, Ms Sharp.

**MS SHARP SC:** Well, you didn't have other arrangements with other providers that paralleled those with Kuan Koi, did you?

30 **MS MARTIN:** I don't know that, but there were a range of things that were being considered at this time.

**MS SHARP SC:** Can I take you to pinpoint 3 - over the first page to pinpoint 3439. Do you see that Anthony Seyfort is responding to the email?

35

**MS MARTIN:** Yes, I do.

**MS SHARP SC:** You knew, and you know, that he was providing advice about the Kuan Koi arrangements, don't you?

40

**MS MARTIN:** No, I don't know that.

**MS SHARP SC:** Well, he drafted the agreement with Kuan Koi, didn't he?

45 **MS MARTIN:** I don't know that, Ms Sharp.

**MS SHARP SC:** What, even today you're saying you don't know that?

**MS MARTIN:** Yes, I don't think I know that.

5 **MS SHARP SC:** And just to be clear, he's the person who's presently providing advice to the board about a backwards review of the patron bank account transactions?

**MS MARTIN:** Sorry, Ms Sharp, he, Mr Seyfort, is?

10 **MS SHARP SC:** (Indistinct).

**MS MARTIN:** Mr Seyfort has been providing advice to The Star, including at a board level, on - on matters and, yes, review of bank accounts has been within those.

15 **MS SHARP SC:** But he also provided advice at the time in the implementation of those arrangements in the first place; do you agree?

**MS MARTIN:** No, I don't - I don't know that, Ms Sharp.

20 **MS SHARP SC:** Well, if you assume that was the case, do you see that could give rise to any kind of conflict of interest?

**MS MARTIN:** No, I don't think so.

25 **MS SHARP SC:** Really?

**MS MARTIN:** Yes, I don't think so.

30 **MS SHARP SC:** Can I take you to exhibit B, tab 1579, which is STA.3004.0008.0001. Do you see this is a memorandum from Oliver White to Gregory Hawkins and you?

**MS MARTIN:** Yes.

35 **MS SHARP SC:** Do you see it's dated 26 August 2019?

**MS MARTIN:** Yes.

40 **MS SHARP SC:** Do you think it's most likely you read this advice addressed to you at the time? What's most likely, please?

**MS MARTIN:** Ms Sharp, I think it is most likely - I'm just refreshing myself on the content - that I read this at the time, particularly if it was sent to me via email.

45 **MS SHARP SC:** Well, it's most likely that when Mr White provided a detailed written advice about overseas payment channels addressed to you, that you, in fact, read it. Do you agree?

**MS MARTIN:** Yes, Ms Sharp.

**MS SHARP SC:** Now, do you see it say Background, and then in the second paragraph:

5

"In January 2018, The Star Entertainment International entered into an agreement with a patron named Kuan Koi."

**MS MARTIN:** Yes, I see that reference.

10

**MS SHARP SC:** And do you see under the heading Current Arrangements, there's a reference to EEIS?

**MS MARTIN:** Yes, I see that reference.

15

**MS SHARP SC:** And do you see there's then a description to three kinds of arrangements that are used for patrons to transmit funds, (a), (b) and (c)?

20

**MS MARTIN:** Could that just be enlarged slightly, Ms Sharp? Yes, I can see those paragraphs (a), (b) and (c).

25

**MS SHARP SC:** So you were - you agree that you were being kept informed of the different patron channels identified here for paying money through to the casino?

**MS MARTIN:** I'm not sure I followed that question, Ms Sharp. Can you just repeat that?

30

**MS SHARP SC:** Look, I'll withdraw it. Can you see at subparagraph (c) it states:

"In some instances, in particular for patrons based in Macau who can only pay The Star with cash.."

35

**MS MARTIN:** Yes.

**MS SHARP SC:** "The Star provides an introduction to one or more of the following channels."

40

And there, I'll need to show you the second page as well. There are two Roman numerals (i) and (ii). The first one is Regal Crown, and the second one is KK Silver Service. Operator, if you could show the second page too, please.

**MS MARTIN:** Yes, I can see both those headings, Ms Sharp.

45

**MS SHARP SC:** So if we return now to the first page with subparagraph (c)(i) relating to Regal Crown, you will see it's advised by Mr White that:

"Regal Crown is a licensed money service operator in Hong Kong. Regal Crown offers services in relation to remittance and currency exchange for cash payments received in Macau."

5 Then can I take you to the next page:

"We have not been able to verify the lawfulness of the process used by Regal Crown in Macau."

10 **MS MARTIN:** Yes, I see that.

**MS SHARP SC:** Isn't that a concern, that The Star's using a remitter to transfer cash payments in Macau and it hasn't yet verified the lawfulness of the process that remitter uses?

15

**MS MARTIN:** Ms Sharp, my understanding is The Star wasn't using the remitter.

**MS SHARP SC:** Well, the remitter was involved insofar as the money from the remitter came into The Star's accounts; do you agree?

20

**MS MARTIN:** I don't know if money came from this remitter into The Star's accounts or whether this was assessing the risks presented by those different remitters, Ms Sharp. It was certainly a paper looking at risks on these matters, as in including these remittance service providers.

25

**MS SHARP SC:** Well if you assume from me for a moment that, indeed, money was deposited by Regal Crown into accounts controlled by Star or EEIS, that's pretty concerning, isn't it, that The Star had not been able to verify the lawfulness of the process used by Regal Crown in Macau?

30

**MS MARTIN:** That's not the description I would use.

**MR BELL SC:** Why not?

35 **MS MARTIN:** Mr Bell, I describe it as presenting a higher risk profile from an AML perspective that needs to be assessed and then determined whether mitigating controls can be put in place in response to the risk.

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

40

**MS MARTIN:** I don't know, Ms Sharp, the details of this. I know that this was looking at the risks presented by these various payment means at this time.

45 **MR BELL SC:** Did you request Mr White to investigate whether Regal Crown was acting lawfully in Macau?

**MS MARTIN:** Mr Bell, my recollection is that this paper was prepared for a discussion on those sorts of risks and whether there was anything further we can

find out about it, to then inform ourselves from an AML perspective. I don't recall whether I specifically directed that piece of information to be obtained, but it's possible, in the context of this memo.

5 **MS SHARP SC:** And do you see there's a reference, on pinpoint 0002, to KK/Silver Express? And (indistinct) --

**MR BELL SC:** Operator, you will need to scroll down, please, operator so that can be seen.

10

**MS SHARP SC:** This is pinpoint 0002. And do you see it says:

"After May 2018, the arrangement with KK ..."

15 That's Kuan Koi:

"... appears to have continued in an amended form with the assistance of licensed money service operators in Hong Kong. This process has not been subject to review by the legal or compliance teams."

20

That's a bit of a concern, isn't it?

**MS MARTIN:** That point is of concern to me, Ms Sharp.

25 **MS SHARP SC:** Well, did you do anything about it?

**MS MARTIN:** Yes, my general recollection is that this memo was being brought together because of these types of points being raised, and Oliver White had prepared this note so that all of the relevant information could be gathered and advice provided to the business in this area. So I think it was that sort of concern that, my recollection, has prompted this memo.

30

**MS SHARP SC:** Right. And was there any review by the legal or compliance teams of Silver Express depositing money into accounts of EEIS or other Star-controlled accounts?

35

**MS MARTIN:** At this time, Ms Sharp, I'm not sure whether it was reviewed or ceased.

40 **MS SHARP SC:** And could I show you a little bit further down that page, do you see there's a heading Associated Risks.

**MS MARTIN:** Yes, I see that heading.

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

"A formal risk of the processes in subsection (c) has not been undertaken."

You can take it from me that subsection (c) refers to Regal Crown and Silver Express.

**MS MARTIN:** Yes.

5

**MS SHARP SC:** You see it's noted:

"(A) the arrangements outlined above intrinsically carry a higher AML/CTF risk."

10

You agree with that, don't you?

**MS MARTIN:** Yes, I agree that the remittance service providers have an intrinsically higher AML risk profile.

15

**MS SHARP SC:** And you can't tell us - I think that's right - whether any risk assessment was conducted.

**MS MARTIN:** At what point in time, Ms Sharp. I think --

20

**MS SHARP SC:** After this memo?

**MS MARTIN:** I can't be specific, Ms Sharp, because I think decisions were then made as to whether to even continue with the services. So, in that sense, you know, the risks were, as my recollection, being considered. But whether it needed to be assessed because it was ongoing or just ceased, I don't recall.

25

**MS SHARP SC:** Well what - wasn't there an urgent need to consider the risk at this point in time, in view of the fact that such significant amounts of money were being deposited into the accounts by these two remitters?

30

**MS MARTIN:** I don't know the amounts, Ms Sharp. But this matter was, I think the memo noted, one that needed to be considered at this time.

35

**MS SHARP SC:** Doesn't this demonstrate a complete failure of the risk management system, that is, that this was not immediately escalated and a full risk assessment conducted and, if no risk assessment was conducted, to immediately put a stop to these payments being received?

40

**MS MARTIN:** Ms Sharp, I don't specifically recall what was done. I view this memo and briefing of management as for decision-making purposes as being an effective part of risk management at this stage. I can't comment on what had happened previously.

45

**MS SHARP SC:** It's not an effective risk management strategy if nothing is done about it, is it?

**MS MARTIN:** But I'm not saying nothing was done about it, Ms Sharp.

**MS SHARP SC:** But you can't say that it was, can you?

5 **MS MARTIN:** I'm saying I don't specifically recall, because I don't know that I was directly involved in the briefings into business owners following this memo.

**MS SHARP SC:** You do accept, though, that there's a heightened money laundering and counter-terrorism financing risk here, don't you?

10 **MS MARTIN:** I do, Ms Sharp. That's why these matters were being looked at.

**MS SHARP SC:** And in fact, you were aware by November 2019, that no one within The Star, in fact, had a clear idea at that time what the arrangements with Kuan Koi had been in - up to September 2019. That's right, isn't it?

15 **MS MARTIN:** No, I don't know that that's right.

**MS SHARP SC:** Well, I'll take you to STA.3402.0008.1342. Do you see there's an email from you to Mr Houlihan?

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

**MS SHARP SC:** And what you're doing is responding to his proposal to conduct further investigations into arrangements with Kuan Koi.

25 **MS MARTIN:** Yes, Ms Sharp. It's in relation to specific allegations in relation to Kuan Koi.

**MS SHARP SC:** Yes, because he said he was going to sue The Star, didn't he?

30 **MS MARTIN:** I don't know that he'd said he'd sue The Star, Ms Sharp. There were - my recollection is a complaint had been raised that had made some allegations that were being investigated here.

35 **MS SHARP SC:** And the reality is that, at this time, no one at The Star had any idea what the arrangement with Kuan Koi was.

**MS MARTIN:** I don't know that, Ms Sharp.

40 **MS SHARP SC:** And that's why you were asking Mr Houlihan to investigate the matter.

**MS MARTIN:** No, I was asking Mr Houlihan to investigate the allegations raised.

45 **MS SHARP SC:** Because the reality is that no one was properly supervising all of these overseas payment channels at the time, were they?



**MS MARTIN:** I don't know that, Ms Sharp. I was looking into issues, though, with those arrangements.

5 **MS SHARP SC:** And that was a massive unquantified money laundering and counter-terrorism financing risk, wasn't it?

**MS MARTIN:** I don't know that, Ms Sharp.

10 **MS SHARP SC:** I have no further questions.

**MR BELL SC:** Ms Martin, yesterday at transcript page 2277, I asked you whether you informed the board in 2019 that officers of Star Entertainment held a copy of the Hong Kong Jockey Club report, and you answered to the effect that you didn't recall. And I asked you, if you had informed the board of that matter, 15 would I expect to find some reference to it in the board minutes and you said:

"Potentially, but I do recall also at this time we had board calls that weren't held as formal meetings and, therefore, weren't minuted. "

20 Do you remember giving that evidence?

**MS MARTIN:** Yes, Mr Bell.

25 **MR BELL SC:** And when you said "At this time", what time did you mean?

**MS MARTIN:** Mr Bell, I was referring to around the time of the media in 2019. So late July through to August 2019.

30 **MR BELL SC:** I see. And is it correct that a quorum for meetings of directors of Star Entertainment is two directors?

**MS MARTIN:** I believe so, Mr Bell.

35 **MR BELL SC:** And is it also correct that, under its constitution, the board can meet by telephone?

**MS MARTIN:** Yes, I think that's right, Mr Bell.

40 **MR BELL SC:** Now, were these board calls to which you referred yesterday calls involving two or more directors of the board?

**MS MARTIN:** Yes, I believe so.

45 **MR BELL SC:** And were all of the directors present in these board calls?

**MS MARTIN:** Mr Bell, I'm not sure about that specifically. Certainly anything that was convened as a board meeting, the attendance will be recorded in the minutes. As of the board call, I don't specifically recall offhand.

**MR BELL SC:** And how many of these board calls occurred in this period?

5 **MS MARTIN:** I can recall one, Mr Bell. And then I can – there was at least one that was not convened as a formal board meeting, is my recollection.

**MR BELL SC:** And was unminuted; is that right?

10 **MS MARTIN:** Yes, Mr Bell.

**MR BELL SC:** And it's possible that some directors weren't present during the board call.

15 **MS MARTIN:** It's possible.

**MR BELL SC:** You don't remember?

**MS MARTIN:** I honestly don't remember, Mr Bell.

20 **MR BELL SC:** And you were suggesting yesterday that you may have communicated potentially material information in these board calls?

25 **MS MARTIN:** I think that's possible, Mr Bell, in the sense that the discussions related to media that the board wanted to discuss on short notice, for example, and, in that sense, it was important and I would say material information was being exchanged.

30 **MR BELL SC:** Yes. And I should take it that if this information wasn't minuted, this was information that was not subsequently conveyed in a formal board meeting; is that correct?

**MS MARTIN:** Sorry, Mr Bell, I didn't follow you there.

35 **MR BELL SC:** In your answer to me yesterday, you said they weren't minuted, and should I understand from that, that this information that was conveyed in the board call, or calls, wasn't necessarily conveyed in a formal board meeting subsequently?

40 **MS MARTIN:** Not necessarily, Mr Bell. The conversation may have just moved on from - from the earlier conversations, if that makes sense.

45 **MR BELL SC:** I understand. So do you agree that it's a principle of good corporate governance that material information should not be lost in undocumented closed sessions of directors?

**MS MARTIN:** Yes, I'd agree with that, Mr Bell.

**MR BELL SC:** And, in circumstances where all of the board members may not have been present in these board calls, that could give rise to differential levels of information between those members who were present and those members who were not; do you agree?

5

**MS MARTIN:** That's possible, Mr Bell, unless, for example - so it's certainly a possibility, but a director in that position may also make further inquiries or ask for further information in a subsequent board meeting if they - if the information being presented felt, you know, inadequate or unclear to them.

10

**MR BELL SC:** That's premised on the assumption that they were present at the board call. If they weren't present at the board call, they may not know there's anything to inquire about? Correct?

15

**MS MARTIN:** That's correct, unless there's subsequent discussion on the same topic.

**MR BELL SC:** So can you see some problems of corporate governance in these board calls and the way they transpired?

20

**MS MARTIN:** I think that's a potential, Mr Bell, but I don't recall, for example, if everyone was present or not and then if in, for example, once the formal board meeting was convened, the same ground wasn't covered on material matters, but - yes.

25

**MR BELL SC:** If the same ground was covered in formal board meetings, then that would be minuted, wouldn't it?

**MS MARTIN:** The general topics would be, yes. But minutes aren't necessarily, I guess, a transcript of the meeting, Mr Bell, and --

30

**MR BELL SC:** But you would expect if potentially significant or material information was being communicated to the board, that would be minuted, would it not?

35

**MS MARTIN:** As a general proposition, yes.

**MR BELL SC:** Ms Richardson, do you have any questions for Ms Martin?

40

**MS RICHARDSON SC:** I have no questions, thank you.

**MR BELL SC:** Thank you for your evidence, Ms Martin. The direction that I will make is that your examination is adjourned, but you won't be required to come back unless you receive some notification to that effect. Thank you.

45

**MS MARTIN:** Thank you, Mr Bell.

**<THE WITNESS WAS RELEASED**

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

**MS SHARP SC:** I call Micheil Brodie.

5

**MR BELL SC:** Do you need some time to have Mr Brodie get ready, Ms Richardson?

**MS RICHARDSON SC:** Just a few minutes. Would it be convenient to take the luncheon adjournment now?

10

**MR BELL SC:** Yes, I will do that and I will adjourn until 10 to 2.

**<THE HEARING ADJOURNED AT 12:49 PM**

15

**<THE HEARING RESUMED AT 1:52 PM**

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

**MS SHARP SC:** I call Micheil Brodie.

20

**MR BELL SC:** Mr Brodie, would you prefer to take an oath or an affirmation?

**MR BRODIE:** I would prefer to take an oath, thank you.

25

**<MICHEIL ANDREW BRODIE, SWORN**

**<EXAMINATION BY MS SHARP SC:**

**MS SHARP SC:** What is your full name, please?

30

**MR BRODIE:** Micheil Andrew Brodie.

**MS SHARP SC:** Your address, that is, your work address, is known to those assisting this inquiry?

35

**MR BRODIE:** Yes.

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

40

**MR BRODIE:** I'm currently the General Manager, Social Responsibility.

**MS SHARP SC:** And is it correct that that has been your position since October 2019?

45

**MR BRODIE:** That's correct.

**MS SHARP SC:** Before that, what was your position?

**MR BRODIE:** Before that I was the General Manager, Compliance and Responsible Gambling.

5 **MS SHARP SC:** And is that a job you commenced in November 2017?

