



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**

**TUESDAY, 26 APRIL 2022
AT 10:00 AM**

DAY 22

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

**Star Witness
MR MARK GARRY WALKER
MR GREGORY FRANCIS HAWKINS**

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

<THE HEARING RESUMED AT 10:01 AM

MR BELL SC: Mr Walker, you remain bound by the affirmation you made on 14 April.

5

MR WALKER: Yes.

<MARK GARRY WALKER, ON FORMER AFFIRMATION

10 **MR BELL SC:** Yes, Ms Abdiel.

<EXAMINATION BY MS ABDIEL:

15 **MS ABDIEL:** Mr Walker, you are aware that the tax payable by The Star to the New South Wales Government differed as between international and interstate patrons versus local New South Wales players?

MR WALKER: Yes.

20 **MS ABDIEL:** And the tax payable for international and interstate rebate play was a lot lower than local New South Wales play?

MR WALKER: Yes.

25 **MS ABDIEL:** And there was no responsible gambling levy payable on international and interstate rebate play?

MR WALKER: I'm not aware of that detail.

30 **MS ABDIEL:** Can I take you back to the rebate play SOP that I took you to before the break. This is exhibit B1224, STA.3008.0021.0930. And this is the rebate play SOP with the effective date 21 December 2018. Do you have that in front of you?

35 **MR WALKER:** Yes.

MS ABDIEL: Now, there were, in fact, at least two other versions of the rebate play standard operating procedures that came into effect after this one; is that right?

40

MR WALKER: Look, I believe so. I - I - my responsibilities regarding this took over in August or September 2019. So, yes, there was at least one more after this, possibly two. Yes.

45 **MS ABDIEL:** Well, in your statement, you refer to two. There was one in 2020 and then another one brought into effect in 2021. Does that sound right to you?

MR WALKER: Yes.

MS ABDIEL: If I could take you through to pinpoint 0945 of this document. And you will see on the right-hand column beneath the heading Standards, for International Rebate Player:

5

"The checklist -"

And that's the residency checklist?

10 **MR WALKER:** Yes.

MS ABDIEL:

15 "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."

Do you see that?

20 **MR WALKER:** Yes.

MS ABDIEL: And then it says:

25 "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."

25

Do you see that?

MR WALKER: Yes.

30 **MS ABDIEL:** And in approximately - in the rebate play standard operating procedure brought into effect in 2021, you are aware that that 183-day provision was amended?

35 **MR WALKER:** Yes.

MS ABDIEL: And it was replaced with a different timeframe and set of considerations associated with those timeframes?

40 **MR WALKER:** Yes.

MS ABDIEL: But until 2021, that 183-day principle existed?

MR WALKER: Yes.

45 **MS ABDIEL:** And that was that a patron would be considered a non-resident if they had generally been located in Australia less than 183 days in the prior 12 months?

MR WALKER: Correct.

MS ABDIEL: And you were aware of that requirement at all times up until a point it was amended in the standard operating procedure?

5

MR WALKER: Yes, from - yes, from August 2020.

MS ABDIEL: You did not have awareness of that provision prior to that time?

10 **MR WALKER:** I'm sorry. I'm just saying that my responsibilities in this aspect were from that August/September 2020. But, yes, I am aware it was in there prior to that. Yes.

15 **MS ABDIEL:** Now, residency, at least until a certain time, was calculated by reference to points associated with documents demonstrating a patron's residency; is that right?

MR WALKER: Yes, that was also amended in that 2021 update.

20 **MS ABDIEL:** I will take you to exhibit B597, which is STA.3419.0035.1052. This is a native file, if it can be brought up as an Excel spreadsheet. Thank you. Do you recognise this as a form of residency checklist that was in effect in or around - or prior to 2021?

25 **MR WALKER:** Yes, I think so. Yes.

MS ABDIEL: And if the operator could scroll down to the heading Star Residency Status Checklist, yes, Office Use Only. We see that there's a series of documents under the headings Non-Australian Passport Holders and Australian
30 Passport Holders. Do you see those?

MR WALKER: Yes.

35 **MS ABDIEL:** And those documents are assigned a certain number of points?

MR WALKER: Yes.

40 **MS ABDIEL:** And is it correct that, based on those points, if they add up to 100 points, the patron may be considered an international rebate player; is that right?

MR WALKER: Yes, that's my understanding.

45 **MS ABDIEL:** That document can be taken down. Thank you, operator. While you were a premium guest manager, Mr Walker, was it your responsibility to look after local patrons?

MR WALKER: Yes.

MS ABDIEL: Is that what your team members currently do now?

MR WALKER: When I was a premium guest manager, it was a sales role. What I - what I'm currently doing now is a service role.

5

MS ABDIEL: While you were a premium guest manager, how were bonuses calculated for you and those holding your position?

MR WALKER: I believe my - my bonus was based on EBITDA of The Star Sydney, I believe. And, look, I - I really can't recall what the sales team was on.

10

MS ABDIEL: Do you recall that if there was any difference between bonuses - how bonuses were calculated for relationship managers of local patrons versus those managing equivalent international or interstate patrons?

15

MR WALKER: Look, I - without any - no, I don't recall exactly how the bonuses were calculated re the two.

MS ABDIEL: Was your bonus a significant component of your remuneration?

20

MR WALKER: No.

MS ABDIEL: Do you recall roughly what percentage of your total remuneration it would have been?

25

MR WALKER: Possibly 20 per cent.

MR BELL SC: And when you were the premium guest manager, how was your bonus calculated?

30

MR WALKER: Look, Mr Bell, I believe, based on the position that I had, I - I - my best recollection is that it was EBITDA of The Star overall. So it wasn't - it was just - we - we just had to hit that target and then I was eligible.

MR BELL SC: Was there both a long-term incentive and a short-term incentive which was available to you?

35

MR WALKER: There was long-term incentive that was put in place because of the opening of a competitor, and I was part of that.

40

MR BELL SC: Right. And do you say that both your long-term and short-term incentive were based solely on EBITDA of The Star?

MR WALKER: The long-term incentive was stay at The Star for five - in the next five years. There was no - and it was purely based as a percentage of the salary. It wasn't - there wasn't a target attached to that long-term incentive.

45

MR BELL SC: So the target was attached to the short-term incentive, was it?

MR WALKER: Yes, the EBITDA for - if - if that's what my bonus was based on, yes, it was EBITDA of The Star Sydney.

5 **MR BELL SC:** I gather you're not entirely sure about this; is that right?

MR WALKER: Look, I - I just don't recall. And I - to be honest, I don't think I even got paid a bonus. So that's why - that's why I'm unsure.

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

MS ABDIEL: What were your targets as a premium guest manager, if you recall?

15 **MR WALKER:** Yes. We had theoretical targets to hit, theoretical revenue targets. And then that was passed down to each person in the team to - to break that up.

MR BELL SC: And can you explain theoretical revenue for me?

20 **MR WALKER:** Not a numbers guy, but to the best of my ability, it's based on turnover. The casino has a house edge. So based on the turnover, you times that by the house edge, you will - you will get a theoretical revenue figure.

MR BELL SC: What do you mean by "the house edge"?

25 **MR WALKER:** Well, every game has a house advantage. So like, for example, roulette is 2.7 per cent. So times your turnover by 2.7 per cent, you will get what the casino is theoretically going to hold out of that --

MR BELL SC: I see.

30

MR WALKER: -- as a reasonable figure.

MR BELL SC: That makes sense. Thank you.

35 **MS ABDIEL:** Mr Walker, are you aware of any instances in which there were concerns internally at The Star that international rebate and interstate teams were poaching local players?

MR WALKER: There were a couple of instances where that occurred, yes.

40

MS ABDIEL: Do you have an understanding of what the impetus behind that sort of activity was?

45 **MR WALKER:** Look, I - I think it was just competing sales teams. So my team was the local team, and you had the interstate team and the - and the international team. So sometimes lines got crossed where someone could be perceived by the other sales team as - as being international or interstate rather than local. So my - my job is to defend my local database, I guess.

MS ABDIEL: But did you hold any - or did you have any understanding about why there would be such poaching beyond mere competition?

5 **MR WALKER:** Because it would go to their number rather than mine, say, for example.

MS ABDIEL: And by "their number" you mean the targets that you were attempting to reach?

10

MR WALKER: Yes.

MS ABDIEL: And those targets would be linked to your bonuses?

15 **MR WALKER:** Yes.

MS ABDIEL: And their bonuses?

MR WALKER: Yes.

20

MS ABDIEL: Did you find that frustrating?

MR WALKER: Yes, but we - from recollection, we got on to it pretty quickly. Like, I remember two or three sort of occasions where it happened. So I would just
25 inform my manager, who would then go to his counterpart and - and ensure that the process was followed from there on in. So there wasn't an epidemic, if you put it that way. There was a couple of isolated cases that I recall.

25

MS ABDIEL: It wasn't something that was approved by higher-ups?

30

MR WALKER: No.

MR BELL SC: Was it occurring in relation to both interstate patrons as well as international patrons?

35

MR WALKER: Look, because I was only involved in local, my recollection was the instances were with the international team.

MS ABDIEL: Did you ever observe local players being designated as interstate or international rebate players when you held concerns that they should not have
40 been?

40

MR WALKER: No.

45 **MS ABDIEL:** Are you aware of anyone at The Star encouraging others to treat patrons as interstate or international rebate players when they should have been treated as local patrons?

MR WALKER: No, not - not outside what I've just said to you. So, no.

MS ABDIEL: I will show you a document. It's not an exhibit.

STA.3420.0035.2541. If we could go to the bottom of the chain, at point 2543.

5 Thank you. And the bottom email is an email from David Tan to Star Premium Services, operations manager and others, and you are copied on the email. Do you see that?

MR WALKER: Yes.

10

MS ABDIEL: Do you recall this email?

MR WALKER: No.

15 **MS ABDIEL:** Do you think you would have read this kind of email when you received it?

MR WALKER: Yes.

20 **MS ABDIEL:** So this is an email seeking approval for a patron to join an international junket, and then Mr Tan refers to the necessary documents below to meet 100 points and states there's an international passport, international ID and other things. Do you see that?

25 **MR WALKER:** Yes.

MS ABDIEL: And among those is a VEVO check?

MR WALKER: Yes.

30

MS ABDIEL: And then going further up the chain, at the bottom of point 2542 and the top of point 2543, you respond:

"Hey Ravi, what am I missing here."

35

Do you see that?

MR WALKER: (Indistinct)

40 **MS ABDIEL:** That's on the same day:

"If the gent holds permanent residency -"

I assume that's what you mean, PR?

45

MR WALKER: Yes.

MS ABDIEL:

"Doesn't that preclude straightaway from IRB junket participation? Regards, Mark."

5 Do you recall why you raised that concern?

MR WALKER: I don't.

10 **MS ABDIEL:** If we could just highlight the top of point 2543, which is what looks to be an excerpt of the residency checklist completed for this patron. Do you see that?

MR WALKER: Yes.

15 **MS ABDIEL:** And at point 7, it states:

"For non-Australian passport holders, does the person have a permanent residency visa?"

20 And it's checked "yes". And it states there's a VEVO report attached. Do you see that?

MR WALKER: It's - I'm struggling a little bit with that, but --

25 **MS ABDIEL:** It's a little bit blurry.

MR WALKER: I'm happy to take your word. I can see, you know, "resident" and "permanent resident" highlighted.

30 **MS ABDIEL:** Then going further up the chain on point 2542, Ravinder Sathasivam - is that how you pronounce his name?

MR WALKER: I think you've done very well.

35 **MS ABDIEL:** He responds:

"Hi Mark, although he holds permanent residency, if he can prove to us he lives overseas with foreign ID, two utility bills and a travel ticket."

40 I assume he means here - or your understanding was that he meant here that, with that documentation, he could participate as an international rebate player?

MR WALKER: Yes. And my understanding now is permanent - yes, permanent resident doesn't preclude them from being - being part of an IRB program.

45

MS ABDIEL: So in response to that email, you say:

"So do we insist on the two times utility bills or let him go and monitor days played going forward?"

Do you recall --

5

MR BELL SC: Ms Abdiel, we will just need the screen to be scrolled up so that the witness can see that.

MS ABDIEL: At the top of point 2542.

10

MR WALKER: Yes, I see that.

MS ABDIEL: What did you mean by:

15

"Do we insist on the two times utility bills or let him go and monitor days played going forward?"

MR WALKER: Look, based on my - I would think my understanding back then to what my understanding is now, based on the documentation that the international team are saying they've got, he would be eligible. So I'm not sure. I mean, monitoring game's play is obviously around that 183 and seeing where he sits with that, but yes.

20

MR BELL SC: Why did you mention the amount of theoretical revenue that he was worth?

25

MR WALKER: Mr Bell, I don't know. I'm just probably saying what he's worth as a player. That's --

MS ABDIEL: And when you say --

30

MR BELL SC: Does it reflect some resentment on your part to him being poached by the international rebate team?

MR WALKER: I didn't want to lose anybody, so I - not resentment, but just - yes. I suppose - no - it doesn't bear any weight in this case. It all comes down to his documentation, but --

35

MR BELL SC: Did it occur to you at the time that if this patron was poached, it would result in The Star paying a lower amount of duty?

40

MR WALKER: My - my thinking would have been around I'm losing 80K out of my numbers. That's probably all.

MS ABDIEL: And when you say "monitor days played going forward", did I hear you correctly before make a reference to the 183-day provision?

45

MR WALKER: Yes.

MS ABDIEL: Is there a reason that you were referring to days played as opposed to days residing in Australia?

5 **MR WALKER:** Look, for a while there we - we used the gaming days played as - you know, for the 183. And that was purely just down to an understanding, if - if we were unsure about how long they'd actually been in Australia. So that was the closest reference we had. That - that was kind of why it was removed because it wasn't always 100 per cent accurate.

10

MS ABDIEL: And then if we could return to the top email at point 2541. Ravinder responds:

"If he passes the 100 points check."

15

Do you see that?

MR WALKER: Yes.

20 **MS ABDIEL:** And he says:

"Hi Mark, if he passes the 100 points check, then no need. We'll need a copy of valid airline ticket showing arrival and departure date, and we'll call and check and see if it has been cancelled last minute."

25

And he appears to copy and paste a screenshot of the residency checklist, similar to what I showed you before. Do you see that?

MR WALKER: Yes.

30

MS ABDIEL: And do you see under - as I showed you in relation to the residency checklist, under, "Choose below docs to add up to 100 points," it refers to the VEVO report?

35 **MR WALKER:** Yes.

MS ABDIEL: And the VEVO report has 50 points associated with it?

MR WALKER: Yes.

40

MS ABDIEL: So that would make up potentially half of the proof that a patron needs to demonstrate that they are eligible to participate as an international rebate player?

45 **MR WALKER:** Yes.

MS ABDIEL: But that VEVO report could state that the patron is a permanent resident of Australia?

MR WALKER: Yes.

5 **MS ABDIEL:** And, in fact, that's what occurred here; isn't that right? Because in the chain below, it refers to the VEVO report attached demonstrating his permanent residency?

MR WALKER: Yes.

10 **MS ABDIEL:** Does it make sense to you that one of the documents that The Star would have relied on to designate a patron as an international rebate player was a document that actually demonstrated that he was an Australian permanent resident?

15 **MR WALKER:** I suppose the VEVO - I - I think it's quite a valuable document because it shows the visa that they're under, and in this case, shows it was a permanent resident. Just because he's a permanent resident, we were still looking at how long he spent inside Australia. And - so, yes, I think it's - think it's a valid - valid document.

20 **MS ABDIEL:** Well, I'm not --

MR BELL SC: Wouldn't it depend upon what the VEVO report showed?

25 **MR WALKER:** Well, true, yes. Yes.

MR BELL SC: But this particular report is not an indication that he is an international patron, is it?

30 **MR WALKER:** Well, that's why we ask for the entry and exit airline tickets. We ask for a foreign passport. And there was talk of the utility bills. So I'm not sure what - what was ultimately shown in this case.

35 **MS ABDIEL:** But ultimately, The Star could be using, as 50 per cent of the proof that a patron was eligible to participate as an international rebate player, a report that says that they're an Australian permanent resident, right?

MR WALKER: Yes.

40 **MS ABDIEL:** I will take you to another document. This is also - Mr Bell, I will need to mark that document as an MFI, if I may.

MR BELL SC: Yes. That will be MFI47.

45 **MS ABDIEL:** This document is also not yet an exhibit. It's STA.3410.0022.4842. I will restate the document ID. It's STA.3410.0022.4842. And if we could scroll down to the second page at 4843. This is an email sent to you by a person called Ning Guo on 16 January 2019. Do you recall this email?

MR WALKER: Yes.

5 **MS ABDIEL:** And is this an example of a potential poaching incident by the international team?

MR WALKER: Yes. I - I took it as that, yes.

10 **MS ABDIEL:** And it states that:

"A guest was approached by a member of international who tried to sell the guest on the advantages of international junket versus the patron's current program, and the patron told him that she was not interested. He tried to instigate a dinner -"

15 Etcetera, etcetera. And the complaint was that the "timing of this incident left a lot to be desired" and that Ning Guo was hoping it was "just a miscommunication" and that the international host was "not aware she was a local diamond member".

20 Incidentally, are diamond club memberships reserved only for local patrons?

MR WALKER: No.

25 **MS ABDIEL:** So international and interstate patrons can be diamond members also?

MR WALKER: Yes.

30 **MS ABDIEL:** So moving up to the first page of the email, you respond:

"Heidi, just bringing this to your attention. If indeed a misunderstanding, no problem. However, could you remind him to be more careful going forward."

35 And then you say - forward the email to Marcus Lim and said:

"Apologies. This should have come to you rather than Heidi. Could you please address."

40 And what was Marcus Lim's role at around this time, if you recall?

MR WALKER: He - he headed up North Asia, I believe. So - I'm not sure of his title, but ultimately I got this wrong. It wasn't - shouldn't have gone to Marcus Lim at all. It should have gone to, I think at the time, Alex Gorman, who was heading up Southeast Asia. So in this case, my - my understanding it was a mistake. Alex Boon, that was referred to the first part, was counselled about what he should do if he felt that there was - he wanted to proceed down this track. And - and it was a discussion, both teams should have been instigated and - and - and what proof have we got that she - she is actually international rather than a local player.

MS ABDIEL: If we go further up the chain, Marcus Lim responds:

5 "Mark, what is this? Alex does not represent my team and not in my structure."

And then he says:

10 "Greg -"

And I assume he is referring to Greg Hawkins, who is also on this email:

15 "Let's have a discussion among Chris, Jason and myself soon. It seems to be quite a number of crossover while we are all trying to bring in revenue to the group."

Do you have any understanding as to what he might have meant by "a number of crossovers while we are all trying to bring revenue into the group"?

20 **MR WALKER:** Can I assume - obviously I don't really know what he is referring to. But in line with the email below, I'd say it would be that - that - the teams clashing. So in this case, the local and international team chasing the same player, if you like.

25 **MR BELL SC:** What was Jason Yeates' role, Mr Walker, and why was he being copied into these communications?

MR WALKER: Jason was my manager. So he was the general manager of premium guests.

30 **MR BELL SC:** Right.

MS ABDIEL: And did you hear anything about the result of any conversation that ended up occurring between Marcus, Chris Peasley, Jason Yeates, around - about that issue?

40 **MR WALKER:** Look, not in particular this issue, but just a general comment came back from Jason that there were protocols put in place that this shouldn't happen going forward.

MS ABDIEL: And it seems to suggest here that there was quite a number of instances potentially of this happening around this time. Do you recall that?

45 **MR WALKER:** No. I'm not aware of - of quite a number, no.

MS ABDIEL: I will take you to a further document, which is - apologies, Mr Bell. That document will need to be marked for identification.

MR BELL SC: It will be MFI48.

5 **MS ABDIEL:** This next document is STA.3419.0019.4831. And, again, if we could go to the second page. Now, Mr Walker, this is not an email that you are on. I'm not suggesting that you should have read it, but I just wanted to understand whether you had any knowledge of some matters it refers to. The bottom email is an email from Ron Wagemans?

10 **MR WALKER:** Yes.

MS ABDIEL: And it - sorry. The second page - if we could go to the second page, please, at point 4833. Sorry. This is an email from Paul Tierney to Ronald regarding a patron, and he says that the guest had recently had her status changed from INSWMD. Do you know what that refers to?

15 **MR WALKER:** It means she travels interstate between our properties, so - but basically diamond. DMD is diamond.

20 **MS ABDIEL:** Yes. To international rebate. And --

MR BELL SC: Just pausing there, Mr Walker. Does that mean this patron was a local patron or an interstate patron?

25 **MR WALKER:** I would read that as - it could be both, to be honest. Depends if she's come - no, it should be - should be a local patron because of the New South Wales.

MR BELL SC: Right. Thank you.

30 **MS ABDIEL:** And it says:

"I'm still treating the guest as a local for the purposes of time play and will ensure she ceases all gaming activity prior to 24 hours of play."

35 Do you understand what that comment refers to?

MR WALKER: That Paul Tierney is ensuring that she doesn't exceed 24 hours of play. Yes. That's what I take from that.

40 **MS ABDIEL:** Is there any significance associated with 24 hours of play?

MR WALKER: I'd say that was - the way I read it, that was the - the rule, if you like, for locals at the time.

45 **MS ABDIEL:** And then it goes on to say:

"There are two issues I feel need raising on this, including, number 1, why are we allowing an exception to this local patron to be on an international

junket program. At a guess, I expect more than half of our regular SR patrons have dual passports."

Do you see that?

5

MR WALKER: Yes.

MS ABDIEL: Going further up the chain --

10 **MR BELL SC:** Just before we go from that. What is an SR patron?

MR WALKER: Sovereign Room.

MR BELL SC: Sovereign Room. Thank you.

15

MS ABDIEL: Going up to the next email in the chain, which is point 4832, there's a response by Mr Wagemans, who says:

20 "Hi Micheil, this is happening more and more that local guests are allowed to join an international junket program. This also means that the casino gets a bigger tax break. Is this something we should be discouraging? Your thoughts."

25 In or around 2019, did you observe that there were more and more local guests being allowed to join international programs?

MR WALKER: Look, I wasn't aware that - like I said before, I didn't think there was a - you know, sort of a pandemic or - it was just a few isolated cases. So I'm not - I'm not sure.

30

MS ABDIEL: Well, there's a couple of emails suggesting that this was happening on more than just isolated occasions. You don't have any knowledge at all of this occurring on a more than isolated basis?

35 **MR WALKER:** I - I - like I said before, I would have kicked up about this because I would have been losing - that theoretical revenue number would have been getting lower and lower. So, no, I'm not aware.

MS ABDIEL: I will move on to a different topic, Mr Walker.

40

MR BELL SC: Just before we do. Just so I understand, is it right that rebate patrons play with non-negotiable chips at tables allocated for rebate play?

MR WALKER: Yes.

45

MR BELL SC: And is there a difference between premium and non-negotiable chips?

MR WALKER: Yes, there is.

MR BELL SC: And what is the difference?

5 **MR WALKER:** My understanding - and once again, I might be wrong. This is
more of an operational thing. Non-negotiable chips - you don't need to track every
bet with them. You just play the chips and when you - and you get paid, I believe,
premium chips if the bet wins. Then when you run out of your non-negotiables,
10 you are left with a stack of premiums. So you go to the cage and you roll them,
and that gives you your turnover, and they give you non-negotiable chips back
again.

MR BELL SC: Right. So they're different from cash chips. They're effectively
15 winnings using non-negotiable chips?

MR WALKER: Yes, and it highlights that that person is on a particular program.

MR BELL SC: Right. And can international and interstate rebate players play at
20 the same rebate table?

MR WALKER: Good question. I'm not sure, Mr Bell.

MR BELL SC: All right. And local - sorry.

25 **MR WALKER:** Sorry. Sorry. Just generally, I would say those
players - they - they probably wouldn't mix. They would probably have a table
allocated to them, and they would play separate.

MR BELL SC: But there are rebate tables which only use non-negotiable chips?
30

MR WALKER: Look, I think most of the floats have - have most of the chip sets
in them. So you - you could cater for a - whatever player turned up at a particular
time.

35 **MR BELL SC:** So if you had an international rebate player with non-negotiable
chips and a local patron using cash chips, they could potentially play at the same
table, could they?

MR WALKER: Look, you're getting outside my area of expertise. I would defer
40 to my gaming colleagues. But it's possible, I think.

MR BELL SC: Yes. Thank you.

MS ABDIEL: Mr Walker, Michael Gu was the head of iProsperity; is that right?
45

MR WALKER: Yes.

MS ABDIEL: He was the CEO?

MR WALKER: Yes.

5 **MS SHARP SC:** And Harry Huang was the CFO of iProsperity; is that right?

MR WALKER: Yes.

10 **MS ABDIEL:** Prior to 2018, Michael Gu had been a regular patron at the Crown; is that right?

MR WALKER: Yes.

15 **MS ABDIEL:** And he had gambled at The Star for quite a long time prior to that, but his patronage had lapsed?

MR WALKER: Yes, he - yes, he hadn't been for a long time.

20 **MS ABDIEL:** So it's right that you sought to bring him back to The Star - re-attract his patronage?

MR WALKER: Yes.

25 **MS ABDIEL:** Did you or your team get any bonuses for bringing him over outside of the gaming - the revenue targets that we were referring to earlier?

MR WALKER: He - he would have formed part of that overall theoretical. But once again, I don't recall if we hit a bonus number or what it was. Sorry.

