



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**

**WEDNESDAY, 27 APRIL 2022
AT 10:00 AM**

DAY 23

**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 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 10:04 AM

MR BELL SC: Mr Hawkins, you remain bound by the oath you took yesterday.

5 **<GREGORY FRANCIS HAWKINS, ON FORMER OATH**

MR BELL SC: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

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MS SHARP SC: Mr Hawkins, you were asked to follow up a few specific matters yesterday, and I will just see what the results of your inquiries were. Firstly, you were going to check whether all rebate players do, in fact, lodge front money. What's the answer to that?

15

MR HAWKINS: Yes, I've confirmed that all rebate players have an established front money account. So that is the case.

20

MS SHARP SC: Does that mean that all premium mass players lodge front money?

MR HAWKINS: International premium mass customers, yes.

25

MS SHARP SC: All right. And when you add "international" to that last answer, does that mean there are also domestic premium mass players?

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MR HAWKINS: No, it's just - it's a term premium mass, we could apply to some high level local players as well. So it's just my preference to - to make sure it's clear that they're international.

35

MR HAWKINS: Yes.

MS SHARP SC: And they lodge front money?

MR HAWKINS: That's right.

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MS SHARP SC: And they are rebate players - they're domestic rebate players?

MR HAWKINS: Yes.

45

MS SHARP SC: Okay.

MR BELL SC: Mr Hawkins, yesterday you said that there were some premium mass rebate players who played with a card rather than chips; is that correct?

MR HAWKINS: What I meant by that - and it's - it's probably in response to the other work - the other areas I looked at overnight, is that there's three types of rebate play chip that table game players use: there's a non-negotiable chip; there's a premium chip; and then there's a VIP chip. And all of them I categorised as
5 rebate play chips and are used by different types of players or programs. The non-negotiable chip is generally used by junket groups, and bets are placed using the non-negotiable chip. And then if it's a winning payout, a premium chip is given back to the player and that process continues. And once all of the non-negotiable
10 chips are exhausted, they are then rolled back to premium chips at the - at the table or at the cage. And it's that accumulation of rolling from an aggregate number of players within the junket that is used to calculate the turnover that's generated by the junket and, therefore, the rebate.

There's also, as I said, a premium rebate chip. That's predominantly used by
15 individual premium rebate customers. And that chip is effectively - a premium chip is used to place a bet, and then if it's a winning payout, a premium chip is given back to the customer. So it's slightly different to a non-negotiable chip, but that type of chip requires team members in the room to track each bet that's being
20 placed. And by nature of that, the turnover can be established. And premium chips are generally used by individual players because they don't want the non-negotiable rolling aspect which can interrupt the game to occur. So it's - it's a preference for some international players.

And then there's a VIP rebate chip, which is used by the international premium
25 mass players. And, again, that one is where the rebate is calculated by the use of a card that is presented at the table, and that tracks, based on an average bet at the table, the turnover that's generated while they're at the table. So in all cases, a chip is used ultimately to assess the win and loss for each of those different types of
30 programs and, therefore, the duty that's ultimately payable.

MR BELL SC: So when you told me yesterday that there were some international premium mass rebate players who were issued a card, you were referring to that
kind of card that's used at the table in conjunction with VIP chips; is that right?

35 **MR HAWKINS:** That's correct, yes.

MR BELL SC: And in that circumstance, where the premium mass players are issued with a card, they still lodge front money, do they?

40 **MR HAWKINS:** That's correct, yes. To purchase their chips, yes.

MR BELL SC: Yes. Thank you, Mr Hawkins.

MS SHARP SC: So if I could summarise that, Mr Hawkins. Please tell me if I'm
45 correct. In terms of rebate chips, junkets ordinarily use non-negotiable chips; premium direct players ordinarily use premium chips; and international premium mass players ordinarily use VIP chips?

MR HAWKINS: Yes. That would be an accurate assessment, yes.

MS SHARP SC: I think that's all the clarification that we required from you, Mr Hawkins.

5

MR BELL SC: Just one matter that I just want to make sure I'm 100 per cent clear on. As the junket players in the past used their non-negotiable chips, when they had winnings using those chips, they were issued with premium chips; is that right?

10

MR HAWKINS: Premium chips. That's correct.

MR BELL SC: Right. And what happened to those premium chips at the end of the junket?

15

MR HAWKINS: Well, once they've exhausted all of their non-negotiable chips that they're placing the bets with --

MR BELL SC: Yes.

20

MR HAWKINS: -- they're given the premium chip if they win. Those premium chips are then rolled over and converted back to non-negotiable chips so they continue to play. And it's that - it's that rolling process --

25

MR BELL SC: I see.

MR HAWKINS: -- which is added up which creates a calculation for the turnover that's generated by that group and ultimately the rebate that is played.

30

MR BELL SC: And the interstate rebate players, which kind of chips do they use?

MR HAWKINS: Again, if it's - if it's a junket, they would typically be on a - my understanding is a non-negotiable type chip as well, which is converted to a premium mass. Or if it's an individual domestic customer, they would be on a premium mass type chip - yes, premium - premium chip, sorry.

35

MR BELL SC: Premium chip. Yes. Thank you, Mr Hawkins. I understand that now. There was one other matter you were going to clarify, I think. No, you have done that. Yes. Yes, Ms Sharp.

40

MS SHARP SC: Could I just clarify at this stage: it is correct, isn't it, that you attend The Star Entertainment credit committee meetings?

45

MR HAWKINS: Yes. I have been, yes.

MS SHARP SC: And for how long have you been attending those meetings?

MR HAWKINS: I would say probably since I had oversight of the international sales business.

5 **MS SHARP SC:** So that's from April of 2018?

MR HAWKINS: It would be about that time, yes.

MS SHARP SC: And who else attends the credit committee meetings?

10 **MR HAWKINS:** The group CFO would attend those meetings. The general
manager of finance for the international area would attend those meetings. The
president of the VIP sales business would attend those meetings, as well as another
senior manager from the international rebate area. The general manager of credit
and collections, who chairs the meetings, their meeting would also attend. That's
15 the best of my recollection.

MS SHARP SC: And what is the purpose of those meetings, Mr Hawkins?

20 **MR HAWKINS:** The purpose of those meetings is to assess the current credit
lines that - or CCF status that has been issued to players and are any of them
overdue or require any specific follow-up.

MS SHARP SC: And are any decisions made at that meeting about whether to
25 increase CCF limits?

MR HAWKINS: No, I don't recall that being a point of focus.

30 **MS SHARP SC:** Now, can I return to the topic we were exploring yesterday
afternoon, which was the question of duty payable with rebate players. I will
return to a document I asked you about yesterday, Mr Hawkins. Operator, could
you please bring up exhibit B2571, which is STA.3412.0067.1375. Now, what I'm
showing you, Mr Hawkins, is an email dated 4 September to you from Mr Power.
May we take it you read that email at about the time it was sent to you?

35 **MR HAWKINS:** Yes.

40 **MS SHARP SC:** Now, can I - what I'm going to do is take you through it. So I
will have the top half of it enlarged, if I can. Do you agree that what Mr Power is
doing in this meeting is setting out some advice in relation to the characterisation
of residency for rebate play and for the purpose of calculating rebate duty
payable?

45 **MR HAWKINS:** Yes. I would - no, it wasn't a meeting. It was the email that he
sent me. But, yes, that would be the outline.

MS SHARP SC: And if I can direct your attention to the heading, What Needs to
Be Done. Could you read paragraphs 1, 2 and 3 to yourself, please. And - yes, if
you could read those to yourself, please.

MR BELL SC: And, Ms Sharp, I think Ms Richardson accepted on a previous occasion that paragraph 3 should not be regarded as confidential.

5 **MS SHARP SC:** Yes. Thank you for that clarification, Mr Bell.

MS RICHARDSON SC: That's correct.

10 **MR HAWKINS:** Did you want me to read beyond point 3?

MS SHARP SC: No, just let me know when you have read to there.

MR HAWKINS: I've read to there.

15 **MS SHARP SC:** All right. Now, do you agree that what Mr Power was there telling you was there were serious consequences if a person was mischaracterised for the purpose of calculating rebate duty?

20 **MR HAWKINS:** Yes.

MS SHARP SC: And do you agree he was advising you to undertake an urgent stocktake on who had been playing rebate games during July and up until that period, which was early September 2020?

25 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: Okay. And this was a time during which Australia was impacted by COVID lockdowns, wasn't it?

30 **MR HAWKINS:** That's right.

MS SHARP SC: So you were aware that what you needed to do was take a look back to see if people who had been characterised as being international residents, rather than local residents, were properly falling within that characterisation?

35 **MR HAWKINS:** Yes. To assess that they remained eligible, yes.

MS SHARP SC: And do you agree that he said to you that if you found that anybody had been in New South Wales for more than 183 days in the past
40 12-month period, they should be transitioned into a non-rebate duty calculation?

MR HAWKINS: He - he has said that, yes.

MS SHARP SC: Yes. And do you see in particular he says at point 3:
45

"The standard operating procedure does not provide for disregarding the period that the casino was closed."

MR HAWKINS: Yes, I see that.

MS SHARP SC: Okay. Now, that instruction to you was crystal clear, wasn't it?

5 **MR HAWKINS:** Yes.

MS SHARP SC: Now, can I please take you to point 6. What he says there is that:

10 "Care needs to be taken in substantiating the residency status of individuals and our records. There is a requirement to notify the casino regulator in circumstances where it is known that duty has been underpaid."

MR HAWKINS: Yes, I can see that.

15 **MS SHARP SC:** Now, there's nothing ambiguous to you about that proposition, is there?

MR HAWKINS: No.

20 **MS SHARP SC:** No. So you did understand at the time that if you could not substantiate that a resident - sorry, that a patron had not been ordinarily resident in New South Wales for 183 days out of the year, you had to reclassify them as local players and you needed to notify the regulator that there had been an issue with the calculation of duty?

25 **MR HAWKINS:** Well, he outlined that care needed to be taken in substantiating the residency status. And my outtake, if - if I wasn't satisfied that the casino regulator needed to be advised.

30 **MS SHARP SC:** And do you see that at paragraph 7, he recommends a change in The Star's procedures moving forward, and he says that it is necessary to have a look at the justification of a residency claim for a period of three months?

35 **MR HAWKINS:** I'm just reading it. Yes, I see that.

MS SHARP SC: Now, can we assume that, given the important implications that the correct calculation of rebate duty had for compliance with the casino operator's licence conditions, you read this advice carefully?

40 **MR HAWKINS:** Yes.

MS SHARP SC: Can I take you over the page, please, at pinpoint 1376. Do you see that what Mr Power does in this email is set out a process of reasoning under the heading Reasoning?

45 **MR HAWKINS:** Could I please have it enlarged?

MR BELL SC: Operator, we need everything under the heading “Reasoning” enlarged, please, on that page.

5 **MS SHARP SC:** And just if I can ask you this, Mr Hawkins: did you understand that Mr Power was attempting to summarise advice that he had received from The Star's external lawyers, KWM?

10 **MR HAWKINS:** I was unclear if it was a duplicate of that advice. I didn't realise he had summarised it. You mean in his original memo?

MS SHARP SC: Well, in this part of the email to you.

MR HAWKINS: I thought this was part of the external advice.

15 **MS SHARP SC:** And you were aware, in that case, that external advice had been sought from KWM?