**MR BRODIE:** Yes, that's correct.

**MS SHARP SC:** And are you employed by Star Entertainment or Star?

10

**MR BRODIE:** Star Entertainment.

**MS SHARP SC:** And has that at all times been the case?

15 **MR BRODIE:** Yes, it has.

**MS SHARP SC:** And what changed in your responsibilities when you switched, in 2019, to being the General Manager of Social Responsibility?

20 **MR BRODIE:** The principal switch was that I ceased having any involvement with the second-line functions related to compliance at The Star. I ceased to have direct responsibility for conduct of any of the program in relation to that, although, I maintained responsibility for the governance portion of our conduct risk policies. And I became responsible for our sustainability program, as well as maintaining  
25 responsibility for responsible gambling.

**MS SHARP SC:** Do you have any post-secondary qualifications?

**MR BRODIE:** Yes, I do.

30

**MS SHARP SC:** What are they?

**MR BRODIE:** I have a Master of Business Administration and an Executive Master of Public Administration.

35

**MS SHARP SC:** Is it correct that you used to be employed by the Independent Liquor and Gaming Authority?

**MR BRODIE:** Yes, I was the Chief Executive for a number of years there.

40

**MS SHARP SC:** Was that the only position you held there?

**MR BRODIE:** At the Authority, yes.

45 **MS SHARP SC:** Could you tell me when you commenced in the position of Chief Executive of the Authority?

**MR BRODIE:** July 2013.

**MS SHARP SC:** And when did you cease in that role?

5 **MR BRODIE:** I ceased in that role in early 2016. Sorry, I ceased in the public sector role of the - of Chief Executive ILGA around November 2015. I ceased being employed in the public sector in New South Wales a little later after that, given the stint I did as Executive Director of Racing.

10 **MS SHARP SC:** And so when was your stint as the Executive Director of Racing?

**MR BRODIE:** The period between the later part of 2015 and about the end of 2016.

15 **MS SHARP SC:** And after that, is it correct that you worked for KPMG?

**MR BRODIE:** That's correct.

20 **MS SHARP SC:** And what was your position there?

**MR BRODIE:** My position there was as Assistant Director in the Risk and Assurance team.

25 **MS SHARP SC:** And after that, you went to The Star, did you?

**MR BRODIE:** That's correct.

30 **MS SHARP SC:** Now, I want to go back to the point during which you were the General Manager of compliance and responsible gaming. Could you please tell us in detail what your responsibilities were.

35 **MR BRODIE:** So I - if it's helpful, I will start at responsible gambling and then come to compliance. My role in terms of responsible gambling was to manage the strategy program delivery, the people involved in responsible gambling and to ensure that we were, at the time, moving forward as best we could with our responsible gambling program. That included managing the self-exclusion portion and the problem-gambling-related exclusion portion of our exclusion program.

40 And that also included reviewing and managing components of the broader compliance approach to responsible gambling that existed at The Star, for example, in terms of ensuring that systems and processes were in place to ensure that there were the requisite stickers and signs throughout the gaming environment, including stickers on gaming machines and ATMs and those sorts of things. Is that sufficient detail or would you like --  
45

**MS SHARP SC:** Yes. Could we turn now to your compliance responsibilities?

**MR BRODIE:** So my compliance responsibilities were as a second-line function. So The Star had adopted a three lines of defence model. My --

5 **MS SHARP SC:** And just – can I - can I just stop you there. Just for people who aren't familiar with the concept of the three lines of defence, can you just explain that, please?

10 **MR BRODIE:** Yes. Sure. So the three lines of defence model articulates the idea that the first line of defence are the people who are operational and principally responsible for compliance with legal and policy requirements in an organisation. Those would be the people who would, on a day-to-day basis, have responsibility for ensuring that systems, processes and operations were compliant and meet compliance standards across the board. The second line of defence --

15 **MS SHARP SC:** Could I just stop you there. Would one example of a first line of defence employee be a cage operator?

**MR BRODIE:** Yes, a cage operator would be a first line of defence employee.

20 **MS SHARP SC:** All right. Could you go on and explain the second line of defence, please.

25 **MR BRODIE:** Yes, sure. So the second line of defence is designed to build and improve the governance structures in an organisation. Its principal functions are around setting the standards, the operating principles, having regard to the compliance policy and strategy and aggregate in the organisation, and working to continuously improve compliance policies and frameworks.

30 **MS SHARP SC:** So could I stop you there. The second line of defence, they're the people within the organisation who conduct checks; is that right?

35 **MR BRODIE:** Not necessarily, no. The second line of defence wouldn't be conducting checks, per se. Its role would be to understand where there might be challenges and assisting the first line to understand those better with, say, root cause analysis and try to improve the quality of the program. But day-to-day checking of the conduct of a compliance program would be built into the first-line operations.

40 **MS SHARP SC:** So in this model, where would someone like the AML/CTF compliance officer fit in? Are they first line or second line of defence?

45 **MR BRODIE:** Well, normally, the AML/CTF compliance officer would sit in a first-line function and would be responsible for ensuring that the program in aggregate was working and would have available to them people fulfilling a second-line function that would be assisting with, say, program development and design and those sorts of things.

**MS SHARP SC:** And what about the third line of defence?

**MR BRODIE:** So the third line of defence is traditionally internal audit, although, on occasions, some organisations design with the mindset around how external audit plays a part in that as well.

5

**MS SHARP SC:** All right. Now, I had you give us that explanation in the context of you explaining your compliance responsibilities from 2017 till October 2019. So now could you explain your compliance responsibilities, please?

10 **MR BRODIE:** So my compliance responsibilities were in relation to a second line of defence function. That role was to assist across a broad range of compliance responsibilities. So while I was involved, AML was a part of that suite of policy areas as was, for example, privacy, payment card industry data security standard compliance, broader compliance with our corporate - sorry, not our corporate law,  
15 our - our consumer law requirements and law requirements as it relates to things like the Spam Act for example.

**MS SHARP SC:** Did you have any responsibility for liaising with the New South Wales Casino Regulator, ILGA or the New South Wales Liquor and Gaming  
20 during that period?

**MR BRODIE:** No, I didn't have any responsibility for that.

**MS SHARP SC:** And what about in relation to AML? What was your  
25 responsibility there?

**MR BRODIE:** My responsibility in relation to AML was to assist - was to assist with the management of the - of improvement in the program, providing advice to the compliance officer in relation to risk assessments and  
30 maintaining - maintaining the program of risk assessment and oversight of - of the AML program, but not, as we talked about before, in terms of the specific day-to-day functions of AML-related activity. Although, for a period, the AML administrators reported to me from an organisational perspective.

35 **MS SHARP SC:** And those AML administrators, it's correct that there was Wayne Willett in New South Wales, and another administrator in Queensland?

**MR BRODIE:** Yes, that's correct.

40 **MS SHARP SC:** Is it correct that you were a senior member of management from 2017 to 2019?

**MR BRODIE:** Yes.

45 **MS SHARP SC:** And who did you report to?

**MR BRODIE:** The Chief Risk Officer, Mr Paul McWilliams.



**MS SHARP SC:** And what about when he left in- was it 2019 or 2018 when he left?

**MR BRODIE:** He left in mid-2019.

5

**MS SHARP SC:** And who did you report to after that?

**MR BRODIE:** Paula Martin.

10 **MS SHARP SC:** And is it correct that in 2017 to October 2019, Skye Arnott reported to you?

**MR BRODIE:** I'm sorry, could you just give me that last date that you just said again.

15

**MS SHARP SC:** In 2019?

**MR BRODIE:** I don't think that Ms Arnott actually ever reported to me in 2019. She was (indistinct).

20

**MS SHARP SC:** When did she cease reporting to you?

**MR BRODIE:** My recollection of when she ceased reporting to me was at the end of 2018.

25

**MS SHARP SC:** Wasn't she the Compliance Manager until 2019?

**MR BRODIE:** I think she was appointed to the role of Group Manager, AML and Financial Crime at the end of 2018.

30

**MS SHARP SC:** And what was the relationship with you and Ms Arnott, when she did report to you? What was her reporting remit to you?

**MR BRODIE:** Well, she was the Compliance Manager and so, in respect of my functions, she was the principal person responsible for conducting and supporting me in respect of Compliance activity.

35

**MS SHARP SC:** And as between you and Ms Arnott, who, in your opinion, had the greater AML/CTF expertise?

40

**MR BRODIE:** Ms Arnott.

**MS SHARP SC:** And did you rely on her in terms of bringing her AML and CTF experience to bear?

45

**MR BRODIE:** Yes, I did.

**MS SHARP SC:** And just to be clear, when the AML team reported to you in the period 2017 up to 2019, that was Wayne Willett, Amanda Hanmer - is that right?

**MR BRODIE:** That's correct.

5

**MS SHARP SC:** She was a Queensland AML administrator. Ms Skye Arnott; is that correct?

**MR BRODIE:** She reported to me, but as Compliance Manager.

10

**MS SHARP SC:** And also is it Sabrina Yi?

**MR BRODIE:** Sabrina Yi did report to me for a short period at the end of 2018.

15

**MS SHARP SC:** And why did she stop reporting to you?

**MR BRODIE:** Because Mr McWilliams restructured at the end of - well, not long after the KPMG report, he moved on restructuring the team to create an AML/CTF-focused group and had the head of that group, Skye Arnott, report through to him directly.

20

**MS SHARP SC:** And, sorry, this was at the end of 2018, was it?

**MR BRODIE:** Yes, that's right.

25

**MS SHARP SC:** So did your responsibilities in relation to AML and counter-terrorism financing change at the end of 2018?

**MR BRODIE:** Yes. Yes, I lost all direct responsibility for that portion of The Star's activity.

30

**MS SHARP SC:** And did you have any responsibility for AML and CTF in 2019?

**MR BRODIE:** No.

35

**MS SHARP SC:** And where do you say the responsibility lay after - on and after 2019?

**MR BRODIE:** Well, it - it remained with the Chief Risk Officer, as the compliance officer for the Group under the Act, and the team he had working for him was led by Skye Arnott.

40

**MS SHARP SC:** And this was from the beginning of 2019, was it?

45

**MR BRODIE:** Yes.

**MS SHARP SC:** Now, are you familiar with Ian Tomkins, who is a Regulatory Affairs team member?

**MR BRODIE:** I'm familiar with Ian, yes.

**MS SHARP SC:** Did he have any reporting responsibility to you?

5

**MR BRODIE:** No.

**MS SHARP SC:** Who did he report to?

10 **MR BRODIE:** He reported, as I understand it, to Graeme Stevens.

**MS SHARP SC:** Now, how did your Compliance team interact with the Investigations team in 2018?

15 **MR BRODIE:** In 2018, we relied on them, essentially, as a capacity that was built into The Star to follow up on complicated investigative matters that might have related to specific conduct that might have looked like money laundering or that may have been otherwise suspected of being criminal in its nature.

20 **MS SHARP SC:** And what about in 2019?

**MR BRODIE:** Well, we would look at them still in the same way in 2019. None of that, for me, would have changed. If I had have seen something that was problematic from a behavioural point of view like that, then I would have referred  
25 it to them and expected them to assist in investigation.

**MS SHARP SC:** Now, what steps have you taken to familiarise yourself with the requirements of AML and CTF law in Australia?

30 **MR BRODIE:** Well, obviously, I've completed the AML/CTF training that's required of me by The Star. But I - when I became responsible for that part of the program of works in 2017, I made myself aware of the contents of the Act. I read a number of reports that were available at the time from an organisation called FATF, which is a Financial Action Task Force. It's an international group that  
35 effectively sets out the money laundering and counter-terrorism financing expectations on government.

I made myself aware of a number of different reports that had been written by either individual countries, groups of countries in respect of their  
40 money-laundering activity, and I obviously paid a lot of attention to the reports that were available on the AUSTRAC website and system. I participated in a number of workshops and sessions that AUSTRAC organised as part of a industry engagement process. And I had a modest background in AML in that, as a gambling regulator, I had participated in previous FATF reviews of the Australian  
45 scheme.

And in the early part of the 2000s, I participated in working groups that were working with the Commonwealth in the implementation establishment of the AML regime in the first instance.

5 **MS SHARP SC:** Is it right to say you have a good level of familiarity with the requirements of AML/CTF law?

**MR BRODIE:** I certainly tried to get to that state, yes.

10 **MS SHARP SC:** And you mentioned that you participated in some AUSTRAC seminars. Did any of your other colleagues from The Star attend these with you?

**MR BRODIE:** Certainly Skye Arnott attended. Depending on where they were, Mr Willett attended as well. I don't believe there were any others who attended.

15 **MS SHARP SC:** Now, do you agree that, of their very nature, casinos do present AML and counter-terrorism financing risks?

**MR BRODIE:** Yes.

20 **MS SHARP SC:** And do you agree that junkets present a risk to the integrity of casino operations?

**MR BRODIE:** Yes.

25 **MS SHARP SC:** And do you agree that a particular risk posed by junkets to the integrity of casino operations is in respect of money-laundering risks?

**MR BRODIE:** Yes. Yes.

30 **MS SHARP SC:** Do you understand - well, I withdraw that. Have you understood at all times from 2017 that the casino should only have business associations with people or companies of good repute?

35 **MR BRODIE:** I assume that you're drawing that from the Casino Control Act statement in respect of that?

**MS SHARP SC:** Yes.

40 **MR BRODIE:** But, yes.

**MS SHARP SC:** And you also understand that because you formerly worked for the casino regulator; is that right?

45 **MR BRODIE:** Yes.

**MS SHARP SC:** And if I call that the suitability concern, you'll understand what I mean?

**MR BRODIE:** Sure. Yes.

5 **MS SHARP SC:** Now, do you accept that assessing money-laundering risk overlaps with, but is also different to, the suitability risk?

**MR BRODIE:** I think they have a substantial variation between the considerations, yes.

10 **MS SHARP SC:** And what is that substantial variation?

**MR BRODIE:** Well, I think in respect of the way, as a regulator, I appreciated those questions in terms of the suitability issues were that we were more concerned with a fairly clear view about the reputation of someone as evidenced  
15 by things like whether or not they'd been convicted of a serious offence, what kind of offence they might have been convicted of, how long ago it was, whether there'd been anything that would be visible to the regulator that would - that would mitigate that conduct in the past, and whether or not they - whether or not they had demonstrated some lack of, if you like, suitability from the perspective of having  
20 compounded with creditors or - or taken advantage of bankruptcy law.

From an AML perspective, obviously the questions that one looks to are very different, and they're built around the questions of how money laundering works, the kind of typologies that people might use, their relationships with other people  
25 and a raft of other questions.

**MS SHARP SC:** So could I just run this proposition by you. If a casino could be satisfied that any money laundering risk a patron represented could be controlled, it's right, isn't it, that the casino still needed to consider whether there was a risk to  
30 suitability, and if the casino could not be satisfied that the patron was a suitable person, the casino operator ought not deal with that patron?

**MR BRODIE:** I'm sorry, that's a very long question. I think if what you're asking is would there be a requirement for the casino to consider the suitability question  
35 separately from the AML/CTF-related risk associated with it --

**MS SHARP SC:** You put it better than me. Yes.

**MR BRODIE:** Right. Okay. I think it becomes relevant to consider the suitability of someone, although I think, from a regulatory perspective, the expectation  
40 certainly that I experienced over a number of years, was that that was much more related to - to the businesses that the operator engaged with and the - and maybe the more high-profile patrons that they worked with.

45 **MS SHARP SC:** So if it wasn't enough, do you agree, for a casino operator simply to consider the risk that a patron poses from a money-laundering perspective, the operator must go on and consider whether that patron is a suitable person with which to deal?

5 **MR BRODIE:** I think the casino has got an obligation to be aware of the suitability of the people that they're dealing with, particularly as it relates to the obligation on the operator to - to be resistant to the infiltration or exploitation of the operation by criminal figures. I'm - I'm not sure that I agree that the Act requires a suitability test, in the way we've spoken about it, from the operator.

10 **MS SHARP SC:** Do you agree that if the casino operator cannot be satisfied that a person is of good repute, the casino operator ought not be dealing with that person?

15 **MR BRODIE:** Well, I think without understanding exactly what we mean by "good repute" - and I would suggest that what we mean by good repute is that they have not been the subject of substantive actions in the courts or in other settings, where, you know, where one could accept either the criminal standard of evidence, or the civil standard of evidence - that we would need to consider those kind of factors. But reputation is a difficult and complex space in the first instance for even regulators with a lot of focus and attention on those questions.

20 **MS SHARP SC:** You've understood at all times you've worked at The Star, haven't you, that "good repute" is to be considered having regard to character, integrity and honesty under the Act?