30 **MS ABDIEL:** But bringing him over as a local player would have contributed to that overall revenue - theoretical revenue target?

MR WALKER: Yes.

35 **MS ABDIEL:** During the period mid-2018 onwards, were you the relationship manager of Mr Gu?

MR WALKER: Well, look, I - I headed up that - that local sales team and then I allocated a premium guest executive to look after him or - yes.

40 **MS ABDIEL:** And was that Andrew Chen?

MR WALKER: Yes.

45 **MS ABDIEL:** But you kept a fairly close eye on what was happening with Mr Gu because you had brought him over?

MR WALKER: Yes, and he had previous service issues at The Star. So we were just trying to make sure that everything went as smoothly as possible.

MS ABDIEL: It's fair to say he was a pretty big coup for you patronage-wise, in terms of getting him to game at The Star again?

5 **MR WALKER:** Yes.

MS ABDIEL: I will show you a document. It's exhibit B926, ID STA.3411.0011.9031.

10 **MR WALKER:** Yes. I see that.

MS ABDIEL: And at the bottom of point 9031 and the top of 9032, there's an email from you dated 29 May 2018?

15 **MR WALKER:** Yes.

MS ABDIEL: And this email is to Jason Yeates?

20 **MR WALKER:** Yes.

MS ABDIEL: And you're seeking approval for Michael Gu to be presented with a diamond club membership to try to win him back to The Star; is that right?

25 **MR WALKER:** Yes.

MS ABDIEL: And the diamond club membership would give him 50 per cent discount at restaurants?

30 **MR WALKER:** Yes.

MS ABDIEL: 50 free nights a year at hotel rooms; is that right?

MR WALKER: Yes.

35 **MS ABDIEL:** Are there any other benefits to being a diamond club member?

MR WALKER: Access to Sovereign Room. What else? Yes, you know, exclusive draws or events that he may want to attend.

40 **MS ABDIEL:** And ordinarily, a patron would have to gamble about \$200,000 theoretical revenue to obtain that level of membership; is that right?

MR WALKER: Yes.

45 **MS ABDIEL:** But you sought it for Mr Gu because you thought that there would be a big benefit to The Star to attract his patronage?

MR WALKER: I just knew from experience what his level of play was, so knew that he could easily be a diamond. Yes.

5 **MS ABDIEL:** And that was your experience at the Crown casino?

MR WALKER: Yes.

10 **MS ABDIEL:** And ultimately that was approved by Greg Hawkins, that is, the diamond club membership going to Mr Gu?

MR WALKER: Yes.

15 **MS ABDIEL:** In the email that you sent to Jason Yeates, in the fourth paragraph down, you describe Mr Gu as being approximately 30 years old and running an investment/asset management company called iPG?

MR WALKER: Yes.

20 **MS ABDIEL:** And then you say:

"They like to buy hotels and own these between Sydney, Melbourne and Canberra. Last we spoke he told me he has the top 400 wealthiest Chinese as investors on his books. Stating the obvious, we need to get him to The Star."

25 Do you recall if that was something that Michael Gu - I withdraw that. To your understanding, had Mr Gu told you that to demonstrate his wealth to you?

30 **MR WALKER:** From my time at Crown - I obviously spent time with Mr Gu, and - and the - this - you know, the conversation came up about what he does. I googled him as well to look at iProsperity to see what they do.

MS ABDIEL: And you were passing - sorry.

35 **MR WALKER:** Sorry. Does that answer your question?

MS ABDIEL: Well, you were passing this on to Jason Yeates to demonstrate how wealthy at least potentially Mr Gu might be?

40 **MR WALKER:** Passing on what he did as a business, I guess, and it showed the fact that he has talked about the top 400 wealthiest investors on his books, showed that the company was - was in good - a good state, I guess.

45 **MS ABDIEL:** At this time, had you sought any information - you referred to a Google search, but had you sought any information or performed any due diligence about what Mr Gu's personal wealth profile looked like, separate from iProsperity?

MR WALKER: No.

MS ABDIEL: I will show you exhibit B944. And I will take you to the email at the bottom of the first page, which is an email from you to Greg Hawkins, copying Damian Quayle and Jason Yeates?

5

MR WALKER: Yes.

MS ABDIEL: And in the third paragraph of this email, you ask Greg Hawkins to set up Harry Huang, who is the CFO of iProsperity, with a diamond card as well?

10

MR WALKER: Yes.

MS ABDIEL: And then at the bottom of the email, you state:

15 "Michael told me his consortium is in negotiations to purchase SkyCity Darwin at \$220 million."

Do you see that?

20 **MR WALKER:** Yes.

MS ABDIEL: And did you say this to demonstrate how successful iProsperity was at that point in time and potentially how wealthy Mr Gu would be at that point?

25

MR WALKER: I - I thought it gave an indication of the level he's investing at. So if his company was doing those sort of investments, that - that personally he would - as a private company, as CEO, he would be doing quite well.

30 **MS ABDIEL:** Had you performed any due diligence at this point around what this might mean for his personal wealth?

MR WALKER: No.

35 **MS ABDIEL:** Now, Mr Gu was fairly quickly granted a \$500,000 cheque cashing facility at The Star; is that right?

MR WALKER: I believe it started there, yes.

40 **MS ABDIEL:** And that's something that you signed off on?

MR WALKER: No, I don't have authority to sign off on anything to do with those CCFs.

45 **MS ABDIEL:** You signed the CCF application, though, for Mr Gu?

MR WALKER: I - I don't believe I did.

MS ABDIEL: I will just take you to exhibit B3304, which is STA.3420.0009.3484.

MR WALKER: Yes.

5

MS ABDIEL: And on the second page, it shows you're witnessing the CCF application. Do you recall that now?

MR WALKER: Sorry. As a witness, yes. Not authorising anything. Yes, just witnessing his signature.

MS ABDIEL: Now, you agree that - and that document can be taken down. Thank you, operator. You agree that The Star performs credit checks to assess the source of funds that may be used to pay gambling debts in relation to cheque cashing facility?

15

MR WALKER: Yes.

MS ABDIEL: I will show you exhibit B957. And this is STA.3420.0008.1674.

20

MR WALKER: Yes.

MS ABDIEL: This is an email from Adrian Hornsby, and he is approving a \$500,000 CCF for Mr Gu. Do you agree with that?

25

MR WALKER: Yes.

MS ABDIEL: And he has attached a series of credit checks. Do you see those in the attachments line?

30

MR WALKER: Up the top there, yes. Yes.

MS ABDIEL: And those checks are to effectively assess what sources of wealth Mr Gu might draw from in paying his gambling debts to The Star?

35

MR WALKER: Yes, okay.

MS ABDIEL: I will take you to a couple of those. Exhibit 962 - sorry, exhibit B962. And this is STA.3420.0008.1689. This is an Equifax credit check; do you agree?

40

MR WALKER: Yes.

MS ABDIEL: And this has been performed on iProsperity Group Pty Ltd?

45

MR WALKER: Yes.

MS ABDIEL: And it shows, on the second page, the directors being Mr Gu and Mr Huang?

MR WALKER: Yes.

5

MS ABDIEL: I will take you to another of those documents, which is exhibit B - apologies, it might not be exhibit B. It might be exhibit - no, exhibit B961. And this is an individual commercial credit check performed for Mr Gu?

10 **MR WALKER:** Yes.

MS ABDIEL: And underneath the third blue line, it states:

"Commercial credit history."

15

Do you see that?

MR WALKER: Yes.

20 **MS ABDIEL:** And if you can see the - if the operator could please blow up the commercial credit history portion of the document. And would you agree that this appears to be a list of all the corporate accounts and debt facilities to which Michael Gu had access as director of iProsperity or his other corporate entities?

25 **MR WALKER:** Yes.

MS ABDIEL: And would you agree that these checks - the two that I've taken you to - are indicative of an expectation held at The Star that one of those sources of Mr Gu's wealth used to potentially redeem his CCF would be iProsperity funds?

30

MR WALKER: I'm just not - because I don't get involved in this - that's left up to the credit and collections team to do the due diligence. Yes, I'm not - I'm not - I don't know how to answer that question. I'm sorry.

35 **MS ABDIEL:** Mr Walker, you agree that credit checks are performed in order to assess whether or not - or assess the sources of funds that a patron might be using to redeem their cheque cashing facilities?

MR WALKER: Yes.

40

MS ABDIEL: And so there would be little point in running a commercial credit check like this, determining what access a patron has to corporate accounts and debt facilities, if there was not at least some expectation that those might be used to fund gambling debts by the patron?

45

MR WALKER: I'm - I'm just not comfortable that we would go, "Yes, that's okay. He will use those funds." On there, it says that he's a guarantor to some other

things. So it's - it's showing his credit history, what he's also guaranteeing, as well as being a director of those companies.

5 **MS ABDIEL:** I will take you to exhibit B1050, which is - and if I could take you to the bottom of point 8463. And this is an email from Mr Procter to you and Andrew Chen. Do you see that?

MR WALKER: Yes.

10 **MS ABDIEL:** It states:

"Mr Gu has fully drawn his CCF overnight and cheques are due to be banked on -"

15 Respective dates. Do you see that?

MR WALKER: Yes.

20 **MS ABDIEL:** And then in an email responding to Mr Procter, you say - just going further up the chain, operator. You state:

"He's coming in around 12 pm today and he said he will transfer in \$600,000 to clear the CCF and start again."

25 **MR WALKER:** Yes.

MS ABDIEL: And so did you have any concerns at this point regarding Mr Gu's liquidity?

30 **MR WALKER:** No.

MS ABDIEL: Going further up the chain to the first page, there's an email from you saying:

35 "Hi, receipt below. Please note that it has been sent from Harry Huang."

Being the CFO of iProsperity. Do you see that?

MR WALKER: Yes.

40

MS ABDIEL:

"Please let me know if that causes any complication and advise if you need anything."

45

And below, you've copied and pasted what appears to be a NAB bank account receipt - or payment receipt?

MR BELL SC: We can't see that on the screen, Ms Abdiel.

MS ABDIEL: If it could be scrolled down towards the next page.

5 **MR WALKER:** I - I did see it before when that was up. Yes.

MS ABDIEL: And Mr Huang has transferred \$600,000 to The Star?

MR WALKER: Yes.

10

MS ABDIEL: And so Mr Gu's \$500,000 gambling debt to The Star was paid by Mr Huang, and an additional \$100,000 was deposited by him also?

MR WALKER: Yes.

15

MS ABDIEL: And if we go further up the chain to the top, there's an email from Stewart Byles to you and the cage?

MR WALKER: Yes.

20

MS ABDIEL: And it states:

25

"\$600,000 deposited to front money, then \$500,000 withdrawn for CCF redemption. Guest can now play with the remaining \$100,000 in front money."

MR WALKER: Yes.

30

MS ABDIEL: You are aware, of course, that there were money laundering risks and concerns - source of funds considerations that needed to be taken into account when a patron's gambling has been funded by somebody else?

35

MR WALKER: And this is where - that's why my question was to the collections team. Because anything operational like this would get - I would just refer it to the team that's handling it. So, in this case, Mr Byles.

MS ABDIEL: Did you hold any concerns about Mr Gu's liquidity at this point?

40

MR WALKER: No.

MS ABDIEL: Did you ask Mr Gu why Mr Huang had to pay his gambling debt instead of just himself transferring the funds?

45

MR WALKER: It was - it was something that wasn't - I'm not sure if this is commercially sensitive, Mr Bell, so - it was something that happened down at Crown Melbourne. So it wasn't unusual for Mr Huang to do the deposit.

MS ABDIEL: Did you have any understanding of how Mr Huang had \$600,000 that he could just drop in cash on a friend?

5 **MR WALKER:** No. Once again, that's where we relied on the cage to highlight any concerns if it's come - say, if it's come from an account that it shouldn't or any concerns that they had. So --

10 **MS ABDIEL:** Now, Mr Gu and Harry Huang continued to gamble at The Star through the remainder of 2018; is that right?

MR WALKER: Yes.

MS ABDIEL: And then into 2019?

15 **MR WALKER:** Yes.

MS ABDIEL: And it was in around August 2018 that you say in your witness statement Mr Gu told you that he wanted to purchase a Canberra casino?

20 **MR WALKER:** Yes, around that time. Yes.

MS ABDIEL: And he wanted you to operate it?

25 **MR WALKER:** Yes.

MS ABDIEL: But it's correct that you wanted more of a strategic oversight role in the group rather than operating the Canberra casino?

30 **MR WALKER:** Yes.

MS ABDIEL: And you conveyed that to Mr Gu at the time?

MR WALKER: Yes.

35 **MS ABDIEL:** And you state in your statement that you told Mr Yeates and Mr Quayle about that job offer?

MR WALKER: Yes.

40 **MS ABDIEL:** I will take you to exhibit G482.

MR WALKER: Can I just clarify? Told Mr Yeates - I know - I know Mr Quayle also heard - also Mr Hawkins - I had a meeting with him about it as well. So I'm not sure of the - how the line went up the chain, if you like.

45 **MS ABDIEL:** And did you tell them about it at the time that you first had the conversation with Mr Gu or around that time?

MR WALKER: It was around that time. Yes. Fairly quickly. I don't remember exactly, but my concern was the conflict of interest. So I just wanted to put it on the table. And if they wanted me to step back from dealing with Mr Gu and Mr Huang in any way, I was happy to do that.

5

MS ABDIEL: So you were alive to the potential of a conflict of interest at that time?

MR WALKER: Yes.

10

MS ABDIEL: So this is an email from you dated 30 August 2018 to Mr Gu, and you refer to a chat that you had had with Mr Gu the prior day?

MR WALKER: Yes.

15

MS ABDIEL: And then at - under number 1, which is about the fifth paragraph down, which is where you state:

20

"I would be interested in a strategic oversight role within the parent group reviewing and increasing customer visitation."

MR WALKER: Yes.

25

MS ABDIEL: What's increasing customer visitation? What would that role entail?

MR WALKER: Having more customers visit the property.

MS ABDIEL: But you didn't start working for him at that time?

30

MR WALKER: No.

MS ABDIEL: If we go to exhibit G487. And this is an email after that initial exchange with Mr Gu. And at the bottom, he states - Mr Gu states to you:

35

"Hi, mate. Just got back from travelling. We are finalising our offer as we just complete our DD. We will try to catch up with you soon."

And then you respond to him on 10 October 2018:

40

"Please find attached my thoughts -"

I withdraw that. You respond:

45

"Good to see you today. The excitement is definitely starting to build. Please find attached my thoughts and comments on the financial due diligence report for Project Aqua."

Was Project Aqua the purchase of the Canberra casino?

MR WALKER: Yes, I believe so. Yes.

5 **MS ABDIEL:** And you're sort of offering him some sort of thoughts and comments on the financial due diligence at this point for the sale; is that right?

MR WALKER: It was just - it was just how I thought I could add value to the - if he bought that property.

10 **MS ABDIEL:** So you're raising with him the prospect of it being a good deal, potentially?

MR WALKER: No, I never said that. I just was looking at how - how it's currently operating and thought how we could add value to it.
15

MS ABDIEL: And if we go to exhibit G489 - I withdraw that. If we could go to exhibit G488. And this is an email dated 12 November 2018. And in November 2018, you hadn't commenced working for him; that's right?

20 **MR WALKER:** No.

MS ABDIEL: And in this email, you raise queries with Mr Gu about a Darwin casino sale. This is in - at the email of 12 November 2018 at 8.57 on the middle of the first page. Do you see that?
25

MR WALKER: Yes.

MS ABDIEL: And you say:

30 "What are your thoughts on the Darwin casino sale at \$188 million? I see SkyCity have retained ownership of the Mindil Beach property next door to be sold."

35 So were you offering him some strategic advice about an avenue that potentially iProsperity could take?

MR WALKER: No. No, it was just a comment. Because he said - he told me that they were initially looking at the Darwin casino and then I - based on this email, I believe I heard they've sold it to another vendor but retained part of the Mindil Beach. That was all. It was just a --
40

MS ABDIEL: Okay. But it's not a comment in relation to the Canberra casino for the role that he had potentially outlined for you?

45 **MR WALKER:** No.

MS ABDIEL: And then I will take you through to exhibit G489. And this is IPR.001.068.7280. And Mr Gu has forwarded to you on 13 November 2018 an email with the subject Project Aqua AQS Board Confirmation To Proceed?

5 **MR WALKER:** Yes.

MS ABDIEL: Do you recall or have any understanding why he sent you that email?

10 **MR WALKER:** I just assumed it showed that things were progressing. That was all.

MS ABDIEL: And did it attach, if you recall, a draft term sheet for Project Aqua?

15 **MR WALKER:** I - I don't recall. This was a - this was a nine-month discussion. It - it dragged on for a long time, so --

MS ABDIEL: Do you recall if you offered your thoughts on it?

20 **MR WALKER:** No.

MS ABDIEL: Then if we go to exhibit G490. This is IPR.001.068.0976. And in this email on Wednesday 14 2018, you wrote:

25 "Also I've been in contact with the guy that has two potential developments in Cairns. He's sending through the feasibility to my email. I'll forward it to you from there. Sounds interesting and apparently the guy that owns Townsville casino is sniffing around."

30 What was that referring to?

MR WALKER: Look, part of my role as premium guest manager was to build relationships with people and - and then connect guests together. So I had been in discussion - well, had been talking to another guest of The Star, and he mentioned
35 that he had a development up in Cairns that he was looking to offload. I just thought iProsperity might be interested in looking at it from an opportunity whether they could build a hotel or whatever. So that was all. So --

MS ABDIEL: But you sent it from your Gmail account?

40 **MR WALKER:** Yes. Yes, I did.

MS ABDIEL: Well, you're really offering him some business advice, aren't you, or just --

45 **MR WALKER:** I never offered Michael any - Michael Gu any advice on business at all. At the time, I thought he was quite an astute businessman. So he didn't need my advice.

MS ABDIEL: Well, going up the chain, you've said:

5 "Here's the feasibility and video on C3. Looks interesting. Let me know if there any interest and I can set up a meet or phone call."

MR WALKER: Yes.

MS ABDIEL: And then Michael Gu says:

10 "Will do and let you know."

And then on 27 November 2018, you say:

15 "Hi Michael, have you had a chance to look at C3 Cairns? I only ask because 'the guy' has asked if there's any interest."

20 So you're liaising with someone about the potential for two developments in Cairns for Mr Gu; is that right?

MR WALKER: Purely trying to see if I can connect the two of them up.

MS ABDIEL: Okay. But this was a separate matter to the potential role he had outlined for you in Canberra?

25 **MR WALKER:** Yes. Yes.

MR BELL SC: And why was the person with two potential developments in Cairns sending a feasibility study to your work email?

30 **MR WALKER:** Well, that's how I knew him. So he - he was a guest of The Star. So in our discussions, he said he would send through some information because I said I may know somebody that's in this sort of area that may be interested. So that was all.

35 **MR BELL SC:** Yes, Ms Abdiel.

MS ABDIEL: And then in your statement, you state that it was around December 2018 that you met Mr Gu for lunch; is that right?

40 **MR WALKER:** Yes.

MS ABDIEL: And that was to discuss the potential role he had for you?

45 **MR WALKER:** Look, it was a general - I said to him, "I'm heading down to Melbourne for Christmas with the family." He said, "I'm going to be there. Let's catch up for lunch."

MS ABDIEL: And in your statement, you say at 44 - and I can take you to it if you need to, but at paragraph 44 you disclose that meeting to Jason Yeates and Damian Quayle; is that right?

5 **MR WALKER:** Yes.

MS ABDIEL: Was that disclosure by way of email?

MR WALKER: Yes, I believe so.

10

MS ABDIEL: Did you have any separate conversations with them about the lunch?

MR WALKER: I just don't recall.

15

MS ABDIEL: I will take you to exhibit B1216. And in an email two-thirds of the way down, it states - in an email from you on 20 December 2018, it states:

20 "Gents, just to advise I will be having lunch at Rockpool with Mr Gu on Sunday the 23rd. With licensing, etcetera, I'll have to pay so will utilise my corporate CC."

Credit card, I assume you mean there?

25 **MR WALKER:** Yes.

MS ABDIEL: What do you mean by "licensing" there?

30 **MR WALKER:** Because it was having lunch with a customer, I was just telling them I would be paying.

MS ABDIEL: And then moving up the chain, Jason Yeates responds:

35 "Very important we stay close to him."

Is that because, at this time, you're still trying to convert Mr Gu's patronage from the Crown to The Star?

40 **MR WALKER:** By December, I believe we had had some play from Mr Gu. Mr Yeates is just pointing out that it's important to build the relationships. That was my role, to build relationships with guests. So that's why he is saying stay close to him.

45 **MS ABDIEL:** And did you disclose to Mr Yeates at the time that you had been in discussions with Mr Gu about the two potential developments in Cairns?

MR WALKER: I honestly don't recall whether I did or not. But that would have been - it's possible I would have because that's - that's how we stayed close to

guests, I guess. If we can connect them - as I said before, connect them together, from a business point of view, it just builds - builds the relationship with The Star as well. So they see value in The Star.

5 **MS ABDIEL:** Now, is it correct that just a couple of weeks later, you approved the provision of a \$200,000 cheque cashing facility to Mr Huang?

MR WALKER: No.

10 **MS ABDIEL:** I will take you to an email, which is exhibit B1228. This is not your email, so I'm not suggesting you would have read it. But this is a 2 January 2019 email from Mr Chen to Mr Huang?

MR WALKER: Yes.

15

MS ABDIEL: And he states:

"Hey Harry, when you have time, please fill in on the attachment."

20 And describes a number of matters that Mr Huang should attend to on a document that's presumably attached to this email. And then it states:

"If you can provide the above three too with it, Mark has no problem with your 200K CCF, he will pass it all on once we have these documents."

25

So is it the case that Mr Huang was never granted the CCF, or does that refresh your recollection that he was, in fact, granted a \$200,000 CCF?

30 **MR WALKER:** Look, my - my recollection is he was never granted a 200K CCF. I'm not sure of the timing, and I might be a bit out, but there are other emails between Andrew and I where Andrew has gone - had said Mr Huang is asking for a 200K CCF and I went, "No way." Because at that stage, I think one of our first demand letters had gone out to Mr Gu for payment. So my "no way" meant why we would give additional funds to that particular group if there's a demand letter
35 out for payment.

MS ABDIEL: Well, when you say "group", I mean, these are two separate patrons, are they not?

40 **MR WALKER:** They are two separate patrons, but they're connected by - by business.

MS ABDIEL: Connected by the funds that they were drawing from?

45 **MR WALKER:** No, just they both worked for iProsperity. So --

MS ABDIEL: But, I mean, any problems associated with Mr Gu's liquidity would not necessarily have any relevance to the personal wealth of Mr Huang; is that right?

5 **MR WALKER:** Yes, not necessarily. But enough - I knew they were close enough for me to have concerns about giving - or not that I could approve, but recommending further funds to them.

10 **MS ABDIEL:** But you had some concerns, though, about both of their liquidity then at this particular time?

MR WALKER: Look, I didn't, only because often at this level, guests - customers get into short-term issues with liquidity and then they - they deal through it. So I felt that Mr Gu's issues would be - would be redeemed
15 and - and he would pay based on that demand letter. But it made sense to me not to recommend any further funds to even his associate.

MS ABDIEL: At this point in the beginning of 2019, you had been offered a potential role by Mr Gu, who had assured you in one of the emails I took you to
20 earlier that - I withdraw that. You had been offered a position by Mr Gu, at least informally thus far; is that right?

MR WALKER: Yes.

25 **MS ABDIEL:** And you've been liaising with Mr Gu about the Project Aqua that iProsperity was working on at the time?

MR WALKER: Yes.

30 **MS ABDIEL:** And liaising with him and another individual regarding the potential development of two properties in Cairns?

MR WALKER: Yes.

35 **MS ABDIEL:** And all the while, Mr Gu and Mr Huang have been gambling at The Star on diamond memberships that you had requested?

MR WALKER: Yes.

40 **MS ABDIEL:** Would you agree that you had a potential or an actual conflict of interest at this point?

MR WALKER: Which - which I pointed out when the job offer first came in. And like I said, I was happy to step away. But once you put it out there, the
45 conflict of interest is reduced a fair bit, I believe, in my mind, and there was no - there was nothing I was doing that was a conflict at all, I believe. My loyalties were with The Star until Mr Gu came up with a contract. So until he presented a contract to me, I had nothing. So --

MS ABDIEL: So it's your evidence that you only had a potential conflict of interest at this point?

5 **MR WALKER:** No, there was no conflict of interest. I was acting, hand on heart, the way I should.

MS ABDIEL: Do you recall an incident in January 2019 regarding a staff member in Gold Coast who had an interaction with Mr Gu?

10

MR WALKER: Yes.

MS ABDIEL: And at least on Michael Gu's version of events, the staff member had been rude to him?

15

MR WALKER: Yes, and I believe there was reports from other staff members saying the same.

MS ABDIEL: I will show you exhibit B1234.

20

MR BELL SC: Just before we leave this document, Mr Walker, Mr Chen reported to you at this time; is that correct?

MR WALKER: That's correct.

25

MR BELL SC: And according to this email, he is telling Mr Huang that you have no problem with your \$200,000 CCF. Do you see that?

MR WALKER: I do, yes.

30

MR BELL SC: Is it your evidence that at the same time he was saying this to Mr Huang, you were, in fact, telling Mr Chen "no way"?

MR WALKER: Well, that's where I'm not sure of the timeline. But I know this 200K CCF didn't go ahead because Adrian Hornsby ultimately stopped it and said no. But I had said "no way", so - yes, it surprises me, that line in there, Mr Bell.