20 **MR HAWKINS:** Yes, I think he - he had outlined that either in this email or elsewhere.

25 **MS SHARP SC:** Okay. If I could take you now to this summary. If we can start - if I can now have highlighted for you all of the text appearing under the heading Summary of Advice. Now, it's firstly pointed out, isn't it, that the expression "not normally a resident of New South Wales" is not defined in the duty agreement?

MR HAWKINS: Correct.

30 **MS SHARP SC:** And it is next pointed out at point 5 that the fact that an individual has been in New South Wales for six months is not determinative?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And it is then pointed out at 6 that a range of factors need to be considered to determine whether somebody is not normally resident in New South Wales?

MR HAWKINS: Yes, for a close analysis of those factors. Yes.

40 **MS SHARP SC:** And do you see - if we go over to point 7. This is in relation to income tax legislation. There is a presumption that a person is a resident if they have actually been in Australia, continuously or intermittently, during more than one-half of a year of income?

45 **MR HAWKINS:** Yes. In addition to the rest of that sentence, yes.

MS SHARP SC: All right. And it's explained, isn't it, that this is often referred to as the 183-day test?

MR HAWKINS: That's right.

5 **MS SHARP SC:** And that was a test that, until this point, was applied at The Star, wasn't it?

MR HAWKINS: Yes. I think in the SOPs that had been established, the 183-day call-out was there. That's right.

10 **MS SHARP SC:** But what point 7 goes on to say is that there is some doubt as to whether this tax presumption would be applied in the interpretation of the duty agreement?

MR HAWKINS: Yes.

15

MS SHARP SC: And you understood that point, did you?

MR HAWKINS: Well, I definitely recall reading this information which assisted with forming my view on actions that I took.

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MS SHARP SC: All right. Now, point 8 is presently shaded in blue. However, Mr Bell, I don't understand this to be confidential, but I want to confirm that.

25 **MR BELL SC:** Yes. Ms Richardson, you would accept, would you not, on the basis of the other matters that we have discussed that paragraph 8 is no longer confidential?

MS RICHARDSON SC: That's correct.

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

MS SHARP SC: So you would agree that upon reading point 6, Mr Hawkins, you were made aware that The Star's rebate standard operating procedure did not allow The Star to disregard the period during which the casino was closed due to COVID in calculating how many days the person had been resident in New South Wales?

MR HAWKINS: Yes, I read that.

40 **MS SHARP SC:** Yes. In fact, that couldn't be clearer, could it?

MR HAWKINS: It's clear.

45 **MS SHARP SC:** Now, do you see at paragraph - or point 9(a), it's said that if you put --

MR BELL SC: We will need to have that blown up on the screen, Ms Sharp.

MS SHARP SC: Thank you. If we go to paragraph 9(a) and then I take you to the bottom, underneath the dot points, it says:

5 "As The Star's rebate standard operating procedure does not currently allow
The Star to disregard the period during which the casino was closed due to
COVID, if players have been in New South Wales for more than 183 days, to
apply the rebate duty to their play would likely be in breach of The Star's
rebate standard operating procedure and would trigger the obligation to report
a breach."

10

Again, that couldn't be clearer, could it?

MR HAWKINS: Yes, I understand. Correct.

15 **MS SHARP SC:** All right. And what is being said here is that pursuant to The
Star's current rebate standard operating procedure, if it is demonstrated that a
resident has - I withdraw that. If it has been demonstrated that a patron has resided
in New South Wales for more than 183 days, they're not entitled to be a rebate
player?

20

MR HAWKINS: My reading was that the - that that didn't enable a disregard of
the period that the casino was closed.

MS SHARP SC: That's right.

25

MR HAWKINS: Yes.

MS SHARP SC: And if your analysis of how many days a patron had been in
Australia indicated to you that the patron had been in Australia for more than 183
30 days, you could not say they were an international rebate player. Did you
understand that?

30

MR HAWKINS: No. Look, my understanding was that was referring to
disregarding the closure period. I relied on other information in this document
35 which guided that the 183 days may not be determinative.

35

MS SHARP SC: Well, you're told at two separate points in this document, that
you say you read carefully, that you could not disregard the days the casino was
closed; do you agree?

40

MR HAWKINS: Well, I thought that was in relation to the - or disregarding the
period of closure. I also understood there was sections in this advice which guided
me that, due to the circumstances, it could be considered, and that was my
interpretation.

45

MS SHARP SC: Well, it would appear, wouldn't it, that your interpretation is
quite contrary to these two separate parts of this advice I've taken you to that say

you are not entitled, under The Star's then current rebate standard operating procedure, to disregard the days where the casino is closed?

5 **MR HAWKINS:** Yes, I understand that we could not disregard the casino days closure.

MS SHARP SC: Yes. But you did disregard them, as it turned out, didn't you?

10 **MR HAWKINS:** No.

MS SHARP SC: Well, we'll come back to that. But that's not correct, is it?

MR HAWKINS: I don't think I disregarded the closure days in my assessment.

15 **MS SHARP SC:** And if you had done so, that would be completely contrary to what you were advised to do in this document; do you agree?

MR HAWKINS: If I disregarded the closure days, that would be contrary, yes.

20 **MS SHARP SC:** Now, if I can draw your attention, please, to point 10 at the bottom of this page, Mr Hawkins. Mr Power turns to consider the way matters might be addressed in the future. Do you see there's a heading Future Opportunities for Improvement?

25 **MR HAWKINS:** Yes. If I could please ask for it to be enlarged. Thank you.

MS SHARP SC: Do you want to read that to yourself?

30 **MR HAWKINS:** Yes, I've read 10.

MS SHARP SC: So it's being suggested that The Star might change its procedures in the future; do you agree?

35 **MR HAWKINS:** Yes.

MS SHARP SC: And then could I take you to paragraph or point 11 appearing on the next page, which is pinpoint 1378. And do you see Mr Power makes a recommendation that individuals be subject to more detailed scrutiny of their residency and that if an individual has been present in Australia for more than
40 three months, their residency should be reviewed monthly?

MR HAWKINS: Yes, I see that.

45 **MS SHARP SC:** And at (c), he makes some suggestions as to what due diligence ought be pursued?

MR BELL SC: I would understand that 11(c) remains confidential because it reflects the current SOP, Ms Sharp.

MS SHARP SC: Yes, I haven't disclosed that content. I agree, with respect.

MR HAWKINS: Yes, I've read (c).

5

MS SHARP SC: So do you agree that what Mr Power has done in this email to you is say you need to do an urgent stocktake of what the situation was for international rebate players during July, August and early September 2020?

10 **MR HAWKINS:** Yes.

MS SHARP SC: And do you agree he told you that you need to transition any international rebate player who cannot satisfy the 183-day test to a local player program?

15

MR HAWKINS: He guided that that should occur, yes.

MS SHARP SC: And do you agree he thirdly made some suggestions as to how The Star's processes might be improved moving forward in terms of the determination of residency status?

20

MR HAWKINS: Yes. There's recommendations there, yes.

MS SHARP SC: Can you see, on pinpoint 1378 at the bottom, he includes a heading Public Statement Regarding Approach to Tax?

25

MR HAWKINS: Can I just please have it enlarged slightly?

MS SHARP SC: Yes. And, operator, could you put the balance of the following page on? Could I ask you to read that to yourself, please, Mr Hawkins? And do you agree, Mr Hawkins, that what Mr Power was doing in this email to you was reminding you of Star Entertainment Group's public statement in relation to tax and transparency, that The Star is committed to managing all taxes in a responsible manner with regard to the commercial and social imperatives for the long-term sustainability of its business?

30

35

MR HAWKINS: Yes.

MS SHARP SC: And is that a commitment which you had firmly in mind as you conducted your look-back at international resident - I beg your pardon, international rebate player during the period July, August and early September 2020?

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MR HAWKINS: Yes. When I was reviewing that timeframe, I was certainly committed to ensuring that the outcome was an appropriate one and reflective of our obligations.

45

MS SHARP SC: Now, it's right, isn't it, that the Australian borders shut in March 2020 because of COVID?

5 **MR HAWKINS:** Yes. I think it was around that time, yes.

MS SHARP SC: And The Star in Sydney was closed between 23 March 2020 and 1 June 2025?

10 **MR BELL SC:** I think you might have that date --

MS SHARP SC: 2020.

MR HAWKINS: Yes, I accept that.

15 **MS SHARP SC:** Now, you say at paragraph 22 of your second statement that:

"Rebate play recommenced on 1 July 2020."

20 However, would you accept that the correct date is, in fact, 25 June 2020?

MR HAWKINS: Sorry, I'm unclear where that other date comes from.

MS SHARP SC: This comes from a response that The Star gave to the regulator.

25 **MR HAWKINS:** My understanding is that we activated rebate play from 1 July at the main gaming floor, and other areas opened prior to that date.

30 **MS SHARP SC:** Now, if I can I just confirm at this time what you did in terms of looking at residency status and international rebate play in 2020. Firstly, when you dealt with Mr Power, you looked at the question of residency and what documentation was held for 14 players who had been brought to Star's attention by the regulator; do you agree?

35 **MR HAWKINS:** There was correspondence from Andrew about 14 players as part of the rebate audit, which I did ask Mr Whytcross to review. And then there was a separate process that I initiated to look at rebate players who had been active from 1 July, and there was a process to assess their eligibility. And they were two quite distinct streams.

40 **MS SHARP SC:** Thank you. And that separate process of which you have just spoken is the one that you initiated following your receipt of this 4 September 2020 email from Mr Power?

45 **MR HAWKINS:** That's correct, yes.

MS SHARP SC: Just before I move on, did Mr Power ever provide you - or did anyone else ever provide you with a copy of the advices that were prepared by King & Wood Mallesons on residency status and the calculation of rebate duty?

MR HAWKINS: No, I don't recall getting a specific copy of that advice.

MS SHARP SC: Did you instruct Mr Power to obtain that advice?

5

MR HAWKINS: No, I don't think I did.

MS SHARP SC: Do you know who did instruct Mr Power to obtain that advice?

10 **MR HAWKINS:** No, I don't.

MS SHARP SC: But you were aware it was obtained?

15 **MR HAWKINS:** Well, my understanding is the information in the email that he sent me was either that advice or related to that advice.

MS SHARP SC: And aside from that email, that being the 4 September email, did he separately inform you of the contents of the King & Wood Mallesons advice?

20 **MR HAWKINS:** Not as I recall.

MS SHARP SC: Did you ever have any discussions with Mr Bekier about the advice that you had been made aware of by Mr Power?

25 **MR HAWKINS:** The email advice from Mr Power?

MS SHARP SC: Yes.

30 **MR HAWKINS:** I'm - I'm - yes. I would have kept Mr Bekier updated on that - on that process of assessment, yes.

MS SHARP SC: Well, it would have been very important to keep him updated, given he was the CEO, wouldn't it?

35 **MR HAWKINS:** Yes.

MS SHARP SC: And the calculation of duty, and the consequences if it was not done correctly, are very serious, aren't they?

40 **MR HAWKINS:** That's right.

45 **MS SHARP SC:** Now, can I first of all go to the first process you engaged in, in 2020, relating to the 14 patrons, and then I will come to the separate process that you engaged in following the 4 September 2020 email from Mr Power. It's right, isn't it, that in relation to the 14 patrons, you asked Mr Whytcross to assist you?

MR HAWKINS: That's correct.