25 **MR BRODIE:** Yes. And - and as most regulators would see that, and as I think I see that, then many of those things are exemplified through people's engagement with the court system, and then maybe their engagement with other relevant authorities where there are, you know, appropriate and proper decisions being made about their conduct.

30 **MS SHARP SC:** Well, there's nothing in the Casino Control Act, is there, saying that you need a court decision or a decision on the balance of probabilities standard or the beyond reasonable doubt standard before you can form a view about whether somebody is of good repute; do you agree?

35 **MR BRODIE:** Yes, that's correct.

40 **MS SHARP SC:** Well, it's reading a gloss into what the statute says about good repute to say you need a court decision on the beyond reasonable doubt standard or the balance of probabilities standard, isn't it?

**MR BRODIE:** Well, sorry, I think - I think I haven't been clear. I'm saying those are relevant considerations. I'm not saying they're all of the considerations.

45 **MS SHARP SC:** All right. Because the Act is quite clear, and always has been, that good repute turns upon the character, integrity, honesty and financial circumstances of the people or businesses with which the operator deals; do you agree?

**MR BRODIE:** Yes, those are the things that are set out, yes.

5 **MS SHARP SC:** Now, I just want to ask some questions about you - with you about your time while you were the Chief Executive of ILGA. Is it correct that ILGA's practice, while you were there, was to document in writing any approvals it had given to the casino operator?

**MR BRODIE:** Yes, that's correct.

10 **MS SHARP SC:** And is it correct that during the time you were at ILGA, ILGA would not knowingly approve procedures that it understood to be unlawful in any way?

15 **MR BRODIE:** That's absolutely true.

**MS SHARP SC:** And is it also correct that ILGA would not approve procedures that it considered to raise serious propriety questions?

20 **MR BRODIE:** That's correct.

**MS SHARP SC:** And it's right, isn't it, that if ILGA knew that the use of a card scheme would be contrary to the rules governing the use of that card, ILGA would not approve that process?

25 **MR BRODIE:** I believe that's true, yes.

30 **MS SHARP SC:** It's correct, isn't it, that while you were at ILGA, it was never disclosed to you that China UnionPay cards being used to purchase gaming chips was in breach of UnionPay International's rules governing the China UnionPay scheme?

**MR BRODIE:** I certainly have no recollection of that kind of disclosure, no.

35 **MS SHARP SC:** And it's correct, isn't it, that while you worked at ILGA, it was never disclosed to you that China UnionPay cards used for the purpose of purchasing gaming chips would be swiped at a hotel rather than at the casino itself?

40 **MR BRODIE:** No, I don't believe that was ever clear.

**MS SHARP SC:** Because do you agree that as a regulator, the fact that a card would be swiped at a hotel rather than the casino would raise a question of whether something unusual were occurring?

45 **MR BRODIE:** I think, hypothetically, yes. As I understand it, that kind of detail wasn't made available to the - to the officers at ILGA.

**MS SHARP SC:** Now, do you recall that you attended an executive operation meeting, in your capacity as the Chief Executive of ILGA, on 17 October 2013?

5 **MR BRODIE:** Look, not specifically, no. But - but in 2013, I definitely was attending executive operations meetings.

**MS SHARP SC:** Do you have any recollection at all of what was discussed at the executive operation meeting that you attended on 17 October 2013?

10 **MR BRODIE:** Look, I'm sorry, that's a little bit precise for something that's almost a decade ago for me to give you any kind of sense of exactly what might have happened at a particular meeting.

15 **MS SHARP SC:** So it's not realistic to expect you to have an independent recollection of what was discussed then?

**MR BRODIE:** Look, at a particular meeting, no. More broadly as to the discussions that were going on about matters at the time, yes.

20 **MS SHARP SC:** Well, could I show you a document, which is exhibit F at tab 36. This is STA.3412.0038.3606. Now, you will see I am showing you the minutes of an executive operations meeting dated 17 October 2013?

25 **MR BRODIE:** Yes, I see that.

**MS SHARP SC:** And you see you're noted as attendee?

**MR BRODIE:** Yes, I do.

30 **MS SHARP SC:** And is it right that, from time to time, you and David Brearley would have meetings with the CEO, the lawyer and the regulatory affairs officer from The Star?

35 **MR BRODIE:** This was a regular engagement structure that we had in place with The Star at the time.

**MS SHARP SC:** And these discussions were minuted?

40 **MR BRODIE:** Yes, they were.

**MS SHARP SC:** And is it right that significant information that was conveyed at these meetings to the regulator would be minuted?

45 **MR BRODIE:** Yes, that's correct.

**MS SHARP SC:** And were these minutes prepared by ILGA, do you know?



**MR BRODIE:** I believe that this document, from the look of it, was one prepared by The Star and circulated as a read-out from the meeting.

5 **MS SHARP SC:** And was it your practice to review the minutes when they were circulated to you?

**MR BRODIE:** Yes.

10 **MS SHARP SC:** And if you noticed anything incorrect in the minutes or missing from the minutes which you regarded to be significant, would you take steps to have it corrected?

**MR BRODIE:** Yes.

15 **MS SHARP SC:** Can I just show you, please, the second page of these minutes, which is pinpoint 3607. Do you see there's an entry there that says:

"ATM for IRB."

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

**MS SHARP SC:** Do you understand the IRB means international rebate business?

25 **MR BRODIE:** Yes, do I.

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

"FL talk about the China Pay debit card."

30 **MR BRODIE:** Yes.

**MS SHARP SC:**

35 "This is how Chinese players get cash out of China."

**MR BRODIE:** Yes.

40 **MS SHARP SC:** Now, do you agree that these words, or words to these effect, must have been used if the minutes record that?

**MR BRODIE:** Yes.

**MS SHARP SC:** And do you see it says:

45 "MB noted that he was amenable that this is not credit, it is a transaction clearing problem. Look to see if this can be handled in the ICM."

**MR BRODIE:** Yes.

**MS SHARP SC:**

5 "If it's open to take a tolerant view, then ILGA will. Accounting for the legislative requirements. Star will investigate and submit."

**MR BRODIE:** Yes, I see that.

10 **MS SHARP SC:** Now, is it right that an issue was raised with you at that meeting about the fact that China UnionPay transactions were taking a while to clear?

**MR BRODIE:** Yes.

15 **MS SHARP SC:** And do you recall that?

**MR BRODIE:** Yes, I recall that the challenge that The Star was bringing to ILGA related to the fact that these payments, whilst on the face of it were approved by the payment authority, were sometimes taking days to clear through the international financial system in order for the funds to actually be available in the ILGA bank accounts - sorry, in The Star bank accounts.

25 **MS SHARP SC:** Is it fair to say that the concern was that if chips were advanced to the patrons who swiped on the China UnionPay cards before the funds had cleared, there would be a question about the casino providing credit to that patron?

**MR BRODIE:** Yes, (indistinct) the Act.

30 **MS SHARP SC:** Yes. Now, it's right, isn't it, that - well, I won't make this a guessing game. Let me take you to exhibit C at tab 7, which is ILGA.013.001.0073. Do you see this is a letter to you dated 23 November 2013?

**MR BRODIE:** Yes, I do.

35 **MS SHARP SC:** So after the date of that meeting I've just taken you to.

**MR BRODIE:** Yes.

40 **MS SHARP SC:** Can I just go over the page. I will show you who it's from. You see that's from Graeme Stevens?

**MR BRODIE:** Yes, I do.

**MS SHARP SC:** And if I can take you to the terms of that letter.

45 **MR BRODIE:** Yes.

**MS SHARP SC:** It says:

"The Star is writing to you to request approval from the Authority to amend the Cheque Cashing and Deposit Facility Internal Control Procedure."

**MR BRODIE:** Yes, I see that.

5

**MS SHARP SC:** And it's right, isn't it, that ILGA had to approve all amendments to the internal controls?

**MR BRODIE:** Yes, that's correct.

10

**MS SHARP SC:** And do you see that what Mr Stevens is suggesting is that an amendment be made to the internal control dealing with debit card transfers?

**MR BRODIE:** Yes, I do.

15

**MS SHARP SC:** And it's right, isn't it, that ILGA did not consent to that amendment?

**MR BRODIE:** We didn't consent to that amendment as put. We did some further work with The Star in order to be satisfied that what ended up occurring was consistent with the requirements of the Act.

20

**MS SHARP SC:** And what do you say about what ended up occurring?

**MR BRODIE:** My recollection is that we did approve amendments to the - to the ICM, although the exact form of those amendments are - I don't recall.

25

**MS SHARP SC:** So what do you say the effect of the amendment was that you approved?

30

**MR BRODIE:** Well, the effect of the amendment that we approved was - was that there would be a proper arrangement put in place that accounted for the fact that funds that had been approved and made clearly available through the - through the China UnionPay process were then able to be advanced to a customer in the form of a chip purchase.

35

**MS SHARP SC:** And this was an approval made to an internal control, was it?

**MR BRODIE:** Yes.

40

**MS SHARP SC:** Are you able to indicate which internal control that was?

**MR BRODIE:** Look, I'm sorry, that's - that's a detail I no longer recall.

**MS SHARP SC:** Are you sure that ILGA approved an amendment to an internal control relating to China UnionPay?

45

**MR BRODIE:** Well, that's my recollection, was that we did eventually consent to some changes to those internal controls.

5 **MS SHARP SC:** Would it surprise you to know that there was no change to the internal controls relating to cleared funds?

**MR BRODIE:** That - that would surprise me. I - I have a recollection of working with the staff at the Authority at the time on these proposed changes.

10 **MS SHARP SC:** So you would expect to see an amended version of an internal control, would you?

**MR BRODIE:** Yes, I would have expected to see an amended version of the internal control, yes.

15

**MR BELL SC:** That would be clearly documented, would it not?

20 **MR BRODIE:** Well, there would have been - there would have been a letter of approval. I think, at the time, Mr Brearley would probably have executed under his delegation to make those kind of approvals, and he would have - he would have written a letter that approved those changes. I recall that he, and the team, were working on those things. So I would have expected that there - that if they had been approved they would have been under a letter from Mr Brearley or he would have - he would have raised it to the board for a decision.

25

**MS SHARP SC:** And you would also expect that ILGA would have its own records of an approval being given, would you?

30 **MR BRODIE:** Yes. I would expect that ILGA would have maintained a record of that, yes, absolutely.

**MS SHARP SC:** And I'm asking for your specific recollection now, did The Star ever make you aware of its plan to use what it called, a temporary cheque cashing facility in conjunction with the use of the CUP card?

35

**MR BRODIE:** I don't have a specific recollection of that, no. Although, that's the kind of approach that I would have thought would be necessary under the Act in order to - in order to find a lawful way to do what was being talked about in this letter.

40

**MS SHARP SC:** And, again, if that had been raised with you and it had been approved by you or Mr Brearley, we would expect to see something in writing about that, would we?

45 **MR BRODIE:** Well, absolutely everything that we did was in writing at that time. There certainly would never have been a verbal approval for a change to an ICM.

**MS SHARP SC:** Now, I want to ask you about a different matter, if I could, Mr Brodie. When you commenced at The Star, is it correct that, in early 2018, you had some meetings with KPMG for the purpose of it preparing an independent assessment of the AML/CTF program part A?

5

**MR BRODIE:** Yes, I attended a large number of meetings over that period with KPMG.

**MS SHARP SC:** And what was the purpose of you attending those meetings?

10

**MR BRODIE:** The purpose of me attending those meetings was to provide them with information about, you know, what I understood about the operation of the AML/CTF program, the operation of our day-to-day functions in respect of the AML program, and to provide them with assistance in the conduct of - of that - of that review work that they were doing.

15

**MS SHARP SC:** And did they check facts with you in your meetings).

**MR BRODIE:** Yes. Yes.

20

**MS SHARP SC:** And did you endeavour to ensure they were correctly appraised of the facts?

**MR BRODIE:** Yes, I did.

25

**MS SHARP SC:** Now, could I come to ask you some questions about Salon 95 in 2018?

**MR BRODIE:** Sure.

30

**MS SHARP SC:** You were aware that in early 2018, Salon 95 was made available to Suncity for its exclusive use?

**MR BRODIE:** Yes.

35

**MS SHARP SC:** And did you understand at the time that Suncity was a junket?

**MR BRODIE:** Yes, I did.

40

**MS SHARP SC:** And did you understand at the time that the financial backer of the Suncity junket was Alvin Chau?

**MR BRODIE:** I don't think I would have at that time, no. I would have been become aware of that later on.

45

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

**MR BRODIE:** Probably through the course of - of conducting the risk assessment that we did in relation to the Salon 95 arrangements.

5 **MS SHARP SC:** Were you aware, as at early 2018, that Suncity was one of the largest, if not the largest, junket that Star dealt with by way of turnover?

**MR BRODIE:** No, I wasn't aware of - of their relative status. I was aware they were a significant commercial partner for The Star.

10 **MS SHARP SC:** And that was as at early 2018?

**MR BRODIE:** Yes.

15 **MS SHARP SC:** Now, how did you first become involved in Salon 95 and the risk assessment?

20 **MR BRODIE:** Well, my recollection of how I got involved in that was that - that some issues were raised either by Mr Oliver White or with me by Mr McWilliams about some concerns that existed in relation to needing to ensure some controls and process structures were put in place around what - what was happening in that salon to ensure that they conducted themselves in a way that was consistent with The Star's obligations under the Casino Control Act and to ensure that some issues that existed in relation to our concerns on a money-laundering front were dealt with.

25 **MS SHARP SC:** And what were the concerns on a money-laundering front?

30 **MR BRODIE:** Well, we wanted to make sure that there were proper connections between our existing program and what was likely to happen in that place, to ensure that funds that were being made available in front moneys and other sources were being properly attributed to the people who were the beneficial owners of those funds.

35 **MS SHARP SC:** So were there any incidents occurring in Salon 95 at that time that gave rise any money-laundering concerns, so far as you were aware at that time?

40 **MR BRODIE:** I think I became aware of explicit concerns after we'd started the process, or even maybe had entirely completed the process of the risk assessment. The money laundering questions for me at the time were about the potential for typologies to exist in that framework if there wasn't some good information flows about who was bringing money into a junket and controls to ensure that those - that those funds ended up in the cage at an appropriate time.

45 **MS SHARP SC:** Sorry, I think you made reference to explicit concerns. What were those explicit concerns?

5 **MR BRODIE:** Well, the explicit concerns were in relation to needing to be sure that there weren't chip-cash or cash-chip exchanges going on in that area because there no licensed staff from Suncity - I mean, New South Wales Casino Control Act licensed staff, and to allow those things to occur in that space would be in  
10 contravention of a range of - a range of requirements, not least of which being that exchanges like that are required to occur at a cage and either have chips issues or a CPB issued. So we were keen to ensure that Suncity didn't think that they had a right to operate a cage in that environment as they - as they did in some other environments in North Asia.

15 **MS SHARP SC:** And was there some concern in early 2018 that Suncity had been effectively operating a cage in Salon 95?

20 **MR BRODIE:** Yes, that's the way those - those questions were put to me, was that there was a potential for it, if it hadn't already happened.

25 **MS SHARP SC:** And is it right that you asked Skye Arnott to undertake a risk assessment regarding operations in the Salon 95 room?

30 **MR BRODIE:** Yes, that's correct.

35 **MS SHARP SC:** And did you see the risk assessment that she conducted?

40 **MR BRODIE:** Yes, I did.

45 **MS SHARP SC:** Can I just show you a document and see if this is it. It's STA.3415.0007.1411.

50 **MR BRODIE:** Yes, that looks like it.

55 **MS SHARP SC:** And could I just take you over the page so you can see who it's signed by. See this one is signed by Paul McWilliams?

60 **MR BRODIE:** Yes.

65 **MS SHARP SC:** Is this the risk assessment, to the best of your knowledge?

70 **MR BRODIE:** Yes, it is. I notice it still has a draft watermark on it, but that - without being able to go through it in detail, yes, that looks like it.

75 **MS SHARP SC:** And could I now take you, please, to exhibit B at tab 721 which is STA.3415.0014.0710. Do you see this is an email from Oliver White to you and Ms Martin, copied to Skye Arnott?

80 **MR BRODIE:** Yes.

85 **MS SHARP SC:** And is this email a reference to that risk assessment we've just been discussing?

**MR BRODIE:** I suppose it is, yes. I don't - I don't recall the email so I - so I - so I can only go on the basis of what's written there. It does seem to be the same thing, yes.

5

**MS SHARP SC:** Do you see there's a reference to EEIS Steerco meeting?

**MR BRODIE:** Yes.

10 **MS SHARP SC:** Were you involved in that at all?

**MR BRODIE:** No, I wasn't involved in the EEIS Steerco, but I was involved in the working groups that sat below that process.

15 **MS SHARP SC:** And, sorry, what were those working groups?

**MR BRODIE:** Well there were a number of working groups that were - that were involved in that project designed to close out particular issues that had been emerging. But I wasn't invited to the Steerco itself.

20

**MS SHARP SC:** Did the working groups that you were participating in have any role with respect to money-laundering or counter-terrorism financing controls?