35

MR BELL SC: So from your point of view, what Mr Chen is telling Mr Huang is completely incorrect, is it?

40

MR WALKER: Possibly. I just don't recall having a conversation with Mr Chen about - saying, "Yes, I have no problem with the 200K CCF."

MR BELL SC: Why only possibly? If you told him "no way", then this seems to be completely contradictory, doesn't it?

45

MR WALKER: I just don't recall the conversation. I'm sure you've got the emails further on. And if you haven't, I can get them for you. It's just the timeline, Mr Bell, I'm not - it must be the same - around the same time.

5 **MR BELL SC:** Yes. All right. Yes, Ms Abdiel.

MS ABDIEL: Excuse me one moment, Mr Bell. Exhibit B1234, which is document ID STA.3420.0001.5141. And if we can go to the email at the bottom of point 1 - apologies, point 5143 - I withdraw that. Point 5142 and the top of point
10 5143. And this is an email from Jacqueline Conn, who was the gaming operations manager at Star Gold Coast. Do you see that?

MR WALKER: Yes.

15 **MS ABDIEL:** And if you need to, you can take a moment to read that.

MR WALKER: Yes.

MS ABDIEL: And Ms Conn is describing an incident in which Mr Gu sought to
20 settle his program?

MR WALKER: Yes.

MS ABDIEL: And the staff member refused to do it in the way that he requested,
25 and he felt that she was very dismissive and rude and turned her back and walked away?

MR WALKER: Yes.

30 **MS ABDIEL:** And then he swore at her?

MR WALKER: Apparently swore at her, yes.

MS ABDIEL: Then going further up the chain at point 5141, there's an email
35 from Jessica Wang dated 13 January 2019, and she says:

"I've spoken to Robin and she has a different story from her side."

MR WALKER: Yes.

40

MS ABDIEL: You can take a moment to read that.

MR WALKER: Yes.

45 **MS ABDIEL:** And she describes - or Ms Wang describes that Robin had been called over by the guests, and Mr Gu had started to swear at her and threaten her and pointed at her face and said, "You're dead", etcetera.

MR WALKER: Yes, I can see that.

MS ABDIEL: And that's when Robin went to report to her supervisor for assistance?

5

MR WALKER: Yes.

MS ABDIEL: And then at the top email, Ms Nadine Weaving forwards you an incident statement?

10

MR WALKER: Yes.

MS ABDIEL: Do you recall receiving that incident statement?

15

MR WALKER: I recall this incident. I don't particularly recall the incident statement.

MS ABDIEL: Do you recall whether you read it at the time?

20

MR WALKER: I would have, yes.

MS ABDIEL: I will take to you that. It's exhibit B1235. I will give you a moment to read that too.

25

MR WALKER: Yes.

MS ABDIEL: And do you agree that this describes, at least in Ms Lin's terms, an incident in which Mr Gu had sought to deposit chips into his guest's front money account or vice versa?

30

MR WALKER: No. He was there to settle his program, and Mr Gu has asked:

"You take these chips and deposit it."

35

And the staff member is saying:

"No, we can't deposit chips for guests."

So I take from that he was wanting to deposit into his own account.

40

MS ABDIEL: But in any event, the request was something that the staff member could not undertake because it was against policy?

MR WALKER: I'm not sure what policy is up there.

45

MS ABDIEL: Well, it says:

"Sorry, we can't deposit chips for guests as per policy."

MR WALKER: It reads that way, yes.

5 **MS ABDIEL:** And you would have understood at the time that there was at least a concern that Mr Gu had asked the staff member to do something that was against Gold Coast policy?

MR WALKER: Yes, it's not an unusual request for a - for a customer to say to a team member to, "Deposit these in my account". It's --
10

MS ABDIEL: Well, unusual or not, this was a request that at least raised some concern that Mr Gu was asking the staff member to do something that was against Gold Coast policy; do you agree?

15 **MR WALKER:** Well, only because Mr Gu didn't know it was against policy, I guess, at the time.

MS ABDIEL: And then the staff member says:

20 "Sorry, we can't do that."

And on her account, Mr Gu swore at her and then threatened her; do you agree?

MR WALKER: Yes, on her account. Yes.
25

MS ABDIEL: Do you agree that this was - this incident was raising some serious concerns in relation to Mr Gu's conduct?

MR WALKER: Yes.
30

MS ABDIEL: When you read and heard about this incident, did you take any steps to impose any measures on Mr Gu to guard against this kind of behaviour?

MR WALKER: Look, I had a conversation with him and told him that we don't tolerate this sort of behaviour towards team members and not to do it again. On your first email you showed me, there was a - it did state that there was another staff member that said that he felt that Ms Lin was rude to Mr Gu. So that was the only extenuating circumstance in the thing. It wasn't he's reacted badly and was told that it was a bad reaction and don't do it again, but the team member could have handled it better.
35
40

MS ABDIEL: Did you seek to have the - him apologise to the staff member for his conduct?

45 **MR WALKER:** I would have loved for that to happen, but he - he's not the type of guy - he wasn't willing to do that. I apologised about the situation, I think to Nadine, "I'm sorry, Nadine. I'm sorry it happened, I'll make sure it doesn't happen again." Yes.

MS ABDIEL: I will take you to a further document, which is exhibit B1239 - I withdraw that. Sorry. Exhibit B1238. And there's an email there on 13 January 2019 from you to Nadine?

5

MR WALKER: Yes.

MS ABDIEL: And you say:

10 "I'll talk to Michael about swearing at staff. The fact that her rudeness has been verified by another staff member needs to be dealt with. Bottom line is if she had handled this."

And then you add to that sentence in the further email above:

15

"Bottom line if she had handled this correctly we wouldn't have to deal with it now."

And then you say:

20

"How do you want to handle her apologising as we need to make this happen in the next couple of days."

So does this - is it your evidence that you genuinely wanted Mr Gu to apologise to the staff member?

25

MR WALKER: I knew that wasn't going to happen. I would have liked - it would have been good if Mr Gu had said, "Look, I was out of line. I will apologise." But he was - he had latched on to the fact that she was rude to him and wouldn't budge. And it was - he's very particular with the service aspect that we found at Star, which is - there was an incident where myself, Mr Yeates and Mr Quayle had to go to his office to apologise for some service failures when we first got him back to The Star. So --

30

MS ABDIEL: Well, Mr Walker, this is not a service failure. Mr Gu had requested that a staff member do something that raised concerns about it being a breach of Gold Coast policy, right?

35

MR WALKER: Correct.

40

MS ABDIEL: And when she refused, whether or not she was rude, Mr Gu swore and threatened her; that's right, isn't it?

45

MR WALKER: So it is a service failure because had she - like I'm saying, had she handled it the right way, she could have - the problem he had was she said what she had to say and then she turned her back. So turning her back on him was an insult. So had she just handled it better, we wouldn't have been in the situation that we were in.

MS ABDIEL: Was there a resignation over this incident?

MR WALKER: I'm not aware. I don't know.

5

MS ABDIEL: Can I show you exhibit B1239. And this is an email - the second email down is a 14 January 2019 email from you to Damian. Would that have been Damian Quayle?

10 **MR WALKER:** Yes, it would have been.

MS ABDIEL: And you say:

15 "I need to see you first thing to discuss an incident in GC re Michael Gu on settlement. We have been unable to resolve today and Gu is expecting a call at 10 am tomorrow morning."

And then Mr Yeates responds to you on the same day:

20 "Might be able to use the resignation as a catalyst for change in Gold Coast."

Do you see that?

25 **MR WALKER:** I do see that, yes.

MS ABDIEL: Does that refresh your recollection as to there being a resignation over the incident?

30 **MR WALKER:** Look, it doesn't. But it's possible, reading that.

MS ABDIEL: Do you think that this was a case of The Star prioritising the needs of a patron or the desires of a patron over the concerns and treatment of a staff member?

35 **MR WALKER:** Look, I don't think so because we are quite strong on guest behaviour towards team members. As I said before, there was verified - another verified source that said this particular team member was rude. So I think that was the - that was the - the only element of doubt, if you like. And not saying I condone the behaviour, because I don't, and I let Mr Gu know firmly that we don't
40 condone that behaviour and please don't do that again. Yes.

MS ABDIEL: But you didn't encourage him to apologise to the staff member?

45 **MR WALKER:** Look, I don't - I don't recall whether I - I would have liked him to. I just - I think he was so hung up on what had happened to him, there was - it wasn't going to happen.

MS ABDIEL: And you didn't seek to impose any limitations on his patronage at The Star as a result of this incident?

MR WALKER: No.

5

MS ABDIEL: I will take you to exhibit B1236. Sorry --

MR BELL SC: Ms Abdiel, is that a convenient time for the morning adjournment, or are you going to be staying on this topic?

10

MS ABDIEL: If I could just have five more minutes, Mr Bell.

MR BELL SC: Yes, of course.

15 **MS ABDIEL:** Exhibit B1236. And this is an email - on the first page, the email at the bottom is an email from you to Damian Quayle. And you say:

"Damian, I'm seeking your approval for a blackjack limit of 300 to 10K for Michael Gu."

20

What does that mean?

MR WALKER: So minimum is \$300. Maximum per box is \$10,000.

25 **MS ABDIEL:** And you say:

"He had this approved while in Gold Coast (actually requested \$20,000 but this was declined) and now wants it in Sydney."

30 **MR WALKER:** Yes.

MS ABDIEL: And then if we go further up the chain, you forwarded to Star VIP gaming managers notification that you obtained approval for that limit on blackjack for Mr Gu?

35

MR WALKER: Yes.

MS ABDIEL: And that's the same day that you received notification of the incident in the Gold Coast?

40

MR WALKER: I'll take your word for it. Yes. Okay.

MS ABDIEL: But - and notwithstanding that he had been declined that \$20,000 limit in Gold Coast, you had sought this limit for him for blackjack in Sydney as a privilege?

45

MR WALKER: Yes. I mean, he played - all his limits on all the games were higher than the table minimum. So I think the standard limit for blackjack was 100 to 5000. So he's gone up one level.

5 **MS ABDIEL:** At this time, you are advising the business on - and indeed interacting with Mr Gu, on how to respond to a breach of policy by him - or a potential breach of policy by him at the same time that you had been in discussions with him about a potential job offer?

10 **MR WALKER:** Going back to what I said, Mr Gu's request to that team member isn't out of the ordinary, and we have many guests that - that ask a variety of different things for a host or whatever to do. So I don't see anything wrong with the request from Mr Gu. So I'm not quite sure what you're getting at.

15 **MS ABDIEL:** Well, you agreed with me that it raised concerns as to whether it was a breach - as to the request being a breach of Gold Coast policy. Do you not agree with that?

20 **MR WALKER:** Look, I'm just struggling because he would never know - he would never know what the policies are at the Gold Coast. So he's going to ask a question, he got told it was a no. So - and that was the end of it. So --

25 **MS ABDIEL:** In any event, you're also advising the business on how to respond to his behaviour in swearing and threatening a staff member, are you not?

MR WALKER: Well, saying had the team member done her job correctly, we wouldn't have been in the situation. That's --

30 **MS ABDIEL:** And facilitating an apology by the staff member to Mr Gu?

MR WALKER: Sorry. I missed that. Could you say that again?

35 **MS ABDIEL:** You were at a process, at this point in time, of advising the business, including facilitating an apology by the staff member to Mr Gu in relation to an incident in which he had sworn and threatened the staff member?

40 **MR WALKER:** Can I just say it's allegedly - it's her statement that - I know Mr Gu admitted to swearing. I'm not sure about the threat. But that's my job, to - I'm doing my job. I'm not sure what you're - yes, I was in discussions. This job offer went on for a number of months. And in the meantime --

45 **MS ABDIEL:** Well, in fact, Mr Walker, at this point the job offer was imminent, was it not, because Mr Gu made you an offer just a week later on 20 January 2019?

MR WALKER: He - yes, it still wasn't a contract. So he put some terms on it in an email. So it's still not - it's not worth anything until you've got a contract that I could take to an employment lawyer to go, "Can you please look at this?"

MS ABDIEL: And at the same time that you were having those discussions, you were arranging privileges for him and benefitting from his patronage at The Star; is that right?

5

MR WALKER: I was doing my job because Michael Gu had asked for the same limit he had been given in Gold Coast. He wanted it in Sydney. So I put that through to my management, that request. So I wasn't - I wasn't doing anything. If the request came back as a no, well, then, that would have been the end of it.

10

MS ABDIEL: Mr Walker, I put to you that you could not possibly, at this point in time, have had an objective or impartial response to this incident in the Gold Coast in light of the relationship that you had with Mr Gu at this time. Do you agree or disagree?

15

MR WALKER: I disagree.

MS ABDIEL: And instead you acted to protect the person who was benefitting you at that time. Do you agree or disagree?

20

MR WALKER: I disagree. There was no benefit to me at all.

MS ABDIEL: And indeed, you failed to take any steps to protect the interests of the staff member that had, in your words, allegedly been threatened and sworn at?

25

MR WALKER: Well, see, that's not correct either because the business itself - the Gold Coast - would have escalated this further if they had deemed it necessary.

30

MS ABDIEL: And you had failed to take any steps in relation to limiting or imposing measures on Mr Gu in response to the serious compliance and behavioural concerns that arose from the incident. Do you agree or disagree?

35

MR WALKER: I don't believe it raised compliance concerns because he wouldn't have known what his request - that anything to do with, as any customer wouldn't. I'm sorry, I've lost the rest of your question.

MS ABDIEL: I will ask it again. You failed to take steps in relation to limiting or imposing measures on Mr Gu in response to the - at least the serious behavioural concerns that arose from the incident. Do you agree or disagree?

40

MR WALKER: I disagree because I raise - as you see in these emails, it was raised with Mr Quayle and, therefore, it would have been raised with Mr Yeates as well. So they - they could have - if I was dealing with this incorrectly, they could have stepped in.

45

MS ABDIEL: Mr Bell, is that a convenient time?

MR BELL SC: Yes, it is. I will now adjourn for 15 minutes.

<THE HEARING ADJOURNED AT 11:40 AM

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

MR BELL SC: Yes, Ms Abdiel.

10 **MS ABDIEL:** Mr Walker, I will show you another document, exhibit B1241.
This is STA.3411.0026.2984. The second email on that page from Lerina Lam.

MR WALKER: Yes.

15 **MS ABDIEL:** And that document - that email, while you are not on it, it's
forwarded to you, further up the chain?

MR WALKER: Yes.

20 **MS ABDIEL:** And Ms Lam says:

"Hi Gerard, thank you so much for your time this morning. We are very
excited to build a closer relationship with The Star in order to provide our
investment clients the best experiences with their time in Australia."

25 Do you see that?

MR WALKER: Yes.

30 **MS ABDIEL:** What was that in relation to?

MR WALKER: Mr Robb was - I guess you call him a business development - in
a business development role. So it was how could The Star build those
relationships closer with our guests. So in this case, we were liaising with Ms Lam
about when they brought their clients out from China, for example, and how could
35 we work closer with her. It's all about adding value.

MS ABDIEL: And what was the type of relationship that was sought to be
achieved here between The Star and iProsperity?

40 **MR WALKER:** I - look, apart from - like you say, I'm just cc'd in here. It would
be finding synergies that we could build closer relationships. So for example, it
goes down - talks about maybe iProsperity advertising in The Star magazine. Yes,
looking at ways we can bring those clients into The Star, I guess.

45 **MS ABDIEL:** And that email is forwarded to you and then also Mr Yeates,
Mr Quayle and Mr Hawkins. And Mr Robb says:

"Please see follow up from Michael Gu's marketing manager today. Lerina will be speaking to Michael's right-hand man CFO Harry Huang about iProsperity and The Star collaborations."

5 Did you have any involvement in those discussions at all?

MR WALKER: No.

10 **MS ABDIEL:** I will take you to exhibit G660. And this is an email from Mr Gu to you. This is an update on the Canberra acquisition; is that right?

MR WALKER: It looks like it, yes.

15 **MS ABDIEL:** And this is dated 18 January 2019?

MR WALKER: Yes.

20 **MS ABDIEL:** And do you recall why he was - your understanding as to why he was forwarding this to you?

MR WALKER: Look, I - I believe it was - the job offer was still on the table. So he was - and the purchase looked like it was going ahead or progressing. So he was just forwarding me any relevant information.

25 **MS ABDIEL:** I will show you exhibit B1308. On the second page, at underscore 0001.

MR WALKER: Yes.

30 **MS ABDIEL:** This is Mr Gu's job offer to you, and it's in an email dated 21 January 2019?

MR WALKER: Yes.

35 **MS ABDIEL:** And he states:

"Apologies for the delay on sending this. As discussed, iPG and Blue Whale would like to send you an offer of employment and below are the key elements of the offer."

40 What was the entity Blue Whale?

MR WALKER: I think that was the entity that was going to be buying Canberra casino.

45 **MS ABDIEL:** And the draft offer states that you would be the group CEO of Aquis and executive director of Blue Whale Entertainment, describes the key roles you would hold. And then going over the page at underscore 0002, it states your

remuneration and package, \$580,000 plus super with uncapped business related expenses, \$580,000 sign-up bonus, etcetera.

MR WALKER: Yes.

5

MS ABDIEL: How did you respond to this job offer?

MR WALKER: Isn't it in the - further up.

10 **MS ABDIEL:** Well, I will take you to the email, but I was asking for your recollection at the moment.

MR WALKER: Sorry. I believe I went, "It looks okay. It looks good. Happy to proceed to the next step."

15

MS ABDIEL: And I will take you to the email further up the chain where you do respond on 11 March 2019, so a couple of months after you received the offer. Now, that email relates to - this is 11 March at 3.20 pm.

20 **MR WALKER:** Yes. Yes.

MS ABDIEL: Is that the response - I withdraw that. There's an 11 March 2019, 2.55 pm response to you - from you?

25 **MR WALKER:** Yes.

MS ABDIEL: That wouldn't have been the response that you sent to the job offer, would it?

30 **MR WALKER:** No.

MS ABDIEL: Okay. Was there a different email in which you respond to the job offer?

35 **MR WALKER:** Look, I'm not sure. I would have thought I would have replied saying, "Looks fine," but maybe that was a conversation I had with him.

MS ABDIEL: And I will take you to exhibit B1254. And at pinpoint 2024. At the bottom is an email from you dated 22 January 2019. Do you see that?

40

MR WALKER: Yes.

MS ABDIEL: Now, to put this in context, this is about a week after the Gold Coast incident that you were handling?

45

MR WALKER: Yes.

MS ABDIEL: And it's about - well, one day after you received the job offer from Mr Gu?

MR WALKER: Sure. Yes.

5

MS ABDIEL: And you're raising another service issue with Mr Yeates and Mr Quayle?

MR WALKER: Yes.

10

MS ABDIEL: And you state:

"To show him we do value his business it is suggested FBV up to 100K."

15

What does "FBV" stand for?

MR WALKER: Free bet vouchers.

20

MS ABDIEL: So you suggest that in order to show Mr Gu that you value his business or The Star values his business, you suggest offering him \$100,000 worth of free bet vouchers?

MR WALKER: He had asked for a reduction in the CCF.

25

MS SHARP SC: And so this was proposed as an alternative by you?

MR WALKER: Yes.

30

MS ABDIEL: Then going up the chain, Mr Yeates responds and forwards to Greg Hawkins. If we could go up to the bottom of point 2023 and top of 2024. Do you see that email?

MR WALKER: Yes.

35

MS ABDIEL: On 22 January 2019?

MR WALKER: Yes.

40

MS ABDIEL: And it states - Mr Yeates states:

"Greg, lots of detail below but in summary, Mr Gu has lost \$5.1 million in Sydney in the last six months (including losing \$1.2 million last night)."

MR WALKER: Yes.

45

MS ABDIEL: And he raises a series of service failures experienced by Mr Gu?

MR WALKER: Yes.

MS ABDIEL: And then he recommends following on your recommendation that The Star offer him \$100,000 worth of free bet vouchers as service recovery and to show him respect and faith?

5

MR WALKER: Yes.

MS ABDIEL: And this was to ensure that he would be shown that The Star was very serious in having him as a long-term customer across the group?

10

MR WALKER: Yes.

MS ABDIEL: And that's approved by Mr Hawkins above?

15

MR WALKER: Yes.

MS ABDIEL: So at this point, Mr Gu has been gambling fairly heavily at The Star; would you agree?

20

MR WALKER: Yes.

MS ABDIEL: And this is only, as we said, a week after the incident in the Gold Coast and a day after he's offered you a job - a fairly lucrative job?

25

MR WALKER: Yes.

MS ABDIEL: You had a fairly crystallised conflict of interest here, did you not?

30

MR WALKER: The conflict of interest was brought out right back in the beginning when I told - I tabled that a job offer was coming. So it hadn't changed since then. So --

MS ABDIEL: Mr Walker, do you agree that the fact that you told someone about a potential conflict of interest does not change whether or not your advice to the business was coloured by your commercial dealings with Mr Gu?

35

MR WALKER: I'm just saying that my - my dealings with Gu wasn't coloured by - by the job offer.

40

MR BELL SC: But did it not occur to you at this juncture, at the time that you were suggesting a favour to Mr Gu in the form of \$100,000 worth of free bet vouchers, that you should disclose to Mr Yeates and Mr Quayle that you had received a job offer the previous day?

45

MR WALKER: Mr Bell, I had already disclosed that the job offer had been - a job offer had been verbally made. Now I'd received - yes, I had received an email, but it still - until I had a contract, I had nothing, which ultimately I had nothing. So

I was right - I'm right in my assumption that until it's in a contract, it's not worth the paper it's written on. So --

5 **MR BELL SC:** Just listen carefully to my question. My question is whether it occurred to you at this time that you should disclose to Mr Yeates and Mr Quayle that the previous day you had received a job offer in writing from Mr Gu?

10 **MR WALKER:** No, it didn't, only because - the reasons I've outlined. But I didn't want to keep bringing it up that, "Hey, this job offer is here now," or the offer has been made when it still wasn't firm.

15 **MR BELL SC:** Don't you think you should have disclosed the fact that a written offer had been received the previous day when you were recommending this benefit to Mr Gu?

20 **MR WALKER:** Once - my - the recommendation is just a recommendation. I was looking at ways of giving an alternative to - rather than a CCF reduction. And it's just a recommendation. You know, in hindsight, Mr Bell, maybe - yes, maybe I should have said, "Look, I've now got - he's now sent an email, but I still don't believe I have a firm offer in play."

MR BELL SC: So looking back on it now, do you accept that you ought to have acted differently?

25 **MR WALKER:** Looking back on it now, I'll say, yes, I could have advised the - that he had sent an email with an offer. So it had gone from a verbal to a written email. But - but once again, in my - hand on heart, I still had nothing. I still believed I had nothing until he firmed it up. And this was just me doing my job. This is - this is nothing out of the ordinary. \$100,000 free bet voucher at a cost of
30 \$50,000 sounds a lot of money, but it's not uncommon.

MR BELL SC: Yes, Ms Abdiel.

35 **MS ABDIEL:** Mr Walker, I will take you to your statement. If that could be brought up. It's exhibit A, tab 1509. Thank you, operator. And paragraphs 78 to 79. And do you agree that in those paragraphs, you state that from time to time, Mr Gu would show you evidence of iProsperity's assets or earnings?

40 **MR WALKER:** Yes.

MS ABDIEL: But you took that to mean that he was showing you indirectly his own personal wealth being in a strong position?

45 **MR WALKER:** I think - I think I say further on, he's a bit of a show-off. So he was quite a big personality, as possibly you're deriving. He liked to show, "Look at me, look at me." I think he was showing me the health of his company, "I've got to make all these investments. This is what I have got. This is the money I've got to invest." And yes, I did believe that based on media reports throughout the whole

time we dealt with Mr Gu through the Australian Financial Review, you know, he was seriously buying - looking at casinos, buying hotel groups. They were all reported. So it did seem that the company and he was in a good position.

5 **MS ABDIEL:** And in paragraph 79, you describe an incident in early 2019 where you attended his offices to meet him regarding a debt owing on his CCF?

MR WALKER: Yes.

10 **MS ABDIEL:** And do you recall that he was having liquidity issues at that time?

MR WALKER: In early 2019? Look, I'm not sure of the - well, I was there to talk to him about paying his CCF that he was - I believe he was late on.

15 **MS ABDIEL:** So he was late on his CCF. And why did you attend his offices instead of just calling him on the telephone?

MR WALKER: It was probably a bit of everything. Better to talk to him face to face. Because, from memory, it was, you know, suggesting that he pay something.
20 If he can't pay the lot, pay something as a sign of good faith. But, yes.

MS ABDIEL: And during the course of that conversation, Mr Gu showed you a bank statement of iProsperity with a balance of approximately \$100 million?

25 **MR WALKER:** Yes, I think it was on his phone. I think he just brought it up, going - you know, he said those words, "There's plenty of money there."

MS ABDIEL: And he said that that was investors' money?

30 **MR WALKER:** Yes.

MS ABDIEL: And you responded that he could not use those funds to redeem his CCF?

35 **MR WALKER:** I just said, "Well, obviously you can't use those." And he went "Yes, of course." So it was --

MS ABDIEL: Did you ask any further questions about why he was showing you that?
40

MR WALKER: No. Like I said, I believe he was just showing off.

MS ABDIEL: A pretty strange thing to do in the course of a discussion about redeeming his cheque cashing facility for gambling?
45

MR WALKER: Like I said, he's a different sort of personality. He's very confident, very arrogant. You know, I think he was just trying to say, "Hey, don't worry about it."