MS SHARP SC: In turn, he worked with William Ho from the finance team and Chum Mo and Wallace Liu from the VIP services team?

5 **MR HAWKINS:** I expect that would be the case, yes.

MS SHARP SC: And it's correct, isn't it, that it was Mr Chum and Mr Liu who prepared information for review by Mr Whytcross?

10 **MR HAWKINS:** I'm not 100 per cent clear on - if that was the case, but I accept that they probably would have been personnel to assist.

MS SHARP SC: And what they were doing was collecting together all information then available to Star Entertainment to substantiate the conclusion that the 14 patrons were international rebate players?

15 **MR HAWKINS:** Yes. That would be correct, yes.

MS SHARP SC: And it's right, isn't it, that they prepared some folders of documents for your review?

20 **MR HAWKINS:** No, not for those 14 players. Not for my review, no.

MS SHARP SC: So you did not review any documentation for the purpose of that review?

25 **MR HAWKINS:** No, I didn't.

MS SHARP SC: What exactly did you do for the purpose of conducting that review?

30 **MR HAWKINS:** When the request came in from Mr Power, I forwarded that to Mr Whytcross and effectively delegated it to him to follow up on. I didn't directly participate in the assessment of that information.

35 **MS SHARP SC:** So you just ticked off whatever Mr Whytcross gave to you?

MR HAWKINS: Well, I awaited his response.

40 **MS SHARP SC:** And did you simply rely on who his response was, or did you independently scrutinise his analysis?

MR HAWKINS: No. For - for those 14, I did not independently scrutinise it.

45 **MS SHARP SC:** So what you, in effect, did was pass on the analysis that Mr Whytcross provided to you to Mr Power?

MR HAWKINS: I think Mr Whytcross engaged directly with - with Mr Power on that.

5 **MS SHARP SC:** Well, could I show you a document, please. If we go to exhibit G at tab 789, STA.3417.0039.6346. I will have this enlarged for you so you can read it - the top half, please. Now, you would agree, wouldn't you, that I'm showing you an email from Mr Whytcross dated 19 August 2020?

MR HAWKINS: Yes.

10 **MS SHARP SC:** And I may take it that you read this at about the time it was sent to you?

MR HAWKINS: I would have.

15 **MS SHARP SC:** You agree it's in relation to the 14 patrons where ILGA had sought some information?

MR HAWKINS: Yes.

20 **MS SHARP SC:** And you agree that what he's doing there is setting out the results of his analysis?

MR HAWKINS: That's correct.

25 **MS SHARP SC:** And I think I was examining you on the basis that all of the 14 patrons for international patrons. But, in fact, it appears that some of the patrons were domestic patrons as well; do you agree?

MR HAWKINS: Yes.

30 **MS SHARP SC:** And you will see with the dot point Domestic Patrons that a residency checklist was not required for three of those patrons?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And incidentally, Moo Whye Wah is Roy Moo, isn't he?

MR HAWKINS: I accept that. I - I wasn't aware of that, but I accept if that's the case.

40 **MS SHARP SC:** And Zhou Yuan Pan is commonly known as Simon Pan, isn't he?

MR HAWKINS: I wasn't aware of that, but I accept if that's the case.

45 **MS SHARP SC:** Now, what Mr Whytcross is telling you here is that the standard operating procedure at that time said that if you met the requirement of an interstate driver's licence, you didn't need to do the checklist?

MR HAWKINS: Yes, that's what he said.

5 **MS SHARP SC:** Now, he tells you, doesn't he, that there was an explanation for why only one page of the checklist had been completed for one of the patrons, and you see that in the third dot point?

MR HAWKINS: Yes, I see that.

10 **MS SHARP SC:** And then you see in the fifth dot point that there was another patron where a residency checklist was not required by the standard operating procedure at the time?

MR HAWKINS: Yes, I see that.

15 **MS SHARP SC:** So a number of these 14 patrons were given the tick by Mr Whytcross in terms of the documents to substantiate the conclusion drawn about their residency status; do you agree?

20 **MR HAWKINS:** I think he says for all 14 players we've obtained ID evidence.

MS SHARP SC: Yes. But he doesn't give all 14 the tick, does he? And I draw your attention to the second half of the email, commencing with the words, "I would recommend that improvements be made." Do you see he says --

25 **MR HAWKINS:** Yes, I see that.

MS SHARP SC: -- "Part A of checklist missing"?

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

MS SHARP SC: And he says residency checklist should have been completed but were not, leading to a breakdown in controls in respect of five of those 14 patrons?

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

MS SHARP SC: And do you see he has another dot point that says:

40 "Control breakdowns. There's a lack of sign off on the residency checklist for a further two patrons."

MR HAWKINS: Yes.

45 **MS SHARP SC:** So do you agree that following Mr Whytcross's review, in fact, half of those 14 patrons that the residency status could not be substantiated?

MR HAWKINS: My understanding was that even though part A of that checklist was not there for those customers, the valid residency information was on file.

MS SHARP SC: Well, where does it say that in this email?

MR HAWKINS: Well, he says:

5 "For all 14 players, we have obtained ID evidence."

MS SHARP SC: Well, I will stop you there. That doesn't mean that they have obtained the evidence necessary to substantiate the residency determination, does it?

10

MR HAWKINS: Sorry. Could you repeat the question, please?

MS SHARP SC: Saying simply that they have ID evidence for the patrons does not in any way convey that there is evidence substantiating the residency determination, does it?

15

MR HAWKINS: My - look, my understanding of part A was that if guest was on - or had a foreign passport and had a particular visa classification that could be called a tourist visa, that that was the only part of the residency which needed to be completed, and that visa information was retained. But I do accept that the checklist part A wasn't completed properly - that the visa section for part A was retained, and I accept that was an error.

20

MS SHARP SC: Well, yes, it says part A of the checklist was missing altogether for five of the patrons; do you see?

25

MR HAWKINS: I do see that, yes.

MS SHARP SC: And for a further two of them, part A had not been signed?

30

MR HAWKINS: Yes. My understanding at the time was the team members involved in processing this misunderstood that requirement, and they retained the VEVO check as opposed to the completion.

MS SHARP SC: Well, isn't it the case that Mr Whytcross is advising you that there were problems with substantiating residency for seven of the 14 patrons?

35

MR HAWKINS: Well, my reading was he was advising that they'd obtained that evidence for --

40

MS SHARP SC: No, he's not, Mr - no, he's not. Where on earth do you find those words in this email?

MR HAWKINS: I'm referring to the first dot point.

45

MS SHARP SC: Well, we've been through that. All that says is that identification evidence was obtained.

MR HAWKINS: I accept that the checklist was missing for those customers, but I also understand that the relevant visa check and information has been retained.

MS SHARP SC: Well, where does it say that in the email?

5

MR HAWKINS: It - it doesn't say that. But I - I was advised at the time that the team members who were processing that misunderstood what they should have been doing with part A. So I accept that that wasn't completed.

10 **MS SHARP SC:** Well, what are you saying that you were advised that's not included in this email? And who was it who advised you?

15 **MR HAWKINS:** Well, I've - I've subsequently been guided on this, that part A at that time - the team members who were processing that, if it was only part A that had to be completed, there was a breakdown and they didn't think it had to be completed, but they retained the relevant VEVO information on file as opposed to completing that. I was advised that I - I wanted the senior managers in the area.

20 **MS SHARP SC:** Well, what you're saying, respectfully, Mr Hawkins, makes absolutely no sense. What must be completed in every case, at a bare minimum, is part A. And you are being told that part A has not been completed at all for five patrons and was not signed off for a further two of them; do you agree?

25 **MR HAWKINS:** I accept that, yes.

MS SHARP SC: All right. So you're being clearly advised that The Star had not followed its own processes in seven of the 14 cases the regulator asked you to consider; do you agree or disagree?

30 **MR HAWKINS:** Yes. In the formal completion of that process, yes, I accept that.

MS SHARP SC: Well, did you notify - did you take any steps at all to notify the regulator that, in fact, the process had not been followed correctly for seven of the 14 patrons?

35

MR HAWKINS: No, I didn't.

MS SHARP SC: And what was notified to the regulator?

40 **MR HAWKINS:** I'm unclear on what was notified.

MS SHARP SC: Well, did you take any steps to check what was notified to the regulator since you were the one tasked with finding the answer?

45 **MR HAWKINS:** No. At the time, I relied on Mr Whytcross to complete this and send the information back to Mr Power, and I don't recall making any further inquiries with him on that.

MS SHARP SC: What, so you didn't even check what response was provided to the regulator?

MR HAWKINS: I don't recall seeing that response, no.

5

MS SHARP SC: Well, I call for the production of that response.

MS RICHARDSON SC: I'll make inquiries.

10 **MS SHARP SC:** I'll move now, Mr Hawkins, to your second separate task, which was in relation to patrons who had played on rebate programs in the period from July 2020 to early September 2020. It's right, isn't it, that you verbally directed Mr Whytcross to review all patrons who had played on rebate programs during that period?

15

MR HAWKINS: Yes. I asked Mr Whytcross to prepare analysis on that.

MS SHARP SC: And what directions do you recall giving to him?

20 **MR HAWKINS:** I would have asked Mr Whytcross to prepare a summary of any players who had been active on a rebate program from the time that the property opened and - so we could assess the status of eligibility.

MS SHARP SC: And how did he provide his advice or summary to you?

25

MR HAWKINS: He ultimately provided - or established a spreadsheet of information.

30 **MS SHARP SC:** Can I show you a spreadsheet, and you let me know whether this is the one that was provided to you. I will call up exhibit A, tab 623, which is STA.4001.0001.0003. And I will have this enlarged for you --

MR HAWKINS: Thank you.

35 **MS SHARP SC:** -- so you can see it. Do you see I'm showing you a spreadsheet entitled International Program Patrons as at 10 September 2020?

MR HAWKINS: Yes.

40 **MS SHARP SC:** And do you see this itemises 25 patrons?

MR HAWKINS: Yes.

MS SHARP SC: Is this the spreadsheet that he provided to you?

45

MR HAWKINS: Yes.

MS SHARP SC: And may we take it you carefully reviewed this spreadsheet once it was provided to you?

MR HAWKINS: Yes, I did.

5

MS SHARP SC: And Mr Power had asked you to review who had been in Australia for more than 183 days, didn't he?

MR HAWKINS: That's right.

10

MS SHARP SC: So if we work through the spreadsheet, do you see the fourth column along is entitled "Australia Entry Date"?

MR HAWKINS: Yes.

15

MS SHARP SC: And so you understood that was the date that the patron last entered Australia?

MR HAWKINS: Yes, that's right.

20

MS SHARP SC: And the next column says "183 Day Mark." Do you see that?

MR HAWKINS: Yes, I do.

25

MS SHARP SC: And what that column identifies is when each patron hit 183 days in Australia after entering Australia?

MR HAWKINS: That's right.

30

MS SHARP SC: And then there's a column that says "Days in Australia"?

MR HAWKINS: Yes.

35

MS SHARP SC: And do you see that many of those patrons - in fact, all but five - had been in Australia for more than 183 days?

MR HAWKINS: That's right.

40

MS SHARP SC: And then there's a column the date the casino closed and another one that says "Date Casino Opened"?

MR HAWKINS: Yes.

45

MS SHARP SC: And then there's a column that says "Casino Days Closed"?

MR HAWKINS: Yes.

MS SHARP SC: And then there's a column that says "Adjusted Days"?