25 **MR BRODIE:** Yes, they - they - there was a working group that was focused on compliance related issues.

**MS SHARP SC:** And who was in that working group?

30 **MR BRODIE:** From memory, I was a member of that working group. Oliver White would have been involved. Skye Arnott would have been involved. Tarnya O'Neil, who was the Head of Internal Audit, was involved. The Project Manager, Richard Booth, and beyond that I don't recall, I'm sorry.

35 **MS SHARP SC:** Was Paula Martin involved in that working group?

**MR BRODIE:** No, I don't think that she was ever a member of that working group, no.

40 **MS SHARP SC:** Could I take you now, please, Mr Brodie to exhibit B at tab 722 which is STA.3410.0050.0147.

**MR BRODIE:** Yes.

45 **MS SHARP SC:** Now, there are two emails here. Starting at the bottom, do you see there's an email from Marcus Lim, dated 6 April, to you?

**MR BRODIE:** Yes, I see that.



**MS SHARP SC:** And is it right that what he was trying to do was organise a meeting between you and Suncity representatives?

5 **MR BRODIE:** No, I believe he was trying to provide me with the contact points for people in his team.

**MS SHARP SC:** So you could talk to them?

10 **MR BRODIE:** Yes. So I think - I think this was an - this was related to me trying to get some information from him about what the - what his perspective on the relationship with Suncity looked like.

**MS SHARP SC:** And do you think - can you just have a look down here, it says:

15 "Alvin Chau CEO of Suncity has a direct influence with our partners CTF and FE.

**MR BRODIE:** Yes.

20 **MS SHARP SC:** Is CTE Chow Tai Fook?

**MR BRODIE:** I'm not sure I know what those two acronyms mean. It's possibly that TCF means Chow Tai Fook. Yes.

25 **MS SHARP SC:** Is it possible that FE means Far East Consortium?

**MR BRODIE:** Look, I guess so, but I'm guessing. I really don't recall what that direct reference would have been.

30 **MS SHARP SC:** Do you know that Star Entertainment has some kind of relationship with Chow Tai Fook and Far East Consortium?

**MR BRODIE:** Yes, do I.

35 **MS SHARP SC:** And what's that relationship, so far as you understand it?

**MR BRODIE:** Well, I understand that to be a number of joint venture arrangements that are related to both the so-called Queen's Wharf development in Brisbane and some development work that's occurring at our Gold Coast property.  
40 There may be - I think they may be also our partners in ownership of the Sheridan Mirage resort.

**MS SHARP SC:** And do you know what relationship Alvin Chau has with Chow Tai Fook and Far East Consortium?

45

**MR BRODIE:** No, I don't know.

**MS SHARP SC:** So you didn't follow up this assertion with Marcus Lim in his 6 April 2018 --

5 **MR BRODIE:** I wouldn't have regarded that as being a significant question for me at all.

**MS SHARP SC:** And then could I just take you to the top of that email chain. And what you tell Mr Lim is that.

10 "... the risk assessment does not need to slow down the implementation of the arrangement. "

**MR BRODIE:** Yes.

15 **MS SHARP SC:** Was there some haste at this time in getting the risk assessment done?

20 **MR BRODIE:** No, I think that's - I think that's a reference to the fact that these - that the risk assessment we were doing would not impede the work that they planned to do in terms of providing Suncity access to the room and some of the other activity around that. But I wouldn't have allowed the conduct of the risk assessment to be done anything other than at the pace that it needed to be completed at.

25 **MS SHARP SC:** And could I take you, please, to exhibit B, tab 732, which is STA.3410.0051.8577. And do you see - I will start at the bottom of that page. You see there's an email from Michael - I might get it enlarged for you. There's an email from Michael Whytcross to Ms Arnott dated 13 April 2018, and you're copied into it?

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

**MS SHARP SC:** And what we're seeing here is that Mr Whytcross says:

35 "As we ran through, and in terms of feeding this information back with Suncity (for reference Marcus is due to speak with Alvin Chau this evening) would recommend we proceed on the following approach."

40 And then there are some dot points.

**MR BRODIE:** Yes, I see those dot points.

**MS SHARP SC:** Are they the controls that were imposed on Suncity in relation to Salon 95 as at April 2018?

45 **MR BRODIE:** I think they - they are a kind of stage summary of them, but I don't think that that's the entirety of the controls we implemented. I remember there being more.

**MS SHARP SC:** Is it right that a very limited set of controls were imposed first in time, and then further controls were imposed later in time in 2018?

5 **MR BRODIE:** Yes, I think this material here is reflective of us wanting to get some things in place right away and then once we'd completed the process of the risk assessment, then we were able to determine a more holistic set of controls.

10 **MS SHARP SC:** And could I just take you to the email at the top of the chain, please.

**MR BRODIE:** Yes.

15 **MS SHARP SC:** And do you see this is an email from Ms Arnott. Again you're copied in.

**MR BRODIE:** Yes.

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

"I've discussed with Micheil..."

And it's spelt the way your name is spelt:

25 "... and we are happy to proceed with this communication to Sun with a minor amendment to point 2. Can this please read 'cash received at Suncity service desk to be deposited into The Star cage' at least on a daily basis."

30 **MR BRODIE:** Yes.

**MS SHARP SC:** So this was the first round of controls that were communicated to Suncity; is that right?

35 **MR BRODIE:** I think that's correct, yes. The - the exact timeframes are obviously a little bit vague for me but, on the face of the email, that seems to be about right, yes.

40 **MS SHARP SC:** I will just show you exhibit B at tab 735 which is STA.3435.0146.6688. And is this - do you see - you may or may not be able to answer this. Do you see that Skye Arnott is communicating with Angela Huang on 16 April 2018?

**MR BRODIE:** Yes, I see that.

45 **MS SHARP SC:** Now, she was a person in the VIP business, wasn't she?

**MR BRODIE:** Correct, yes.

**MS SHARP SC:** And is it that what's happening here is that Ms Arnott is communicating the controls to Ms Huang which, in turn, it was expected Ms Huang would communicate to Suncity?

5 **MR BRODIE:** I think this might also be designed to ensure that, inside The Star, we were cognisant of those controls and implementing them. Angela is a very good example, in this context, of a first line of defence person, and we would have expected that she would take some responsibility for ensuring that the system in  
10 play at the time was not just communicated to Suncity but other people in the company were aware of it so that if there was any problems with it, it could be raised and dealt with.

**MS SHARP SC:** And are you able to tell us what position Angela Huang had at this time?

15 **MR BRODIE:** My recollection, I don't remember exactly what her title was but she was - she was a relatively senior person in the VIP and international business, and would have taken responsibility for key liaison points between the international business and the team operating in - in a gaming salon, you know, at  
20 the property itself.

**MS SHARP SC:** Is it correct that shortly after these controls were notified to Suncity, there were cash transactions of concern occurring in Salon 95?

25 **MR BRODIE:** Yes, I was made aware of that later, yes.

**MS SHARP SC:** You were made aware of that in May of 2018?

**MR BRODIE:** I think that's about right, yes.  
30

**MS SHARP SC:** And what were you made aware of?

**MR BRODIE:** Look my recollection is a little vague as to the details, but I was made aware that there may have been some activity that was, you know,  
35 principally not compliant with these arrangements. But - but may also - I think that might be the point at which I became aware that there was - there was activity that was consistent with people who were not associated with junkets moving money in the area.

40 **MS SHARP SC:** Can I show you, please, STA.3427.0037.5057. And can you see there's an email from Skye Arnott to Mr Willett and yourself dated 3 May 2018?

**MR BRODIE:** Yes.

45 **MS SHARP SC:** You agree this was one of the matters you were made aware of at about that time?

**MR BRODIE:** Yes.

**MS SHARP SC:** And what was your response when you became aware of this matter?

5 **MR BRODIE:** Look, I'm sorry, I really don't recall what my exact response to - was after having seen this email.

**MS SHARP SC:** Are you aware Mr Hawkins wrote a letter to the junket operator Mr Iek on 10 May 2018?

10

**MR BRODIE:** Yes, I'm conscious of that letter, yes.

**MS SHARP SC:** And the point of that letter was to communicate that Suncity had to comply with the procedures that had been instituted by The Star?

15

**MR BRODIE:** Yes, that's correct.

**MS SHARP SC:** And is it right that after Mr Hawkins sent that letter, you continued to be made aware of more cash transactions of concern involving Suncity and relating to Salon 95?

20

**MR BRODIE:** Yes, I think that's correct, yes.

**MS SHARP SC:** And were you made aware that, in fact, the Investigation Team conducted an investigation into Salon 95 in 2018?

25

**MR BRODIE:** Yes, I'm aware the Investigations Team had carriage of those issues, yes.

30 **MS SHARP SC:** And did you understand that to be called Operation Lunar 2018?

**MR BRODIE:** Yes, I do .

**MS SHARP SC:** And how regularly did the Investigations Team update you about its investigations in 2018?

35

**MR BRODIE:** I - I think we had only a couple of meetings about them - about those operations. They didn't keep me particularly apprised of the ongoing detail of what they did. They - they certainly tended to operate on the basis of getting to a point where they thought they were concluded with a matter or substantially concluded with a matter before raising it.

40

**MS SHARP SC:** Can I take you and just to see whether you were made aware of this or not. Can I take you, please, to STA.3427.0018.3096? You see I'm showing you an email from Andrew McGregor to Andrew Power and Kevin Houlihan dated 14 May 2018. I'm not suggesting that you received this email, but I want to know whether you were made aware of it, and in particular - I will take you to the

45

next page, which is a prior email of Mr Andrew McGregor. And you understood at the time that Mr McGregor was a senior investigator with The Star?

5 **MR BRODIE:** At the time of that email, yes, he was.

**MS SHARP SC:** And can I just take your attention to the paragraph that said:

10 "Today's activities with Suncity have been very strange. We have an entity within our four walls which is totally non-compliant to reasonable requests for basic information. I'm going to call it out early. Suncity is operating a business model under our noses which is problematic for Star Entertainment with regards to AML/CTF laws."

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

**MS SHARP SC:** Were you made aware of that concern at the time?

20 **MR BRODIE:** I don't recall being made aware of - of that at the time, no. I - I don't have a recollection of receiving this email or a version of this email.

**MS SHARP SC:** It's - that opinion is expressed in fairly strong terms, isn't it?

**MR BRODIE:** Yes.

25 **MS SHARP SC:** Do you expect - well, I withdraw that. Is this the kind of concern you ought to have been made aware of at the time, given the Compliance function you had at the time, Mr Brodie?

30 **MR BRODIE:** I - I'm not sure that it would have been, no. I think - I would have expected to be made aware of - of this kind of information to understand how our risk landscape was shifting so that we could be clear about requirements in the AML/CTF program, and ensure that it was - ensure that it was dealing with the kinds of things we were seeing. I guess the big challenge with these sorts of things is it's one thing to write a program that's designed to reduce AML risk.

35 It's a different thing to write a program that's designed to reduce the specific AML risks that we experience from time to time. So, yes, I would have - I would have wanted to be aware of this kind of information. But - but I'm also conscious that the investigators probably would have brought this to my attention more normally  
40 in a summarised format rather than in the specific details.

**MR BELL SC:** Mr Brodie, you said a little bit earlier that at about this time or perhaps a little bit earlier in 2018, The Star was concerned to ensure that Suncity didn't operate, in effect, a cage as they had done in North Asia.

45 **MR BRODIE:** Yes, I did.

**MR BELL SC:** Did I understand - yes. Yes. Now, what were you aware of in terms of Suncity's modus operandi in north Asia?

5 **MR BRODIE:** Well, I was - I was aware that in Macau, in particular, a common arrangement was for junkets, more generally - so not even necessarily Suncity, but junkets more generally were given a bit more unfettered access to particular gaming areas and particular salons. If you like, there was a capacity in the licensing structure there for subletting of licensed areas. And so it was - by about 10 2018, my recollection is that that had become a fairly common model in Macau casinos, to have some junkets that were, you know, effectively embedded as - as sublet operators.

15 And so we needed to be wary that that's not a model that was authorised in New South Wales, and we would want to be sure that they weren't tracking towards that kind of activity.

**MR BELL SC:** And were you aware that Suncity in particular was operating that kind of a model in Macau?

20 **MR BRODIE:** Specifically, no. I - I operated on a assumption that they probably were. I don't think I'd ever - I don't think I'd ever particularly read something that said, you know, it's Suncity doing that or it's MegaStar doing that or anything like that. But it was certainly in the compliance and other gaming-related literature about these models and how they were playing out.

25 **MR BELL SC:** And did you discuss - I withdraw that. You were concerned, I take it, to ensure that Suncity didn't operate that kind of a model at The Star, were you?

30 **MR BRODIE:** Well, I didn't think that would have been lawful for us to allow that to happen.

**MR BELL SC:** And did you - did you discuss that concern with others at the Star at the time?

35 **MR BRODIE:** Yes, I did.

**MR BELL SC:** And with whom did you discuss that?

40 **MR BRODIE:** I discussed that with Andrew Power. I discussed that with Paul McWilliams. I'm sure I discussed that with Skye Arnott as well. It was a concern of mine that we needed to be sure that whatever arrangement we allowed to occur in the Suncity room was consistent with our lawful obligations under the Casino Control Act and the licences and agreements, etcetera.

45 **MR BELL SC:** And what provisions of the Casino Control Act did you understand would have been breached if Suncity was effectively operating a cage?

**MR BRODIE:** Forgive me, I can't give you the exact Act reference right now. But I - but I believed at the time that - that the undertakings we'd made, particularly in the licence, would have been - would have been in jeopardy in terms of compliance if we allowed the kind of activity that goes on in Macau - which, you know, could include the dealers themselves being under the control of the junket, rather than the casino operator's dealers being in the room, for example. So I think there was a concern in my mind that there was a pathway that Suncity might think they could tread, not understanding the Australian scheme and that we needed to be wary of allowing that to happen in these circumstances.

10 **MR BELL SC:** Yes, thank you. Yes, Ms Sharp.

**MS SHARP SC:** It got to the point in May of 2018 that Kevin Houlihan called you and Skye Arnott and the investigators and Andrew Power together to have a meeting about what was going on in Salon 95; is that right?

**MR BRODIE:** Yes, that's correct.

20 **MS SHARP SC:** Is it fair to say that there was significant concern - well, is it fair to say you had significant concern at that time about the transactions that were taking place in Salon 95?

25 **MR BRODIE:** I - I don't know that I would use the word "significant". I think I would use the word "concerns", yes, but that may just be because I'm not - you know, I tend to try to just deal with the things I see in front of me, rather than - rather than getting too far into adjectival language.

**MS SHARP SC:** Did Ms Arnott express any view at that meeting that she thought that Suncity was in breach of its agreement with The Star?

30 **MR BRODIE:** Look, I'm sorry. I don't recall the meeting explicitly, so I couldn't say what she - what she said at that meeting.

35 **MS SHARP SC:** Was any - did any discussion take place at that meeting about what your compliance team would be responsible for and what the investigation team would be responsible for in relation to Salon 95 and Suncity?

40 **MR BRODIE:** Look, again, I'm sorry. I - I really don't recall the explicit details of that meeting. To - to be blunt, I'm - I don't actually have a recollection of the meeting itself. So I really couldn't answer what particular positions people may or may not have taken in that meeting.

**MS SHARP SC:** Had you viewed any footage of, any CCTV footage of transactions occurring in the Suncity room by this time?

45 **MR BRODIE:** I don't think I had. I - I view a lot of CCTV footage at times, so it's possible that I did; I just don't recall it. Because of my role in managing the exclusions appeal process, or participating in it, I - I do look at a lot of CCTV



footage at times. And so I don't have a direct recollection of looking at this particular material you're talking about.

5 **MS SHARP SC:** Is it right that you met with Greg Hawkins and Paul McWilliams and Andrew Power at around this time in May 2018 to discuss Salon 95 and Suncity?

10 **MR BRODIE:** I - I don't have a specific recollection of a meeting like that. I - I had a lot of meetings at that period of time going on. So I don't have a particular recollection of that - of that meeting.

**MS SHARP SC:** Did you and Mr Hawkins discuss any concerns about Salon 95 and Suncity at around this time?

15 **MR BRODIE:** I don't think I directly took up any conversations with Mr Hawkins at the time. I - I think, from - from recollection, those were - those were conversations that were happening between investigators, Mr Power and others. It - it wouldn't have been - it wouldn't have been normal for me to be interceding into a Investigations matter that was on foot.

20 **MS SHARP SC:** Can I take you, please, to STA.3410.0052.9027. And this is an email chain. So I will start you from the back of it. Again, it's STA.3410.0052.9027. And this is exhibit B, tab 803. And let me just take you to the email from you - it's on, sorry, pinpoint 9028. And I'm just showing you an  
25 email that you sent on 14 May 2018.

**MR BRODIE:** Yes.

30 **MS SHARP SC:** And you say:

"My view on the question is that a customer of Suncity who is able to access the service desk facility is someone they have an existing relationship with and for whom we have Know Your Customer information and has been included on a junket manifest, and who is or is accepted by us as likely to be  
35 actively gambling at The Star property."