MS ABDIEL: Do you agree it would be quite strange for him to be showing you that in the context of a discussion about redeeming his CCF with absolutely no intention of using those funds?

5

MR WALKER: Look, at the time, I did. Yes, absolutely.

MS ABDIEL: And did you ask any further questions of him as to what that \$100 million might have meant for his own personal wealth?

10

MR WALKER: No.

MS ABDIEL: And you later told Mr Yeates about it because it was such a striking figure; is that right?

15

MR WALKER: Well, I've never seen that many zeros in my life. So, yes.

MS ABDIEL: And at this time, you were aware that - and, in fact, this meeting was about the fact that Mr Gu had not always been able to pay his debts and at least in this instance was having some issues repaying his CCF?

20

MR WALKER: Yes.

MS ABDIEL: And you were aware that that had occurred in the past because Mr Huang had had to pay down his \$500,000 CCF when he first commenced gambling at The Star?

25

MR WALKER: Yes. I know Mr Huang CCF'd the funds in. Whether - yes. I understand what you're saying.

30

MS ABDIEL: Would you not have considered this to be a red flag that Mr Gu - there was a possibility that Mr Gu had some intention of using investor funds to fund gambling at this point?

35

MR WALKER: No, I didn't. To me, he was showing me the health - health of his business. The conversation went on to say that he's got to get busy and - and buy some more investments. Like I said, play - customers at this level often have - go through patches like this. And with what he was doing, buying - supposedly buying Canberra casino, that sort of thing, it sort of made sense.

40

MS ABDIEL: But he was showing you this, Mr Walker, in the context of you going to meet him at his offices to discuss the repayment of a gambling debt?

45

MR WALKER: I honestly had no thoughts that he was going to use investor funds to pay us down. Ultimately, he ended up leaving The Star with a debt, which, to be honest, kind of shows that he didn't use investor funds to pay down the debt.

MS ABDIEL: Well, I put it to you, Mr Walker, that the fact that he showed you a balance of \$100 million worth of investor funds in the course of having a discussion with you about repaying down his cheque cashing facility should have given you, at a minimum, a reasonable suspicion that there was a possibility that he would use those funds to pay down his gambling debt.

MR WALKER: And like I said, I had no thought that he would do something like that because of what he was lining up to do and with what the media reports were saying he was buying at the time, hotels. He was in the market for the Canberra casino. I knew he - in my mind, he had to pay the CCF, otherwise his credit rating would be affected, and that would potentially affect how he's going to buy the Canberra casino and the other investments that he owned.

MS ABDIEL: Well, this was at the very --

MR BELL SC: Did you discuss your job offer from Mr Gu at this meeting when you also discussed the CCF?

MR WALKER: I'm not sure, Mr Bell.

MS ABDIEL: And this is early 2019, at the same time that this wealthy company was offering you a fairly lucrative job, was it not?

MR WALKER: Yes.

MS ABDIEL: Were you just being willfully blind to the prospect that Mr Gu could be utilising investor funds to pay his gambling debts?

MS RICHARDSON SC: I object to that question. Perhaps this could be done in the absence of the witness.

MR BELL SC: Yes. Operator, could we go to private mode in the absence of Mr Walker, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12:19 PM

<THE HEARING IN PRIVATE SESSION RESUMED AT 12:19 PM

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 12:20 PM

<THE HEARING IN PUBLIC SESSION RESUMED AT 12:20 PM

MR BELL SC: Yes, Ms Abdiel.

MS ABDIEL: Mr Walker, were you being willfully blind to the prospect that there was a possibility that Mr Gu might use investor funds to pay down his gambling debts?

MR WALKER: No, I don't believe I was because I - I had known of his play level for the previous four or five years, and what he was doing was not unusual. So it was just - this was - this was him.

5 **MS ABDIEL:** I will show you another document. It's STA.3411.0003.7943. And at point 7944 is an email from you - cut off over the page - the 2 April 2019 email from you. Sorry, the next one. It's at the top of point 7944 and the bottom of 7943. That's right. Thank you. And you state:

10 "Andrew and I met with Michael Gu and presented the attached documents and rate card and talked through filling in the JO/JR application form."

And at this point, there's some discussions about Mr Gu operating a junket; is that right?

15

MR WALKER: Yes.

MS ABDIEL: And I will come back to that. But the second dot point in the email says:

20

"He would like to increase his CCF to five million, three million for the junket and two million for Mr Gu."

That's what you say, sorry.

25

MR WALKER: Yes.

MS ABDIEL: And on the front page of this document - if we could go to the first page of the document - Mr Hornsby responds to you about 15 minutes later and says:

30

"Hi Mark, I can speak to the credit question. Gu has just been raised to \$3 million pending payment on the due date. To move up to \$5 million, I would like to see more supporting documents to assist the authorisers to gain comfort. His personal play level has been strong at \$2 to \$3 million, but he is also playing heavy at Crown at the \$3 million level, which I am closely monitoring."

35

MR WALKER: Yes.

40

MS ABDIEL: And he says:

"Not sure how deep his pockets really are at this point in time, but up to this point in time he hasn't shown any weakness."

45

MR WALKER: Yes.

MS ABDIEL: And then you respond:

5 "Hi Adrian, I asked about his current losses, 'Are you okay? We don't want to hurt you, especially when you are playing down south as well.' He said he had won \$10 million in Macau last year so was just giving us some of that. Any chance you can verify that through your contacts? In the meantime, I will ask for supporting documents."

10 Did you get supporting documents from Mr Gu at that time to support the \$10 million win he says he obtained in Macau?

15 **MR WALKER:** I'm not sure that was the supporting documents I was referring to. I was hoping Adrian, through his contacts at the Macau casinos, could verify that. I think I was referring to what Adrian was - had mentioned that he would want - want more documentation. And to be honest, I don't recall what - what that was now.

MS ABDIEL: Do you recall whether you spoke to Mr Hornsby any further about any verification that he sought?

20 **MR WALKER:** Look, I don't recall.

25 **MS ABDIEL:** I will take you to exhibit G668. Mr Bell, before I go to that document, could I please request a one minute or two minute adjournment just to address a technical difficulty because my video has gone away.

MR BELL SC: Yes, I will just adjourn for a moment.

MS ABDIEL: Thank you.

30 **<THE HEARING ADJOURNED AT 12:26 PM**

<THE HEARING RESUMED AT 12:31 PM

35 **MR BELL SC:** Yes, Ms Abdiel.

MS ABDIEL: Mr Walker, this is an email dated 16 April 2019 from you to Mr Gu?

40 **MR WALKER:** Yes.

MS ABDIEL: Do you recall this email?

MR WALKER: Yes.

45 **MS ABDIEL:** The subject is Positioning the F&B Opportunity. Is that the food and beverage opportunity?

MR WALKER: Yes.

MS ABDIEL: And the email makes some suggestions about positioning the food and beverage offering at the Canberra casino?

5 **MR WALKER:** Yes.

MS ABDIEL: But had you accepted a job with him at this point?

MR WALKER: No.

10

MS ABDIEL: So you're just offering him some advice about the potential Canberra casino offerings?

15 **MR WALKER:** In our conversations, he talked about doing something with the food and beverage outlets in Canberra. I had a slight interest in Instagram from the way various operators use Instagram to gain a following. Their unique selling point, if you like. So that was what this was about.

20 **MS ABDIEL:** And I will show you a document from around a month later. It's STA.3420.0007.6516. And this is not an exhibit as yet. If I could take you to point 6518. There's an email from David Procter to presumably Andrew Chen, asking whether today's cheque is to be banked or whether we are to expect the \$3 million issued to be redeemed. Do you see that?

25 **MR WALKER:** Yes.

MS ABDIEL: And then the email is forwarded on to you - you are copied with Adrian Hornsby, and Andrew Chen responds to David:

30 "I was speaking to Mr Gu yesterday. He said there might be a delay in his transfer, but he will update me today. I'm yet to hear back from him. He's currently overseas in China."

35 **MR BELL SC:** Ms Abdiel, we will need to see the start of the email to see who the recipients - the persons copied in were.

MS ABDIEL: Apologies, Mr Bell. So it's at the bottom of point 6517. Do you see that, Mr Walker?

40 **MR WALKER:** Yes.

MS ABDIEL: And then on the page - next page going up at point 6517. On 6 May 2019 at 10.05 am, Adrian Hornsby says:

45 "Please bank the cheques at 3 pm if no news."

And then Mr Chen responds on the same day, a couple of hours later:

"Gu has just advised me that he is still waiting for funds to clear on his end to enter his account and, therefore, won't be able to make the transfer today. He said, 'Bank the cheques, but they will bounce.' He will advise me ASAP when he receives his funds ASAP. He apologises for the inconvenience."

5

And then further up the chain, on that same page, Mr Hornsby says:

"Does he still have chips on him?"

10 And then if we could go to the - sorry. Do you see that, Mr Walker?

MR WALKER: Yes.

15 **MS ABDIEL:** If we could go up to the front page of the email. And there's an email from Mr Chen saying:

"Afternoon Adrian -"

20 This is on the same day:

"No, not that I'm aware of in relation to Mr Gu holding chips. I believe he lost in poker the \$2.5 million of chips and the remainder was baccarat play."

25 And then he goes on to say that he asked Mr Gu when he will repay the CCF, and he also asked:

"If anyone here could pay it off for him, first with chips, like one of the poker players, as Friday is very late. Gu replied with no as most of his associates are travelling, along with his CFO who is also overseas."

30

Was Mr Gu having liquidity problems again at this point in time?

35 **MR WALKER:** I - it's possible because I know we ended up sending out two demand letters. So I'd say he's cleared the first one and then --

MS ABDIEL: Was there anything wrong with Mr Chen suggesting that Mr Gu have other players pay off Mr Gu's gambling debts for him?

40 **MR WALKER:** Yes, I mean, obviously that's not acceptable.

MS ABDIEL: Did you say that to Mr Chen?

MR WALKER: Look, I don't recall.

45 **MS ABDIEL:** Well, he approached Mr Gu to suggest it to him.

MR WALKER: Yes, true. I think Andrew's just - same thing - putting it to the operation, is the survival option. But --

MS ABDIEL: Well, he didn't put it to the operations asking if it was a viable option; he suggested it to Mr Gu.

5 **MR WALKER:** Yes, sure. Okay. I accept that.

MS ABDIEL: So someone should have told Mr Chen that that was not appropriate and against policy?

10 **MR WALKER:** Sure. Yes.

MS ABDIEL: I will show you exhibit B1445.

15 **MR BELL SC:** Sorry, just before that - does that document need to be marked for identification?

MS ABDIEL: It does, Mr Bell. Yes.

20 **MR BELL SC:** MFI49.

MS ABDIEL: Thank you. And this is an email of 4 July 2019, so a couple of months along again. This is an email from you to Mr Rick McDonald. Who was he?

25 **MR WALKER:** Rick - and I'm forgetting his title, but basically a finance - he was our finance manager or a finance manager. Yes, commercial finance.

MS ABDIEL: Do you recall sending this email?

30 **MR WALKER:** Yes.

MS ABDIEL: And why were you sending it to Mr McDonald?

35 **MR WALKER:** He's asking for an update, I think. It's often some key players have an effect on your overall result when they are at the calibre that these guests were. So he's just going, "Where are they? What's happening? Are they coming back?" Just wanting an update.

40 **MS ABDIEL:** And he refers to Mr Gu, a couple of other patrons and also Phillip Lee. That was Phillip Dong Fang Lee?

MR WALKER: So I've referred to those players. That's my email.

45 **MS ABDIEL:** Sorry. Yes.

MR WALKER: So I'm just pointing out that they are probably the key - key players at that time and what's happening with them.

MS ABDIEL: I will ask you about Mr Lee a little bit later. But just in relation to Mr Gu, you say he:

5 "Overextended himself in May '19 where he fully drew his \$3 million CCF and was late settling it."

Do you see that?

10 **MR WALKER:** Yes.

MS ABDIEL: And then his:

"CCF was reduced to \$2 million and is currently outstanding."

15 **MR WALKER:** Yes.

MS ABDIEL: And then you say:

20 "He has bought a Canberra casino, signed a deal in Vanuatu for \$30 million."

And:

25 "Mr Gu is engaged with The Star and was recently approved as an international junket under a third party."

MR WALKER: Yes.

MS ABDIEL: And then you make a suggestion as an initiative that he:

30 "Has a set salon on level 17 with a poker table."

MR WALKER: Yes.

35 **MS ABDIEL:** And you say:

"Mr Gu has been provided with The Star yacht."

MR WALKER: Yes.

40 **MS ABDIEL:** And he's been:

"Provided a gift of a magnum of Grange and offered a private jet to Star Gold Coast."

45 **MR WALKER:** Yes.

MS ABDIEL: Now, you're aware at this time, obviously, because you had put it in writing, that Mr Gu had overextended himself on gambling and he had been late repaying his CCF on several occasions now?

5 **MR WALKER:** Yes.

MS ABDIEL: But the response suggested by you was to offer him gifts and luxury services?

10 **MR WALKER:** They - they were already in play. It was initiatives that we had put in place; it's not what we were offering to do. So he had already a salon with a poker table on level 17. He had been out on The Star yacht. I don't actually remember the magnum of champagne, but fair enough. And he used to fly all the time to the competitor in their private jet, so that was something that - so that was offered. But like I said, at this stage, he'd redeemed - he'd cleared any out - any CCF that was late - excuse me - and he was drawn to \$2 million, but that - and that wasn't due yet. It was due in four days' time.

20 **MS ABDIEL:** But several of these were ongoing benefits offered by The Star, were they not?

MR WALKER: Yes, they would have been.

25 **MS ABDIEL:** And wasn't these series of benefits ongoing - offered to Mr Gu in an ongoing way, encouraging him to gamble further?

MR WALKER: It was just trying to turn off any of the trips that he had heading south. That was the whole idea of it. If we could stop a trip to a competitor, it was incremental revenue.

30 **MS ABDIEL:** But you're aware at this point that he had overextended himself on several occasions. Was this the responsible response by you, to encourage him to gamble further?

35 **MR WALKER:** When you say "by me", I'm not sure if you're referring to me personally or The Star. But none of this was approved by me. These were just initiatives, and then I would seek approval if they were going to go into play. Even Adrian's email before said something about that he was not sure how deep his pockets are, but he's looking solid at this stage or something to those - words to those effect. So it's just in line with what I said before about these players at this level can get into cash flow issues and then they kind of trade - trade their way out. But his CCF has been reduced from three to two. So that was one initiative to try and make sure he doesn't hurt - we don't hurt him or he doesn't hurt himself.

45 **MS ABDIEL:** I will take you to exhibit B691. So this is an email a couple of weeks later dated 22 July 2019. It's IPR.001.068.2963. And - I'm sorry, I think we have got the wrong email there. This is IPR.001.068.2963. Thank you. This is an email from you, the second email on the page at 22 July 2019?

MR WALKER: Yes.

MS ABDIEL: Where you say:

5

"Hi Michael, hope Paris is going well. We discussed a bank account and an entity for the shares. These are as follows."

And the entity for the shares is a trust in your family name?

10

MR WALKER: Yes.

MS ABDIEL:

15

"Please let me know if you need anything else."

Now, was this the shares that were going to go to you - I'll withdraw that. Were these shares that were offered to you as a component of the job offer Mr Gu made to you?

20

MR WALKER: Yes.

MS ABDIEL: So it is at this point you had accepted the job offer?

25

MR WALKER: Look, I - I - I should clarify earlier. The first email Mr Gu sent me with that outline, I accepted and said, "Yes, that looks good. We can go to the next step." So whenever that was. I think that was early '19. And then this is on the back of a conversation with Mr Gu about all we need is a bank account and the entity for the shares. So on signing of the contract, those transfers would happen.

30

So --

MS ABDIEL: Mr Walker, I have asked you previously whether you had accepted the job offer by Mr Gu when he made it. Is it your current evidence that at the time he issued the job offer, you did accept and say, "Yes, that looks good"?

35

MR WALKER: It is. Sorry, I thought I said that with - when you asked was there an email or something. I said I thought there would have been saying, "Yes, I accept," or, "That looks good. Let's go to the next step."

40

MS ABDIEL: Are you doing your best to be candid with the review, Mr Walker?

MR WALKER: 100 per cent. Like I keep saying, the email to me - until I had a contract, I didn't have anything.

45

MS ABDIEL: I will show you a document. It's exhibit B2282, with document ID STA.3420.0008.6331.

MR WALKER: Yes.

MS ABDIEL: And I believe this is an email that you've annexed to your statement. And the bottom email is dated 15 March 2020. And Mr Chen says:

5 "Afternoon Adrian, Gu is asking to release this \$20,000 transfer for him if possible as it won't reach our accounts till tomorrow. He is also asking about transferring money from his company/business account to The Star. Do we allow this? Do you foresee any issues? He can only transfer \$100,000 over but he wants to play in the salon."

10

MR WALKER: Yes.

MS ABDIEL: And there's big problems associated with this suggestion by Mr Chen?

15

MR WALKER: The Star does allow transfers in from a company account if you are the - I think it's the 100 per cent - the sole director and 100 per cent shareholder, is my understanding.

20 **MS ABDIEL:** That was not the case, to your knowledge, about iProsperity, was it?

MR WALKER: No.

25 **MS ABDIEL:** And then Mr Chen - Mr Hornsby responds:

"We don't funds advance."

MR WALKER: Yes.

30

MS ABDIEL: And then Mr Chen responds:

"What about his company account transfer question. Do we accept transfer from his company with his membership card as the description?"

35

And then Mr Hornsby responds:

"Cleared funds we can accept if beneficiary is clearly stated."

40 Now, you would have received this email at the time; is that right?

MR WALKER: Yes.

MS ABDIEL: But your evidence is that you didn't read it at the time; is that right?

45

MR WALKER: Look, I just don't recall the email. I'm not sure. And I'm not - and I think - reading Adrian's response - Mr Hornsby's response, I'm just not sure what - whether he's answered the question or not. But once again, this is one of

those operational questions that we're putting to - Mr Chen's put to Mr Hornsby rather than - so he's put it to him, "Can he do this?" And I'm not sure where it ended up and what actually happened.

5 **MS ABDIEL:** Well, you clearly knew the rules that you stated earlier about acceptance of funds from corporate entities, requiring there to be sole directorship and sole shareholdership by the patron. Do you accept that if you had read it that you should have responded that this was not allowed?

10 **MR WALKER:** It's possible - I've done - when is this? 15 March 2020. Okay. Yes, look, I'm not sure how to answer that. But, yes (indistinct).

MR BELL SC: Mr Walker, I've understood from your evidence in relation to similar questions that it was your practice to read business emails into which you were copied; is that correct?
15

MR WALKER: Yes.

MR BELL SC: So even though you don't recall it now, should I take it that it's likely you did read this email at the time?
20

MR WALKER: It is likely, yes.

MR BELL SC: And did it - yes, Ms Abdiel.
25

MR WALKER: I think I just left it to Mr Hornsby to respond.

MR BELL SC: Looking at it now, can you see a difficulty with the approach that Mr Hornsby is proposing in light of your understanding of the basis upon which The Star accepted funds from companies associated with patrons?
30

MR WALKER: Yes.

MR BELL SC: Right. I take it from your evidence, you have no recollection of that concern occurring to you at the time; is that right?
35

MR WALKER: No, I don't.

MR BELL SC: Yes. Yes, Ms Abdiel.
40

MS ABDIEL: Thank you, Mr Bell. Now, are you aware of - that email can be taken down. Thank you, operator. You're aware of a former Star employee who went to work for Mr Gu by the name of Tao Chen?

45 **MR WALKER:** Yes.

MS ABDIEL: Did he also go by the name of Tao Lu?

MR WALKER: I apologise. I think I got the name wrong in my statement when I - I don't believe so. I don't believe he had two names, but I think I've referred to him as Tao Lu and then - but that's - it is Tao Chen.

5 **MS ABDIEL:** I will show you a document. It's exhibit B1019. This is STA.3420.0008.5122, dated 28 July 2018. And at the bottom email, there is an email from Jason Yeates and it copies you?

MR WALKER: Yes.

10

MS ABDIEL: And this is going back to 26 July 2018, so we've jumped back in time. And the email states:

15 "Hugh, Mark has been doing some work in activating a Crown VIP customer, Michael Gu. We've found out that an ex-employee now works for him and will most likely play with him."

And then he sets out that:

20 "His name is Tao Chen and left Star four months ago. Can you foresee any issue with this?"

He asks. Do you see that?

25 **MR WALKER:** Yes.

MS ABDIEL: Then Mr Fraser responds to Jason Yeates:

30 "On review of Tao Chen's file, nothing alarming as such. However, he did leave on a bad note with an immediate resignation. Nothing really to say he shouldn't come in. However, the only caution I would advise is that he worked constantly in our VIP salons and he is well-known with the current team. We would most likely flag him with surveillance as a collusion risk and the fact that he is fully aware of our internal processes. As advised, nothing
35 on file that would prevent him coming in."

And then there's an email from you asking if it's okay to request surveillance when Mr Chen books - or Mr Gu books the salon?

40 **MR WALKER:** Yes.

MS ABDIEL: And asks whether:

45 "It's good to advise Michael this is okay?"

And then Mr Yeates says:

"Spoke to Hugh. He is fine with that."

Do you recall that?

MR WALKER: Vaguely, yes.

5

MS ABDIEL: And did you see any due diligence performed on Mr Chen at this time?

MR WALKER: Not that I recall.

10

MS ABDIEL: And did you ask to see any of his employment history?

MR WALKER: No.

15

MS ABDIEL: Did you discuss this with Mr Hawkins at the time?

MR WALKER: I don't believe so.

MS ABDIEL: Did you discuss it with Mr Chum Mo?

20

MR WALKER: I don't think so.

MS ABDIEL: Would you have remembered if you had done so?

25

MR WALKER: The fact that - I'd say no. The fact that Hugh has approved it, I think that would have been the approval I've sought.

MS ABDIEL: Now, there was some later discussion and consideration of Mr Chen in the context of Mr Gu's junket; is that right?

30

MR WALKER: Yes.

MS ABDIEL: I will show you a document. It's exhibit B1308. This is a document that I've shown you earlier. And at the bottom of the first page, you say you're sending Mr Gu a junket operator application form from your Star email address; is that right?

35

MR WALKER: Yes.

40

MS ABDIEL: And you give him some advice on what tax the junket operator would pay depending on their passport or residency?

MR WALKER: It's not advice. What I had found out from Ms Huang and the international team was that he could put the junket under an international entity or a local entity. Obviously there were tax implications depending on both.

45

MS ABDIEL: And you were just raising those tax implications with Mr Gu?

MR WALKER: Yes, just saying - yes.

MS ABDIEL: And then he suggests sitting down for coffee. And then on the same day, you respond:

5

"Sounds good."

And you say:

10

"Just as an FYI, you should consider setting up the junket operator as an international individual as there are tax implications if they hold PR or Aussie citizens."

15 This was not advice on the tax implications of setting up the junket operator in that way?

MR WALKER: No, that was the way it was put to me, that he should consider - emphasis on the word "consider" - setting up as an international. The fact that he was bringing in international guests that were going to be under it, it all kind of made sense.

20

MS ABDIEL: And then you said:

25 "I believe you said Tao or Ken Lee would be involved. They could be junket representatives."

Was that Tao Chen?

MR WALKER: Yes.

30

MS ABDIEL: I will show you a further document, which is --

MR BELL SC: Just before we leave that document. Mr Walker, in the bottom email on 11 March 2019 at 2.55 pm, you say:

35

"I'm sending you a junket operator application form from my Star email address, so be measured in your response."

40 What did you mean by that?

40

MR WALKER: Mr Gu could use flowery language at times or just go off on a tangent about all sorts of things or, you know, raise a service issue. So I was just saying to him, "Stick to the point. I will send you this junket operator application. Just - let's leave it at that."

45

MR BELL SC: Well, what other point were you concerned that he might raise?

MR WALKER: If - I didn't want him to raise anything outside - outside of the operator. If he swore in the email, for example, or if he called me - he used to call me "the old man" at times. So I just wanted him to be measured professionally, basically.

5

MR BELL SC: What about the job offer that you were currently moving forward with at that time?

MR WALKER: Yes, I probably - probably didn't want him to mention that in there until --

10

MR BELL SC: Why not?

MR WALKER: Well, until I had a contract. I know I keep banging on about that, but - that was all.

15

MR BELL SC: Were you concerned it might - the job offer might be more widely known at Star if it appeared in an email from Mr Gu at this time?

MR WALKER: Mr Bell, the job offer was widely known amongst senior - the senior management that needed to know. I just didn't want to rub it in their face. Because at this stage, like I said, I had nothing and I was focused on my role at The Star while I was there and while I was in it. If the contract came through from Mr Gu, I was going to review it and - and make a decision. But I didn't want to rub The Star's nose in it by seeing this come up every five minutes, type thing.

20

25

MR BELL SC: Yes, Ms Abdiel.

MS ABDIEL: I will show you exhibit B1356, which is STA.3410.0021.7696.

30

MR WALKER: Yes.

MS ABDIEL: And the bottom email of the chain at point 7698 is from you dated 27 April 2019:

35

"Please find attached these applications for the profit share junket Mr Gu wishes to set up."

MR WALKER: Yes.

40

MS ABDIEL: And then moving up to the next email in the chain, at point 7697 at the bottom of that page, Mr Chum Mo sends an email, copying you, to Marcus Lim and Heidi Huang:

45

"Hi Marcus and Heidi, seeking your approvals for junket operator and junket representative interviews for attached applicants please."