MR HAWKINS: Yes.

5 **MS SHARP SC:** And you agree, don't you, that the adjusted days is determined by taking as a starting point the days the patron had been in Australia and then deducting the days that the casino had been closed?

MR HAWKINS: That's right.

10 **MS SHARP SC:** And that's how you get to the adjusted days?

MR HAWKINS: Yes.

15 **MS SHARP SC:** Now, Mr Power told you in that 4 September 2020 email that you could not deduct those days, didn't he?

MR HAWKINS: Yes, he did.

20 **MS SHARP SC:** But you did it anyway?

MR HAWKINS: No, I didn't.

MS SHARP SC: Well, it appears on this spreadsheet --

25 **MR HAWKINS:** At the time this spreadsheet was established, I was still awaiting guidance on if those days could be deducted. So Mr Whytcross and team had modelled that, if that was the case.

30 **MS SHARP SC:** All right. Who were you waiting on that advice from?

MR HAWKINS: I think there had been, if I recall, some discussion that the Queensland regulator had allowed the deduction of the days. I recall that. So I was just awaiting if that could occur or not.

35 **MS SHARP SC:** Now, that was much earlier in the year that you became aware that the Queensland regulator said you could deduct the days, wasn't it?

MR HAWKINS: I don't recall the date.

40 **MS SHARP SC:** Let me show you another document and then we'll come back to this. Could I take you, please, to STA.3412.0144.6856. Now, it's not your email, but I want to establish some time with you. Mr Bell, this is exhibit G781. Now, do you see this email comes from the group regulatory manager, Andrea Long?

45 **MR HAWKINS:** Yes.

MS SHARP SC: And it is sent to Michael Whytcross, and it is dated 9 July 2020?

MR HAWKINS: Yes.

MS SHARP SC: And what this email says is that the Queensland regulator has said that casino closed days can be deducted from a residency calculation?

5

MR HAWKINS: Yes.

MS SHARP SC: And do you see it lastly states:

10 "Can you please advise what is happening in New South Wales on this?"

MR HAWKINS: Yes, I see that.

15 **MS SHARP SC:** But some months later, on 4 September 2020, Mr Power expressly advises you that you cannot deduct casino closed days in New South Wales. That was the outcome of the advice, wasn't it?

MR HAWKINS: Yes.

20 **MS SHARP SC:** So at the time you asked Mr Whytcross to engage in this analysis for you, you were well aware that you could not deduct the casino closed days from the overall days of residency calculation?

25 **MR HAWKINS:** I'm just unclear as to when Mr Whytcross commenced working on that spreadsheet, and either at the time had not recalled that or was - hadn't digested that advice yet. So that's why Mr Whytcross had modelled it.

MS SHARP SC: Well, you never received advice that in New South Wales you could deduct the casino closed days, did you?

30

MR HAWKINS: No.

MS SHARP SC: And you see the deduction made in this spreadsheet makes a very large difference to the residency calculation because --

35

MR HAWKINS: Could I please ask for the spreadsheet to be brought up.

40 **MS SHARP SC:** Yes, if we can put that back. That's exhibit A, tab 623. You see, if you look at the "Days In Australia" column, 20 patrons have been in Australia for over 183 days and have failed The Star's 183-day test. But if you deduct the casino closed days, you get the adjusted days. If we can scroll over, please, operator. And you see there that once you deduct those days, there are only four patrons who fail The Star's 183 test. So you agree that deduction made a very big difference to this analysis, didn't it?

45

MR HAWKINS: It would - sorry, it did. But at the time, this was just modelled, and we did not ultimately deduct it.

MS SHARP SC: Well, I will come back to that. I suggest you did; do you agree?

MR HAWKINS: No.

5 **MS SHARP SC:** Then just while we're on this document, a few columns over, do you see there's one called Type? And do you see there's an acronym "IRB"? That stands for international rebate business?

MR HAWKINS: Yes.

10

MS SHARP SC: And "PM" stands for premium mass?

MR HAWKINS: Yes.

15 **MS SHARP SC:** And "slots" stands for slots?

MR HAWKINS: Yes.

20 **MS SHARP SC:** But these are slot players who have been treated as international rebate players?

MR HAWKINS: That would be correct, yes.

25 **MS SHARP SC:** And do you see that there are some columns further along - if we can scroll along. There's one column headed 10 per cent and one column headed 25 - I beg your pardon, 27.5 per cent. And what these columns do is show how much duty is payable depending upon whether the patron is classified as an international rebate patron or a local patron?

30 **MR HAWKINS:** That's correct.

MS SHARP SC: And there's a significant difference in the duty payable depending on that classification; do you agree?

35 **MR HAWKINS:** Yes. Based on that number, yes.

MS SHARP SC: Now, what happened after you were provided with this document is that you directed Mr Whytcross only to conduct further analysis on a patron where they had been in Australia for over 200 days?

40

MR HAWKINS: No, that's not correct.

MS SHARP SC: Well, that is correct, isn't it?

45 **MR HAWKINS:** No.

MS SHARP SC: And the reason we know that is correct is because in this document, Mr Whytcross has shaded in red each patron who had been in Australia

for over 200 days but deducted from that those who had no rated wins after 183 days. Do you see that red shading in the "Last Play Date" column?

5 **MR HAWKINS:** Of - my understanding is of the 25 players, all of those players had participated in rebate programs from 1 July. The 12 players were the only players who had rebate play after they had passed their 183-day mark; the others had not.

10 **MS SHARP SC:** So if I could just take you back to - operator, can we scroll over so that Mr Hawkins can see the first five or six columns here.

MR BELL SC: And just while that's happening, Mr Hawkins, when it talks about a rated win, that means a rated win by the casino?

15 **MR HAWKINS:** Yes, that just indicates that those players were active.

MR BELL SC: Yes.

20 **MR HAWKINS:** And that was their win or loss in their play at that time.

MR BELL SC: But if it shows a positive rated win, that means that they have lost and the casino has won; is that correct?

25 **MR HAWKINS:** Yes.

MR BELL SC: Thank you.

30 **MS SHARP SC:** Now, you do agree, don't you, that there are 12 patrons here that are highlighted in red?

MR HAWKINS: Yes. Yes.

35 **MS SHARP SC:** Okay. And the reason why these 12 patrons have been highlighted in red is because they had all been in Australia over 200 days?

MR HAWKINS: No, they're highlighted in red because they had been in Australia over 183 days and they had played at the casino on a rebate program after that 183-day mark; the others had not.

40 **MS SHARP SC:** And where do we see that in this calculation - I beg your pardon, in this spreadsheet?

MR HAWKINS: If you --

45 **MR BELL SC:** Sorry. Sorry, Mr Hawkins. You go on.

MR HAWKINS: If you go further to the right of the spreadsheet where it says "Rated Win Post-183 Days." So there's 12 numbers listed there, and those 12

numbers correlate to the names of the customers who had played after their 183-day mark. And that was the only 12 that had achieved or occurred with that.

5 **MS SHARP SC:** So that means that there were 12 players who appeared to breach the 183-day rule stipulated by The Star's then current rebate standard operating procedure?

10 **MS RICHARDSON SC:** I object to that question. I object to it being framed as a rule and a breach of a rule. It's not consistent with the SOP, in my submission.

MR BELL SC: Ms Sharp?

15 **MS SHARP SC:** I'm happy to go back to the standard operating procedure that was then applicable, Mr Bell. I will do it that way.

MR BELL SC: Yes.

MS SHARP SC: If you will just pardon me one moment.

20 **MR BELL SC:** And just while we're looking at that spreadsheet, Mr Hawkins, of the 12 players who had played on rebate programs after being in Australia for more than 183 days, the casino had won over \$14 million from their play in that period; is that correct?

25 **MR HAWKINS:** Yes, that's the - that's the aggregate amount. Correct.

MR BELL SC: And then the next two columns explain the difference in duty that would flow from that result?

30 **MR HAWKINS:** That's right.

MR BELL SC: Yes.

35 **MR HAWKINS:** So the 10 per cent or the 27.5 per cent modelled the difference, which is two and a half million.

MR BELL SC: Yes. Thank you.

40 **MS SHARP SC:** Now, the rebate play standard operating procedure that was applicable during July, August and early September 2020 was version 5, and I will take to you that now. It's exhibit B at tab 2120 at STA.3427.0017.2322.

MR HAWKINS: Ms Sharp, I recall using rebate play version 6.

45 **MS SHARP SC:** Well, I will show you version 6. It didn't apply at the time. We can go to - pardon me one moment, Mr Bell. I will turn up the document. This one, version 6, is exhibit B at 2573, and it is STA.3002.0001.0614. Do you see that it has an effective date 8 September 2020?

MR HAWKINS: I do.

5 **MS SHARP SC:** So it wasn't in existence during the period where you and Mr Whytcross were concerned with your analysis; do you agree?

MR HAWKINS: It - it was the SOP I used for my guidance when I was assessing these because it was effective from prior to the date that I was looking at those.

10 **MS SHARP SC:** Well, the date you - the period of time you were looking at, Mr Whytcross - I beg your pardon, Mr Hawkins, was the period from July to early September 2020, wasn't it?

15 **MR HAWKINS:** No, it was from after 10 September.

MS SHARP SC: You were looking - I'm sorry. I have to take you back to that spreadsheet again, which is exhibit A, tab 623, STA.4001.0001.0003. And just to be clear, Mr Power asked you to conduct a look-back for the period July, August and early September in his 4 September email to you, didn't he?

20 **MR HAWKINS:** He asked to look at rebate players from the time, yes, the casino had opened 1 - from 1 July.

25 **MS SHARP SC:** Yes. So he was directing your attention to that period of time for the purpose of you calculating the rebate payable, in particular the rebate payable for July of 2020? Do you want me to take you back to the email?

MR HAWKINS: Yes, no, I - I accept that. Yes.

30 **MS SHARP SC:** And then this schedule that I'm taking you to now - if we go over to the column Rated Win Post-183 Day, even that column takes us back into the period July through August 2020, doesn't it?

35 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: All right. Now, the standard that applied during that period was version 5 of the standard operating procedure; do you agree?

40 **MS RICHARDSON SC:** Sorry. I object to the premise of that question. There are dates in - for example, on 10 September 2020.

45 **MR BELL SC:** I think the question, Ms Richardson, was directed to establishing whether the witness agreed that the look-back included the period July and August 2020. Is that correct, Ms Sharp?

MS SHARP SC: Yes.

MR BELL SC: Yes. Well, I will allow that question.

MR HAWKINS: Yes, I - I was reviewing customers from 1 July.

5 **MS SHARP SC:** Well, I suggest that the procedure you ought to have applied was the one then applicable, which was the rebate play standard operating procedure effective 25 July 2019, which was version 5.

10 **MR HAWKINS:** I - I accept that. That's not what I used. I used the following version when I worked with the team on that assessment. But I accept what you're saying.

15 **MS SHARP SC:** So you - because you applied the wrong version of the standard operating procedure, you, in fact, were not able to ascertain whether, in that period June - I beg your pardon, July and August, The Star had followed the correct procedure?

20 **MR HAWKINS:** I'm not familiar with the previous SOP version. I would - I haven't had the chance to review it, and - I - I suspect there may - may not be a lot of material difference between the two, but I don't know.

MS SHARP SC: Well, there's quite a significant material difference between the two, as it turns out; do you agree?