40 Is it right that by this time you had been made aware of concerns that people who apparently weren't playing on a Suncity junket or were representatives of Suncity junkets were swapping cash with people from Suncity within the casino?

**MR BRODIE:** Yes, I understood that that was - that that was the issue that had emerged, and that was certainly the content of the - of the previous information that we looked at.

45 **MS SHARP SC:** And it's right, isn't it, that at this time, it was decided to put together a working group to formulate some more detailed operating procedures to give to Suncity?

**MR BRODIE:** Yes, I think at about this time that would be right, yes. This is quite contemporaneous with a - in my recollection, with a fairly connected string of actions that flowed from becoming aware of - for me anyway, becoming aware of Suncity having a room that was dedicated to them, the potential risks associated with after conducting a risk assessment, and then moving into this process of being quite detailed in terms of what was required for them in terms of their operation whilst on the casino property.

**MS SHARP SC:** I want to show you a document now and ascertain whether you ever saw this. Could I take you, please, to exhibit B at tab 804 which is STA.3412.0018.7210. Now, you're not a party to this email, can I just say, but you see it's dated 17 May 2018?

**MR BRODIE:** Yes, I do.

**MS SHARP SC:** You see the attachment is a "Draft Information Note Operation Money Bags?"

**MR BRODIE:** Yes.

**MS SHARP SC:** Were you aware at the time that the investigations Team was calling their investigation into Salon 95 "Operation Money Bags?"

**MR BRODIE:** I - I certainly don't recall that name, no.

**MS SHARP SC:** Did you know that the concern at that time was that large bags of cash were being brought into the Salon 95 room?

**MR BRODIE:** I don't think I knew at that time, no.

**MS SHARP SC:** Were you made aware of that subsequently?

**MR BRODIE:** Yes, much later.

**MS SHARP SC:** When was much later?

**MR BRODIE:** Probably months later.

**MS SHARP SC:** In the same year?

**MR BRODIE:** Yes, still in 2018. Although, I'm sorry, I couldn't be explicit about when I became aware of that.

**MS SHARP SC:** Can I just show you this document. If we can go over to - and when I say "this document", I mean the attachment to this email --

**MR BRODIE:** Sure.

**MS SHARP SC:** -- which is exhibit B at tab 805, which is STA.3412.0018.07211. I just want to take you through this and understand whether you were provided with it at any point.

5 **MR BRODIE:** Yes.

**MS SHARP SC:** Now, there is an incident there referred to on 12 May 2018; can you see that?

10 **MR BRODIE:** 12 May 2018.

**MS SHARP SC:** Just on that first page there.

**MR BRODIE:** I'm sorry.

15

**MS SHARP SC:** I might just have that second half enlarged.

**MR BRODIE:** Is that the email set in - yes, all right. Thank you.

20 **MS SHARP SC:** There's reference to a 45 - well, \$45,000 in cash being given to the office in pit 95.

**MR BRODIE:** Yes.

25 **MS SHARP SC:** That was the office in Salon 95?

**MR BRODIE:** Yes that's my understanding of it.

30 **MS SHARP SC:** And can I take you over the page to pinpoint 7212, and can I just draw your attention to paragraph 3. And do you see it says that Mr McGregor attended at:

"..Pit 95 and asked Suncity staff for information pertaining to the transaction. Stating privacy issues, Suncity staff refused to answer any questions."

35

**MR BRODIE:** I'm sorry, which --

**MS SHARP SC:** Sorry, paragraph 3.

40 **MR BRODIE:** Paragraph 3? Yes. Yes, I see that, thank you. Yes.

**MS SHARP SC:** Were you made aware at around this time, that is in May 2018, that Suncity staff were being uncooperative in relation to investigations of transactions occurring in Salon 95?

45

**MR BRODIE:** Yes, I do have a recollection of that.

**MS SHARP SC:** And can I take you to the following page, which is pinpoint 7213. Do you see there's an entry for 15 May 2018 at paragraph 10?

**MR BRODIE:** Yes, I see that.

5

**MS SHARP SC:** And do you see there's a reference to:

"Suncity staff took a bag of cash down to the retail arcade"?

10 **MR BRODIE:** Yes, I see that, paragraph 10.

**MS SHARP SC:** Yes. And then can I take you over the page, please, to pinpoint 7214. Do you see there's an entry for 16 May 2018?

15 **MR BRODIE:** Yes.

**MS SHARP SC:** And do you see it relates to three incidents which occurred in April 2018, which are described in paragraph 13?

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

**MS SHARP SC:** And then if I take you over the page to pinpoint 7215, do you see there's a reference to the date 4 May 2018 and it says:

25 "Shows that a man delivered a blue esky bag to the service desk area. Staff opened it, revealing a substantial amount of cash \$50 notes.

**MR BRODIE:** Yes, I see that.

30 **MS SHARP SC:** Then there's a different date, 8 May 2018, and it relevantly states:

"They take their chips to the service desk and in return staff exchange the chips for cash."

35

**MR BRODIE:** Yes, I see that.

**MS SHARP SC:** Then right at the bottom of that page, do you see this report says:

40

"It should be noted that on many occasions, the cash appeared in The Rivers and Pit 95 in suitcases, backpacks and other carriers."

**MR BRODIE:** Yes, I see that.

45

**MS SHARP SC:** You would agree that a large number of incidents involving concerning cash transactions are being referred to in this document?

**MR BRODIE:** Well, there's certainly a number of cash transactions being referred to there, yes.

5 **MS SHARP SC:** Yes. Were you made aware of that, of the fact that there were so many incidents of concern in May of 2018?

**MR BRODIE:** I - I think this document was brought to my attention, yes.

10 **MS SHARP SC:** And when was it brought to your attention?

**MR BRODIE:** It would be about this time, about the date of that - of the document.

15 **MS SHARP SC:** Now, Ms Arnott says that she tried to obtain a copy of the investigation report and no one would provide it to her. Do you agree with that?

20 **MR BRODIE:** Look, I - I recall that the investigators keep - kept this material and similar material very close to their - to themselves. It wasn't and probably isn't their usual practice at the time to make these sorts of documents available to people, no.

**MS SHARP SC:** But she had responsibilities in relation to anti-money laundering, at that time, didn't she?

25 **MR BRODIE:** Yes, she did.

**MS SHARP SC:** And she was interested in compliance, was she not?

30 **MR BRODIE:** Yes.

**MS SHARP SC:** Do you see any good reason for withholding this document from her?

35 **MR BRODIE:** No, I wouldn't have - I wouldn't have thought that this material would be something that you would prevent a person like Ms Arnott from getting access to.

40 **MS SHARP SC:** See, she says that she asked you to ask Mr Houlihan to give her the investigation report. Do you remember that?

**MR BRODIE:** Look, I don't recall explicitly her asking me for that, but if she said she did, then it probably did happen that way.

45 **MS SHARP SC:** And she was told that no, she couldn't get the investigation report. Do you remember that?

**MR BRODIE:** Well, I - I don't recall that specific conversation with her. So I - I - I'm sorry I don't have more than that.

**MS SHARP SC:** But you're not – you're not able to say whether she ever obtained – or - I withdraw that. You're not able to indicate whether she was ever provided with a copy of that report?

5

**MR BRODIE:** No, I'm not able to indicate that or not.

**MS SHARP SC:** Can I take you, please, to exhibit B at 890, which is STA.3412.0001.3771. Now, again, I don't suggest that you were copied into this email, but can you see the bottom email there from Andrew McGregor dated 18 June 2018 is referring to a further cash transaction involving Suncity staff?

10

**MR BRODIE:** Yes, I can.

**MS SHARP SC:** And if I take you over the page in this email chain to pinpoint 3772. And do you see that Andrew Power is asking in that email whether there's sufficient camera coverage in the Suncity salon, right at the bottom of the page, last paragraph.

15

**MR BRODIE:** Last paragraph. Yes, I see that.

20

**MS SHARP SC:** Were you being kept aware of these developments at this time?

**MR BRODIE:** I think I was being generally appraised of them. I have seen - seeing those - those details on the first page, I - I'm conscious that the investigators were continuing to follow through with a series of specific matters. But - but I don't recall ever having seen this or being asked explicitly a similar kind of question by Mr Power.

25

**MS SHARP SC:** And could I just take you to pinpoint 3773. This is an email from Andrew McGregor, also dated 18 June. And do you see that the email itself is called *Salon 95 - latest reported observation 15 June 2018*?

30

**MR BRODIE:** Yes.

35

**MS SHARP SC:** And do you see it refers to "another strap or two of cash"?

**MR BRODIE:** Is it the bolded section?

40

**MS SHARP SC:** Yes.

**MR BRODIE:** Well, yes, I see that.

**MS SHARP SC:** And do you see in the paragraph underneath that it says:

45

"Concerning for me is that Suncity staff are still making serious efforts to avoid supervision and detection.

**MR BRODIE:** Yes, I can see that.

**MS SHARP SC:** Were you made aware of that concern at the time?

5 **MR BRODIE:** I don't - I don't specifically recall that, no.

**MS SHARP SC:** Is this a matter that ought to have been drawn to your attention at the time?

10 **MR BRODIE:** I think I would have - I would have been interested in knowing the typologies and the activity that was going on. I think I would have expected the investigators to have resolved and bottomed out all of the details before that in order for me to have a proper view of what was going on, how it was changing our risk, how it was changing our view of the typologies that we needed to be focused  
15 on in terms of, you know, training and the implementation of the AML program and the detail of the AML program. So I would have thought that it's the kind of information that would come to me contemporaneously, but maybe not at the heat of the moment.

20 **MS SHARP SC:** To your understanding, were there serious concerns in relation to the way Suncity was conducting itself in Salon 95 by the middle of 2018?

**MR BRODIE:** Well, look, on the basis of just this material that you're showing me, it's quite clear that there were concerns. I'm - I'm not - I'm not conscious of  
25 having a firm thought at the time that that Suncity was becoming very problematic for us. I - at this point in time, my recollection is I thought that we had implemented a set of controls that were, relatively speaking, operating. I - I don't recall thinking, you know, at mid-June, at mid-2018, that we were confronting an operator that was - that was, you know, trying to avoid compliance.

30 **MR BELL SC:** It's the very kind of conduct which was consistent with the Macau junket model that you were concerned about.

**MR BRODIE:** Yes, this kind of process of - of - of moving - well, sorry, no, this  
35 kind of conduct would be consistent with a concern that there may be a money-laundering typology involved here, but not necessarily, no, what was going on in Macau. The questions in Macau are much more related to the question that Mr Power was asking, which was are they operating in an unsupervised environment without control from the casino in the main.

40 **MR BELL SC:** Wasn't this the kind of conduct that you've seen in the documents that Counsel Assisting has shown to you?

**MR BRODIE:** Yes, that's so. So - so I think this is - this material is consistent  
45 with - this material is consistent with something that's known as the Vancouver model of money laundering. But - but I - I think maybe I'm misunderstanding you a little bit, but I don't think it's entirely - I don't think it's consistent with the idea of them thinking they were in control of the room. I think it's probably more

consistent with the idea that they were behaving in a way that was inconsistent with what we expected from them.

**MR BELL SC:** Yes.

5

**MR BRODIE:** I'm sorry. I hope I've helped.

**MR BELL SC:** Yes, thank you.

10 **MS SHARP SC:** I'm just trying to reconcile your understanding at the time with the documents I've just been showing you.

**MR BRODIE:** Yes.

15 **MS SHARP SC:** Is it right that the documents I've shown you suggest that the problems were more serious than you understood at the time?

**MR BRODIE:** Yes.

20 **MS SHARP SC:** Does that suggest to you that you may not have been kept fully informed of what was going on in Salon 95 at the time?

**MR BRODIE:** Yes, it does.

25 **MS SHARP SC:** Did you know that in May of 2019, Mr Stevens conducted a risk assessment on Salon 95?

**MR BRODIE:** Yes, I was aware of that.

30 **MS SHARP SC:** And that was shown to you at the time, was it?

**MR BRODIE:** Yes, I think it was.

35 **MS SHARP SC:** Can I just show that document to you to make sure we're talking about the same thing. Could I show you exhibit B at tab 1492. And do you see this is dated 23 May 2019 and it's addressed to Andrew Power?

**MR BRODIE:** Yes.

40 **MS SHARP SC:** And it's called "Report on Agreed Upon Procedures with Suncity with Service Desk Operations" --

**MR BRODIE:** Yes.

45 **MS SHARP SC:** -- "Operational Compliance."

**MR BRODIE:** Yes.



**MS SHARP SC:** I will show you the next page of it as well, can I? Do you see it's authored by Graeme Stevens?

**MR BRODIE:** Yes, I see that.

5

**MS SHARP SC:** So you're pretty confident you were shown this at the time?

**MR BRODIE:** Yes, I am sure I saw this at the time, yes.

10 **MS SHARP SC:** Now, by this time, was Skye Arnott reporting to you, or had she changed by this time to be the Group Manager of AML and CTF and Financial Crime?

15 **MR BRODIE:** No, by this time I understood - I understand - I remember that she had moved over to direct report to Paul McWilliams.

**MS SHARP SC:** So she no longer had a reporting line to you?

**MR BRODIE:** No.

20

**MS SHARP SC:** I'm just wondering whether she made you aware of the following. If I could take you, please, to STA.3009.0012.0111. Now, you see this is - at the top, it's an email from Ms Arnott dated 3 June 2019, and it's called "Cash Packaging".

25

**MR BRODIE:** Yes.

**MS SHARP SC:** You will note by this time she is, of course, the Group Manager, AML/CTF and Financial Crime?

30

**MR BRODIE:** Yes.

**MS SHARP SC:** And this is exhibit B1396. Could I draw your attention to the bottom of the page. It's in blue shade because it's confidential. So could I just ask you to read that to yourself.

35

**MR BRODIE:** Sure. Thank you. Thank you, I've read that.

**MS SHARP SC:** And could I just show you the next page, please. And you understand this relates to a transaction in the Salon 95?

40

**MR BRODIE:** I'm sorry, I - I assume - well, I'll take your word for that.

**MS SHARP SC:** Well, I will take you back to --

45

**MR BRODIE:** Sorry.

**MS SHARP SC:** You don't need to take my word for it. Can you go back to pinpoint 0111, and I will --

**MR BRODIE:** In that confidential section?

5

**MS SHARP SC:** Yes, and do you see there's a reference to a buy-in with the Iek junket?

**MR BRODIE:** Yes, I see that reference to the specific junket, yes.

10

**MS SHARP SC:** All right. Were you made aware of this at the time?

**MR BRODIE:** I don't believe so, no. It - it wouldn't have been Ms Arnott's practice to bring a specific matter like this to me as opposed to - we - in this period, she and I would have ongoing conversations about - about the AML program and, you know, my thoughts on issues that she might have and those sorts of things. I think I probably provided some support to her just as a - as a peer and a colleague. But I don't recall having seen this particular email.

15

**MS SHARP SC:** Could I take you, please, to STA.3427.0018.3537. And what I might do - I'm conscious of the time, could I ask you to read this document to yourself during the mid-afternoon adjournment, and then I will ask you some questions about it? Operator, is it possible that Mr Brodie can be shown this document on the screen during that break?

25

**MS RICHARDSON SC:** We could provide this in hard copy, if that's convenient and it's not otherwise available electronically.

**MR BELL SC:** That would be very helpful, thank you, Ms Richardson. I will now take the afternoon adjournment.

30

**MS SHARP SC:** I'm sorry. Just before you do, Mr Bell, just to assist - and I'm grateful to Ms Richardson for that indication. Could I just ensure that Mr Brodie is shown exhibit G675, which is STA.3427.0018.3538.

35

**MS RICHARDSON SC:** Certainly.

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

40 **<THE HEARING ADJOURNED AT 3:29 PM**

**<THE HEARING RESUMED AT 3:45 PM**

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

45

**MS SHARP SC:** Did you have the opportunity to read document STA.3427.0018.3538 during that adjournment, Mr Brodie?

**MR BRODIE:** Yes, I did.

**MS SHARP SC:** Were you made aware of that information at the time?

5 **MR BRODIE:** I don't have a recollection of - of that level of detail. I think I - I think I was aware that there was - that there were some substantial matters being investigated. But I - I certainly don't have any recollection of that level of specific detail.

10 **MS SHARP SC:** Because you were made aware of Mr Stevens' audit on 23 May 2019, weren't you?

**MR BRODIE:** Yes, I was.

15 **MS SHARP SC:** So you were made aware that, as an outcome of that audit, was the proposition that Suncity was complying with its service desk protocols?

**MR BRODIE:** That certainly would be the view I would have formed after having read that document from Mr Stevens, yes.

20 **MS SHARP SC:** But the document - the Information Note I've just shown you now, suggests very clearly that, as at June - well, late May/early June 2019, in fact, Suncity was not complying with the service desk protocols?

25 **MR BRODIE:** (Indistinct).

**MS SHARP SC:** And, in fact, it looks like there were more concerning cash transactions; do you agree?

30 **MR BRODIE:** Yes.