And the two names there are JO, Hui Zhang, and JR, Tao Chen. Do you see that?

MR WALKER: Yes.

5 **MS ABDIEL:** Then the email on the front page from you, and this is an April 29, 2019 email responding to a question from Marcus Lim about who the sales managers are responsible for this new application. And you say:

10 "This has come through discussions with a local Sydney player, Michael Gu. He will fund the junket, however is setting it up under Zhang who is on an international passport."

MR WALKER: Yes.

15 **MS ABDIEL:** And that was what you had advised Mr Gu to do?

MR WALKER: I didn't advise him to do anything. I suggested he consider - you've got two options, you go local or you go international. So --

20 **MR BELL SC:** Why wouldn't you characterise that as advice?

MR WALKER: It was his call. That's all.

25 **MS ABDIEL:** Isn't that always the case, when one provides advice to another person?

30 **MR WALKER:** Yes, I just don't - Mr Gu was - he would make his own decisions. I - I would lay out what was there for him, "These are the options. Consider this." And then it's up to him. I knew - I knew - to be honest, I knew what he was going to do. I knew - I knew he would set it up under an international --

MR BELL SC: But isn't that exactly what advice is, laying out the options for someone to consider?

35 **MR WALKER:** Yes, I just don't want to be - I just don't want it labelled that I told him, "This is the way you should go," because that's not what occurred.

40 **MR BELL SC:** Why are you uncomfortable about the suggestion that you were giving Mr Gu advice at this time?

MR WALKER: I don't think I'm uncomfortable. I'm just conscious of the wording. That's all.

45 **MR BELL SC:** Yes, Ms Abdiel.

MS ABDIEL: I will show you exhibit B1357. This is an email dated at the bottom - at point 1060 is an email dated 28 April 2019?

MR WALKER: Yes.

MS ABDIEL: And in that email, you state that:

5 "International have advised they need approval from senior management re
an ex-staff member, Tao Lu acting as a junket representative for the
international junket Michael Gu will fund."

Was that, in fact, Tao Chen?

10

MR WALKER: Yes.

MS ABDIEL: And you set out:

15 "The duties that would include accessing CCF for buy-in, rolling of chips and
settlement of programs."

MR WALKER: Yes.

20 **MS ABDIEL:** And:

"Can you please advise either your approval or if further discussion is
required?"

25 **MR WALKER:** Yes.

MS ABDIEL: And then you say:

30 "The background is Tao -"

Mr Chen:

"Left Star and was employed by Michael Gu approximately 18 months ago."

35 **MR WALKER:** Yes.

MS ABDIEL: And then:

40 "Michael Gu started playing in approximately July '18 at the Star, he was
approved -"

As in, Tao Chen was approved:

45 "To access VIP areas including salons."

MR WALKER: Yes.

MS ABDIEL: And then you make the recommendation to allow him as a junket representative as you didn't see any heightened risk. Do you see that?

MR WALKER: Yes.

5

MS ABDIEL: And you didn't see any heightened risk at the time that you wrote that?

MR WALKER: No.

10

MS ABDIEL: And going further up the chain - Mr Fraser says:

"Thanks Mark, no objections from my perspective. Tao Lu -"

15 Or Tao Chen:

"Has had no adverse comments placed on file since accessing our PGRs in July 2018."

20 **MR WALKER:** Yes.

MS ABDIEL: And then you forward the email to Mr Chum Mo. He held the position of vice president of VIP international operations?

25 **MR WALKER:** Yes.

MS ABDIEL: So was he the decider on this matter?

MR WALKER: I believe so.

30

MS ABDIEL: And you say:

"Does this now suffice?"

35 **MR WALKER:** Yes.

MS ABDIEL: And he responds:

"Yes. Thank you, Mark."

40

MR WALKER: Yes.

MS ABDIEL: But it's correct, isn't it, that you and Mr Yeates and Mr Fraser failed to mention in that email that there was, in fact, when he was admitted to play at The Star, a heightened risk associated with Mr Chen because he was at risk of collusion?

45

MR WALKER: As Mr Fraser said, we had set up surveillance when they went into the salon. So that had been in place since - almost a year, and there was no adverse comments placed on his file. So --

5 **MS ABDIEL:** But you didn't mention that to Mr Mo?

MR WALKER: No.

10 **MS ABDIEL:** And you didn't mention to him that he had, in fact, been under surveillance?

MR WALKER: Look, I know it's not in this email, but I'm not sure.

15 **MS ABDIEL:** Well, you said to me earlier that you wouldn't likely have had any conversations with Mr Mo about that when the issue arose when Mr Chen was first allowed to game at The Star?

MR WALKER: Okay. Yes.

20 **MS ABDIEL:** And you didn't mention to Mr Mo that he had actually, in fact, left The Star on a bad note, which was notified to you at that time?

MR WALKER: No.

25 **MS ABDIEL:** Do you accept that you should probably have told Mr Mo all of these matters about Mr Chen?

30 **MR WALKER:** Yes. In hindsight, yes. It wasn't a deliberate - what's the word? You know, I wasn't trying to sway anything here or hide anything. I think the fact that Hugh had said in there that almost a year had passed, there's been no issues - I think that was the weight of all this.

35 **MS ABDIEL:** Well, if we could go down to the second page of that document. The recommendation before Mr Fraser weighs in is that you - is to allow, and you don't see any heightened risk. And you describe Mr Lu's history with The Star without any reference to the collusion risk, the surveillance or the fact that he had left The Star on a bad note.

40 **MR WALKER:** Yes.

MS ABDIEL: Can you explain why you thought it was appropriate for Mr Chen to be approved as a junket representative in those circumstances?

45 **MR WALKER:** No, I can't, to be honest. But --

MS ABDIEL: I will take you to another document. This is also in relation to the junket. It's exhibit B1326.

MS RICHARDSON SC: I do note the time. The witness has been giving evidence for some time.

5 **MS ABDIEL:** I would be content to break now, Mr Bell. I do have a little bit to go.

MR BELL SC: Look, I think we should. Ms Richardson is right. So I will now adjourn for one hour.

10 **<THE HEARING ADJOURNED AT 1:08 PM**

<THE HEARING RESUMED AT 2:10 PM

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

MS ABDIEL: Mr Walker, I've shown you a document, which is exhibit B1326, and that's an email - or the first email in the chain is 7 March 2019. Do you see that?

20 **MR WALKER:** The one that's up there is March 22.

MS ABDIEL: The email below that from you, dated 7 March 2019. Do you see that one?

25 **MR WALKER:** Yes.

MS ABDIEL: And the subject is Gu Junket?

30 **MR WALKER:** Yes.

MS ABDIEL: And it's to Greg Hawkins. And you say:

"Greg, just an updated one-pager."

35 **MR WALKER:** Yes.

MS ABDIEL: And then upwards there's an email from Michael Whytcross to Greg Hawkins, and there's an attachment to that email, which is called Junket Options, Menghong Gu. Do you see that?

40 **MR WALKER:** Yes.

MS ABDIEL: Would that be the attachment that you drafted and sent to Greg Hawkins in the below email?

45 **MR WALKER:** To be honest, I'm not sure. I don't recall.

MS ABDIEL: Well, I'll take you to the attachment and you can tell me if it's the same document. It's exhibit B1327, STA.3420.0005.9099. Is that the one-pager that you drafted, setting out junket options for Menghong --

5 **MR WALKER:** Look, I'm not sure if I drafted that or not, but - I just don't recall the document.

MS ABDIEL: Did you draft a document setting out junket options for Mr Gu?

10 **MR WALKER:** I've drafted something because I've told Greg there's a one-pager attached.

MS ABDIEL: And this is a one-pager?

15 **MR WALKER:** Okay.

MS ABDIEL: There's no further pages to this document. So is it --

20 **MR WALKER:** Okay.

MS ABDIEL: Well, I withdraw that. So there's two options set out here. There's a standard junket and a profit share junket. Do you recall drafting a document setting out those two options for the junket for Mr Gu?

25 **MR WALKER:** Look, I'm trying to answer the best I can. I don't recall, but I'm - I'm - I can see the document and I accept it.

MS ABDIEL: Well, I'll take you to some points in the document under the heading - under the bullet point:

30 "Player due diligence."

Under the standard junket option.

35 **MR WALKER:** Yes.

MS ABDIEL: That appears to be replicated under the profit share junket as well. Do you see that?

40 **MR WALKER:** Yes.

MS ABDIEL: Now, this is setting out, in the below two bullet points under that main bullet point saying "player due diligence" - under both options, an Australian permanent resident holder can participate in the international junket with an original passport, overseas identification and return flight ticket. Do you see that?

45 **MR WALKER:** Yes.

MS ABDIEL: And then it says:

"Gaming days cannot exceed 183 days per annum."

5 **MR WALKER:** Yes.

MS ABDIEL: Was there a practice at The Star, to your knowledge, of counting the 183 days as days played rather than days residing in Australia?

10 **MR WALKER:** Look, I know for a while, as I've said earlier, that it was easier to count the days played and then base your decision on that.

MS ABDIEL: But that would be in breach of the rebate play SOP, would it not, if that occurred, because it's the rebate play SOP that I took you to earlier set out that
15 it was 183 days residing in Australia?

MR WALKER: Yes, it was generally. So as long as generally the - the guest hadn't exceeded 183 days, it was acceptable. So they could theoretically go over 183, but generally they didn't, if you know what I mean. Generally their play
20 didn't.

MS ABDIEL: Right. But it was 183 days residing in Australia, not 183 days gaming?

25 **MR WALKER:** Yes. Yes.

MS ABDIEL: And this sets out that Australian permanent residency holders and Australian passport holders could participate in the junket notwithstanding that they were persons holding those designations?
30

MR WALKER: Sorry, I missed the start of your question.

MS ABDIEL: I'll re-word it. It appears that the transcript also didn't pick it up. This document sets out or anticipates that Australian citizens and Australian
35 permanent residents could participate in a junket as international rebate players?

MR WALKER: Permanent residents could, yes.

MS ABDIEL: Well, underneath the bullet point, "Australian permanent resident
40 holders," it sets out that Australian passport holders need to provide an original passport, overseas identification and return flight ticket, etcetera, in order to be able to play in the junket?

MR WALKER: Yes. They'd have to prove that they reside mainly overseas, but
45 they could be an Australian passport holder as long as - yes, as long as they could provide the documentation that showed they lived in another country.

MS ABDIEL: And as we saw earlier, one of the ways that that proof was provided was by the point system; do you recall that?

MR WALKER: Yes.

5

MS ABDIEL: And one of the documents that was provided as evidence for a person's designation as an international player could be the VEVO report?

MR WALKER: Yes.

10

MS ABDIEL: And those VEVO reports could state that a person was a permanent resident?

MR WALKER: Yes.

15

MS ABDIEL: So under this model, you may well have people who are permanent residence holders with 50 points worth of documentation showing that they were international residents but still being entitled to participate in an international rebate program?

20

MR WALKER: I believe so, yes.

MS ABDIEL: Did you have any concerns about this issue at the time, Mr Walker?

25

MR WALKER: Nothing that I recall.

MS ABDIEL: I will turn now to your witness statement, which is exhibit A tab 1509. This is INQ.002.004.0057. And I will take you to page 3, which is question - and question 3(b) on that page. Page 3. Thank you. And the question posed to you in your statement was:

30

35 "In relation to each of Michael Gu, iProsperity and Harry Huang, please provide details of your relationship and any dealings with them during your employment at The Star and/or Star Entertainment."

Do you see that?

MR WALKER: Yes.

40

MS ABDIEL: And I will take you to paragraph 43 beneath that question. And you say there that:

45

"Mr Gu and I had conversations about the potential role over a period of nine months."

And that was the role he offered you in Canberra?

MR WALKER: Yes.

5 **MS ABDIEL:** But you don't set out anywhere in this - in answer to this question the conversations you were having with Mr Gu about the potential - the SkyCity Darwin sale that I took you to earlier?

MR WALKER: No.

10 **MS ABDIEL:** And you don't set out in response to this question the discussions you had with another patron in relation to the potential - two potential developments in Cairns?

15 **MR WALKER:** Only because I'd - at - when I did my statement, I didn't recall those conversations at the time.

MS ABDIEL: Is that the truth?

20 **MR WALKER:** It is. Can I just say, I did this statement shortly after returning to work from the death of my wife. And I'm sorry to raise that. I'm not raising that as any excuse, but I'd just spent 10 months nursing her and then, unfortunately, in October last year, she passed away. I came back to work in January, so three months later, because I needed the distraction. It was - you know, my mental health was deteriorating based on sitting at home. And I think this statement was done probably in February, maybe shortly after. So I'm sorry if my - my thought process is a bit mushed up, but there's no intent here to hide anything.

25 **MS ABDIEL:** I'll take you to exhibit B2466. And I believe this is an email that you annexed to your statement. And if I can take you to the second page of that email. Andrew Chen says:

30 "Good afternoon, Adrian. Diamond guest, Mr Zhou Xiang (Harry) Huang is requesting to apply for a CCF with us for 200K."

35 **MR WALKER:** Yes.

MS ABDIEL: And then that email is forwarded on to you, and Adrian Hornsby says:

40 "No new CCF at this time."

MR WALKER: Yes.

45 **MS ABDIEL:** Now, do you recall that you gave evidence earlier that you were - you said "no way" was Harry Huang to be given a CCF of 200,000?

MR WALKER: Yes.

MS ABDIEL: Does Mr Hornsby's response to you saying "no new CCF at this time" refresh your recollection that there may have been a CCF at one point, but no new CCF for Mr Huang was to be established?

5 **MR WALKER:** I still don't recall if Mr Huang had a CCF.

MS ABDIEL: So you don't recall one way or the other?

MR WALKER: No.

10

MS ABDIEL: Mr Bell, at transcript page 2468, lines 10 to 17, Mr Walker referred to emails in which he stated that there was "no way" that Mr Huang should be given a CCF. I call for those emails.

15 **MS RICHARDSON SC:** I'll make inquiries.

MS ABDIEL: So, Mr Walker, you said in your statement that Mr Huang did not, in fact, obtain a CCF. Is it correct that your evidence is, in fact, that you do not recall one way or the other whether Mr Huang had a CCF at The Star?

20

MR WALKER: If I had to - I would back my statement if - if I had to say yes or no. But - yes. At the time when I wrote the statement, I believed he didn't have a CCF. I know this says, "No new CCF at this time." So, yes, it does make me question - I don't know why he would be applying again if he was granted one before. So I still stick to a no - no CCF.

25

MS ABDIEL: I will show you another document. This is exhibit 2466 - I withdraw that. Sorry. Exhibit B2468. This is STA.3402.0001.4762. Now, this is not an email that you were sent or copied on. So I'm not suggesting, Mr Walker, that you should have read it. But I draw your attention to the first paragraph under "Paula, Andrew and Kevin". If you could read that to yourself.

30

MR WALKER: Yes.

35 **MS ABDIEL:** And you agree this is an email from Oliver White dated 25 June 2020 in which he sets out some advice in relation to a proposal for Mr Gu to present a cheque for \$2.8 million drawn on the account of iProsperity Pty Ltd to transfer for pay down of Mr Qin Xiqin's CCF; do you see that?

40 **MR WALKER:** Yes.

MS ABDIEL: Were you aware that Mr Gu was proposing to pay \$2.8 million drawn on the account of iProsperity Pty Ltd to pay down another patron's cheque cashing facility?

45

MR WALKER: No, I wasn't.

MS ABDIEL: You're aware that on 28 July - that document can be taken down. Thank you, operator. You're aware on 28 July 2020, Mr Gu was issued with a withdrawal of licence?

5 **MR WALKER:** Yes.

MS ABDIEL: And you're aware that iProsperity may have, in fact, been insolvent for 12 months prior to the company going into administration?

10 **MR WALKER:** No, I wasn't aware of any of that.

MS ABDIEL: Were you aware that during the period of potential insolvency, Mr Gu and Mr Huang deposited a total of \$13 million into their front money accounts?

15 **MR WALKER:** No, I'm not aware of that detail.

MS ABDIEL: And that included a \$1.35 million deposited after the collapse of iProsperity?

20 **MR WALKER:** No, I'm not aware of that.

MS ABDIEL: Mr Walker, have you ever loaned Mr Gu any money?

25 **MR WALKER:** No.

MS ABDIEL: And has The Star, to your knowledge, lent Mr Gu money for gambling other than in relation to his CCF?

30 **MR WALKER:** No.

MS ABDIEL: Turning now to your departure from - I'll withdraw that. You're aware that I referred you to a patron by the name of Phillip Dong Fang Lee in a document we looked at previously?

35 **MR WALKER:** Yes.

MS ABDIEL: And you're aware of that patron being a diamond member at The Star?

40 **MR WALKER:** Yes.

MS ABDIEL: Have you any knowledge as to any person at The Star instructing Mr Lee to open accounts with United Overseas Bank in Singapore?

45 **MR WALKER:** No.

MS ABDIEL: You have no knowledge of that at all?

MR WALKER: No.

5 **MS ABDIEL:** I turn now to your departure from Crown. You ceased working at Crown in around October 2017; is that right?

MR WALKER: Yes.

10 **MS ABDIEL:** I will take you back to your witness statement and question 2 on page 2 of that statement, which states:

"When and in what circumstances did you cease your previous employment?"

15 **MR WALKER:** Yes.

MS ABDIEL: And under that question, it describes an incident regarding a patron of the Crown winning a \$20,000 cash prize using a false name?

20 **MR WALKER:** Yes.

MS ABDIEL: And you accepted that the allegations made against you regarding that incident were quite serious?

25 **MR WALKER:** Yes.

MS ABDIEL: And the allegations were that you had acted in some way fraudulently in relation to that incident?

30 **MR WALKER:** They were the allegations, yes.

MS ABDIEL: And you acknowledge in paragraph 22 - if you could just scroll down to that paragraph.

35 **MR WALKER:** Yes.

MS ABDIEL: You acknowledge the severity of the allegations in paragraph 22 of your statement?

40 **MR WALKER:** Yes.

MS ABDIEL: And at 23, you denied engaging - well, at 22, you denied that your conduct was fraudulent. But in paragraph 23, you state:

45 "As a result -"

I withdraw that. In paragraph 22, at the end of the paragraph, you state:

"I understood, however, that I had made a mistake in amending the prize certificate."

And in 23:

5

"As a result, I offered my resignation, which Crown accepted."

MR WALKER: Yes.

10 **MS ABDIEL:** And when you did resign from Crown, you were entitled to six months gardening leave; is that right?

MR WALKER: Yes.

15 **MS ABDIEL:** And you found employment with Star almost immediately after?

MR WALKER: Yes, a couple of months.

20 **MS ABDIEL:** And when you resigned - you say resigned from The Star in or around October 2017, you signed a deed of settlement; is that right?

MR WALKER: When I resigned from Crown? Sorry, could you say the question again.

25 **MS ABDIEL:** Once you had resigned from Crown, you signed a deed of settlement in relation to that resignation, did you?

MR WALKER: It was a non-disclosure agreement.

30 **MS ABDIEL:** Well, I'll take you to the document, which is CRW.597.001.0061. Is this the deed of settlement and release that you signed?

MR WALKER: Yes.

35 **MS ABDIEL:** I will take you to the final page of the document so that you can see your signature.

40 **MS RICHARDSON SC:** Could I just raise one issue. I mean, this witness is appearing by compulsion, but there are obvious confidentiality clauses in this deed requiring non-disclosure.

MR BELL SC: Yes. Ms Abdiel, I am sure you will be sensitive to that.

45 **MS ABDIEL:** I will. Thank you. You see your signature there on the final page, Mr Walker?

MR WALKER: Yes.

MS ABDIEL: If we go up to the top page of the document. And you see the three recitals there?

MR WALKER: Yes.

5

MS ABDIEL: Including recital B, which states that you tendered your resignation on 6 November 2017?

MR WALKER: Yes.

10

MS ABDIEL: And you read that document before you signed it?

MR WALKER: I don't recall, but I - possibly.

15

MS ABDIEL: Is it likely that you would have read the document before you signed it?

MR WALKER: Look, it's likely. That - that - that date seems - doesn't seem right. I thought it was a different date, but - yes.

20

MS ABDIEL: And you resigned in writing, did you?

MR WALKER: Yes.

25

MS ABDIEL: And was it a handwritten letter?

MR WALKER: Yes, I believe so.

MS ABDIEL: And you gave it to someone in HR when you wrote it?

30

MR WALKER: I think I - I gave it to my - to the executive general manager of table games.

35

MS ABDIEL: I will show you exhibit G66, which is CRW.597.001.0004. Is that the resignation letter?

MR WALKER: Yes.

40

MS ABDIEL: Can you explain why it's dated 31 October when the deed of settlement states that your resignation was tendered to 6 November 2017?

MR WALKER: No, I can't. But I would - that's why I thought the date didn't seem right in that other document.

45

MS ABDIEL: Did anyone at Crown inform you that it's possible you might be terminated for cause over the incident if you did not resign first?

MR WALKER: No.

MS ABDIEL: Is that the truth?

MR WALKER: Yes.

5

MS ABDIEL: Did anyone at Crown show you a draft termination letter at any point?

MR WALKER: No.

10

MS ABDIEL: Is that the truth?

MR WALKER: Yes.

15

MS ABDIEL: Could you excuse me, Mr Bell?

MR BELL SC: Yes.

MS ABDIEL: I have no further questions, Mr Bell.

20

MR BELL SC: Mr Walker, in fairness to you, it's the case, is it, that not only did you deny at the time that you had acted fraudulently in relation to the events at the Crown, but you continue to deny that. Is that the case?

25

MR WALKER: Yes, 100 per cent.

MR BELL SC: Yes.

MR WALKER: Can I - can I elaborate?

30

MR BELL SC: You may, yes.

MR WALKER: It's just that I - I - based on the circumstances of - of the situation, we had - we had the correct ID of that particular customer. So I changed the prize certificate to put the correct name on it, rather than leave it knowingly as the other - other name. And that breached the terms and conditions of - of the draw. So based on that, that's why I - I resigned. I knew I could have handled it better.

35

40

MR BELL SC: Yes. And I just wanted to go back to the offer of employment from Mr Gu. The offer of employment was made at a time when you were, I think, the person managing Mr Gu's relationship with The Star?

MR WALKER: Yes.

45

MR BELL SC: And I think you've told me that you understood that that placed you in a conflict of interest situation?

MR WALKER: Yes.

MR BELL SC: And I understand that you tried to manage that conflict of interest situation by disclosing the offer to the management at The Star; is that correct?

5

MR WALKER: Yes.

MR BELL SC: And you understood, did you, that in order to properly manage that conflict of interest, it was necessary to ensure that The Star gave its informed consent to you continuing to act in a business relationship with Mr Gu on behalf of The Star, notwithstanding that offer?

10

MR WALKER: Look, I - I guess so. The fact that I raised it and spoke to three managers about it and they were aware, I thought that was - that was giving me the consent to continue. Because I actually said, "I can step away from managing him."

15

MR BELL SC: But you understood that for that consent to be effective, The Star needed to know all of the relevant facts?

20

MR WALKER: Right. Yes.

MR BELL SC: And is it the case that you didn't ever disclose the relevant facts in writing?

25

MR WALKER: No.

MR BELL SC: Right. And to whom do you say that you made this disclosure?

30

MR WALKER: Firstly, to Mr Jason Yeates, who was my direct manager, and then, after that, I was called into Greg - Mr Greg Hawkins's office and - and we discussed it there as well.

MR BELL SC: Do you accept that the prudent course would have been to disclose in writing so there could be no doubt about the facts you put before The Star?

35

MR WALKER: In hindsight, yes, definitely. I've known - I have no doubt that these gentlemen would back me up if asked. So --

40

MR BELL SC: Yes.

MR WALKER: I - look, I accept what you're saying, Mr Bell.

45

MR BELL SC: Yes. Ms Richardson, do you have any questions for Mr Walker?

MS RICHARDSON SC: No.

MR WALKER: Sorry, Mr Bell. I've just got one last thing. Is that okay?

MR BELL SC: Of course it is, yes.

5 **MR WALKER:** Sorry. Just back to that leaving Crown thing. Yes, when I started
at Star, I came across that same customer. I literally bumped into him in the
Sovereign Room of The Star and straightaway went back into the casino
management system and checked the ID, and it was the same ID that he had put up
10 at our friends down south. So alerted - long story short, I made sure that he was
excluded from the property. So learnt from my mistake, I guess.

MR BELL SC: Yes. Ms Richardson, is there anything arising out of Mr Walker's
answer about which you wish to ask any questions?

15 **MS RICHARDSON SC:** No. Thank you.

MR BELL SC: Mr Walker, thank you very much for your attendance. I
appreciate you were compelled to do so, but I thank you anyway. The direction I
will make is that your examination is adjourned, which means that you won't be
20 required to come back unless you receive some notification from those assisting
the review.

MR WALKER: Okay. Thank you.

25 **<THE WITNESS WAS RELEASED**

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

MS ABDIEL: I call Greg Hawkins.
30

MR BELL SC: All right. Ms Richardson, would you like a minute or two to get
ready for that?

MS RICHARDSON SC: Yes. Just a couple of minutes, please.
35

MR BELL SC: I will adjourn for a couple of minutes.

<THE HEARING ADJOURNED AT 2:39 PM

40 **<THE HEARING RESUMED AT 2:46 PM**

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

45 **MR HAWKINS:** An oath, please, Mr Bell.