25 **MR HAWKINS:** I - I'm unclear.

MS RICHARDSON SC: I object to that question. The witness --

MS SHARP SC: Well, I will show you --

30 **MR BELL SC:** Just a moment, Ms Sharp. What's the objection, Ms Richardson?

35 **MS RICHARDSON SC:** Well, in circumstances where the witness has made plain that he is not familiar with the terms in one of the SOP, for my learned friend to put to him that there are significant differences between them, "Do you agree?", he has plainly indicated he is not able to answer that question.

MR BELL SC: Well, that's probably right, Ms Sharp, although I suspect you were directing your question to the witness's understanding, were you?

40 **MS SHARP SC:** Yes. And I'm happy to withdraw it. I will do it by working through the documents, Mr Bell. Could I return you now, Mr Hawkins, to version 5 of the rebate play SOP which was effective from 25 July 2019, it being exhibit B2120, STA.3427.0017.2322. And what I will do is take you to pinpoint 2337. Now, I will have this enlarged for you, Mr Hawkins, but you will see at the top it says:
45

"Task 5: Residency Checklist for International Rebate Players."

MR HAWKINS: Yes.

MS SHARP SC: And you will agree that on the left-hand side, there's a "Steps" column, and in the right-hand side, there's a "Standards" column?

5

MR HAWKINS: Yes.

MS SHARP SC: And could I take you to the Standards column at the top. It says:

10 "The international checklist is used to determine if a patron is a resident, as only non-Australian residents are permitted to buy in onto an international rebate program."

And then it's italicised and highlighted:

15

"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."

20 Now, pausing there, do you agree that as at this version of the SOP it imposed what I have been calling the 183-day test?

MS RICHARDSON SC: I object to that legal characterisation being put by - to this witness, and I'm happy to do it in the absence of the witness.

25 **MR BELL SC:** Well, I think you should, Ms Richardson. So, operator, can we go to private mode in the absence of Mr Hawkins.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 11:21 AM

30 **<THE HEARING IN PRIVATE SESSION RESUMED AT 11:21 AM**

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 11:23 AM

35 **<THE HEARING IN PUBLIC SESSION RESUMED AT 11:23 AM**

MR BELL SC: Yes, Ms Sharp.

40 **MS SHARP SC:** Mr Hawkins, just returning to pinpoint 2337, you will agree that there is a reference to the words:

"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."

45 **MR HAWKINS:** Yes it does say that.

MS SHARP SC: Yes. What I'm now going to take you to is version 6 where that requirement no longer appears. So could I take you to version 6.

MR HAWKINS: My understanding is it's identical in version 6.

5 **MS SHARP SC:** Which is exhibit B at tab 2573 at STA.3002.0001.0614, and pinpoint 0629, which is task 5, Residency. And your understanding is indeed correct: those words appear there again under the column Standards?

MR HAWKINS: Correct.

10 **MR BELL SC:** And that's the way you approached the task, that there hadn't been a material change in the versions; is that correct, Mr Hawkins?

15 **MR HAWKINS:** That's what I was referring to before. I'm not sure there's any material difference between 5 and 6.

MR BELL SC: Yes, doesn't appear to be. Yes, Ms Sharp.

20 **MS SHARP SC:** And just to clarify that, in fact, the material difference came when version 7 was introduced, which was after the exercise you undertook?

MR HAWKINS: That's my understanding, yes.

25 **MS SHARP SC:** All right. Thank you for clarifying that. Now, can I also, while we're clarifying what you understood to be the relevant considerations, take you back to Mr Power's advice to you dated 4 September 2020. If we can return to exhibit B at tab 2571, which is STA.3412.0067.1375. Could I direct your attention, please, to point 3. And I will have that blown up. He there advises you:

30 "If you have not already done so, anyone who has been in New South Wales for more than 183 days in the past 12 months should be transitioned into the non-rebate duty calculation, in order to comply with the rebate standard operating procedure."

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

MS SHARP SC: Wasn't he there telling you that 183 days was the test? Is that how you understood it?

40 **MR HAWKINS:** Look, at the time, I considered the information that was further attached to his email as well as the reference in the SOP which spoke to the words "generally 183 days", and I used that as a guide to assess those 12 customers who had been impacted during COVID to form a view on their eligibility. And in addition to that, I did direct that all of those players were taken off rebate status.

45 **MS SHARP SC:** And now I'll come back to what you directed momentarily. First of all, you did ask Mr Whytcross, with respect to the 12 patrons identified in that schedule, to review what information was available to The Star at that time to support the determination that the players were international rebate players, right?

MR HAWKINS: Yes, that's right.

5 **MS SHARP SC:** Can I show you another document, please. This is exhibit A at tab 624, which is STA.4001.0001.0002. Now, you will agree that this schedule shows us 12 players?

MR HAWKINS: Yes.

10 **MS SHARP SC:** And this was a schedule that Mr Whytcross showed to you, was it?

MR HAWKINS: Yes, it was.

15 **MS SHARP SC:** And this has the Last Play Date highlighted in red?

MR HAWKINS: That's correct.

20 **MS SHARP SC:** And do you see, where it says Days in Australia, all of these 12 players were in Australia for more than 183 days?

MR HAWKINS: That's right.

25 **MS SHARP SC:** And they had all - they're all described as having a related win - sorry, a rated win at post-183 days?

MR HAWKINS: Yes, that - that column there is the play - or the win that they generated after they passed their 183-day mark.

30 **MR BELL SC:** And, Mr Hawkins, these are the 12 players, are they, who had been highlighted in red in the previous schedule containing 25 patrons?

MR HAWKINS: Yes, it's an extraction of those 12.

35 **MR BELL SC:** Yes.

MS SHARP SC: So I understand you say that 183 days is not the only thing that you looked at, but you do agree that none of these 12 players satisfied that 183-day requirement, don't you?

40 **MR HAWKINS:** Yes, I --

MS RICHARDSON SC: Again, I object -- I object to it being put as a requirement or a test. It can be put as a criterion, in my submission.

45 **MS SHARP SC:** I withdraw it. I withdraw that question. I understand you say that there were more considerations to look at than merely the consideration of 183

days, but the 183-day consideration was not one that was satisfied for any of these 12 patrons, was it?

5 **MR HAWKINS:** And at the time, it was, in my understanding, impacted by the COVID international borders, yes.

10 **MS SHARP SC:** Now, can I take you, please, to exhibit G - well, I withdraw that. Once these 12 patrons were drawn to your attention, what did you do to satisfy yourself that they were appropriately to be classified as international rebate players?

15 **MR HAWKINS:** Once they were identified, I asked for the relevant information that was contained within the company's files to help me form a view on eligibility.

MS SHARP SC: And did you see that information in the files?

MR HAWKINS: Yes, I did.

20 **MS SHARP SC:** And how - who gathered it together for you?

25 **MR HAWKINS:** I requested it through Mr Whytcross. And if I recall, I think Mr - Mr Mo in the premium services area and Mr Liu at the time helped bring the files and information together.

MS SHARP SC: And it was right, wasn't it, that some folders were given to you?

MR HAWKINS: That's correct, yes.

30 **MS SHARP SC:** And was that information that was in possession of The Star at the time these classifications were originally made, or did it also include information subsequently gathered by Mr Whytcross and his team once they were conducting this review?

35 **MR HAWKINS:** I - I - I don't recall any information subsequently being provided. My understanding is it was information that was retained in the company's files.

40 **MS SHARP SC:** But is it right that you just don't know?

MR HAWKINS: I - I don't recall them guiding me that they'd had to reach out to find any other information.

45 **MS SHARP SC:** Now, you were provided with some folders of material. You were also provided with a summary, weren't you?

MR HAWKINS: Yes.

MS SHARP SC: And that summary took the form of a spreadsheet?

MR HAWKINS: Yes, that's right.

5 **MS SHARP SC:** And you reviewed that spreadsheet, did you?

MR HAWKINS: Yes.

10 **MS SHARP SC:** And did you make sure the summary in that spreadsheet was in accordance with the documents you reviewed?

MR HAWKINS: I'm - I'm quite sure I reviewed the spreadsheet against the documentation, yes.

15 **MS SHARP SC:** And you didn't - I withdraw that. Did you think that the spreadsheet was accurate?

MR HAWKINS: I would have thought it was accurate, yes.

20 **MS SHARP SC:** Can I show you a document --

MR BELL SC: Is that a convenient time, Ms Sharp, to take the morning adjournment, before you go to the spreadsheet? Yes, I will now adjourn for 15 minutes.

25

<THE HEARING ADJOURNED AT 11:34 AM

<THE HEARING RESUMED AT 11:50 AM

30 **MS SHARP SC:** I will take that document down for a moment. Can we just understand this, Mr Hawkins: once you had your folder of documents and your spreadsheet, how did you conduct your task of determining whether there was supporting documentation for the classification of these 12 patrons as international rebate players?

35

MR HAWKINS: I received the relevant folders for the players and, if I recall, either - worked with perhaps Mr Mo on assessing that documentation to help my breadth of understanding of the eligibility for each of those customers. I was, you know, quite determined to - to go through a very thorough process.

40

MS SHARP SC: And you said you were guided by version 6 of the rebate standard operating procedure?

MR HAWKINS: I recall using version 6 at the time, yes.

45

MS SHARP SC: Does that mean you used the residency checklist which was part of version 6?

MR HAWKINS: I don't recall. I'm not sure.

MS SHARP SC: Well, that was the procedure that had to be followed, wasn't it?

5 **MR HAWKINS:** I recall using version - version 6 SOP as a guide generally, understanding that some of the checklists may have been from a slightly earlier period as well. But I'm just not 100 per cent sure if I was referring to the checklist contained there or not.

10 **MS SHARP SC:** But you agree, don't you, that you had to follow The Star's applicable procedures?

MR HAWKINS: Yes.

15 **MS SHARP SC:** Well, can I just go to the residency checklist that was part of the version 6 document. If I could call up, please, exhibit B at tab 2573, which is STA.3002.0001.0614. And you can see that's version 6?

MR HAWKINS: Yes.

20 **MS SHARP SC:** I will take you to the international residency checklist, which starts at pinpoint 0635. Now, if I could direct your attention to the top half of this document. This is part A. And do you see there are three questions?

25 **MR HAWKINS:** Yes.

MS SHARP SC: Can you explain to us how this part A works? You see it says:

30 "If the answer to the above is 'yes', the remainder of the checklist is not required to be completed."

Does that actually make sense to you, in terms of those three questions?

35 **MR HAWKINS:** My understanding is that part A only had to be completed if the guest was on a non-Australian passport and had a particular category of visa that would be classified as a tourist visa. That was enough substantiation for the eligibility to be approved. If not, then part B had to be completed.

40 **MS SHARP SC:** Okay. And just - can I take you back to task 5 itself, which is point 0629. And the objective of this task, you will agree, is:

"To ensure that only non-Australian residents are to participate in rebate play."

45 **MR HAWKINS:** Yes.

MS SHARP SC: And do you see that the very first step is that:

"The residency status checklist is to be completed for all patrons in preparation for the patron to 'buy in' to an international rebate program."

MR HAWKINS: Yes.

5

MS SHARP SC: And that's a mandatory step; do you agree?

MR HAWKINS: Yes.

10 **MS SHARP SC:** And did you see a completed residency checklist for each of the 12 patrons that you reviewed?

MR HAWKINS: I - I just don't recall. I'd have to look at the information again.