**MS SHARP SC:** And it also appears from - well, I will take you to, if I can, to the bottom of the first page of this document. It seems - well, it is that Mr McGregor has said:

35 "It is clear that Suncity is not complying with the agreed key processes for provision of service and buy-in drawer operations."

**MR BRODIE:** Yes, I see that.

40 **MS SHARP SC:** And if I can take you, please, to pinpoint 3540, can you see there's that heading Postscript.

**MR BRODIE:** Yes.

45 **MS SHARP SC:** It says:

"It appears that Suncity associates bring cash into Salon 95, concealing it in a few ways, and that this concealment has thwarted casino surveillance's efforts to track its source and/or arrival time."

5 **MR BRODIE:** Yes, I see that.

**MS SHARP SC:** Was that made known to you at around this time?

10 **MR BRODIE:** I don't have any specific recollection of that level of detail being made known to me.

**MS SHARP SC:** And - sorry, I cut across you.

15 **MR BRODIE:** Sorry, which, I was going to say, is probably not surprising, given that (a) the investigators tend to get these things to the bottom before they would raise it more broadly, but being AML-related concerns that they are expressing and their involvement with police, it wouldn't normally have been brought to my attention.

20 **MS SHARP SC:** You were still the General Manager of Compliance and Responsible Gaming up until October 2019, weren't you?

**MR BRODIE:** Yes.

25 **MS SHARP SC:** And given that your general responsibility was compliance, don't you expect - or wasn't it your expectation that you would be kept alert to non-compliances with the service desk protocols in Salon 95?

30 **MR BRODIE:** I think that I would have expected that to be much more brought to the attention of Ms Arnott and Mr McWilliams at the time. Although, as you put it that way, I probably would have preferred to have seen a document like this, yes.

35 **MS SHARP SC:** And could I take you, please, to STA.3428.0023.3312. And I'm - again, I'm not suggesting you're a party to this, but do you see Skye Arnott is suggesting to Kevin Houlihan in this 14 June 2019 email that Angus Buchanan come and assist them with reviewing Suncity footage?

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

**MS SHARP SC:** You were aware that Angus Buchanan had commenced working with Star by this time?

45 **MR BRODIE:** I think broadly, yes. I'm - I couldn't - I couldn't say exactly when he was appointed.

**MS SHARP SC:** This is exhibit G680, Mr Bell. Did you know that - I withdraw that. Can I take you, please, to document STA.3418.0035.8175. What I'm doing is

showing you a meeting invitation for the June '19, of - sorry, June 2019. You will see that the meeting is proposed by Ms Arnott and you are one of the attendees. Do you have any recollection of whether you attended a meeting at that time?

5 **MR BRODIE:** No, look, I don't have a specific recollection of having attended that meeting. It's my usual practice to attend things that I'm invited to.

**MS SHARP SC:** Can I take you - and you will notice that Ian Tomkins is also one of the addressees.

10

**MR BRODIE:** Yes.

**MS SHARP SC:** Did you know he was involved in reviewing incidents in Salon 95 in June of 2019?

15

**MR BRODIE:** I - I think that meeting would have made me aware of that, but I don't have a specific recollection of - of having been told that fact, per se.

**MS SHARP SC:** Could I take you, please, to exhibit B1437, which is STA.3418.0011.0621. Again, I'm not suggesting this is your email, but I want to know whether you were made aware of these points, please. You see this is an email from Mr Tomkins to Ms Arnott copied to Graeme Stevens, dated 24 June 2019?

20

25 **MR BRODIE:** Yes, I see that.

**MS SHARP SC:** Do you see the subject name is Salon 95?

**MR BRODIE:** Yes, I see that.

30

**MS SHARP SC:** And those little bits of text in blue shade are confidential.

**MR BRODIE:** Yes, I understand that.

35 **MS SHARP SC:** Could I just ask you to read that email to yourself, please?

**MR BRODIE:** Sure. Thank you, I've read that.

**MS SHARP SC:** Do you agree with me that there are seven different incidents referred to in this document? I will draw your attention to each of the dot points.

40

**MR BRODIE:** Yes, there are. There seem to be seven independent footage references there.

45 **MS SHARP SC:** And you agree that these all relate to what I might describe as concerning incidents in Salon 95?

**MR BRODIE:** That's certainly how Mr Tomkins frames them, yes.

**MS SHARP SC:** Were you made aware of this in June 2019?

5 **MR BRODIE:** I - I don't have a recollection of having been made aware of this specific level of detail.

**MS SHARP SC:** You agree, don't you, that this is extremely concerning?

10 **MR BRODIE:** Yes, these are all concerning behaviours from - particularly from a money-laundering perspective.

**MS SHARP SC:** Yes, because it's right, isn't it, that the red flag here is money laundering occurring in Salon 95?

15 **MR BRODIE:** Yes, I think the red flag there is that potential, yes.

**MS SHARP SC:** On a number of occasions?

20 **MR BRODIE:** Yes.

**MS SHARP SC:** And it's also quite clear here that there is suspicion - I withdraw that. If you go to the third-last paragraph, it says:

25 "There was some obvious movements on occasion three persons going into cabinet with the door shut in such a confined space and appears ridiculous."

Now, that's suggesting that people are trying to disguise conduct occurring in the Salon 95 room; do you agree?

30 **MR BRODIE:** I think that would be the inference, yes.

**MS SHARP SC:** Were you aware, in June 2019, of the magnitude of problems in Salon 95 as is suggested by this email?

35 **MR BRODIE:** No.

**MS SHARP SC:** And what would you have done, had you been made aware of this?

40 **MR BRODIE:** Well, I guess beyond the obvious questions, like, I would want to have understood much better what was actually happening and who was involved. And then I think I probably would have wanted to understand a lot more about what kind of information was being provided to local law enforcement, what kind of work we were doing on these issues. And I think, from my perspective, it - it  
45 may have triggered a desire for a deeper investigation of - of Suncity, potentially, from an ECDD perspective.

**MS SHARP SC:** And do you agree that the information in here does call out a need to urgently conduct enhanced customer due diligence on Suncity?

5 **MR BRODIE:** Well, I think my recollection of the AML/CTF program in place at The Star at the time would have required that, yes.

10 **MS SHARP SC:** Now, shortly after this period of time, that is, June 2019, in July of 2019, a series of allegations were made in the media about Crown Resorts; do you remember?

**MR BRODIE:** Yes, I have a recollection of that.

15 **MS SHARP SC:** And may we take it you followed those media reports fairly closely?

**MR BRODIE:** Yes.

20 **MS SHARP SC:** And you, indeed, were involved in briefing the board of Star Entertainment about those media allegations?

**MR BRODIE:** Yes, I recall assisting in the preparation of a - of a part of a board paper.

25 **MS SHARP SC:** And you were aware, weren't you, that one of the allegations was that there was a Hong Kong Jockey Club report that cast doubt on the integrity of Suncity?

30 **MR BRODIE:** Yes, I was aware of the existence of that, from that media reporting.

**MS SHARP SC:** Did you see a copy of the Hong Kong Jockey Club report?

**MR BRODIE:** I don't recall ever having seen a copy of that document, no.

35 **MS SHARP SC:** Did you know that Star had possession of that document from June of 2019?

40 **MR BRODIE:** I couldn't say when we obtained a copy of it but I - but I was aware that Investigations and - and the AML team had a copy of it.

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

45 **MR BRODIE:** Look, I'm sorry, I really don't recall. It would be - it would have been some time after that - after that material in the media appeared, months probably.

**MS SHARP SC:** Months later, it became notified to you?

**MR BRODIE:** Yes. Well, I don't know that I was ever specifically notified. I think my recollection is I had a conversation with Ms Arnott, who identified that - that it was in The Star's possession, but I don't - you know, I don't know any of the details when it arrived or from what source or anything like that.

5

**MS SHARP SC:** And you've never seen it?

**MR BRODIE:** No, I don't recall ever having seen a document.

10 **MS SHARP SC:** Did you ever talk to Mr Power about it?

**MR BRODIE:** Look, I may have, but I - I don't recall a specific conversation. And I certainly don't - certainly don't recall having had a direct conversation about its contents or anything like that with him.

15

**MS SHARP SC:** Can I – can I show you a document, please, which is exhibit C at tab 78. This is STA.3427.0037.3869. Do you see that's an email from Angus Buchanan to Ms Martin, Mr White and Mr Houlihan, dated 12 June 2019?

20 **MR BRODIE:** Yes, I do.

**MS SHARP SC:** And what he's doing there, you can take it from me, is providing them with a copy of the Hong Kong Jockey Club report.

25 **MR BRODIE:** Right. Okay.

**MS SHARP SC:** Can I take you now to the Hong Kong Jockey Club report. Could I take you to part C at tab 79, which is STA.3427.0037.3870.

30 **MR BRODIE:** Yes, I see that document.

**MS SHARP SC:** And do you see - this is a memorandum from Martin Purbrick who is, or was at that time, the Director of Security and Integrity at the Hong Kong Jockey Club?

35

**MR BRODIE:** Yes, I see that.

**MS SHARP SC:** Could I just ask you to read that bit in blue shade to yourself. It's confidential.

40

**MR BRODIE:** Sure. Thank you, I've read that.

**MS SHARP SC:** And can you draw your attention to the paragraph underneath that which says:

45

"Suncity clearly involves a number of criminal enterprises although the business lines are so diverse that they are well hidden in more obscure legitimate businesses."



**MR BRODIE:** Yes, I see that.

5 **MS SHARP SC:** Now, bearing in mind these are the views of the Hong Kong Jockey Club in relation to Suncity, may we take it that you consider this is extremely concerning information about a business partner of Star Entertainment?

**MR BRODIE:** Particularly in relation to the material that - that I just read.

10 **MS SHARP SC:** And I take it your view is this ought immediately have triggered an enhanced customer due diligence of Alvin Chau and Suncity?

**MR BRODIE:** Yes, it would trigger an ECDD review.

15 **MS SHARP SC:** And certainly the information you've just read was not made known to you in June 2019 or the months thereafter?

**MR BRODIE:** I - again, I don't recall ever having seen this document.

20 **MS SHARP SC:** Do you consider this to be important information about the propriety of Alvin Chau and Suncity?

**MR BRODIE:** I think if the - if the material was substantiated in an ECDD, then it would be, yes.

25 **MS SHARP SC:** Could I take you to the report which is exhibit B at tab 710, which is STA.3014.0007.0001. Now, do you see what I'm showing you is the April 2018 Hong Kong Jockey Club Security and Integrity Department report into Suncity?

30 **MR BRODIE:** Well, it says Security and Integrity Department, yes.

**MS SHARP SC:** I will take you, please to pinpoint 0003, and do you - I will just have it enlarged for you. Do you see the introduction is:

35 "The purpose of this report is to provide both an update and overview of Suncity Group's business operations, key personalities and links to organised crime both in Hong Kong and overseas."

40 **MR BRODIE:** I see that.

**MS SHARP SC:** Do you understand this is a due diligence report?

**MR BRODIE:** Well, yes, I guess that's what that amounts to, yes.

45 **MS SHARP SC:** And can I take you, please, to paragraph 2 under the heading Executive Summary. Do you see it's a reference to Alvin Chau?

**MR BRODIE:** Yes.

**MS SHARP SC:** And do you see it says:

5 "He is alleged to be a member of the Macau faction of the 14K triad society and follower of the former 14K triad leader Wan Kuok Koi (AKA Broken Tooth Koi). It is suspected the Suncity Group also has connections to Charles Heung Wah Keung, a senior office bearer of the Sun Yee On triad society."

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

**MS SHARP SC:** This is pretty concerning information, isn't it?

15 **MR BRODIE:** Yes, in particular, given that the person referred to as Broken Tooth Koi had spent time in jail in Macau for activities that were related to his triad membership.

**MS SHARP SC:** And can I take you, please, to paragraph 3, do you see it says:

20 "Cheng Ting Kong is Alvin Chau's major business partner, who was primarily brought in to Suncity Group to assist with the acquisition of new investments. Cheng and Alvin Chau have 11 common directorships in Hong Kong."

25 **MR BRODIE:** Yes, I see that.

**MS SHARP SC:** So it's pretty clear, isn't it, that this report is asserting that Alvin Chau and Cheng Ting Kong are business partners?

30 **MR BRODIE:** Yes, it does.

**MS SHARP SC:** There's no qualification here, is there?

**MR BRODIE:** No.

35

**MS SHARP SC:** Then do you see it says that:

40 "Cheng is believed to be a member of the 14K triad society in Hong Kong. Intelligence sources report that Cheng is involved in illegal bookmaking, drug trafficking and large-scale money-laundering activities."

**MR BRODIE:** Yes, I see that.

45 **MS SHARP SC:** So this is very concerning information about Alvin Chau and his associations, isn't it?

**MR BRODIE:** Yes, if substantiated.

**MS SHARP SC:** Well, there's no qualification mentioned in this executive summary of the due diligence report, is there?

5 **MR BRODIE:** It does say "Intelligence Sources Report". I'm not sure that - that that provides enough detail for an ECDD investigator, based on - you know, based on that being the executive summary.

10 **MS SHARP SC:** Right, but I mean, if you have information that somebody is alleged to be involved in drug trafficking and large-scale money laundering, surely that's enough information to suggest to you that enhanced customer due diligence ought be conducted?

**MR BRODIE:** Yes.

15 **MS SHARP SC:** Would it have been helpful for you to have access to this report at the time, given your compliance obligations?

20 **MR BRODIE:** Look, it probably would have caused me to do things that I didn't do, given that the time's elapsed. But - but having said that, I - I also think that The Star had an AML-specific team that had been built to try to deepen our capability to respond. The Investigations team still existed. I'm conscious that Angus Buchanan had been brought on to improve our capability around ECDD. So I probably would have been comforted that there was a good quality team that had been built to --

25 **MS SHARP SC:** Is that because you thought Angus Buchanan had extensive experience in conducting due diligence investigations?

30 **MR BRODIE:** Yes. I had - I had met him some time before this in Brisbane, and he'd impressed me as someone with - you know, with appropriate and deep skills.

**MS SHARP SC:** And so you had confidence in the views he had when he undertook due diligence investigations?

35 **MR BRODIE:** Well, I was confident in his capacity to do it well, yes.

**MS SHARP SC:** Do you know he was one of the authors of this report?

40 **MR BRODIE:** No - well - no. I understand from - from the way you've put it and from the reporting I've read in the media just in the last couple of days that that's the case. But - but at the time I didn't know any of that, no.

**MS SHARP SC:** And no one made you aware of that fact?

45 **MR BRODIE:** No. Yes, no, I don't think so.

**MS SHARP SC:** Can I take you, please, to pinpoint 0010. Now, paragraph 39, could I just have you read that to yourself. That's confidential. It doesn't appear in blue shade for whatever reason, but it is.

5 **MR BRODIE:** Yes, thank you, I've read that.

**MS SHARP SC:** Do you agree that the information in paragraph 39 about Alvin Chau is of considerable concern?

10 **MR BRODIE:** I'm sorry, I don't know all of those names. There's - there seems to be a lot of people involved in that transaction. It - it would be - it would be of concern, and something that you'd want to understand and get to the bottom of. It certainly isn't something that you'd leave untested.

15 **MS SHARP SC:** And what about the information in paragraph 40? Do you agree that's of some concern in relation to Alvin Chau?

**MR BRODIE:** Look, if that - if a cyber attack against the Federal Reserve was made, then - and he was associated with it, then that would be a concern, yes.

20 **MS SHARP SC:** Could I take you, please, to pinpoint - I beg your - 0012, and let me explain that this is coming under the heading Cheng Ting Kong.

**MR BRODIE:** Okay.

25 **MS SHARP SC:** That is the person alleged to be Alvin Chau's business partner.

**MR BRODIE:** Yes.

30 **MS SHARP SC:** Do you see the heading there is:

"Links to organised crime."

**MR BRODIE:** Yes, I see that heading.

35 **MS SHARP SC:** Do you see at paragraph 54 it says:

"According to intelligence in October 2013, Cheng is a member of the 14K triad society in Hong Kong."

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

**MS SHARP SC:** And do you see paragraph 55 says:

45 "The intelligence also suggests that Cheng is involved in a number of criminal activities such as illegal bookmaking, money laundering and other criminal activities."

**MR BRODIE:** Yes, I see that.

**MS SHARP SC:** And that's stated there without qualification, isn't it?

5 **MR BRODIE:** Yes, it seems to be.

**MS SHARP SC:** This casts very serious - well, I withdraw that. This suggests there are very serious concerns about the propriety of Mr Cheng?

10 **MR BRODIE:** He is certainly being accused of a lot of criminal activity.

**MS SHARP SC:** And then could I take you, please, to paragraph 57. And do you see it says:

15 "Intelligence in May 2017 advised that the Suncity Group is of interest to Australian law enforcement activities in relation to suspected large-scale money-laundering activities."

**MR BRODIE:** Yes, I see that.

20

**MS SHARP SC:** That, of course, is the group that The Star has a relationship with?

**MR BRODIE:** Yes.

25

**MS SHARP SC:** In 2019. And it says:

"Money is laundered via a myriad of methods from Australia to both Hong Kong and Guangdong Province China."