<GREGORY FRANCIS HAWKINS, SWORN

MR BELL SC: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

5 **MS SHARP SC:** Mr Hawkins, could you tell the review your full name, please.

MR HAWKINS: Gregory Francis Hawkins.

10 **MS SHARP SC:** And your work address is known to those assisting this review?

MR HAWKINS: Yes, it is.

15 **MS SHARP SC:** You have prepared three written statements for the purpose of this review?

MR HAWKINS: That's correct.

MS SHARP SC: And one of those is dated 8 February 2022?

20 **MR HAWKINS:** That's right, yes.

MS SHARP SC: The second is dated 4 March 2022?

25 **MR HAWKINS:** Yes, that's right.

MS SHARP SC: And the third is dated 8 April 2022?

MR HAWKINS: That's right, yes.

30 **MS SHARP SC:** And the 8 April statement functions to make certain corrections to your 8 February statement?

MR HAWKINS: That's correct, yes.

35 **MS SHARP SC:** Subject to those corrections, is your 8 February 2022 statement true and correct?

MR HAWKINS: Yes.

40 **MS SHARP SC:** Is the 4 March 2022 statement true and correct?

45 **MR HAWKINS:** There was only one thing I wanted to call out, Ms Sharp. That was section 24 of the statement dated 4 March where I just wanted to outline a correction in that particular sentence. It should read:

"There were 12 patrons identified from the original list of 25 who had rated play after they passed their 183-day mark in Australia."

So it's just a slight correction to how that's worded.

MS SHARP SC: Thank you. Now, you're presently employed by Star Entertainment Group, are you?

5

MR HAWKINS: That's correct, yes.

MS SHARP SC: Has that always been your employing entity while you've been within The Star group?

10

MR HAWKINS: That's my understanding, yes.

MS SHARP SC: And it's right, isn't it, that you first joined Star Entertainment in September of 2014?

15

MR HAWKINS: Yes, that's correct.

MS SHARP SC: And from September 2014 to December 2018, you held the position of managing director of The Star in Sydney?

20

MR HAWKINS: That's right, yes.

MS SHARP SC: And in that position, you oversaw the operations of The Star in Sydney?

25

MR HAWKINS: That's right, yes.

MS SHARP SC: What were your key responsibilities in that position?

30

MR HAWKINS: I would describe them as overseeing the breadth of operations across the business, including both the casino business as well as the hospitality, including food and beverage and hotel aspects of the business; to ensure they were operated appropriately; and I worked with various other colleagues to look at the activation and performance success of the property.

35

MS SHARP SC: And what responsibilities, if any, did you have for the international rebate business during that period?

40

MR HAWKINS: Prior to taking over that part of the business, I really had no direct responsibility for the international rebate business, apart from servicing those customers who would be within the property.

MS SHARP SC: And when was it that you did take - is it right that from April 2018, you took over responsibility for that part of the business, being the international rebate business?

45

MR HAWKINS: Yes, for the sales team. That's right, yes.

MS SHARP SC: And what about your responsibilities with the domestic rebate business while you were the managing director of The Star?

5 **MR HAWKINS:** I think, for a period - I'm not exactly sure of the dates - that would have reported directly through to the managing director of the business. At a point in time, that was realigned under myself. I just don't recall the exact date.

MS SHARP SC: Was it in April 2018 it fell under your direct purview?

10 **MR HAWKINS:** It may have been prior to that, within the year prior, possibly.

MS SHARP SC: So possibly prior to the time that you assumed direct responsibility for the international rebate business?

15 **MR HAWKINS:** I think so, yes.

MS SHARP SC: Can you say how far prior?

20 **MR HAWKINS:** Look, it was related to an organisation restructure. I just can't remember the date, but possibly 12 months prior to that.

MS SHARP SC: Now, it's right, isn't it, that from January 2019 to 16 September 2020, you held the position of chief casino officer of Star Entertainment?

25 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: And you say at paragraph 13 of your first statement that during that period, you did not have oversight of Star Sydney; is that right?

30 **MR HAWKINS:** That's right, yes.

MS SHARP SC: And --

35 **MR HAWKINS:** Of the - of the operations of the business, yes.

MS SHARP SC: And during that period, Geoff Hogg had that oversight of Star Sydney?

40 **MR HAWKINS:** That's - yes, that's right, of the operations of the business.

MS SHARP SC: Okay. But you maintained your direct responsibility for the international rebate business and the domestic rebate business throughout the time you were the chief casino officer; is that correct?

45 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: And what were your other responsibilities while you were the chief casino officer?

MR HAWKINS: The primary responsibilities were to look at the casino and gaming business across all of our properties in the group, and to look at the optimisation of performance of those gaming areas, which included assessment of product performance, be it table games or gaming machines, and pricing and various other sort of product-focused initiatives.

MS SHARP SC: And does that mean that once you assumed the position of chief casino officer, you ceased having oversight responsibilities for the food and beverage and hotel aspects of the operations of The Star in Sydney?

MR HAWKINS: Yes, that's right.

MS SHARP SC: And that remains the case now you are the chief casino officer in New South Wales, does it?

MR HAWKINS: Yes, I'm still the chief casino officer of New South Wales. But, yes, from that later date that you mentioned, I've re-taken ownership and oversight of the Sydney operations from - I think it was approximately October 2020.

MS SHARP SC: And once you assumed that new position of chief casino operator of New South Wales - sorry, chief casino officer in New South Wales from October 2020, is it right that you did not have responsibility for food and beverage and hotel aspects of the business?

MR HAWKINS: So I re-assumed responsibility from that date for all operational aspects of the Sydney business.

MS SHARP SC: And do you presently have any responsibility for the Queensland business?

MR HAWKINS: No, I don't.

MS SHARP SC: So are they the two key ways in which your responsibilities changed when you moved from being the chief casino officer to the chief casino officer New South Wales?

MR HAWKINS: Yes. So in summary, I stepped back from that group oversight of product to oversight of the Sydney business. But I did retain responsibility for the rebate parts of the business.

MS SHARP SC: Now, just looking at the rebate business for a moment, you indicate at paragraph 10 of your third statement that it was from April 2018 that you commenced overseeing the sales team for the international marketing business. Prior to that time, what, if any, responsibility did you have for the international marketing business?

MR HAWKINS: Prior to overseeing the sales team directly, I had no direct oversight of the sales activity of the international business.

5 **MS SHARP SC:** And at that time, that is, before you assumed responsibility, was it John Chong who had that responsibility reporting to Matt Bekier?

MR HAWKINS: That's correct.

10 **MR BELL SC:** Mr Hawkins, do you understand that you've been approved by the Independent Liquor and Gaming Authority of New South Wales as a close associate of The Star Pty Ltd?

MR HAWKINS: Yes, I understand that, Mr Bell.

15 **MS SHARP SC:** In the period before you assumed direct responsibility for the international sales team, did you have any role at all in relation to the dealings with junkets at the casino?

20 **MR HAWKINS:** I would only describe it as, at the time, I was overseeing the operations. So team members under my ultimate authority would have been managing the operations associated with the delivery of gaming, for example, to the junket players.

25 **MS SHARP SC:** And were you consulted in that period regarding the development of the international rebate business?

MR HAWKINS: During the period prior to my oversight of it?

30 **MS SHARP SC:** Yes.

MR HAWKINS: Consulted - not that I recall specifically. I - I may have been involved in some general discussions, but it wasn't a particular area of strategic focus from my point of view.

35 **MS SHARP SC:** Can I take you to a document, please. This is exhibit B435, which is STA.5002.0003.1476. This is a board paper. You do generally attend board meetings, don't you?

40 **MR HAWKINS:** Yes, I do.

MS SHARP SC: And that has been the case since you've been employed by Star Entertainment?

45 **MR HAWKINS:** Yes, that's right.

MS SHARP SC: And are you generally provided with board papers, given you attend the board meetings?

MR HAWKINS: I would generally have access to relevant board papers, yes.

5 **MS SHARP SC:** Well, I am showing you one now. This is a paper prepared on 26 September 2017 by Matt Bekier and John Chong. It's called the International Rebate Strategy Update. If I can show you pinpoint 1477 to show you what's attached. You see that document. I'm just wondering, did you have any role in preparing this document?

10 **MR HAWKINS:** Not that I recall specifically at the moment, Ms Sharp.

MS SHARP SC: Can I show you pinpoint 1481, please. You will see I'm showing you an organisational chart as at September 2017 which depicts the organisational structure for the international rebate business. Does this accurately depict that organisational structure as at September 2017?

15 **MR HAWKINS:** As far as I'm aware, yes.

MS SHARP SC: And is there - or was there any reporting line at all to you at that time?

20 **MR HAWKINS:** No. Not that I recall from this organisational chart, no.

MS SHARP SC: Now can I show you another document, please. This one is exhibit B at 2903, STA.5002.0007.2621. You will see this is a board paper that you prepared dated 27 May 2021; yes?

25 **MR HAWKINS:** Yes.

MS SHARP SC: Can I take you, please, to pinpoint 2653. I'm showing you another organisational chart. Does this - I appreciate there may have been some movement with the international sales team since this was prepared. But aside from that, does this organisational chart accurately depict reporting structures that existed in the period May 2021 till the present?

35 **MR HAWKINS:** Yes. Yes, it does.

MS SHARP SC: Now, it's right, isn't it, that there has been some movement in the international sales team since May of 2021?

40 **MR HAWKINS:** When you say move - as in, changes of personnel, you refer to?

MS SHARP SC: Well, one of the things that's happened is you have closed or - that is, The Star has closed certain of its overseas offices, hasn't it?

45 **MR HAWKINS:** Yes, it has. Yes.

MS SHARP SC: All right. Is it correct that it has, in fact, closed the Hong Kong office, the Singapore office and the Macau office?

MR HAWKINS: Yes, that's correct. Yes.

5 **MS SHARP SC:** And what has happened to all these people depicted in the international sales team since that time?

MR HAWKINS: I would say the bulk of those positions have been made redundant. Not all of them, but the majority of them.

10 **MS SHARP SC:** So who remains with the business?

MR HAWKINS: As far as I'm aware, Mr Ho.

15 **MS SHARP SC:** That's Desmond Ho, is it?

MR HAWKINS: That's right. And, sorry, Mr - Mr Gorman as indicated there as well.

20 **MS SHARP SC:** Now, this organisational chart refers to Chris Peasley reporting directly to you. Is his job title still president, domestic and international casino marketing?

MR HAWKINS: Yes, I'm quite sure it is.

25 **MS SHARP SC:** And at the beginning of the relevant period, which is November 2016, is it correct that he was the executive general manager of domestic marketing?

30 **MR HAWKINS:** As far as I can recall, I think that's correct, yes.

MS SHARP SC: So his remit has now been expanded to include international marketing; is that right?

35 **MR HAWKINS:** Yes, to have a - yes, to oversee the international business, although I must say previously he did have some oversight of - I think it was our international gaming machine business, historically. That wasn't part of the pure IRB group, but he now does have broad oversight of the IRB business, yes.

40 **MS SHARP SC:** At the beginning of the relevant period, that is, November 2016, did he also have responsibility for the premium mass segment of the market?

45 **MR HAWKINS:** I can't recall specifically. I know he had oversight of our interstate business, and if he didn't have oversight at the premium local - at that point in time, it was certainly folded underneath him probably not long after that, but I don't recall the specific date.

MS SHARP SC: And since November 2016, has Mr Peasley always reported to you?

MR HAWKINS: I - I think he has, yes.

5 **MS SHARP SC:** Now, Damian Quayle is presently the chief operating officer of The Star in Sydney; is that correct?

MR HAWKINS: That's correct, yes.

10 **MS SHARP SC:** Has he held that position since November - since at least November 2016?

MR HAWKINS: I can't recall when he was appointed to the chief operating officer role, Ms Sharp. I'm sorry.

15 **MS SHARP SC:** And what was his role prior to that?

20 **MR HAWKINS:** Prior to that, he was the general manager overseeing the table games and then I think the gaming side of the business, and then at a point in time was promoted to the chief operating officer position.

MS SHARP SC: And has he always reported to you while you've been employed by Star Entertainment?

25 **MR HAWKINS:** No, he hasn't.

MS SHARP SC: When did he first start reporting to you?

30 **MR HAWKINS:** He was reporting to me when I joined the organisation. It's probably easier to say he's been reporting to me for all of the time I've been with the organisation, apart from when I had the group chief casino officer position.

MS SHARP SC: Is it fair to say that save for the time you had that position, you have worked closely with Damian Quayle?

35 **MR HAWKINS:** Yes, that's fair.

MS SHARP SC: And is it fair to say that during the entirety of your time at The Star, you've worked closely with Chris Peasley?

40 **MR HAWKINS:** Yes, I accept that's fair.

45 **MS SHARP SC:** Now, it's also fair to say, isn't it, that during your time at Star Entertainment, you have kept a close eye on the performance of the international rebate business?

MR HAWKINS: Certainly since the time I took oversight of the sales group, yes.

MS SHARP SC: And that's in April of 2018?

MR HAWKINS: That's correct, yes.

MS SHARP SC: And what about before that time?

5

MR HAWKINS: I was certainly less focused on it at that prior time, with the accountabilities I had for the Sydney site, which was a larger sort of operating entity. So less so.

10 **MS SHARP SC:** But certainly since April 2018, you've kept a close eye on the performance of the international rebate business?

MR HAWKINS: Yes.

15 **MS SHARP SC:** And during the period for which you've been responsible for the domestic rebate business, we may assume that you have kept a very close eye on the performance of that part of the business?

20 **MR HAWKINS:** Yes. I would have kept a close eye on the performance of the business, yes.

MS SHARP SC: And it's always been your practice, hasn't it, to monitor the high-value patrons that come and gamble at The Star in Sydney?

25 **MR HAWKINS:** I wouldn't say "always". I get - would receive updates of performance, which may include contribution from sort of higher ranked customers, but that would be amongst a raft of things I would be considering.

30 **MS SHARP SC:** Well, didn't you make it your business to ensure you were kept updated in relation to the high-value patrons of The Star Sydney?

MR HAWKINS: Yes, I would have had an expectation that I would be kept updated generally on contribution from various customers, and particularly player ranking generally. Yes.

35

MS SHARP SC: And that would include what their turnover is at the casino?

MR HAWKINS: It could include that.

40 **MS SHARP SC:** And it would include any concerns that staff members had about these high-value patrons, would it?

MR HAWKINS: When you say "concerns", I'm unclear on what you mean.

45 **MS SHARP SC:** Well, I'll come back to that. It's right, isn't it, that you expected that you would be kept informed of any important developments with Phillip Dong Fang Lee?

MR HAWKINS: Yes, I would have thought - yes, that's right.

MS SHARP SC: Because he was one of the largest local high-value patrons of Star until he was excluded, wasn't he?

5

MR HAWKINS: Yes, he was. Yes.

MS SHARP SC: And you were also kept up to date with Michael Gu, weren't you?

10

MR HAWKINS: Yes, generally I was aware of Mr Gu. Yes.

MS SHARP SC: And you made it your business to assist The Star in developing and maintaining a good relationship with Mr Gu, didn't you?

15

MR HAWKINS: I recall receiving some correspondence about initiating the relationship with Mr Gu, yes. Yes.

MS SHARP SC: And you've corresponded directly with Mr Gu from time to time, haven't you?

20

MR HAWKINS: I think I have once or twice, yes, on - particularly on service-related matters.

25 **MS SHARP SC:** And have you been to lunch with him?

MR HAWKINS: I don't recall having lunch with him. I think I met him for a coffee, but I'm not sure it was lunch.

30 **MS SHARP SC:** You certainly invited him to attend a lunch function with you, didn't you?

MR HAWKINS: I don't recall specifically that --

35 **MS SHARP SC:** You also made it your business to keep abreast of the turnover of Guoyi Su, didn't you?

MR HAWKINS: Mr - the international customer, Mr Su?

40 **MS SHARP SC:** Yes. I will spell it for you if that assists, G-u-o-y-i S-u.

MR HAWKINS: Okay. Yes. Yes, I'm aware of that player. Yes.

MS SHARP SC: And you're aware of Huang Xiangmo?

45

MR HAWKINS: I am, yes.

MS SHARP SC: And you made it your business to keep appraised of the turnover he was bringing into The Star in Sydney, didn't you?

5 **MR HAWKINS:** I would have certainly be kept updated on the contribution from those players, yes.

MS SHARP SC: All right. Because part of your job was keeping an eye on the contribution of those high-value players, wasn't it?

10 **MR HAWKINS:** It would be to understand who, if any, individual players are material - materially impacting performance, yes.

MS SHARP SC: All right. So you agree with what I just put to you?

15 **MR HAWKINS:** Yes.

MS SHARP SC: Now, it's right, isn't it, that you've had a very lengthy career in the casino history - in the casino industry?

20 **MR HAWKINS:** Yes.

MS SHARP SC: Indeed, from 1998 to 2005, you were the generally manager of gaming in New Zealand and then general manager of operations in South Australia for SkyCity Entertainment Group Limited?

25 **MR HAWKINS:** That's correct.

MS SHARP SC: And in the period 2005 to 2013, you were employed by Crown Resorts or related parties?

30 **MR HAWKINS:** Yes, that's right.

MS SHARP SC: And in the period 2005 to 2010, you were based in Macau?

35 **MR HAWKINS:** That's correct.

MS SHARP SC: And from January 2006 to May 2008, you were the CEO of Altira, which was a joint venture with Crown and Melco International Development Limited?

40 **MR HAWKINS:** That's right.

MS SHARP SC: And Altira is a casino in Macau?

45 **MR HAWKINS:** That's right.

MS SHARP SC: Do you agree that relationships with key junkets were pivotal to the success of Altira?

MR HAWKINS: I think that's right. Ultimately that was the case, yes.

5 **MS SHARP SC:** In the period May 2008 to November 2010, you were employed by Melco Crown Entertainment Limited as the president of City of Dreams in Macau?

MR HAWKINS: That's right, yes.

10 **MS SHARP SC:** And it's right, isn't it, that your time in Macau provided you with an in-depth understanding of the manner in which junkets operate in Macau?

MR HAWKINS: I think at the time, I had a solid understanding of the junket framework in Macau.

15

MS SHARP SC: Well, you wouldn't have held the positions which you did in Macau if you did not have that in-depth understanding of junkets, would you?

20 **MR HAWKINS:** The roles I had in Macau were - I would describe as broader oversight roles for the properties. There was other executives who were directly accountable for the junket aspects of the business, but I accept that I had some broad knowledge of Macau junkets, yes.

25 **MS SHARP SC:** Right. Well, that's slightly different to the point I'm putting. You agree, don't you, that you had an in-depth understanding of the manner in which junkets operated in Macau?

MR HAWKINS: I'd agree I had a reasonably strong understanding.

30 **MS SHARP SC:** Well, I suggest the correct characterisation of that is an in-depth understanding.

MR HAWKINS: I don't necessarily agree.

35 **MS SHARP SC:** Now, you accept that there are money laundering risks that are inherent in casino operations around the world?

MR HAWKINS: Yes, I accept that.

40 **MS SHARP SC:** And you accept, don't you, that junkets are high risk, and always have been, in terms of money laundering?

MR HAWKINS: I accept that, yes, that's - that's been a focus for junket activity, yes.

45

MS SHARP SC: And that's particularly the case for junkets which have junket participants coming from mainland China in view of the restrictions on capital flight from mainland China?

MR HAWKINS: I think that's an important part of it, yes.

5 **MS SHARP SC:** Now, you recall, don't you, that Dr Jonathan Horton QC conducted a suitability review on The Star in 2016?

MR HAWKINS: Yes, I do.

10 **MS SHARP SC:** And you read that report, did you?

MR HAWKINS: I did read that report, yes.

15 **MS SHARP SC:** Can I take you to an aspect of that report, please, Mr Hawkins. It's exhibit B at tab 146, INQ.016.001.0050. I'm showing you the cover of the report, Mr Hawkins. Could we go, operator, please, to pinpoint 0132. And can I direct your attention, Mr Hawkins, to paragraph 253. Can you read that?

MR HAWKINS: If it could please be made a bit bigger. Thank you. 253?

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

25 "Junkets present a risk to the integrity of the casino, by virtue of the very large amounts of money involved, the potential illicit sources of those funds, and issues relating to junket promoters and the nature of their business."

You agree with that, don't you?

MR HAWKINS: Yes.

30 **MS SHARP SC:** And that has been your understanding at all times while you've been employed by Star Entertainment?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And can I scroll down, please, operator. And can I take you over the page, please. Do you see at paragraph 257 it says:

40 "One of the most obvious risks that attend junkets is money laundering."
You agree with that, don't you?

MR HAWKINS: Yes.

45 **MS SHARP SC:** And that's been your understanding the entirety of the time you've worked at Star Entertainment?

MR HAWKINS: Yes.

MS SHARP SC: Indeed, that was your understanding when you worked at Crown, wasn't it?

5 **MR HAWKINS:** Yes. Generally that's a risk, yes.

MS SHARP SC: Well, it's an obvious risk, isn't it?

MR HAWKINS: Yes.

10 **MS SHARP SC:** What training have you done in money laundering and counter-terrorism financing?

15 **MR HAWKINS:** I've completed The Star internal training module on a few occasions, which provides a level of oversight of the AML/CTF Act and program that we have in place.

MS SHARP SC: Is that all the training you've done?

20 **MR HAWKINS:** I may have sat through some other presentations, possibly to the board, just on some broader aspects of understanding AML. But the one I recall more specifically is the internal training, yes, and that's all I've done, yes.

25 **MS SHARP SC:** How do you rate or describe the level of your understanding of Australia's anti-money laundering and counter-terrorism financing regime?

MR HAWKINS: I'd say I have a - like, a general understanding of it.

MS SHARP SC: Do you agree that it's a risk-based system?

30 **MR HAWKINS:** Yes.

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

35 **MR HAWKINS:** I think it means ensuring that we have processes in place to identify risks relevant to that objective and then have the ability to understand and prioritise and respond to them.

40 **MS SHARP SC:** And do you agree that a central plank of the risk-based system is that an entity must have risk management measures in place which are commensurate with the level of risk presented?

MR HAWKINS: Yes.

45 **MS SHARP SC:** And do you agree that some people or entities can be so high risk in terms of money laundering that the only appropriate risk management strategy is not to deal with them at all?

MR HAWKINS: I accept if it's validated that it's at that level of risk, yes, that would be the right course of action.

5 **MS SHARP SC:** And when you say "if it's validated", what do you mean?

MR HAWKINS: I - I mean having an understanding of the risk or access to the relevant information which categorises the risk in that way.

10 **MS SHARP SC:** How does that contribute to whether a risk is validated or not?

MR HAWKINS: To act on the risk - I'm just calling out that the relevant information or insight into assessing the risk would need to be understood to respond to the risk.

15 **MS SHARP SC:** Now, do you agree that - well, I withdraw that. Do you have a general familiarity with the objects of the Casino Control Act?

MR HAWKINS: Yes, I do.

20 **MS SHARP SC:** And that is, in part, because you're a close associate of the casino operator?

MR HAWKINS: Yes.

25 **MS SHARP SC:** And in part because you've been the managing director of The Star in Sydney and you're now the chief casino officer in New South Wales?

MR HAWKINS: Yes.

30 **MS SHARP SC:** And you're aware, aren't you, that one of the primary objects of the Casino Control Act, as stated in section 4, is to ensure that the management and operation of the casino remain free from criminal influence or exploitation?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And you understand, don't you, that the reason that is one of the primary objects of the Act is because they are very real risks, that is, that there be criminal influence or criminal exploitation of the casino operator?

40 **MR HAWKINS:** Yes.

MS SHARP SC: And the fact that they are very real risks means, doesn't it, that at all times, the casino licensee must be vigilant to ensure those risks are not realised?

45 **MR HAWKINS:** Yes, I agree.

MS SHARP SC: And you're aware, aren't you, that the casino operator may only continue to hold its casino licence as long as it remains a suitable person to do so?

MR HAWKINS: Yes, I understand that.

5

MS SHARP SC: And do you agree that that suitability requirement means that the casino operator must be a person of good repute having regard to character, honesty and integrity?

10 **MR HAWKINS:** Yes, I agree.

MS SHARP SC: And do you agree that an implication of you being a close associate is that you must be of good repute having regard to character, honesty and integrity?

15

MR HAWKINS: I accept that, yes.

MS SHARP SC: And that means, doesn't it, that at all times you must conduct yourself ethically?

20

MR HAWKINS: Yes.

MS SHARP SC: And honestly?

25 **MR HAWKINS:** Yes.

MS SHARP SC: And do you agree that at all times while the casino operator holds the casino licence, it must take care to ensure that it only has business associations with those who are of good repute in terms of character, honesty and integrity?

30

MR HAWKINS: Yes, I understand that. Yes.

MS SHARP SC: And that's something of which you've always been aware, is it?

35

MR HAWKINS: Yes, I - I would say yes. I think that my understanding of that is somewhat sharper now. But, yes, I understand that we should be dealing with entities characterised that way.

40 **MS SHARP SC:** And why is your understanding somewhat sharper now?

MR HAWKINS: It's just something I've been reviewing more closely over the last few months.

45 **MS SHARP SC:** Just over the last few months?

MR HAWKINS: As I said, I was generally aware of it. But as part of preparation, yes, it's something I've been reading a bit more on to understand at a greater depth.

MS SHARP SC: Isn't this something that you should have been aware of at all times since you started working at Star Entertainment?

5 **MR HAWKINS:** I think I was always generally aware of it. So I feel I - I had an understanding of that, but have certainly had it more greatly focused over the last few months.