15 **MS SHARP SC:** But you understood at the time that that was a mandatory requirement, didn't you?

MR HAWKINS: Yes. Based on this SOP, yes.

20 **MS SHARP SC:** But you understood that at the time you were conducting this review, didn't you?

MR HAWKINS: Yes.

25 **MS SHARP SC:** Now, if I can go back to the checklist. So if we go in the document to pinpoint 0635. You've told us the circumstances in which a person need only complete part A, and that is when the person holds a non-Australian passport and has a particular type of visa. Now I'm going to direct your attention to part B. Now, do you see the first question is:

30

"Has the person spent more than 183 days in Australia in the past 12 months?"

And then it says:

35

"If the answer to the above is 'yes', the participant is not eligible to play on a premium group program."

MR HAWKINS: Yes, I see that.

40

MS SHARP SC: Now, it's right, isn't it, that the 183-day rule was a requirement at the time that you were performing your review?

45 **MR HAWKINS:** This is slightly different to other checklists that I have seen, and I did rely on the definition of "generally 183 days", which was called out earlier, and the mitigating - mitigating circumstances. But there is - I accept it does say that, but there is various versions of checklists.

5 **MS SHARP SC:** Well, on the basis of your evidence that you applied version 6, do you agree that you, in fact, did not comply with the requirements of that version when you conducted your review, because the 183-day rule was a mandatory test, and if a person had spent more than 183 days in Australia, they were not eligible to play on a rebate program?

10 **MR HAWKINS:** I understood that the checklists that I viewed at the time that were on file for those customers was possibly different to this checklist. So - but I accept this version does say that. But I also, at the time, relied on the definition in the SOP where it said "generally 183 days" and, you know, I - I interpreted that, as I assessed this, based on the mitigating circumstances at the time as well.

15 **MS SHARP SC:** Just pardon me for a moment, Mr Bell. Well, I'll take you to the checklist in the previous version of the - well, I will take you there if you need to see it. First of all, I will simply put it to you. Version 5, which was effective at 25 July 2019, is in exactly the same terms, which means it was a mandatory requirement at all times from 25 July 2019; do you agree?

20 **MR HAWKINS:** I accept that.

MS SHARP SC: Well, all of these players are people who would have had their residency checklist created in a period sometime after July 2019, weren't they?

25 **MR HAWKINS:** I'm not sure - my understanding at the time is that the checklist process had to be completed every six months. So that may be captured in the timeframe relative to those SOPs.

30 **MS SHARP SC:** Well, that's right, isn't it? Even going back an entire six months from the time you commenced your review, the applicable checklist, being that from version 5, has a mandatory rule that if a patron had been in Australia for over 183 days in the 12 months, they were not eligible for the international rebate program; that's right, isn't it?

35 **MR HAWKINS:** This checklist does that. I - I recall seeing other variations of checklists on file that didn't state that. But at the time, I was also relying on my assessment of - of the word "generally" that was also in the SOP.

40 **MS SHARP SC:** Well, it looks very much like you did not follow the requirements then set out by The Star, doesn't it?

MR HAWKINS: I'd have to look at the checklists that were provided to me.

45 **MS SHARP SC:** Well, all of those checklists ought to have been checklists appended to version 5 or version 6 of the SOP; do you agree?

MR HAWKINS: Yes. I think that should be the case, yes.

5 **MS SHARP SC:** And what I'm suggesting to you is you simply weren't entitled to disregard the fact that patrons had been in Australia for more than 183 days, because the mandatory rule at that time was that if they had been in Australia for more than 183 days, they were not eligible to participate in an international rebate program?

10 **MR HAWKINS:** Look, my assessment at the time was - going through quite a detailed process, was that I did rely on the earlier definition in the SOP, which referred to "generally 183 days", and the circumstances surrounding the COVID exposure for these guests. But I accept it does say that. But I still feel I've seen a different version of checklists. But I accept that that's what it says.

15 **MS SHARP SC:** Now, if we return to this version of the checklist, which is the version 6 version of the checklist, and we were looking at part B. If you go beyond the 183-day requirement, part B indicates other material that can be used as supporting documentation; do you agree?

MR HAWKINS: Yes.

20 **MS SHARP SC:** And one of those considerations set out at the bottom of that page is:

25 "Obtain a copy of a document which clearly shows entry and exit from Australia."

MR HAWKINS: Yes.

MS SHARP SC: And you will agree that --

30 **MR BELL SC:** Ms Sharp, can I just get some assistance. Mr Hawkins, perhaps I should ask you. In terms of part B, do the questions after the question "has the person spent more than 183 days in Australia", such as "does the person hold an Australian Medicare card" - do you understand those as only being relevant if the person has not spent more than 183 days in Australia in the past 12 months?

35 **MR HAWKINS:** Yes, that was my understanding.

MR BELL SC: Yes. Thank you.

40 **MS SHARP SC:** And returning to my question, the copy of the document must clearly show entry and exit from Australia; do you agree?

MR HAWKINS: Arrival - yes. Yes, I agree.

45 **MS SHARP SC:** Now, could I - and then over on the next page of the checklist, which is pinpoint 0636, one of the matters to be satisfied is obtaining a declaration from the patron as to overseas residential status. Do you see that?

MR HAWKINS: Yes, I see that.

MS SHARP SC: And the idea here is that the patron is supposed to declare that they're not ordinarily resident in Australia and sign it?

5

MR HAWKINS: Yes.

MS SHARP SC: And if I can take you to the next page of the checklist, which is point 0637. This is a point system that The Star is supposed to satisfy itself of in a situation where the resident has not been in Australia for greater than 183 days, in order for Star to be satisfied that they should properly be counted as an international rebate player?

10

MR HAWKINS: Yes, and is not on a visa category that would prohibit - or limit part B being completed, is my understanding.

15

MS SHARP SC: Yes. Yes. So the way it works, if you've got an international passport with a limited number of visa categories, then you can be classified as an international rebate player; do you agree?

20

MR HAWKINS: Yes.

MS SHARP SC: If, under this document, the patron has been in Australia for 183 days or more in the last 12 months, they cannot be on an international rebate program?

25

MR HAWKINS: That's what the checklist calls out, yes.

MS SHARP SC: And if they have been in Australia for less than 183 days, it is still necessary to go on and satisfy this point system that I'm taking you to now?

30

MR HAWKINS: That's right.

MS SHARP SC: And you've got to get up to 100 points?

35

MR HAWKINS: Yes.

MS SHARP SC: And leaving aside the 183-day requirement, is that the way you approached your analysis when you looked at supporting documentation for the 12 patrons?

40

MR HAWKINS: Yes. That's what I recall doing, yes.

MS SHARP SC: Can I now take you through some examples of the paperwork that was provided to you. Can I start, please - if we return to this spreadsheet. Can we go, please, operator, to exhibit G at 965, which is STA.4001.0001.0001. And we might start with number 2, Guoyi Su. Am I pronouncing that correctly?

45

MR HAWKINS: Yes.

MS SHARP SC: All right. Well, it indicates here that his VEVO classification is "not a permanent resident"?

5

MR HAWKINS: Yes.

MS SHARP SC: All right. And the VEVO is a visa entitlement database maintained by the Department of Immigration, isn't it?

10

MR HAWKINS: That's my understanding, yes.

MS SHARP SC: Now, could I take you, please, to document - bear with me please, Mr Bell. If I can go to exhibit A at tab 623, which is - sorry, that's the one we're already on. Pardon me. If I go to exhibit F at tab 130, which is STA.4001.0003.0002. So here is a residency checklist. And I should indicate to you, Mr Hawkins, these documents have been produced to this review, that is, the documents that you reviewed have now been produced to this review, and I'm showing you one of those documents. Do you understand that?

15

20

MR HAWKINS: I do.

MS SHARP SC: Now, this is the residency checklist for Guoyi Su. And do you see it was completed on 13 August 2020?

25

MR HAWKINS: Yes, I can see that.

MS SHARP SC: And do you see that part A is not satisfied, so you had to go on and look at part B?

30

MR HAWKINS: Could I ask it's made a little larger, please?

MS SHARP SC: Yes.

35

MR HAWKINS: Yes.

MS SHARP SC: So the point is that while Mr Su held a non-Australian passport, he did not satisfy the visa requirement?

40

MR HAWKINS: Yes.

MS SHARP SC: So that meant you had to go on and see whether part B was satisfied?

45

MR HAWKINS: That's - that's right.

MS SHARP SC: And then if we can, operator, scroll up to part B. It clearly says there:

"Has the person spent more than 183 days in Australia in the past 12 months? If the answer to the above is 'yes', the participant is not eligible to play on a premium group program."

5

And it's circled "yes"?

MR HAWKINS: Yes.

10 **MS SHARP SC:** Now, this should have ruled Guoyi Su out at this point, shouldn't it, as being ineligible to play on an international rebate program?

MR HAWKINS: The only other consideration was the reference to the SOP where it said "generally" and the circumstances surrounding COVID closures.

15

MR BELL SC: What's the significance of the COVID closures, Mr Hawkins, in terms of the New South Wales regulator?

20

MR HAWKINS: As a number of these customers had been - did not have the ability to leave the country by nature of the borders being closed.

MR BELL SC: But I thought you had agreed with counsel assisting that the New South Wales regulator had not permitted The Star to take that consideration into account?

25

MR HAWKINS: I didn't - I didn't deduct that when we were looking at the earlier spreadsheet. But at the same time, I considered that in terms of their overall eligibility at the time, based on their inability to get out of the country. But the calculation of the rebate figures didn't consider that amount.

30

MR BELL SC: But if you had followed this checklist as the SOP required, Mr Su would have been immediately ineligible because he had spent more than 183 days in Australia in the last 12 months; correct?

35

MR HAWKINS: That's correct.

MS SHARP SC: And to be clear, Mr Power expressly advised you twice in his 4 September 2020 email to you that you could not deduct casino closed days from your calculation of the 183 days?

40

MR HAWKINS: Yes, and I - and I did not do that for the calculation purpose.

MS SHARP SC: Also, to be clear, the fact that the casino was closed down did not prevent visitors to Australia from leaving Australia during the COVID lockdown, did it?

45

MR HAWKINS: No, I meant the - the borders were closed.

MS SHARP SC: Yes. That stopped people getting in; it didn't stop them getting out, did it?

5 **MR HAWKINS:** I think there was implications on travel to a raft of destinations at the time.

MS SHARP SC: Now, do you see - if we go down to the bottom of part B, it says:

10 "Obtain a copy of a document which clearly shows entry and exit from Australia."

And it's circled "yes"?

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

MS SHARP SC: And do you see that the entry date is recorded as 21 December 2018 - '19?

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

MS SHARP SC: But do you agree that nothing is recorded about the exit date from Australia?

25 **MR HAWKINS:** That area is only asking for the entry information. I'm unsure if there's another document which validates that.

MS SHARP SC: All right. But do you see at the top of the row, it says:

30 "Obtain a copy of a document which clearly shows entry and exit from Australia."

MR HAWKINS: Yes.

35 **MS SHARP SC:** So this residency checklist suggested that there was a document that recorded the entry and exit from Australia?

MR HAWKINS: Yes, it's circled "yes".

40 **MS SHARP SC:** Yes. But the problem, though, Mr Hawkins, was there was no document that recorded exit from Australia; do you agree?

MR HAWKINS: I'm unclear without seeing the rest of the information (indistinct).