30

And then a little bit further along it says:

"During 2013 to 2015, the group was believed to be laundering up to AUD2 million a day through various money laundering methodologies."

35

At 58:

"It was suspected that a significant amount of this cash was the proceeds of drug-trafficking activities."

40

**MR BRODIE:** Yes, I see that.

**MS SHARP SC:** Now, you say you were told about the Suncity Hong Kong Jockey Club report being held by The Star. Was this information in the report conveyed to you, Mr Brodie?

45

**MR BRODIE:** I don't recall having received any of this level of detail, no.

**MS SHARP SC:** Because it's horrifying, isn't it?

**MR BRODIE:** If those things are - if those things are bottomed out and true, then, yes, it's a significant concern.

5

**MS SHARP SC:** And do you agree that you not being made aware of these matters means that, insofar as you were involved in briefing the board, you were not equipped to answer or assist the board with any allegations that were made about the Hong Kong Jockey Club report and Suncity?

10

**MR BRODIE:** No, that's true. Yes.

**MS SHARP SC:** And you were not properly equipped to advise the board on whether it was appropriate to continue dealing with Alvin Chau and Suncity, were you?

15

**MR BRODIE:** No, but that also wouldn't have been within my remit at that time.

**MS SHARP SC:** But from a Compliance perspective, do you agree that this was very important information to be made known to the board?

20

**MR BRODIE:** Well, so, at this time, I was conducting a risk assessment of our Compliance strands, and not long after - maybe a little bit beforehand, I had presented a risk assessment to the board across all of our Compliance strands. If I had have been aware of this information, it - it may have changed the risk assessment I presented in relation to the AML Compliance strand. But, in any case, I had rated that risk assessment as high.

25

**MS SHARP SC:** Were you aware that ILGA issued - well, I withdraw that. Were you aware that following the media allegations in 2019, ILGA wrote to Star requesting some information about the media allegations?

30

**MR BRODIE:** Yes.

**MS SHARP SC:** And did you participate in drawing together information for that reply?

35

**MR BRODIE:** Yes. I was shown a draft at one point and - and I recall making some comments on it.

40

**MS SHARP SC:** And who showed you the draft?

**MR BRODIE:** I think it would have been Andrew Power.

**MS SHARP SC:** Could I just show you the document, to make sure we're talking about the same thing. Now, I've only got the final version, but let me run this by you to see if this may have been the draft you were shown. Could I please take Mr Brodie to exhibit B at 1669. And do you see this is a letter from Mr Power to

45

Ms Natasha Mann at the New South Wales Liquor and Gaming of 10 September 2019?

**MR BRODIE:** Yes, I see that.

5

**MS SHARP SC:** And that's the cover letter. Let me show you the composure. If I can go to pinpoint 0300. So that's the first page, and then let me show you another page, which is pinpoint 0302. Do you see there's that question:

10           "Whether any of the entities or individuals listed at Annexure 1 are or have been authorised as Junket Operators, Promoters or Representatives with The Star?"

**MR BRODIE:** Yes, I see that.

15

**MS SHARP SC:** Was it a draft of this document that was shown to you by Mr Power?

20           **MR BRODIE:** I don't recall this list. It may be that I saw an earlier draft, though, before this was calibrated and put in.

**MS SHARP SC:** Well, I will just, if I could just show you another document - sorry, another page, pinpoint 0304. Do you see the question there is:

25           "What, if any, steps have been taken to mitigate ongoing risk relating to individuals or entities listed that are authorised as Junket Operators or Junket Representatives?"

**MR BRODIE:** Yes, I see that.

30

**MS SHARP SC:** Were you shown a draft answer to that question?

**MR BRODIE:** I don't recall reading that draft answer. It may have been in the material that was presented to me, but, I'm sorry, I don't recall now.

35

**MS SHARP SC:** Could you assume for me for the moment that ILGA did ask what, if any, steps had been taken to mitigate ongoing risks relating to individuals or entities listed as junket operators or junket representatives. Do you think it would be important for The Star to make the regulator aware that there had been a series of concerning cash transactions in the Suncity room?

40

**MR BRODIE:** I think it - it would be - it would be incumbent at that point for The Star to have maybe at the very least indicated that they were investigating a number of issues. It - not having been directly involved in the drafting of this or - or those particular materials, it's probably hard for me to answer that entirely, you know, in retrospect and hypothetically, but I - but I would have thought that, at least at some level, we ought to have indicated some - some of those issues, yes.

45

**MS SHARP SC:** And do you think The Star ought to have indicated that it possessed the report from the Hong Kong Jockey Club that contained information that law enforcement thought that Suncity was involved in money laundering?

5 **MR BRODIE:** To be honest, I'm not really sure how I would answer that question for you right now. I think it's a matter for which I would need to understand, you know, what the best way to communicate that kind of information to the regulator would have been, what undertakings maybe had been made around confidentiality and, therefore, how - you know, how you communicate. But I would have thought  
10 if we'd substantiated the material in there, then - then that would go to the kind of advice we give to the regulator about concerns that we may have with a particular junket operator, yes.

**MS SHARP SC:** And do you agree that, at all times, it is very important for the  
15 casino operator to be clear and transparent with the New South Wales casino regulator?

**MR BRODIE:** I think it's incumbent on any regulated entity to be as forthright in  
20 providing information as it can be.

**MS SHARP SC:** And do you agree that it is appropriate, if the regulated entity holds due diligence which suggests there was a risk that one of its business associates was engaged in money laundering, it ought draw to that the regulator's  
25 attention, as a risk?

**MR BRODIE:** Yes, I think it should draw it to the regulator's attention to give them the opportunity to think about whether or not they want to dig deeper there, yes.

30 **MS SHARP SC:** Could I take you to another document, please, Mr Brodie. This one is exhibit B708, and I'm moving to a different topic now, Mr Brodie. This is STA.3421.0029.0564. And what I'm showing you is an email from you, dated 31 March 2018, to a number of people, including Adrian Hornsby, Gregory Hawkins, Oliver White, Harry Theodore and Michael Whytcross?

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

**MS SHARP SC:** Can I just have that enlarged for you. Now, just to take a step  
40 back: are you aware that in around December 2017 the Bank of China in Macau shut down its bank accounts for The Star?

**MR BRODIE:** Yes, I am.

45 **MS SHARP SC:** And this presented some problems for Star in terms of obtaining payments from its patrons for advancing front money and also for repaying cheque cashing facilities?

**MR BRODIE:** Yes.



**MS SHARP SC:** And The Star was casting around, at and after that time, for different ways to receive payment from customers in Macau and elsewhere in, say, Hong Kong?

5

**MR BRODIE:** Yes.

**MS SHARP SC:** And this email is written in this context, isn't it, with Macau Cash Collection - Urgent Development.

10

**MR BRODIE:** Yes, that's correct.

**MS SHARP SC:** And you are writing to Adrian in response to an email he sent to you. Can I just take you to the email he sent to you, please? This is at the bottom of the page, 31 March 2018. And do you see - I will have to have that enlarged, please, operator. Do you see it says:

15

"Please be advised that overnight, Kuan Koi has advised us that Bank of China bank in Macau has blocked off his international wire transfers, issuance of cashier orders..."

20

And so on.

**MR BRODIE:** Yes, I see that.

25

**MS SHARP SC:** And at the time, you were aware, weren't you, that Kuan Koi was providing assistance to move front money into Australia?

**MR BRODIE:** Yes.

30

**MS SHARP SC:** And now can I return to your reply to Mr Hornsby. What you say there is:

"Regal Crown seems like a good solution for our customers, and if they want to use those services, it seems like an appropriate choice for them. Given service fees, etcetera, we might like to think about neutralising the effect for high value customers. Having said, that Regal Crown is a very long way from meeting our requirements from an AML perspective in particular."

35

40 What did you mean when you said that?

**MR BRODIE:** Well, my recollection is that that time we knew almost nothing about, you know, whether or not they had an AML program, whether or not we would - whether or not we understood enough about their - about their ownership and their company structure. To that point in time, The Star had only ever attempted to deal with people and had never attempted to deal with companies from an AML/CTF perspective, and obviously dealing with companies can be a much more difficult or complicated thing to get right.

45

And so, you know, without understanding their methodology, without understanding their - their approach to AML, without understanding, you know, who their beneficial owners were and those sorts of things then it - you know, it's  
5 difficult in any circumstance for The Star to have addressed the question of those people being a suitable partner for us.

**MS SHARP SC:** And did you know that Regal Crown was a money service  
10 business?

**MR BRODIE:** Yes, I understood that. I understood they were a commercial remitter.

**MS SHARP SC:** And is it right that there are particular money laundering risks  
15 associated with commercial remitters?

**MR BRODIE:** Yes, there are a bundle of - of AML typologies that are reported by - if you like, by the government players in that field. So AUSTRAC's made some reports on money remitters, FATF have made some reports on money  
20 remitters and so have others, and they've detailed the kinds of methodologies are that are particularly exposed through that kind of process or that kind of business and - and the sorts of vulnerabilities that they experience.

**MS SHARP SC:** And is it fair to say that money remittance businesses are  
25 considered to be high-risk businesses, from a money-laundering perspective?

**MR BRODIE:** Yes, I think AUSTRAC rates them that way, from memory. Forgive me, it's been a while since I read those documents. But, certainly - certainly the kinds of typologies that are - that are in that space do make  
30 them higher risk because they're ones that - that provide for that first kind of placement structure and - and - and, obviously, once you've got the money placed, then some of the other money laundering typologies become much easier to execute.

**MS SHARP SC:** And is another well recognised problem with commercial  
35 remitters a source of funds issue?

**MR BRODIE:** Yes, that's - sorry, that's where I was - what I was alluding to. Trying to save you time.  
40

**MS SHARP SC:** And just to be clear, the source of funds concern is that it's a real - well, let me see how to put this. There are concerns that commercial remitters have not been particularly vigilant in terms of establishing the source of funds where they make - where they receive money and then transfer it onwards?  
45

**MR BRODIE:** Yes, that's been the concern. Again, that was the concern, I think, that AUSTRAC expressed in their documents, was the lack of clarity about beneficial owner and source of funds.

**MS SHARP SC:** And could I take you, please, to pinpoint - sorry, this is a different document - to STA.3002.0006.0126. Now, this is another email from you, I will just get the exhibit number in a minute. Do you see this is an email  
5 from you to a number of people at The Star?

**MR BRODIE:** Yes, I see that.

**MS SHARP SC:** 5 September 2018?  
10

**MR BRODIE:** Yes.

**MS SHARP SC:** And it's in relation to United Overseas Bank Singapore accounts?  
15

**MR BRODIE:** Yes.

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

**MR BELL SC:** Yes. That will be MFI46.  
20

**MS SHARP SC:** And is it - can I try to understand, are you providing the information in red in answer to questions asked by somebody else in black?

**MR BRODIE:** Can we --  
25

**MS SHARP SC:** And if you need this enlarged, I'm happy to do so.

**MR BRODIE:** Yes, I believe that's correct.  
30

**MS SHARP SC:** Just to put it in a bit more context for you, if I take you firstly to pinpoint 0127 - and you will see there's an email from David Kenworthy dated 24 September 2018?

**MR BRODIE:** Yes.  
35

**MS SHARP SC:** Now, at this time, you were aware that The Star had a bank account with United Overseas Bank in Singapore?

**MR BRODIE:** Yes, I think that's correct.  
40

**MS SHARP SC:** And you were aware as at September 2018 that the United Bank in Singapore were asking some compliance questions about those bank accounts?

**MR BRODIE:** Yes, I think that's what this process was about, yes.  
45

**MS SHARP SC:** And that's why you were consulted, wasn't it?

**MR BRODIE:** Yes, that would be right.

**MS SHARP SC:** Do you know why The Star had this bank account in Singapore?

5 **MR BRODIE:** No, I don't. I'm - I know that we had an office there, and so I assume it was related to the operations of that part of the International Team.

**MS SHARP SC:** And could I just take you back to the first page, which is pinpoint 0126.

10

**MR BRODIE:** Yes.

**MS SHARP SC:** And so do you understand, now I've shown you that, that the questions in black are questions coming from UOB?

15

**MR BRODIE:** Yes.

**MS SHARP SC:** And that the information in red is information you're providing in answer to those questions?

20

**MR BRODIE:** Yes, that seems like it's my advice to Mr Kenworthy.

**MS SHARP SC:** And could I just take you down to the second-last dot point on that page. And what you're suggesting is the reply to go back to UOB; is that right?

25

**MR BRODIE:** I think that's my advice to Mr Kenworthy. Yes, I assume (indistinct) would have been treating it as being what I recommend to send to him, yes.

30

**MS SHARP SC:** And was it your expectation that Mr Kenworthy, who worked at The Star, was then going to send this off to UOB?

**MR BRODIE:** Well - I'm sorry, I really don't recall the process that we were going through at the time. But I would have thought that my advice would integrate with other questions that were being asked and be part of a single response. I - I don't recall having seen the totality of the UOB questionnaire. I'm conscious that banks tend to have structured questionnaires that they put to entities. And so I - I would have thought this would be incorporated in some other answers that were going along as well.

40

**MS SHARP SC:** Could I just take you to that, that second-last dot point that has been highlighted.

45 **MR BRODIE:** Yes.

**MS SHARP SC:** And what you say there is, "KYC" - that's Know Your Customer?

**MR BRODIE:** Correct, yes.

**MS SHARP SC:**

5

"So Know Your Customer is conducted independently the credit process and of other casino operators."

What do you mean by that?

10

**MR BRODIE:** The way KYC of - of our customers - sorry - was operated was that, particularly for internationals, when they arrive, that KYC documents, normally in the form of a passport and their visas, are collected independently of - so the marketing team or the sales team who've convinced that person that Star is a good place to go for a weekend or whatever it is.

15

**MS SHARP SC:** And then you say:

"The Star does not rely on third-party Know Your Customer processes."

20

**MR BRODIE:** Yes.

**MS SHARP SC:** And that was your understanding at the time, was it?

25

**MR BRODIE:** Yes. As I understood the AML/CTF program, we had not, at any stage, contracted with somebody else to conduct KYC for us. We were conducting all our KYC collections via staff employed by the casino operator, or, you know, Star Entertainment Group Limited, eventually.

30

**MS SHARP SC:** And would you see any problems with The Star outsourcing its KYC process?

35

**MR BRODIE:** Well, yes, because, obviously, you have to understand the nature of the entity. As I understand it, it's not unheard of. It's been done by other entities before and in particular circumstances. And increasingly there are electronic versions of KYC that can be conducted via entities that are - you know, that do that for a living, if you like. And they were present in the market at the time. But, again, this is a similar problem to Regal Crown.

40

If you don't have clarity about who you're dealing with and where they come from and their processes and all of those sorts of things, then you wouldn't - then you wouldn't have incorporated them into the program and we hadn't done any of that work so we wouldn't have been - in my view, we weren't using and our AML program said we wouldn't use a third-party KYC agent.

45

**MS SHARP SC:** And certainly you would regard it as unsatisfactory for The Star to rely on Know Your Customer done by Regal Crown, for example?

**MR BRODIE:** Yes.

**MS SHARP SC:** I have no further questions for this witness.

5 **MR BELL SC:** Yes. Ms Richardson, do you have any questions for Mr Brodie?

**MS RICHARDSON SC:** No, I do not.

10 **MR BELL SC:** Mr Brodie, thank you very much for your evidence. The order I will make is that your examination is adjourned, but you won't be required again unless you hear from those assisting the Review. Thank you.

**MR BRODIE:** Thank you so much for your time.

15 **<THE WITNESS WAS RELEASED**

**MR BELL SC:** Ms Sharp, who is the next witness, please.

20 **MS SHARP SC:** Mr Bell, with your leave, my learned junior, Ms Abdiel will take Mr Walker. Could we just have a two or three-minute adjournment to swap places and have Mr Walker made available?

**MR BELL SC:** Yes, I will adjourn for a few minutes, thank you.

25 **<THE HEARING ADJOURNED AT 4:36 PM**

**<THE HEARING RESUMED AT 4:41 PM**

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

**MS ABDIEL:** Mr Bell, I call Mark Walker.

**MR BELL SC:** Mr Walker, would you prefer to take an oath or an affirmation.

35 **MR WALKER:** An affirmation, please.

**<MARK GARRY WALKER, AFFIRMED**

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

**<EXAMINATION BY MS ABDIEL**

**MS ABDIEL:** Please state your full name?

45 **MR WALKER:** Mark Garry Walker.

**MS ABDIEL:** And what is your current role at The Star.

**MR WALKER:** My title is Senior Vice-President of Sovereign Operations.

5 **MS ABDIEL:** Mr Walker, is your address known to those assisting the Review?

**MR BELL SC:** And Ms Abdiel means your business address?

**MR WALKER:** It is.

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

**MS ABDIEL:** Mr Walker, did you prepare a witness statement dated 4 February 2022 for the purposes of this Review?

15 **MR WALKER:** Yes, I did.

**MS ABDIEL:** And did you tell the full truth in that statement?

20 **MR WALKER:** Yes, I have.