10 **MS SHARP SC:** It's not a new requirement in the sense that there's no legislation that has been changed while you've been there in regards to suitability?

MR HAWKINS: No.

15 **MS SHARP SC:** Is it something that you have placed sufficient weight on in your - in the discharge of your duties during the entire period you've been at Star Entertainment?

20 **MR HAWKINS:** I think I've always had an appropriate oversight of those who we're dealing with, and by nature of that, the structures within our company who helped inform me of that.

25 **MS SHARP SC:** Now, returning to my questions now about money laundering being a risk-based system, do you agree that the very first step in order to appropriately manage a risk is to accurately identify and evaluate the risk?

MR HAWKINS: Yes, I think that's appropriate.

30 **MS SHARP SC:** And one of the ways in which the risk is accurately identified and evaluated is through know your customer requirements?

MR HAWKINS: Yes.

MS SHARP SC: Another one is through checking on source of funds?

35 **MR HAWKINS:** Yes.

MS SHARP SC: Another one is through requirements of enhanced customer due diligence for particular higher risk patrons?

40 **MR HAWKINS:** Yes.

MS SHARP SC: And the requirement for ongoing customer due diligence?

45 **MR HAWKINS:** That's right.

MS SHARP SC: Now, do you agree that there is some difference between the risk that somebody will engage in money laundering and counter-terrorism

financing and the requirement that they be of good repute having regard to character, honesty and integrity?

5 **MR HAWKINS:** Sorry. Could you repeat the question again, Ms Sharp?

MS SHARP SC: Do you agree that there is some difference in the requirement that somebody - I might put it a different way, actually. Simply because you are satisfied that a risk of money laundering can be managed does not automatically mean that somebody is of good repute; do you agree?
10

MR HAWKINS: I accept that, yes.

MS SHARP SC: Have you always understood that?

15 **MR HAWKINS:** I think - I think so. I'm just trying to assess it. Sometimes - I just think it's difficult to separate the two by nature of the due diligence that's being performed on customers. But I understand they can be - can be different matters.

MS SHARP SC: Now, I'd like to turn to a different topic, if I could, Mr Hawkins.
20 I'm going to ask you some questions now about The Star Entertainment rebate business. Now, it's right, isn't it, that the rebate business consists of international rebate and domestic rebate?

MR HAWKINS: That's correct.
25

MS SHARP SC: And the reason why it's called the rebate business is because the patrons the subject of those businesses are given various points rebates or complimentary expenses?

30 **MR HAWKINS:** Yes, so they're rebated generally a percentage of their turnover as part of that type of program.

MS SHARP SC: And the distinction between the international rebate business, the domestic rebate business and local players is based on the residency of the
35 players involved?

MR HAWKINS: That's right.

MS SHARP SC: And a distinction is drawn between the international players, the
40 domestic players and the local players; is that right?

MR HAWKINS: Yes, they're the three general categories, depending, yes, where the player is activated. That's right, yes.

45 **MS SHARP SC:** And a local player is a player who is ordinarily resident in New South Wales?

MR HAWKINS: Yes.

MS SHARP SC: A domestic player is somebody who is ordinarily resident in Australia but not New South Wales?

5 **MR HAWKINS:** That's right.

MS SHARP SC: And --

MR HAWKINS: And - and who would be on a program, yes.

10

MS SHARP SC: And an international player is somebody who is ordinarily resident in some country other than Australia?

MR HAWKINS: That's right.

15

MS SHARP SC: Now, it's right, isn't it, that until recently, Star Entertainment's international rebate business consisted of junket programs, international premium direct players and international premium mass players?

20 **MR HAWKINS:** That's right.

MS SHARP SC: Now, when you gave your statement to the Bergin Inquiry in February 2020, you said that international junket programs accounted for about 75 per cent of The Star's international rebate business turnover. Was that an accurate estimate?

25

MR HAWKINS: That sounds accurate, yes.

MS SHARP SC: Now, The Star's domestic rebate business consists of domestic junket programs, or until recently did, and domestic premium direct player programs; is that right?

30

MR HAWKINS: That's right, yes.

35 **MS SHARP SC:** Are there still domestic junket programs?

MR HAWKINS: No, there's not.

MS SHARP SC: And it's correct, isn't it, that domestic rebate programs are not open to players ordinarily resident in New South Wales?

40

MR HAWKINS: That's right.

MS SHARP SC: Now, it's right, isn't it, that the annual reports of Star Entertainment, at least for the last five years, have reported separately the results of the international rebate business?

45

MR HAWKINS: Yes. That would be my understanding. It's been called that.

MS SHARP SC: And that's described in those annual reports as the international VIP business?

5 **MR HAWKINS:** I accept that.

MS SHARP SC: And just to be clear, when the annual reports report on the international VIP business, they are not including revenue from the domestic rebate business?

10

MR HAWKINS: That's correct.

MS SHARP SC: Now, the annual report for the year ending 30 June 2019 reported the international VIP earnings as representing 11.8 per cent of the total Star group earnings that year. Do you agree that is a significant percentage of The Star Group's overall earnings?

15

MR HAWKINS: I would have thought it was not a significant percentage.

20 **MS SHARP SC:** Almost 12 per cent?

MR HAWKINS: I think it's - it's important, but the other side of that is the local businesses are far - far greater. But, you know, it's a material business.

25 **MS SHARP SC:** And the fact that it's a material part of the business is the reason why the results of the international VIP component of the business are separately reported in the annual reports, isn't it?

30 **MR HAWKINS:** I'm not sure if that was the case. It - it may be because that part of the business was benchmarked quite actively across the sector, and that may - may be why it was called out. But I'm - I'm unclear.

MS SHARP SC: And it's the case, isn't it, that at least for the last four or five years, in the board reports of the managing director/CEO, the international VIP reports have always been reported separately to the balance of the results for Star Entertainment?

35

MR HAWKINS: Yes, there was a section in the MD/CEO report that referred to international rebate.

40

MS SHARP SC: And the reason for the separate reporting of the international rebate is because it was a significant component of the Star Entertainment Group's overall revenue?

45 **MR HAWKINS:** I - I think it was - it was a distinct business type compared to our local businesses which involved different considerations and different sort of oversight. So that's probably as much the reason. I think the - the - you know, the

financial performance of it could quite easily be assessed by looking at some of the P&Ls. So I think it was just by nature of it being quite a distinct business type.

5 **MS SHARP SC:** And why do you say it was distinct from the local or domestic rebate business?

10 **MR HAWKINS:** Because, in effect, it was dealing with inbound international customers in quite a competitive landscape across Asia and involved just a different type of business activity with team members based overseas and one with quite a bit of potential volatility in it as well in terms of financial performance.

MS SHARP SC: And it's right, isn't it, that there is, in fact, a global market for international VIP patrons?

15 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: And in this respect, The Star Entertainment Group competed with casinos around the world for market share in that particular market?

20 **MR HAWKINS:** Yes, that's right.

MS SHARP SC: So you - I withdraw that. It's right, isn't it, that Star Entertainment saw its competitors for the international VIP market as including the Macau casinos, for example?

25 **MR HAWKINS:** No, I wouldn't agree with that. I think we - we look at our competitors more across Australasia in terms of describing the international business as Australia is a long-haul destination. So we would really benchmark and compare ourselves with others in that category, less so with Macau.

30 **MS SHARP SC:** And who are the others in that category?

MR HAWKINS: SkyCity, Crown and probably the Singaporean casinos.

35 **MS SHARP SC:** What about the casinos in Cambodia and Vietnam?

MR HAWKINS: No, I wouldn't consider we were competing with them.

40 **MR BELL SC:** Is that a convenient time, Ms Sharp?

MS SHARP SC: Yes. Thank you, Mr Bell.

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

45 **<THE HEARING ADJOURNED AT 3:38 PM**

<THE HEARING RESUMED AT 3:53 PM

MR BELL SC: Yes, Ms Sharp.

5 **MS SHARP SC:** Operator, could we go, please, to exhibit B435, which is STA.5002.0003.1476. This is the IRB strategy update from September 2017 that I showed you previously, Mr Hawkins. Could we go to pinpoint 1491. And could I direct your attention, please, Mr Hawkins, to the second dot point, which refers to turnover from Suncity.

10 **MR HAWKINS:** Yes.

MS SHARP SC: And it's right, isn't it, that by September of 2017, Suncity was The Star's largest customer? I think I said that incorrectly. It was - no, Suncity was The Star's largest customer?

15 **MR HAWKINS:** Largest customer - yes, that's correct.

MS SHARP SC: And you understood that as at September 2017, didn't you?

20 **MR HAWKINS:** I would have generally been aware of it. I wasn't overseeing the business at that stage. But I accept that I would have had awareness they were a significant junket.

25 **MS SHARP SC:** And, indeed, is it right that you had that awareness from the time you were based in Macau, that is, that Suncity was a large junket?

MR HAWKINS: Yes.

MS SHARP SC: Tell me, have you met Alvin Chau before?

30 **MR HAWKINS:** Yes, I have.

MS SHARP SC: On how many occasions?

35 **MR HAWKINS:** I think probably twice.

MS SHARP SC: And when was that?

40 **MR HAWKINS:** Both of them I'd categorise as introduction handshakes. I recall meeting him in Macau at a large event at The Venetian there in the time that I was based in Macau, and there was a time when he came to Australia and - effectively Suncity sort of held a launch event on our property, and I recall being introduced to him then as well.

45 **MS SHARP SC:** And when was that launch event that Suncity held on your property?

MR HAWKINS: My recollection would be that it was probably in 2018.

MS SHARP SC: Was this at the time that Salon 95 was made available on an exclusive basis to Suncity?

5 **MR HAWKINS:** I think it was around that time, yes.

MS SHARP SC: Just returning to this document, do you see in the third dot point it says:

10 "In financial year '18, management have focused on strengthening relationships with all major junkets."

MR HAWKINS: Yes.

15 **MS SHARP SC:** And that was your understanding as at September 2017?

MR HAWKINS: Generally, yes.

MS SHARP SC: And one of the major junkets identified there is the Guangdong junket; do you agree?

20 **MR HAWKINS:** Yes.

MS SHARP SC: And you're aware that that was formerly known as the Neptune junket, aren't you?

25 **MR HAWKINS:** I'm aware of that, yes.

MS SHARP SC: And you know that from your time in Macau, don't you?

30 **MR HAWKINS:** Yes. I do recall Neptune junket in Macau, yes.

MS SHARP SC: And you're familiar with the Chinatown junket as well, aren't you?

35 **MR HAWKINS:** I have heard of them, yes.

MS SHARP SC: Have you met Tom Zhou before?

40 **MR HAWKINS:** No.

MS SHARP SC: Do you know he's involved in the Chinatown junket?

MR HAWKINS: I recall reading, yes, his association with that junket.

45 **MS SHARP SC:** And what is his association with that junket?

MR HAWKINS: I don't recall specifically. I know he was associated with it. I'm - I'm unclear if he was the - the junket promoter. I'm not sure.

MS SHARP SC: Are you aware that he's a junket funder of the Chinatown junket?

5 **MS RICHARDSON SC:** I object to that. I think Ms Sharp should be clear about whether she is talking about at the Crown or The Star.

MR BELL SC: Ms Sharp.

10 **MS SHARP SC:** I don't see a problem with the question, Mr Bell.

MR BELL SC: Well, why don't you break it down in the way that Ms Richardson is concerned about.

15 **MS SHARP SC:** Are you aware that Mr Tom Zhou was a funder of the Chinatown junkets at Crown?

MR HAWKINS: No, I wasn't.

20 **MS SHARP SC:** Are you aware as to whether Tom Zhou was a funder of the Chinatown junkets at The Star in Sydney?

MR HAWKINS: I'm - I'm not exactly clear on what his status was. I - I - I don't think I was overseeing that part of the business at that time, but I do know he was associated with Chinatown.

MS SHARP SC: All right. And do you know that he was associated with Chinatown because in a number of documents you've seen at Star, reference is made to Tom Zhou in the context of referring to the Chinatown junket?

30 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: And you're aware, aren't you, that the same - that the junket operators who acted on behalf of Chinatown at The Star include some of the same junket operators at Crown?

MR HAWKINS: You mean junket promoter?

40 **MS SHARP SC:** Yes.

MR HAWKINS: I would be aware there would be some overlap, yes.

MS SHARP SC: Could I take you, please, to exhibit B at 2239, to STA.3402.0003.6045. And just to situate you with the document I'm showing you, it's not a document to which you're a party, but do you see it's an email from a lawyer at Mallesons to Oliver White at The Star?

MR HAWKINS: Yes.

MS SHARP SC: All right. Can I take you, please, to pinpoint 6049. And if I can take you to the bottom of that page. Can you see there's another email from a solicitor at Mallesons to Oliver White?

5

MR HAWKINS: Yes, I can see that.

MS SHARP SC: And do you see there's reference to junket agreements with Chinatown?

10

MR HAWKINS: Yes, I can see that.

MS SHARP SC: And do you see that, firstly, one of the junket promoters is identified as Yuan Liwen, L-i-w-e-n?

15

MR HAWKINS: I'm unclear if he's being called out as the promoter. But I see the name, yes.

MS SHARP SC: All right. And did you understand he was also a junket promoter/junket operator at Crown?

20

MR HAWKINS: No, I've never heard of his name.

MS SHARP SC: And can you see there's another person referred to, Zhou Qiyun, Q-i-y-u-n?

25

MR HAWKINS: Yes, I see that.

MS SHARP SC: Are you aware that he was a junket promoter/operator at Star?

30

MR HAWKINS: If that's the Mr Zhou we're referring to, yes.

MS SHARP SC: No, it's not the Mr Zhou we're referring to.

35

MR HAWKINS: Okay. No, I don't recall the name, then.

MS SHARP SC: So you're not aware as to whether or not he was also a junket promoter/operator at Crown?

40

MR HAWKINS: No, I don't recall.

MS SHARP SC: And if I could go over the page, please, operator. Yes, I don't need to take you to any more of that document. Could you pardon me for one moment, please, Mr Bell?

45

MR BELL SC: Yes.

MS SHARP SC: Now, could I return, operator, please, to exhibit B at tab 435, which is STA.5002.0003.1476. And if I could now take you, please, to pinpoint 1497. Do you see there's a reference to the Macau market?

5 **MR HAWKINS:** Yes.

MS SHARP SC: And there's a reference - see the third dot point? It says:

10 "The Chinese Government launched Operation Chain Break in late 2015 which sought to stop the flow of funds into foreign casinos."

MR HAWKINS: Yes.

15 **MS SHARP SC:** You were aware of that in and around late 2015, weren't you?

MR HAWKINS: Yes, I definitely - definitely recall it. Yes.

20 **MS SHARP SC:** All right. Because you were well acquainted with developments in the Macau VIP market, weren't you?

MR HAWKINS: In - I wouldn't say I was as close to it around 2015 as I had been prior, but I do recall reading about it, yes.

25 **MS SHARP SC:** And you made it your business to understand important developments in the Macau VIP casino market, didn't you?

MR HAWKINS: Well, I - I kept - kept an eye on what was happening there, and it was more so important when I was overseeing that part of the business.

30 **MS SHARP SC:** And that was from April of 2018?

MR HAWKINS: Yes.

35 **MS SHARP SC:** Could I take you now to pinpoint 1502. And you see that first dot point is:

"Chinese government focus on cracking down on gaming appears to be moderating in respect to Macau casinos, but not foreign operators."

40 **MR HAWKINS:** Yes.

MS SHARP SC: Now, that was your view as at the time of this document, which was September 2017?

45 **MR HAWKINS:** I just don't recall having an opinion on it at the time, but I accept it's in the document.

MS SHARP SC: All right. Well, you certainly had an opinion on it in April 2018 when you assumed direct responsibility for the international rebate business, didn't you?

5 **MR HAWKINS:** I would have been more focused on those types of matters, yes.

MS SHARP SC: Can you see the third dot point there is:

10 "Global focus on AML continues to intensify, with direct and indirect implications (indirect including banks tightening their internal controls and customer risk assessments)."

MR HAWKINS: Yes.

15 **MS SHARP SC:** Now, that was a matter of which you were aware in September 2017, wasn't it?

MR HAWKINS: I was probably aware of it.

20 **MS SHARP SC:** And you were certainly aware of it by April of 2018, weren't you?

MR HAWKINS: Yes. I think so, yes.

25 **MS SHARP SC:** And you see that the distinction is made here between direct and indirect implications?

MR HAWKINS: Direct - I - I see, yes.

30 **MS SHARP SC:** And the indirect implications are illustrated by the banks tightening their internal controls and customer risk assessments?

MR HAWKINS: Yes.

35 **MS SHARP SC:** What are the direct implications that you're aware of, of AML - the focus on AML intensifying?

MR HAWKINS: I mean, it may have a direct implication on how we, at the time, were managing international business.

40 **MS SHARP SC:** Well, wasn't one of the direct implications that it was becoming harder for Star Entertainment to receive very big deposits of cash overseas?

MR HAWKINS: Yes, I accept that. Yes.

45 **MS SHARP SC:** And that was because there was increasing scrutiny of the source of funds?

MR HAWKINS: That - yes, that would have been one of the reasons. Yes.

5 **MS SHARP SC:** Well, this was an important consideration for you once you took over in the direct supervision of the international rebate business in April 2018, wasn't it?

MR HAWKINS: Yes, it would have been. Yes.

10 **MS SHARP SC:** Because the fact is it was getting harder and harder for The Star to receive large cash deposits from its international VIP customers?

MR HAWKINS: Yes.

15 **MS SHARP SC:** Now, if I can take you over the page to pinpoint 1503. There's a dot point there to Operation Chain Break being a campaign to stop the flow of money and connections between high-stakes gamblers on the mainland and casinos. Now, what implications - well, I withdraw that. You've said that you were aware of that. What implications did that have for you when you assumed direct responsibility for the international rebate business?

20 **MR HAWKINS:** Connections between high-stakes gamblers on the mainland - I think it was generally monitoring or trying to understand further the Operation Chain Break and how it was impacting the performance of Macau and the junkets there, which could then potentially have broader implications on to those junket and other junket performances into other regions.

25 **MS SHARP SC:** Well, isn't the problem here that it was getting harder and harder for international VIP patrons to move their money out of places like Macau and into Australia for the purpose of funding gambling?

30 **MR HAWKINS:** Yes. It was certainly becoming more difficult, yes.

MS SHARP SC: Could I take you, please, to pinpoint 1511. Do you see there's a heading here Working With the Major and Casual Junkets?

35 **MR HAWKINS:** Yes.

MS SHARP SC: There's a dot point:

40 "Large junkets -"

And two sub dot points down, it says:

45 "Business to business sales approach, selling to the trades."

Then another dot point:

"Imbedded with the junkets, helping junkets to sell."

Can you assist us in understanding what that's about?

5 **MR HAWKINS:** Selling to the trades, imbedded with the junkets, helping the junkets to sell - I - I would have thought it would be developing a relationship with the junkets, or a particular junket, to assist them to look at the long-haul destinations as active destinations that they could focus on as well as Macau.

10 **MS SHARP SC:** Well, just because you assumed the direct responsibility for the international rebate business in April of 2018, can you explain to us what "imbedded with the junkets" means?

15 **MR HAWKINS:** No, it's not a term - I don't understand why the term was used there, but it may - I think it's just trying to focus on building a deeper - potentially building a deeper relationship with the junket.

MS SHARP SC: Was it partnering with the junket?

20 **MR HAWKINS:** Look, I think it was just working more closely to understand the junket and how they look at business opportunity into the Australasian region.

25 **MS SHARP SC:** Now, I will move to a different topic now, which is the premium mass market. You say at paragraph 24 of your first statement that non-junket group business is divided between premium direct and premium mass. What is the difference between premium direct and premium mass?

30 **MR HAWKINS:** The principal difference would be effectively the front money related to the types of individuals who would participate in each type of program. So typically the international premium direct would be a - think of a smaller group of very significant customers who would have, you know, quite material front money that they would use to gamble with and would typically travel the world and play in various casinos globally. The international premium mass business is, as it describes, more of a sort of mass approach to, like, a higher number of customers but with a lower level of funds that they would have available for gaming, and generally they would be a bit more akin to sort of tourism-type experiences and group experiences into destinations.

40 **MS SHARP SC:** So is the key difference, really, that there's lower front money provided by premium mass customers as compared with premium direct customers?

MR HAWKINS: That's the fundamental difference. A different way that they would be serviced as well.

45 **MS SHARP SC:** But is it right that all premium mass players deposit front money with The Star?

MR HAWKINS: I think majority of them would have a front money account established, yes.

5 **MS SHARP SC:** Now, you say at paragraph 20(c) of your first statement that there has been a strategic shift on the part of Star Entertainment to international premium mass. When did this shift occur?

10 **MR HAWKINS:** I think probably around the time that the junket performance was generally waning, to some extent, in Macau. And as an operating company, we were being exposed to quite significant volatility from some of the individual direct customers we were having coming in, which was impacting, to an extent, some of the sort of profitability of the area. So the consideration at that time was what's another market, it's - the international premium mass market is one that has been growing significantly in Macau for quite a few years. And from there, there was a strategic consideration to start to focus on that part of the market. It was - in
15 some ways, can be a bit easier to activate. There was a tourism base to it as well. And it provided, to an extent, some sort of less volatility, and we thought that was the right direction to go.

20 **MS SHARP SC:** And so when in time did this shift in focus take place?

MR HAWKINS: Look, I would have thought it was an area of discussion from 2017 or '18. I think there was an executive who was appointed within one of the earlier international rebate structures who was solely focused on that part of the
25 business, and I remember that may have been around 2017. So it was an evolving part of the market from that time.

MS SHARP SC: And who was that executive, Mr Hawkins?

30 **MR HAWKINS:** I think it was Mr Tiernan Kundla.

MS SHARP SC: Are premium mass players able to play in the VIP rooms, such as the Sovereign Room?

35 **MR HAWKINS:** Yes, they can play there. Yes.

MS SHARP SC: And what about in the VIP salons in the hotel?

40 **MR HAWKINS:** I think it could occur from time to time, but that was sort of less likely because they were - those types of customers were generally travelling in a larger group with a larger number of players who would like to socialise at the same time. So some of those junket salons were somewhat limiting on that front.

45 **MS SHARP SC:** And is it right that premium mass players are always international players?

MR HAWKINS: Yes.

MS SHARP SC: And is it correct that premium mass players are international rebate players?

5 **MR HAWKINS:** Just to clarify, so we would call that category international premium mass. So, yes, they would be rebate players.

MS SHARP SC: And are there intermediaries involved between Star, on the one hand, and the players themselves, on the other?

10 **MR HAWKINS:** I would typically say not. I'm not aware of sort of formal intermediaries.

15 **MS SHARP SC:** So there's nobody who organises groups of premium mass players to come to the casino together to play?

MR HAWKINS: There may be examples where one of our sales team members may be dealing with a particular player who - that player may be representing a broader group of players as well. But I'm not aware of anything else beyond that.

20 **MS SHARP SC:** Are there rebate agreements with premium mass players?

MR HAWKINS: Yes, they would go on to a type of rebate program. Yes.

25 **MS SHARP SC:** And those rebate programs - I'm trying to understand who the counterparty to those agreements are. Are they the particular premium mass players, or are they persons who act on behalf of the group of premium mass players?

30 **MR HAWKINS:** It's my understanding that it's the individual player.

MS SHARP SC: But are you saying that on some occasions, another premium mass player may organise for other premium mass players to come out at the one time and play at the casino?

35 **MR HAWKINS:** I think that in that instance, they may have been used as a communication point. But my understanding is the actual players were on individual agreements.

40 **MS SHARP SC:** And can premium mass players be granted cheque cashing facilities?

MR HAWKINS: They probably can, but I'm not sure it has happened very often.

45 **MS SHARP SC:** With the VIP gaming salons in the hotels, are there satellite cages located near those salons?

MR HAWKINS: Yes.

MS SHARP SC: And how does that work? Is there one cage for each salon?

5 **MR HAWKINS:** No. Generally, in a particular zone of VIP salons, there would be one cage or cashier that would be used as the point of reference for the salons in that particular zone.

MS SHARP SC: So is a zone one floor of the hotel, or is one floor divided into a number of different zones?

10 **MR HAWKINS:** Yes, it would be done by geographic area. So our salons, for example, on level 17 of the hotel would have one central cage cashier facility managing salons in that space. And if - the salons in the Darling Hotel would have one central cage for reference for the salons in that space as well.

15 **MS SHARP SC:** Are there ever cages within the individual salon rooms?

MR HAWKINS: No.

20 **MS SHARP SC:** I will move to a different topic now, Mr Hawkins. You're aware, aren't you, that The Star is liable to pay different levels of duty depending on whether there has been rebate play or non-rebate play?

MR HAWKINS: Yes, I'm aware of that.

25 **MS SHARP SC:** Can I show you exhibit B, tab 2432, which is ILGA.001.013.0001. I'm showing you the 29 May 2020 duty and responsible gambling levy agreement. You're familiar with this agreement, aren't you?

30 **MR HAWKINS:** I'm aware of it. I haven't reviewed it myself.

MS SHARP SC: You understand, though, that this sets out the different levels of duty that are payable depending on whether there's rebate play or non-rebate play?

35 **MR HAWKINS:** Yes.

MS SHARP SC: And you're aware, aren't you, that the duty payable by The Star is a condition of its licence pursuant to section 120 of the Casino Control Act?

40 **MR HAWKINS:** I accept that.