45

MS SHARP SC: Well, I'll show you what was shown to you. If we can call up exhibit F at tab 133, STA.4001.0003.0007. Do you see there's the entry ticket?

MR HAWKINS: Yes.

5 **MS SHARP SC:** But no exit ticket has been produced to this review. So is it the case, Mr Hawkins, that you did not carefully check whether assertions made in the residency checklist were, in fact, supported by the underlying documents?

10 **MR HAWKINS:** I recall at the time looking at the information that was held on file and using that information to calculate the relevant points that could be applied to the eligibility.

MS SHARP SC: Well, if I can take you to pinpoint 0004 of this document in relation to the points - sorry, we need to go back to the residency checklist. And that's exhibit F, tab 130. I will take you to pinpoint 0004. And do you see there's a little tick next to:

15 "Travel documents, copy of e-ticket/airline ticket."

MR HAWKINS: Yes.

20 **MS SHARP SC:**
"Must be valid and clearly show entry and exit from Australia."

25 **MR HAWKINS:** Yes, I see that.

MS SHARP SC: The problem, Mr Hawkins, is that there is no document showing exit from Australia?

30 **MR HAWKINS:** Is it possible to look at the spreadsheet summary that I had for the customer?

MS SHARP SC: I will call that up for you. It's exhibit G at 965, which is STA.4001.0001.0001.

35 **MR BELL SC:** Is that your handwriting on this document, Mr Hawkins?

MR HAWKINS: Yes, it is.

40 **MS SHARP SC:** And Guoyi Su is number 2. And do you see in the column Supporting Travel/Limo Document, it's indicated "yes" and there's your handwritten writing that says "50"?

MR HAWKINS: Yes, I can see that.

45 **MS SHARP SC:** So you've given him the points for the travel documentation showing both entry and exit from Australia, haven't you?

MR HAWKINS: I have. I'm just unclear if there was anything else contained in the file, which had quite a bit of information, that may have guided me on that.

5 **MS SHARP SC:** Well, it appears, doesn't it, that you've made a mistake?

MR HAWKINS: I'm unclear without seeing all the information that was on the file.

10 **MS SHARP SC:** Well, you can take it from me there was no further information on the file that showed an exit ticket. On that assumption, you've made a mistake, haven't you?

15 **MS RICHARDSON SC:** I object to that question. I seek to address Mr Bell in the absence of the witness.

MR BELL SC: Yes. Operator, can we move to private mode, please, in the absence of Mr Hawkins.

20 <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 12:28 PM

25 <THE HEARING IN PUBLIC SESSION RESUMED AT 12:28 PM

MR BELL SC: Yes, Ms Sharp.

30 **MS SHARP SC:** Now, Mr Hawkins, I'll take you to exhibit G965, which is the spreadsheet with your writing on it. And if I can have that turned around and enlarged. The entry number 2 for Mr Guoyi Su shows at the Supporting Travel/Limo Document column that "yes" has been written and then, in your handwriting, "50" has been written next to it?

35 **MR HAWKINS:** Yes.

MS SHARP SC: Now, that's the 50 points, right?

40 **MR HAWKINS:** Yes.

MS SHARP SC: Now, my suggestion to you is that you were only entitled to allocate 50 points to that matter if you had sighted both an entry and an exit ticket for Mr Guoyi Su?

45 **MR HAWKINS:** At the time, I thought I had.

MS SHARP SC: Well, it hasn't been produced, Mr Hawkins, so I suggest you did not sight it.

MR HAWKINS: I recall going through the information that was on file. There was quite a bit of that. I'm just unclear if there was another point of reference for that supporting information without having - reviewing it at the moment.

5

MS SHARP SC: Well, I suggest to you that there was no document showing an exit ticket for Mr Su; do you agree?

MR HAWKINS: I'm not sure if there was limousine documentation. But if - if your guidance is there was nothing else on file - I just recall there was a lot of information on each of these files.

MR BELL SC: Operator, can we go back to exhibit A623, which I think is the spreadsheet showing the 25 patrons. If that could be enlarged. Do you see that the reason Mr Su is one of the patrons in question is because his last entry into Australia is 21 December 2019?

15

MR HAWKINS: Yes.

MR BELL SC: Which was the date of his entry into Australia according to the airline ticket which we've looked at; correct?

20

MR HAWKINS: Yes.

MR BELL SC: And there plainly was no exit from Australia after that date, if this spreadsheet is correct?

25

MR HAWKINS: I'm just trying to understand and recall the SOP again, if it's requesting general information on entry and exit, or exit post the most recent arrival date. But I accept that's the case, Mr Bell.

30

MR BELL SC: Isn't it the case that the reason one allocates 50 points to this kind of material is that it shows both an entry and an exit from Australia, which is supportive of the person being a non-resident?

35

MR HAWKINS: Yes, and it - it should indicate that the person is departing Australia to validate their residency. Yes.

MR BELL SC: And it would appear that counsel assisting has shown you documents which indicate that you've allocated 50 points for this patron on the basis of documents which show only an entry in Australia and not an exit; do you agree?

40

MR HAWKINS: I agree that's what I'm seeing, yes.

45

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: So it looks like you've made a mistake?

MR HAWKINS: I accept that.

5 **MS SHARP SC:** And let's have a look at what implication there was for this mistake in terms of the duty payable. If we can scroll across this document now before you. Can we compare the rebate duty with the non-rebate duty. If we go to the end of that document. Do you see there's a 10 per cent column and a 27.5 per cent column?

10 **MR HAWKINS:** Yes.

MS SHARP SC: Do you see there's a \$2.1 million difference in the duty payable depending upon whether Guoyi Su is an international rebate player or a local player?

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

MS SHARP SC: Well, that's a matter that ought to have been corrected with the regulator in relation to the payment of duty, isn't it?

20 **MS RICHARDSON SC:** I object to that question, and I think I should object in the absence of the witness.

25 **MR BELL SC:** Yes, I think you should. Can we go into private mode, please, in the absence of Mr Hawkins.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12:33 PM

30 **<THE HEARING IN PRIVATE SESSION RESUMED AT 12:33 PM**

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 12:39 PM

<THE HEARING IN PUBLIC SESSION RESUMED AT 12:39 PM

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

MS SHARP SC: Now, can I take you back to the residency checklist that you reviewed for Mr Guoyi Su, which is exhibit F, tab 130. And can I direct your attention to part C, please. Do you see the first question there is:

40 "Are there personal details/remarks in Synkros that may preclude the person from participating in the rebate/commission program?"

45 **MR HAWKINS:** Yes.

MS SHARP SC: And did you review the personal details and remarks recorded in Synkros?

MR HAWKINS: No, I didn't.

MS SHARP SC: Or did you just rely on the residency checklist?

5 **MR HAWKINS:** Yes, the latter.

MS SHARP SC: You just relied on the residency checklist?

MR HAWKINS: Yes.

10

MS SHARP SC: So you did not satisfy yourself that "no" had been correctly checked on the residency checklist?

15 **MR HAWKINS:** I - I didn't review specific details that were contained on Synkros as part of the process that I went through.

20 **MS SHARP SC:** Well, I want to show you one of the documents that was produced to this review on the basis that it was a document that you did review. If I can call up exhibit F, tab 134, which is STA.4001.0003.0020. And what I'm going to ask is the operator to enlarge the top half of the screen, please. You agree that this is a printout from Synkros?

MR HAWKINS: I don't regularly use the system, but I accept that.

25 **MS SHARP SC:** Now, there's some blue shading on this, and that means the information is confidential. Do you understand?

MR HAWKINS: Yes.

30 **MS SHARP SC:** Now, next to that blue shade, on the left-hand side, do you see there's an address type and it says "home"?

MR HAWKINS: Yes.

35 **MS SHARP SC:** And do you see that the address, while confidential, is one in Sydney?

MR HAWKINS: Yes.

40 **MS SHARP SC:** Now - so that means, doesn't it, that Synkros is showing that this patron has a home address in Sydney?

MR HAWKINS: Has a residential address, yes.

45 **MS SHARP SC:** Well, the word is "home". Do you see that?

MR HAWKINS: I do see that, yes.

MS SHARP SC: All right. Now, if we return to the residency checklist at part C. So that's exhibit F, tab 130, at pinpoint 0003. It seems the first two questions have been incorrectly marked "no", doesn't it?

5 **MS RICHARDSON SC:** In my submission, the witness should be shown also the middle part of this document, which is - we've got two stripes in blue. It's the third stripe in blue that is not currently on the screen.

10 **MS SHARP SC:** I will come to that in a minute. But it's right, isn't it, that there are personal details in Synkros that may preclude the person from participating in the rebate program, that being an Australian home address?

15 **MR HAWKINS:** I - I accept that. I'm just unclear if there's anything else on Synkros as well that --

MS SHARP SC: Well --

20 **MR BELL SC:** Clearly the second question under part C has been answered incorrectly, hasn't it? Australian address noted in Synkros, "no"?

MR HAWKINS: It appears to be incorrect.

25 **MS SHARP SC:** So I've now shown you a number of mistakes in this checklist, haven't I, being (1) the person had spent more than 183 days in Australia and therefore, according to this checklist, was not eligible for the rebate program; (2) was only supposed to be given 50 points if both an entry and exit ticket had been provided, and there's no evidence of an exit ticket; and (3) part C should have been marked "yes" rather than "no" in relation to the first two questions; do you agree?

30 **MS RICHARDSON SC:** I object to that question in relation to the last element. And I'm sorry, I will have to do this --

35 **MR BELL SC:** No, no. I think I understand the point, and I think you are right, Ms Richardson. I think what Mr Hawkins has accepted is the second question under part C was answered incorrectly, not necessarily that both were answered incorrectly.

MS SHARP SC: I understand.

40 **MR BELL SC:** Perhaps you should start again and just make that clear, please.

MS SHARP SC: I will be very clear about it.

45 **MR BELL SC:** Sorry. Is there more to it?

MS RICHARDSON SC: I'm sorry. There is something more to it, and I apologise. There is another aspect which is causing unfairness.

MR BELL SC: And I suppose we need to do that in private?

MS RICHARDSON SC: Well --

5 **MR BELL SC:** Yes. Let's move into private mode.

MS RICHARDSON SC: I just don't want to be accused of coaching a witness.

10 **MR BELL SC:** Yes. We will move into private mode in the absence of Mr Hawkins.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12:45 PM

15 **<THE HEARING IN PRIVATE SESSION RESUMED AT 12:45 PM**

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 12:51 PM

<THE HEARING IN PUBLIC SESSION RESUMED AT 12:51 PM

20 **MR BELL SC:** Yes. I will now adjourn for one hour.

<THE HEARING ADJOURNED AT 12:52 PM

25 **<THE HEARING IN PRIVATE SESSION RESUMED AT 1:52 PM**

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 1:55 PM

<THE HEARING IN PUBLIC SESSION RESUMED AT 1:55 PM

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

MS SHARP SC: Can I now show you exhibit G950, which is STA.3031.0002.0257. Do you recognise this document, Mr Hawkins?

35 **MR HAWKINS:** No, I don't recall at this stage seeing it.

MS SHARP SC: And did you see it at the time of your review?

40 **MR HAWKINS:** I don't think so.

MS SHARP SC: Well, that's most unlikely, isn't it, given that it has dates - if you look at the Start Date column, 3 - you will see in the Start Date column, there are dates, 4 March 2021 and 17 August 2021?