**MS ABDIEL:** Did you endeavour to answer the questions posed of you to the best of your ability?

25 **MR WALKER:** Yes.

**MS ABDIEL:** And did you provide all the information in that statement that you considered was responsive to the questions that were posed to you?

30 **MR WALKER:** Yes.

**MS ABDIEL:** Mr Walker, from February 2013 to September 2014, were you the Director of VIP Services at The Star?

35 **MR WALKER:** I was. There was a period - three-month period prior to that, that I was on - I resigned and, therefore, I was taken out of the role and just put back of house. So June, July, August, that was my notice period.

**MS ABDIEL:** Okay. Were you employed by The Star Pty Ltd; is that right?

40 **MR WALKER:** Yes.

**MS ABDIEL:** And who did you report to at that time?

45 **MR WALKER:** At that time, Damian Quayle.

**MS ABDIEL:** And who reported to you?

**MR WALKER:** The Sovereign Operations Managers.

**MS ABDIEL:** And then from June 2014 to April 2018, were you the Vice-President of Domestic Sales for Table Games at Crown?

5 **MR WALKER:** Yes.

**MS ABDIEL:** What was your employing entity there?

**MR WALKER:** I think it was Crown Resorts.

10

**MS ABDIEL:** And you ceased your duties there in October 2017; is that right?

**MR WALKER:** Yes.

15 **MS ABDIEL:** Then you had a non-compete period of around six months; is that correct?

**MR WALKER:** Yes.

20 **MS ABDIEL:** From May 2018 to December 2018, you were the Premium Guest Manager at The Star?

**MR WALKER:** Yes.

25 **MS ABDIEL:** And what was your employing entity at that time?

**MR WALKER:** I think it's The Star Entertainment Group.

**MS ABDIEL:** And who did you report to in that period?

30

**MR WALKER:** Jason Yeates.

**MS ABDIEL:** And who did he report to at that time?

35 **MR WALKER:** Damian Quayle.

**MS ABDIEL:** And who reported to you at that time?

**MR WALKER:** Premium - Premium Guest Managers.

40

**MS ABDIEL:** How many Premium Guest Managers were there?

**MR WALKER:** There was four.

45 **MS ABDIEL:** And who were they?

**MR WALKER:** Anastasia Souvlis, Andrew Chen, Phi Tran and Jay Yau.



**MS ABDIEL:** And then in January 2019, did you become the Vice-President of Premium Guests in New South Wales?

**MR WALKER:** Yes.

5

**MS ABDIEL:** And was your employing entity still SGR at that time?

**MR WALKER:** To be honest, I'm not sure. I think so.

10 **MS ABDIEL:** And who reported to you in that period?

**MR WALKER:** The same reporting line.

**MS ABDIEL:** And did you also have the same reporting line upwards?

15

**MR WALKER:** Yes.

**MS ABDIEL:** And then from October 2019 to the present, you've held the role of Senior VP Premium Services Operations; is that right?

20

**MR WALKER:** Yes, that's right.

**MS ABDIEL:** And that role was managing the Service Operations Team who were responsible for providing premium service and guest experiences while patrons are on the premises of The Star?

25

**MR WALKER:** Yes. Looking after the Premium Guests Area so the PGA is ensuring compliance, ensuring, you know, criminal element isn't infiltrating; that sort of thing.

30

**MS ABDIEL:** Sorry, Mr Walker, what do you mean by "ensuring compliance, ensuring criminal element isn't infiltrating"? Can you explain that?

**MR WALKER:** Yes, so my role's over the premium areas of Sovereign and Oasis. So it's a split role and it's - there's a guest experience component where we service the guests when they arrive on property. And then we have access control at those entryways to ensure that it's only eligible members enter the Premium Gaming Areas. So one of the - one of the - one of the things is to ensure, you know, the criminal element doesn't have any influence in there. So --

40

**MS ABDIEL:** Is there an AML/CTF compliance aspect to that role?

**MR WALKER:** No. It's just really to make sure that only the people that should be in there are in there.

45

**MS ABDIEL:** And who reports to you in that role?

**MR WALKER:** I've got three Vice-Presidents, Sovereign Operations reporting through to me.

**MS ABDIEL:** And who are they?

5

**MR WALKER:** Chum Mo, Rachel Budway and Ben Taylor.

**MS ABDIEL:** And who do you report to in that role?

10 **MR WALKER:** Damian Quayle.

**MS ABDIEL:** And you've held that role up to the present time, except for periods for compassionate and carers leave in 2021; is that right?

15 **MR WALKER:** Yes.

**MS ABDIEL:** Mr Walker, have you undertaken AML training in your roles at The Star?

20 **MR WALKER:** I do an annual AML training course online each year, yes.

**MS ABDIEL:** And you've undertaken that annual training since you recommenced working at The Star in May 2018?

25 **MR WALKER:** Yes.

**MS ABDIEL:** And you're aware generally of the AML/CTF obligations of The Star under the AML/CTF Act?

30 **MR WALKER:** Yes. Generally, yes.

**MS ABDIEL:** Are you aware of the concept of reporting entities?

**MR WALKER:** Could you explain that a little bit further?

35

**MS ABDIEL:** Well, I'll ask you, are you aware of concepts such as designated services?

**MR WALKER:** No, I'm not sure. I'm sorry, I'm not sure what you mean.

40

**MS ABDIEL:** Are you aware of the concept of transaction monitoring?

**MR WALKER:** Yes.

45 **MS ABDIEL:** And are you aware of the concept of Know Your Customer?

**MR WALKER:** Yes

**MS ABDIEL:** Could you describe that concept?

**MR WALKER:** Know Your Customer is ensuring we have up-to-date photo, government photo ID. We have proof of address.

5

**MS ABDIEL:** And what about the concept of source of funds of customers?

**MR WALKER:** Look, I understand the concept. It's proving where those funds have come from. It's something that my team and myself don't actively have involvement in. But, yes, I understand.

10

**MS ABDIEL:** Is it fair to say that it's something you generally need to be aware of?

15 **MR WALKER:** Yes.

**MS ABDIEL:** And, similarly, the source of wealth of customers? And you're aware that there are controls in place at The Star that seek to ensure that the person who is depositing funds into a front money account is the person who is the beneficiary of that front money account?

20

**MR WALKER:** Yes.

**MS ABDIEL:** And you're aware that those controls are designed to ensure that The Star is aware - I will withdraw that. You are aware that those controls are designed to ensure that The Star has some knowledge to as to whether the money used for gambling derived from a legitimate source?

25

**MR WALKER:** Yes.

30

**MS ABDIEL:** And in relation to understanding a customer and the customer's source of wealth, do you agree that simply understanding that a person works for a successful company cannot alone demonstrate anything about the legitimacy of the funds they bring into the casino?

35

**MR WALKER:** I accept that, yes.

**MS ABDIEL:** Are you aware of AML risks associated with patrons buying chips for each other or buying chips for other patrons?

40

**MR WALKER:** Yes. Yes.

**MS ABDIEL:** And are you aware that The Star had rules against that sort of activity?

45

**MR WALKER:** Yes, I believe so, yes.

**MS ABDIEL:** And also in relation to patrons depositing chips into other people's front money accounts?

5 **MR WALKER:** Yes, to be honest, I can honestly say I'm not sure. I'm not sure if that would be okay or not.

**MS ABDIEL:** If a person is at risk of collusion, could you describe what that would mean?

10 **MR WALKER:** Collusion. So together with someone else they're trying to manipulate or do something that they shouldn't to get around controls that are in place.

15 **MS ABDIEL:** I'm not trying to quiz you, Mr Walker. I'm just asking whether collusion is sort of a casino lingo for activity that patrons might undertake when they're playing with one another that's not permitted at The Star.

**MR WALKER:** Look, if it's anything illegal, it wouldn't be permitted at The Star.

20 **MS ABDIEL:** And you understand - I will just move to cheque cashing facilities. You understand that The Star conducts credit checks on patrons before they are granted cheque cashing facilities?

25 **MR WALKER:** Yes.

**MS ABDIEL:** And those credit checks are performed to establish the creditworthiness of patrons?

30 **MR WALKER:** Yes.

**MS ABDIEL:** And to understand what the source of their wealth is?

**MR WALKER:** Yes.

35 **MS ABDIEL:** i.e, to understand the source of funds that they'll be using for gambling?

**MR WALKER:** Yes.

40 **MS ABDIEL:** To your knowledge, would a person's employer usually be subjected to such creditworthiness checks?

**MR WALKER:** Sorry, could you repeat that?

45 **MS ABDIEL:** To your knowledge, would a person's employer usually be subject to such credit checks.

**MR WALKER:** If - would a person's employer be subject to?

5 **MS ABDIEL:** I will withdraw it and put it another way, Mr Walker. In applying to obtain a cheque cashing facility, would - I withdraw that also. In considering an application to establish a cheque cashing facility for a patron, would The Star ordinarily conduct credit checks on the patron's employer?

**MR WALKER:** This isn't my area. This comes under the cage or the Credit and Collections Team.

10 **MS ABDIEL:** Okay. Mr Walker, since you recommenced work at The Star in May 2018, have you been aware of the existence of a Code of Conduct?

**MR WALKER:** Yes.

15 **MS ABDIEL:** And do you agree that at all times you've been employed by The Star, at least since that time, that you were bound by that Code of Conduct?

**MR WALKER:** Yes.

20 **MS ABDIEL:** I will just take you to that code. It's exhibit D7 and just go to pinpoint 8149. And do you see the heading - it's a sub-heading:

"Our employees demonstrate diversity by"?

25 **MR WALKER:** Yes.

**MS ABDIEL:** And the third dot point says:

30 "Speaking out when actions or behaviour of guests or fellow SGR employees are offensive, abusive or disrespectful."

**MR WALKER:** Yes.

35 **MS ABDIEL:** Did you consider yourself bound by that requirement in the code of conduct?

**MR WALKER:** Yes.

40 **MS ABDIEL:** And then moving down there's a heading at 4.3, "We Comply with the Law."

**MR WALKER:** Yes, sorry.

45 **MS ABDIEL:** And after the four - first four bullet points, it states:

"Our employees will comply with the law by observing all laws, regulations and standards governing the jurisdictions in which we operate."

**MR WALKER:** Yes.

**MS ABDIEL:** Then it says:

5 "Following the policies, procedures and processes designed in support of our legal obligations.

**MR WALKER:** Yes.

10 **MS ABDIEL:**

"Immediately reporting any suspicion of unlawful actions."

**MR WALKER:** Yes.

15

**MS ABDIEL:**

"Reporting breaches of policies, laws, rules and standards."

20 **MR WALKER:** Yes.

**MS ABDIEL:** And did you consider yourself bound by those rules at all times?

**MR WALKER:** Yes, I did.

25

**MS ABDIEL:** And then we will just go to point 8150 and to the small sub-heading:

"Our employees are expected to."

30

And it says:

"Use SGR property only in the context of work and not for personal gain."

35 **MR WALKER:** Yes.

**MS ABDIEL:** And then the third dot point is:

40 "Seek management approval before engaging in activities that may be perceived as creating a conflict of interest."

**MR WALKER:** Yes.

**MS ABDIEL:** Then the next one is:

45

"Disclose all conflicts of interest."

**MR WALKER:** Yes.

**MS ABDIEL:** Then a few dot points down, it says:

"Challenge and report unethical behaviours or practices."

5

**MR WALKER:** Yes.

**MS ABDIEL:** And did you consider yourself bound by all of those rules contained in the Code of Conduct?

10

**MR WALKER:** Yes.

**MS ABDIEL:** Mr Walker, have you been the holder of a casino special employee licence since around May of 2018 at The Star?

15

**MR WALKER:** Yes.

**MS ABDIEL:** And that casino special employee licence requires you to wear specific identification while you're working at The Star?

20

**MR WALKER:** Yes.

**MS ABDIEL:** Did you understand that it was a condition of that licence to not seek or accept any gratuity, consideration or other benefit from a patron?

25

**MR WALKER:** Yes.

**MS ABDIEL:** And that you were to maintain yourself as a person of integrity and responsibility?

30

**MR WALKER:** Yes.

**MS ABDIEL:** And having good reputation in relation to your character and honesty?

35

**MR WALKER:** Yes.

**MS ABDIEL:** And that you were required to notify ILGA of a suspension or termination by a casino operator?

40

**MR WALKER:** Yes.

**MS ABDIEL:** Mr Walker, are you aware that the casino licensee may only obtain and then continue to hold the casino licence as long as it remains a suitable person to do so?

45

**MR WALKER:** Yes.

**MS ABDIEL:** And do you understand that for a licensee to remain a suitable person, it must be a person of good repute, having regard to character, honesty and integrity?

5 **MR WALKER:** Yes.

**MS ABDIEL:** And did you also understand throughout the period of your employment at The Star that for a casino licensee to remain a suitable person, it must take care to ensure that it only has business associations with persons who are also of good repute?

**MR WALKER:** Yes.

15 **MS ABDIEL:** Having regard to those persons' character, honesty and integrity?

**MR WALKER:** Yes.

**MS ABDIEL:** And do you understand that if you couldn't satisfy, or the casino operator couldn't satisfy itself that a person was of good repute, that the casino should not deal with them?

**MR WALKER:** Yes.

25 **MS ABDIEL:** In your period of employment at The Star since 2018, have you had familiarity with the Rebate Play Standard Operating Procedure?

**MR WALKER:** Yes.

30 **MS ABDIEL:** Have you understood the terms of that Rebate Play Standard Operating Procedure well?

**MR WALKER:** I've got a working knowledge. It's not something I use day-to-day, and I - my team conduct some of the processes of that. But - yes.

35 **MS ABDIEL:** Since August 2020, your team has been responsible for undertaking residency checklists for patrons seeking to game on rebate programs; is that right?

**MR WALKER:** Yes.

40 **MS ABDIEL:** Prior to that time, did your team have any responsibility in relation to residency checklists?

**MR WALKER:** No.

45 **MS ABDIEL:** What team did have responsibility for those checklists?



**MR WALKER:** The International Team. So I inherited them when a restructure was undertaken.

5 **MS ABDIEL:** And when you say "the International Team", can you be more specific?

**MR WALKER:** There was a group - we merged - International was disestablished. I inherited some of - some of that team into mine. But, yes, prior to August 2020, interstate and international business was kept separate from the role - the role that I have.

10 **MS ABDIEL:** And in terms of who conducted - I withdraw that. In terms of who had responsibility for undertaking residency checklist with patrons, were there two separate teams who dealt with domestic rebate and international rebate residency requirements?

**MR WALKER:** No, it would be the same team.

20 **MS ABDIEL:** So International dealt with both, both domestic rebate and international rebate; is that right?

**MR WALKER:** Yes. I'm fairly confident that's right.

25 **MR BELL SC:** And, Mr Walker, who was the head of the International Team conducting residency checks prior to August 2020?

**MR WALKER:** It's probably the General Manager was Saro - and I'm sorry, I can't remember his surname. It begins with M.

30 **MR BELL SC:** Yes. (Indistinct)

**MR WALKER:** But under him - under a service, sort of - SVP of International Service was Heidi Huang (indistinct).

35 **MR BELL SC:** Right. Sorry?

**MR WALKER:** Sorry, the team - the team that was under Heidi that would have conducted these ones, these --

40 **MR BELL SC:** And that team was - I understand you to be telling me that that team, prior to August 2020, was conducting residency checklists for both interstate and international patrons; is that correct?

45 **MR WALKER:** I believe so, Mr Bell.

**MR BELL SC:** Yes, thank you. Yes, Ms Abdiel.

**MS ABDIEL:** Thank you, Mr Bell. I will just take you to the Rebate Play SOP. It's exhibit B1224, STA.3008.0021.0930, and this is the Rebate Play SOP with effective date 21 December 2018.

5 **MR WALKER:** Yes.

**MS ABDIEL:** And if I can just take you through to pinpoint 0945. Sorry - yes, 0945, thank you, operator. And you see the heading Residency Checklist for International Rebate Player?

10

**MR WALKER:** Yes.

**MS ABDIEL:** And it states there:

15 "The checklist is used to determine if a patron is a resident, as only non-Australian residents are permitted to buy in onto an international rebate program."

**MR WALKER:** Yes.

20

**MS ABDIEL:** Were you aware of the use of the checklist in making that determination of eligibility to participate in international rebate programs at all times since May 2018?

25 **MR WALKER:** Obviously, under my responsibility since August 2020. But there's always been some sort of residency checklists since - ever since international business began with Star.

**MS ABDIEL:** And you see it says underneath that:

30

"For a patron to be considered as a non-resident of Australia, they generally must be in Australia for less than 183 days out of a rolling 12-month period."

Do you see that?

35

**MR WALKER:** Yes.

**MS ABDIEL:** And were you generally aware of that residency requirement under the Rebate SOP in the period May 2018 to the present?

40

**MR WALKER:** I'll say yes.

**MS ABDIEL:** Mr Bell, I note the time. I'm about to move to a bigger topic, and I wonder if this might be a convenient time to adjourn?

45

**MR BELL SC:** Yes. I will adjourn until 10 am on 26 April.

**<THE HEARING ADJOURNED AT 5:06 PM**