MS SHARP SC: Can I just take you to some definitions in this agreement, please, Mr Hawkins. If we could firstly go to pinpoint 0010. And if I could have this enlarged so that you could see the definition of "rebate gaming". Do you see it's defined to mean:

45 "Gaming by rebate players in connection with (a) a premium player arrangement and (b) a junket."

MR HAWKINS: Yes.

MS SHARP SC: And is it correct that a premium player arrangement can be a premium direct arrangement or a premium mass arrangement?

5

MR HAWKINS: International, yes.

MS SHARP SC: Yes. And if you look at the definition of "rebate player", it means, firstly, a person who is not normally resident in New South Wales; do you agree?

10

MR HAWKINS: Yes.

MS SHARP SC: And it's somebody who:

15

"Participates in gaming either individually or as a participant of a junket and (b) lodges front money?"

MR HAWKINS: Yes.

20

MS SHARP SC: And could I take you, please, to pinpoint 0014. Do you see towards the bottom of the page there's a heading 6, Non-Rebate Duty?

MR HAWKINS: 6.6. Yes. Sorry. Yes.

25

MS SHARP SC: And then if I take you over the page to the top of the next page, do you see there's a term defined there "non-rebate duty rate"?

MR HAWKINS: Yes, I can see that.

30

MS SHARP SC: And you agree that this sets the rate of non-rebate duty for the purposes of the agreement, and its starting point is that the duty is 17.91 per cent of non-rebate gaming revenue?

MR HAWKINS: Yes.

35

MS SHARP SC: And if I take you over the page, can I take you to - I beg your pardon, to pinpoint 0017. And I will take you - you see there's a heading towards the bottom, number 9, Rebate Gaming Duty?

40

MR HAWKINS: Yes.

MS SHARP SC: And if I then take you over the page to pinpoint 0018. And do you see right up the top:

45

"Rebate duty rate."

MR HAWKINS: Yes.

MS SHARP SC: And do you see that's 10 per cent of the rebate gaming revenue?

MR HAWKINS: Yes.

5

MS SHARP SC: So you agree, don't you, that rebate duty - the rate of rebate duty is significantly lower than the rate of non-rebate duty payable to the State of New South Wales?

10 **MR HAWKINS:** Yes, I agree with that.

MS SHARP SC: And in addition, it's correct, isn't it, that when we're talking about non-rebate play, the casino must also pay to the State of New South Wales a two per cent responsible gaming levy?

15

MR HAWKINS: I accept that's right.

MR BELL SC: Just before we leave that agreement, Mr Hawkins, something I'm not quite clear on. You said earlier that in the international context, the premium mass players were all rebate players; is that correct?

20

MR HAWKINS: Yes.

MR BELL SC: But then counsel assisting asked you whether the premium mass players always have a front money account, and I think you said "usually" or "ordinarily". Are there ever circumstances where premium mass players don't lodge front money?

25

MR HAWKINS: I think it would be rare, Mr Bell. But I'm not sure if, from time to time, they may be cash-based. But I accept that that would be going into probably a front money account as well.

30

MR BELL SC: Again, my understanding is - and please correct me if I'm wrong, is that rebate players are issued non-negotiable chips; is that correct?

35

MR HAWKINS: It depends on the type of rebate program that they're on. So as an international premium mass customer, the objective is to track the turnover generated by that customer so a rebate can be calculated. One way to do that is by the tracking of bets or the issuance of non-negotiable chips. It can also be done via the allocation of a particular card the player may use. For example, they may be a gaming machine player, not a table game player, and that mechanism would track the turnover that they generate on their trip as well, which would then go into the calculation of the rebate for that player.

40

MR BELL SC: But if they're table game players, are you saying that there can be premium mass players who play on table games without being issued with non-negotiable chips; they can be issued with cash chips?

45

MR HAWKINS: I think they mostly are issued with non-negotiable chips. I think, if I recall, there's a program type which enables the tracking of their play through our loyalty program at the table, which generates a turnover assessment for their play and issues points to that player based on that turnover. And those points are effectively - can then be sort of redeemed for their rebate.

MR BELL SC: But is it also the case that duty is calculated not by reference to individual players but at a per table level?

MR HAWKINS: Well, I think the categorisation of rebate play would occur in that way. So the bulk of the - or the international play would be separated from any cash play, so either through the non-negotiable tracking methodology or through the allocation of a card, which is categorically used for the tracking of the international rebate play.

MR BELL SC: So if they're issued a card rather than non-negotiable chips, they may not lodge front money; is that right?

MR HAWKINS: I think that - I must admit, I - I need to clarify it 100 per cent. But I think there's a small number of circumstances where that could be the case.

MR BELL SC: Right. And is there - are those players, who are international premium mass players, who are issued cards rather than non-negotiable chips - does that mean that their - is their play treated as rebate play for the purpose of calculating duty?

MR HAWKINS: Yes.

MR BELL SC: Even though they haven't lodged front money, or may not have?

MR HAWKINS: Look, I'm unclear on that distinction. But certainly their play is categorised and captured as rebate play.

MR BELL SC: Right. You did say earlier that the definition of rebate play was someone who was not ordinarily a resident and had lodged front money.

MR HAWKINS: Was that in one of the documents we referred to?

MR BELL SC: Well, I think counsel assisting took you to the definition of "rebate play" - perhaps we can go back to it, please, operator.

MR HAWKINS: I wasn't sure if it said --

MR BELL SC: I think it was pinpoint point 0010, from memory. And you see the definition of "rebate player" means a person who is not normally a resident of New South Wales who participates either individually or in a junket and lodges the requisite front money?

MR HAWKINS: Yes. Look, I - I accept that that would be the case.

5 **MR BELL SC:** So are you telling me that there are some international premium mass players who are treated as rebate players for the purpose of duty who don't, in fact, lodge the requisite front money?

10 **MR HAWKINS:** No, that would be my error. So there is programs where players are tracked via a card, but - that would be my misunderstanding. They would have to allocate and lodge front money based on that. So that was my error.

MR BELL SC: So when you told me earlier that there were rebate players who may not lodge the requisite front money, that evidence you gave me was mistaken, was it?

15 **MR HAWKINS:** Based on my reading of this, yes. So that would have been an error.

20 **MR BELL SC:** And what would be the best way to check whether all rebate players do, in fact, lodge the requisite front money, Mr Hawkins?

MR HAWKINS: I would need to speak with probably a manager in our cage and cashier and financial area, just to validate that. So - I apologise. My understanding is not full on that matter.

25 **MR BELL SC:** Is that something you could perhaps clarify overnight?

MR HAWKINS: Certainly.

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

MS SHARP SC: Just following up one aspect of your evidence to Mr Bell, in relation to table games, do you need to have chips to play table games?

35 **MR HAWKINS:** Yes.

MS SHARP SC: So it's right, isn't it, that any time where a premium mass player is playing at a table, they will be using chips?

40 **MR HAWKINS:** That's correct.

MS SHARP SC: And they will always be using non-negotiable chips, will they?

45 **MR HAWKINS:** Look, my understanding is there's a few different chip types which enable the tracking of play. But I think they could all be categorised generally as that type of chip. But, again, I'm happy to clarify that.

MS SHARP SC: Well, that would be good if you could. Would they all generally be characterised as rebate chips?

MR HAWKINS: I would have thought so, yes.

5 **MS SHARP SC:** And when you said that a premium mass player could sometimes play by way of card rather than chip, that's in relation to non-table games, for example, poker machines?

10 **MR HAWKINS:** Generally. So if they were - so there can be a rebate player who's playing a gaming machine, and their play for the purpose of that would be tracked buy via a card that they're issued - it's inserted into the gaming machine - and that would track the turnover that they generate for their trip.

MS SHARP SC: And is that the same as the ticket in/ticket out system?

15 **MR HAWKINS:** No, it's not. So this is a card that is allocated to the player which is inserted into the gaming machine, and there's effectively, like, an accounting relationship between that player and the card. And any bet that that customer has on that particular gaming machine is effectively there as an audited amount to look at the total turnover that they generate on their trip, which can then be correlated
20 against the type of rebate that they would ultimately receive. So ticket - ticket out and ticket in could occur as part of that gaming machine experience if they were moving from one gaming machine to another, but they would need to insert this card to accurately track all of their turnover.

25 **MS SHARP SC:** Now, I've taken you to the May 2020 version of the duty agreement which commenced in July of 2020. You're aware, aren't you, that there was an earlier version of that agreement dated 26 June 2008?

30 **MR HAWKINS:** I'm aware there was an earlier version, yes.

MS SHARP SC: I will just show that to you. It's exhibit B, tab 5, ILGA.001.007.2547. And what I'm showing you is a Deed of Amendment and Restatement (Casino Duty and Responsible Gambling Levy Agreement). Now, you're generally familiar with this earlier 2008 version of the agreement, are you?
35

MR HAWKINS: It's not a document I really have oversight of, but I'm aware of its existence, yes.

40 **MS SHARP SC:** You're aware, aren't you, that a distinction is made between rebate play and non-rebate play for the purpose of calculating duty payable to the New South Wales Government?

MR HAWKINS: Yes, I'm aware of that.

45 **MS SHARP SC:** And it's right, isn't it, that a lower level of duty was payable in respect of rebate play?

MR HAWKINS: Yes.

MS SHARP SC: Could I take you now, please, to exhibit B595, which is STA.3419.0035.1046. Now, could I just - this is an email from Saro Mugnaini, who at the time was the general manager of VIP international marketing. Do you see - and I will have it enlarged for you so you can see, Mr Hawkins - that he states that:

10 "It is a regulatory requirement in New South Wales that only overseas residents are permitted to buy in and therefore play on an international rebate program and an international premium mass program."

MR HAWKINS: Yes, I see that.

MS SHARP SC: And that's a matter of which you at all times have been aware?
15

MR HAWKINS: Yes.

MS SHARP SC: And do you see he says that he's attaching a standard operating procedure for completing a residency checklist and the residency checklist?
20

MR HAWKINS: Yes, I can see that.

MS SHARP SC: And I will just show you the date of that email, if I can have that scrolled up please, operator. Do you see this is dated 4 February 2018?
25

MR HAWKINS: Yes.

MS SHARP SC: I want to show you the standard operating procedure from 2018. It's a little bit later than the February one. But let me take you to exhibit B at tab 30 772, which is STA.3419.0027.2570. What I'm showing you is the international/VIP services standard operating procedure, with the effective date of 9 May 2018. You're generally familiar with this document, are you?

MR HAWKINS: I'm, yes, aware of the document. Yes.
35

MS SHARP SC: And there's another standard operating procedure which relates to residency requirements, which I will take you to now, which is the rebate play standard operating procedure. If we could go to that, operator. It's exhibit B at 2120, which is STA.3427.0017.2322. Now, this is version 5 of the agreement. I will have this enlarged so you can see that. You see we're dealing with version 5. I'm told this is not, in fact, confidential, although it's all coloured blue. But I do propose to ask some questions about it. It's not the current standard operating procedure.
40

MR BELL SC: I think if your questions related to the residency issue, I think Ms Richardson accepted that those matters were not confidential. Is that correct, Ms Richardson?
45

MS RICHARDSON SC: Yes, that is.

MS SHARP SC: Now, are you - if I can take you, firstly, to pinpoint 2337. Do you see at the top it says:

5

"Task 5: Residency Checklist for International Rebate Players."

MR HAWKINS: Yes.

10 **MS SHARP SC:** And you were generally familiar with this in 2019, weren't you?

MR HAWKINS: I was aware of the document. It's not something I administered myself, but I was aware of it.

15 **MS SHARP SC:** And if you look in the right-hand column, which deals with standards - if I could have that enlarged - do you see there's a reference to the international checklist which is used to determine if a patron is a resident?

MR HAWKINS: Yes.

20

MS SHARP SC: And you've seen that checklist before, have you?

MR HAWKINS: I have, yes.

25 **MS SHARP SC:** And I will just take you to that checklist, if I can. It's pinpoint 2343. Now, you're generally familiar with this document, aren't you? I will have it enlarged a little bit.

MR HAWKINS: I'm generally familiar with it, yes.

30

MS SHARP SC: And if I could just take you to part A, you will see that three questions are asked. The first one is:

35 "Does the person hold an Australian passport?"

The second is:

"Does the person hold a non-Australian passport?"

40 And the third is:

"For non-Australian passport holders, does the person have a tourist visa or a visa of -"

45 A particular subclass?

MR HAWKINS: Yes.

MS SHARP SC: And if you get a "yes" to particular questions there, you don't have to follow the balance of the checklist. Do you see that?

MR HAWKINS: Yes, I do.

5

MS SHARP SC: All right. But if you get a "no" to that third question, you do have to address the balance of the checklist, don't you?

MR HAWKINS: Yes, that would be my understanding. Yes.

10

MS SHARP SC: And just while we're in this document, could I take you to pinpoint 2397. Now, this is - I will just wait for it to come up. It's pinpoint 2397 in the same document. Now, I'm now taking you, Mr Hawkins, to task 17, Residency Checklist for Domestic Rebate Player. And can you see in the right-hand column with Standards, reference is made to another residency checklist. If I can have that enlarged please, operator.

15

MR HAWKINS: Thanks. Yes, can I see that.

20

MS SHARP SC: And this is - if I can now take you to that checklist. It's at pinpoint 2400. And if I can have that enlarged. You will agree that that's the domestic residency status checklist?

MR HAWKINS: Yes.

25

MS SHARP SC: You're generally familiar with this checklist, aren't you?

MR HAWKINS: Yes, I'm generally aware, yes, of it.

30

MS SHARP SC: Alright and part A asks three questions in slightly different terms to the international checklist, but you will see those three questions there?

MR HAWKINS: Yes.

35

MS SHARP SC: Now, it's right, isn't it, that at the time of this version of the rebate standard operating procedure, the test for whether somebody was an international resident or a domestic resident was whether they had spent more or less than 183 days in New South Wales?

40

MR HAWKINS: Yes. I'm certainly aware in the international one, and as outlined here, that it referred to generally 183 days, yes.

MS SHARP SC: All right. And 183 days is six months, isn't it?

45

MR HAWKINS: Approximately, yes.

MS SHARP SC: All right. And that was the proxy that Star has used, until fairly recently, to determine whether somebody was a local player, a domestic player or an international player?

5 **MR HAWKINS:** Well, to - to retain or to be eligible for rebate, that was one of the assessments made, yes.

MS SHARP SC: Yes. And that if they were a domestic player, they were eligible for a domestic rebate program; and if they were an international player, they were
10 eligible for an international rebate program?

MR HAWKINS: That's correct.

MS SHARP SC: You agree?
15

MR HAWKINS: I agree, yes.

MS SHARP SC: Okay. But somebody who is a local player was not eligible for either a domestic rebate program or an international rebate program?
20

MR HAWKINS: Well, they could become eligible.

MS SHARP SC: And how is that?

25 **MR HAWKINS:** I guess a local player, I would categorise as a cash player on the main floor. If they were ultimately eligible for a rebate program and were identified as such, that could occur.

MS SHARP SC: But if you've identified somebody as a local player, they are
30 always a local player, aren't they, and therefore ineligible for a domestic rebate program or an international rebate program?

MR HAWKINS: Yes, certainly if they were not eligible. That's right, yes.

35 **MS SHARP SC:** And the test for determining eligibility was this 183-day test, wasn't it?

MR HAWKINS: Yes. That, as well as - yes, that was certainly a core component.
40 Yes.

MS SHARP SC: What were the other components?

MR HAWKINS: Well, I think there was other requirements in terms of sort of
45 KYC and identification assessment to be completed to fully sustain or bring about an outcome of eligibility, as well as the assessment of the 183 days.

MS SHARP SC: But aren't you looking at other matters, such as whether the person holds a driver's licence in New South Wales or an Australian Medicare

card or a utility bill - aren't you looking at all those other matters for the purpose of determining whether that patron had spent more or less than 183 days in New South Wales during the past 12 months?

5 **MR HAWKINS:** Yes, I agree --

MS RICHARDSON SC: I object to that. I think, in fairness, the question put does not reflect what this document actually says.

10 **MR BELL SC:** Well, I think we can all read the document. Why don't you put the question, Ms Sharp, and we will see whether Mr Hawkins is able to deal with it or not.

15 **MS SHARP SC:** Aren't you looking at other matters, such as whether the patron holds a New South Wales driver's licence or holds a utility bill with an address in the jurisdiction or holds a return flight ticket, to answer the question of whether the patron has spent more or less than 183 days in New South Wales within the last 12-month period?

20 **MR HAWKINS:** Yes, I think the - the 183-day criteria was designed to both trigger another sort of residency assessment if and as required, but it was typically used by - by that team to assess initial eligibility. But other information had to be provided as part of that SOP to activate that eligibility.

25 **MS SHARP SC:** And just to be clear as to what other information was required, if can I go back to task 5 which deals with international rebate players, we'll go through that material. If I can take you back to pinpoint 2337. You will agree, won't you, that the steps that had to be followed to make the assessment as to whether a patron was eligible for an international rebate program are the steps
30 articulated in the left-hand side of the column under the heading Steps?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And the residency status checklist is designed to lead the person making that assessment through the steps they need to take?

MR HAWKINS: Yes.

40 **MS SHARP SC:** Now, I've shown you version 5 of the rebate standard operating procedure. There was a version 6 which became effective from 8 September 2020, and let me show you that one. That's exhibit B2573 at STA.3002.0001.0614. Now, you can take it from me that the steps have not changed materially between that and the version 5 document I just took you to, and nor has the checklist changed in
45 any material way. But it's correct, isn't it, that this version 6 has now been superseded by a different version of the rebate play standard operating procedure which has made some more fundamental changes to the way eligibility for the international rebate program is assessed?

MR HAWKINS: Yes, that's my understanding. Yes, it's been updated.

MS SHARP SC: And there's no longer the focus on the - what I've described as the 183-day test?

5

MR HAWKINS: Yes, I think that has been removed.

MS SHARP SC: All right. Well, we'll come back to that - that document a little later in our discussion. Can I take you now to exhibit B at tab 3268, which is STA.3412.0084.5907. Now, this is not your document, but it refers to some dealings with you. So I wish to check whether you agree with it. You will see this is an email from Andrew Power that he sent to himself, dated 3 November 2021, which appears to function as a file note. I just want to see whether or not you agree with the chronology that Mr Power has set out here, Mr Hawkins. And I will take you through it, if I can. If I could have this enlarged please, operator. We'll start with the entry for 12 August 2020. Now, what Mr Power says is that there was a rebate audit being conducted by Liquor and Gaming New South Wales. Do you agree there was a rebate audit as at that time?

10
15
20 **MR HAWKINS:** Yes.

MS SHARP SC: And is it right that at that time, Liquor and Gaming New South Wales had identified 14 persons of interest?

25 **MR HAWKINS:** Yes, I recall that. Yes.

MS SHARP SC: And is it right that checklists were not able to be provided for all of those guests?

30 **MR HAWKINS:** If I recall, I think that's correct.

MS SHARP SC: Now, I'll go down to the entry for 1 September 2020. It says:

35 "Greg is encouraged to find out when the gaming duty is payable so that adjustments can be made if it is determined that individuals are no longer eligible for rebate programs."

Now, you're the "Greg" referred to there, aren't you?

40 **MR HAWKINS:** Yes.

MS SHARP SC: And it's right, isn't it, that on 1 September 2020, Mr Power did communicate with you about ascertaining whether patrons who had played on international rebate programs during what I'll describe as the COVID period, that is, in July, August and early September 2020, were, in fact, eligible to play on those international rebate programs?

MR HAWKINS: Yes, Andrew - or Mr Power certainly sent me an email with regards to that. Yes.

5 **MS SHARP SC:** And it's right, isn't it, that on 4 September 2020, Mr Power did give you advice in relation to rebate eligibility?

MR HAWKINS: Yes. As part of an email he had sent me, there was some external advice attached to that.

10 **MS SHARP SC:** And it's right, isn't it, that on 8 October 2020, you confirmed that you were satisfied that the rebate players who had played during what I'll call the COVID period were eligible to play on international rebate programs?

15 **MR HAWKINS:** I don't recall the exact date, but, yes, that's right.

MS SHARP SC: Now, I will take you through this sequence of events in a little bit more detail. Can I start by showing you the document at exhibit B3300, which is STA.3412.0087.7486. Now, I will have this highlighted so you can read it, Mr Hawkins. Can I start at the bottom of this first page, the email at the bottom, and have that enlarged, please. And do you agree that's an email from Mr Power to you dated 12 August 2020?

MR HAWKINS: Yes.

25 **MS SHARP SC:** And may we take it that you did read that at the time it was sent to you?

MR HAWKINS: Yes, I would have.

30 **MS SHARP SC:** But incidentally, have you asked for any legal advice from Mr Power at the time of this email?

MR HAWKINS: I don't think so, at this time.

35 **MS SHARP SC:** Now, what he says to you is:

"As discussed, I would appreciate your assistance in formulating a response to the regulator in relation to 14 named persons of interest to New South Wales Liquor and Gaming."

40 And what he's doing is setting out what information is held about those 14 named players by Star; do you agree?

45 **MR HAWKINS:** Yes.

MS SHARP SC: And what he's doing is pointing out where there is - or there are shortcomings in the documentation held by Star; do you agree?

MR HAWKINS: Under the - yes. I think the - the far right column, yes.

MS SHARP SC: Yes. Well, also in relation - do you see there's a column there, Residency Checklist?

5

MR HAWKINS: Yes. Okay.

MS SHARP SC: Well, The Star is supposed to hold one of those for every person it classifies as a domestic or international rebate patron, isn't it?

10

MR HAWKINS: I'm not 100 per cent sure if there wasn't a specific requirement at a point in time, but --

MS SHARP SC: But you agree that in particular in the last - the last column, Issue, does identify shortcomings in the documentation?

15

MR HAWKINS: Yes.

MS SHARP SC: And do you see - if I can move a little bit further up the chain of emails now - you send an email to Mr Power on 26 August 2020?

20

MR HAWKINS: Yes, I can see that.

MS SHARP SC: And you state:

25

"It would be good to get your legal position on how to appropriately interpret the standard operating procedure as soon as possible."

Second line.

30

MR HAWKINS: Yes. Yes, I see that.

MS SHARP SC: And a little further up the chain, do you see there's an email from Andrew Power at 5.20 pm on 1 September 2020 to you?

35

MR HAWKINS: Yes.

MS SHARP SC: And it says:

40

"I am still chasing advice."

You were aware at that time, weren't you, that Mr Power was seeking some advice from KWM?

45

MR HAWKINS: No. I'm - I'm not sure. I think I was after some legal guidance, but I wasn't clear if he was doing that or not.

MS SHARP SC: Can I now take you, please, to exhibit B2571, which is STA.3412.0067.1375. Now, do you see this is an email called Advice on Residency and Rebate Duty Calculations? It's from Mr Power to you dated 4 September 2020?

5

MR HAWKINS: Yes.

MS SHARP SC: And you read this at the time, didn't you?

10 **MR HAWKINS:** Yes.

MS SHARP SC: And do you see Mr Power says:

15 "Please see our advice below in relation to characterisation of residency for rebate play in New South Wales."

MR HAWKINS: Could I just have that enlarged, please?

20 **MS SHARP SC:** Certainly.

MR HAWKINS: Yes, I see that.

MS SHARP SC: I'm going to be a while on this document, Mr Bell, and I see the time. Would this be a convenient time for the day?

25

MR BELL SC: It would. I would just like to ask Mr Hawkins a couple of general questions that I'm not clear on that would help me. If I'm a rebate player, I will generally be issued with rebate or non-negotiable chips for gaming; is that correct?

30 **MR HAWKINS:** Yes, that's right. To enable tracking of turnover, yes.

MR BELL SC: Right. And is it the case that rebate players using rebate chips play on rebate tables where nothing other than non-negotiable chips are being used?

35

MR HAWKINS: Yes, that's my understanding. Yes.

MR BELL SC: Right. So it wouldn't be possible, therefore, for example, a diamond club local patron to play with cash chips on the same table as an international rebate player with non-negotiable chips?

40

MR HAWKINS: I'm not aware of that happening.

MR BELL SC: All right. And are the rebate tables located in the VIP areas of The Star?

45

MR HAWKINS: Yes, they are.

MR BELL SC: Yes. So places such as the Sovereign Room, for example?

5 **MR HAWKINS:** They're - the rebate tables are - generally would be found on our international level up on level 17 of the hotel, as well as the salons in the Darling. There are some other private salon areas adjacent to the Sovereign Room which can be used for rebate play as well.

10 **MR BELL SC:** All right. And what's the difference between non-negotiable chips and premium chips?

MR HAWKINS: I would need to clarify that myself, Mr Bell. I --

MR BELL SC: Is that also something you could inquire about overnight?

15 **MR HAWKINS:** Yes. I know they're both fundamentally used to track play, but in a slightly different way. But I'm happy to clarify that, so I'll give you a very clear answer tomorrow.

20 **MR BELL SC:** Thank you very much. Well, in those circumstances, I will now adjourn until 10 am tomorrow.

MS RICHARDSON SC: Sorry, Mr Bell. Could I just clarify that the --

25 **MR BELL SC:** Yes.

MS RICHARDSON SC: Just the two broad matters that you've asked the witness to clarify --

30 **MR BELL SC:** Yes.

MS RICHARDSON SC: -- can we have permission to put them in an email so that he is clear on the transcript what he is tasked with overnight.

35 **MR BELL SC:** That would be very helpful. Thank you, Ms Richardson. Yes. All right. I will now adjourn.

MR HAWKINS: Thank you.

<THE HEARING ADJOURNED AT 5:04 PM