45 **MR HAWKINS:** Sorry, what was the question?

MS SHARP SC: It's most unlikely you saw this particular document at the time you conducted your review in September 2020?

MR HAWKINS: Yes, I don't recall seeing this document.

MS SHARP SC: Do you know what it is, though?

5

MR HAWKINS: No, I'm not familiar with it.

MS SHARP SC: What documents did you look at in relation to considering the question of Mr Guoyi Su's home address when you conducted your review?

10

MR HAWKINS: I would have relied on the documentation that was provided to me in those files that the premium services team had provided.

MS SHARP SC: And are you able to indicate whether you saw any documents from Synkros at the time of your review?

15

MR HAWKINS: I think the one that you presented before was contained in the documentation I was presented with.

MS SHARP SC: Did you look back over time at what different entries may have appeared in Synkros over time in relation to Mr Su's home address?

20

MR HAWKINS: No, I didn't do that.

MS SHARP SC: So is it right that the only document you looked at, at the time, is - and I will pull this up for you, is exhibit F at tab 134?

25

MS RICHARDSON SC: Sorry. I think this should be clarified. Is it the only document in the universe of documents looked at, or the only Synkros document that was looked at?

30

MS SHARP SC: Yes. I withdraw that question. Is it right that exhibit F, tab 134, that I am now showing you, is the only document from Synkros that you looked at for the purpose of the review you conducted sometime in September 2020?

35

MR HAWKINS: That's as far as I can recall, yes.

MS SHARP SC: So you didn't go and look at the computer system for Synkros yourself, did you?

40

MR HAWKINS: No, I didn't.

MS SHARP SC: Just pardon me for a moment, Mr Bell. Can I return now to the spreadsheet you reviewed at the time, Mr Hawkins, which is exhibit G965. And I will just have that enlarged for you. If we look at the entry number 2, Guoyi Su, are you able to say, looking at this spreadsheet, on what basis you considered it was appropriate to determine that Mr Su was ordinarily not a resident of Australia?

45

MR HAWKINS: I would have referred to the visa type, as well as the information related to his travel and limo documentation.

5 **MS SHARP SC:** And so when you looked at the travel/limo document information, it would appear that you only looked at an incoming ticket; do you agree?

10 **MR HAWKINS:** Yes, I think that's right because my understanding is he had arrived and hadn't been able to depart the country.

MS SHARP SC: And if it is the case that you had not sighted - well, I will withdraw that. Assuming that you had not sighted an outgoing ticket, it was wrong to give 50 points for that question; do you agree?

15 **MR HAWKINS:** By nature of that specific requirement asking for entry and exit details, I simply relied on the fact that there was an entry detail. My understanding is he had a history of being an international player and hadn't been able to exit the country.

20 **MR BELL SC:** Would you mind answering counsel assisting's question, though, please, Mr Hawkins?

25 **MR HAWKINS:** Sorry. Could you please repeat the question?

MS SHARP SC: Assuming there was no exit ticket, it was wrong to give this Supporting Travel column 50 points?

30 **MR HAWKINS:** Yes, according to the - that SOP, yes.

MS SHARP SC: And just going back to the VEVO column in relation to the visa entry, we see here that it says that there's a bridging visa. But in and of itself, the grant of a bridging visa does not tell us one way or the other whether a person is ordinarily resident in New South Wales, does it?

35 **MR HAWKINS:** No, I think it would be a collection of relevant information.

MS SHARP SC: And can I take you to one further document, please, Mr Hawkins. This is STA.4001.0003.0015. Now, is this - I will have it enlarged for you. This is a VEVO, that is, V-E-V-O, Visa Entitlement Verification Online check for Mr Su. Can you see that?

MR HAWKINS: Yes.

45 **MS SHARP SC:** And it looks like, if you look at that yellow highlighting, that this check was conducted on 11 August 2020?

MR HAWKINS: Yes.

MS SHARP SC: And is this your handwriting on the document, if I have it scrolled up?

5 **MR HAWKINS:** I - I think it is, yes.

MS SHARP SC: And it says:

"Stuck in Aust due to COVID."

10

MR HAWKINS: Yes.

MS SHARP SC: And how did you know that?

15 **MR HAWKINS:** Again, I would be assuming the - the person that was assisting me had - had guided on that.

MS SHARP SC: Is it right that your review of Guoyi Su's eligibility as an international rebate player was not very careful?

20

MR HAWKINS: I felt at the time - you know, this is an area I wouldn't normally be directly involved in - that I made quite a conscious effort to bring relevant information together and assessed it. So I felt I did it to the best of my understanding at the time.

25

MS SHARP SC: Do you accept now that you made some mistakes?

MR HAWKINS: I - I accept that - that the exit information for this particular guest was not recorded there, and that was a requirement of the SOP. I accept that I was relying on the information in front of me, and it's not - as I said, it's not an area that I would necessarily get too deeply involved in. But I felt I tried to assess it thoroughly at the time, not to just dismiss it.

30

MS SHARP SC: But you do accept now that you made some mistakes?

35

MR HAWKINS: I - I think there - yes, there's some - there's some allocation of that point there specifically that requires an exit. So, on the basis that the guest was stuck in Australia, I accept that that was an error.

40 **MS SHARP SC:** And another error was, in fact, not following the checklist, because the checklist said that if the patron had been in Australia for more than 183 days in a 12-month rolling period, the patron was not eligible for the international rebate?

45 **MR HAWKINS:** I accept that the checklist says that. At the time, I also referred to the SOP, which outlined the word "generally", and I used that to form my position as well.

MS SHARP SC: Mr Bell, could I have this document marked for identification, STA.4001.0003.0015?

MR BELL SC: Yes. That document will be MFI50.

5

MS SHARP SC: Now, can I return you to exhibit G965. And we'll go to the first entry here this time. This is [Redacted]. Can you read the entry for [Redacted]?

MR HAWKINS: Yes.

10

MS SHARP SC: And do you see in the column Australian VEVO Classification, it says "PR visa holder"?

MR HAWKINS: Yes, I see that.

15

MR BELL SC: Excuse me, Ms Sharp. I think, operator, I would like Ms Sharp's question and the answer removed from the live feed. And for other patrons, I think we should just use the initials, please. Can we do that? Is that going to cause any problems for you, Ms Sharp?

20

MS SHARP SC: Not at all.

MR BELL SC: All right. Yes. Thank you.

25

MS SHARP SC: So patron number 1, do you see there's a "PR visa holder" recorded there?

MR HAWKINS: Yes, I do.

30

MS SHARP SC: That means permanent resident visa, doesn't it?

MR HAWKINS: That's my understanding.

35

MS SHARP SC: Now, if we go - I will need to take you back to exhibit A623. This is the list of 25 patrons that we reviewed earlier today. Looking at that patron number 1, do you see patron number 1 days in Australia is - I beg your pardon - 314?

MR HAWKINS: Yes, I can see that.

40

MS SHARP SC: And even when it's adjusted, when we have adjusted days, it's 245?

MR HAWKINS: Yes.

45

MS SHARP SC: Can I take you to the residency checklist, which is dated 6 August 2020, which is exhibit F119, STA.4001.0002.0007. And do you see that

checklist has been signed as at 30 July 2020 - I beg your pardon. It's the second page. Do you see the second part of it has been signed on 6 August 2020?

5 **MR HAWKINS:** Yes.

MS SHARP SC: And part A was answered in such a way that it was necessary to consider the matters in part B; do you agree?

10 **MR HAWKINS:** Yes.

MS SHARP SC: And do you see the first question in part B:

15 "Has the person spent more than 183 days in Australia in the past 12 months?"
Has been answered incorrectly?

MR HAWKINS: Yes, that looks an error.

20 **MS SHARP SC:** Now, according to this form, had it been marked correctly, that would have ruled patron number 1 out in terms of being an international rebate patron; do you agree?

25 **MR HAWKINS:** Yes, in - in similar circumstances to the previous guest. Yes.

MS SHARP SC: And did you notice that part B, this first question, had been answered incorrectly?

30 **MR HAWKINS:** I don't recall noticing that or having it brought to my attention at the time, no.

MS SHARP SC: And if I can take you to the last entry, it says:

35 "Obtain a copy of document which clearly shows entry and exit from Australia."

Do you see that's marked "no"?

40 **MR HAWKINS:** Sorry. Which section is that in?

MS SHARP SC: This is part - I will have it enlarged for you. It's part B, right at the bottom. It's the last row.

45 **MR HAWKINS:** Yes, I can see that's marked "no".

MS SHARP SC: All right. So it says that:

"No flight available due to COVID-19."

But that has been answered "no", so this patron can't get the 50 points for that one. Do you agree?

5 **MR HAWKINS:** That should be the case, yes.

MS SHARP SC: All right. And then if we go to the second page, do you see the justification is an overseas ID, utility bill within six months? If we scroll to the bottom of that document, please, operator.

10

MR HAWKINS: Yes, I can see that.

MS SHARP SC: So that means that the patron gets some points for that, doesn't it?

15

MR HAWKINS: Yes.

MS SHARP SC: All right. And then if we return to how you added up the points, if we go back to exhibit G at 965. You see that the patron gets 25 points for having that foreign utility bill?

20

MR HAWKINS: Yes.

MS SHARP SC: But it was necessary on the checklists at these times to get 100 points, wasn't it?

25

MR HAWKINS: Yes, that's correct.

MS SHARP SC: But the only other thing you've added points for is for the Australian VEVO visa subclass; do you agree?

30

MR HAWKINS: No.

MS SHARP SC: No, I see. You've also given 25 points for the foreign government issued ID; that's correct, isn't it?

35

MR HAWKINS: Yes.

MS SHARP SC: But if we look at the Australian VEVO visa subclass where you've given 50 points, isn't it right that the patron holds a permanent resident visa?

40

MR HAWKINS: Yes.

MS SHARP SC: Wouldn't that tend to indicate that the patron is somebody who does ordinarily reside in Australia?

45

MR HAWKINS: I don't think necessarily. I think there's various - excuse me - visa classifications that apply. And as it was guided to me, someone can have that VEVO classification but still be eligible.

5 **MS SHARP SC:** And if I can take you back to the residency checklist, which is exhibit F, tab 119. And if we go to the points at pinpoint 0009. Do you see it seems that Star says you can get 50 points simply for obtaining a VEVO report, regardless of what the answer is?

10 **MR HAWKINS:** I understood that was specifically related to the visa type that was also called out in the SOP. That's my understanding.

MS SHARP SC: Well, I'll take you to what the VEVO report indicated. If I could go to STA.40001.0002.0017. And this is exhibit F122. Now, I'll just have
15 this - you can see this VEVO was undertaken on 30 July 2020?

MR HAWKINS: Yes.

MS SHARP SC: Do you see that in yellow highlighting? Now, do you see the
20 visa type, right at the bottom, is a permanent resident visa?

MR HAWKINS: Yes.

MS SHARP SC: And the visa subclass is BB/155. So why does this entitle this
25 patron to 50 points?

MR HAWKINS: My understanding at the time was the SOP that I was referring to allowed that type of visa classification to be acceptable, in conjunction with
30 other information, to form a view on eligibility for rebate.

MR BELL SC: So which kinds of visa classifications would not be acceptable if permanent residency was?

MR HAWKINS: I - I - Mr Bell, I would need to refer to the SOP. I just recall
35 it - it did have a list of a range of visa types that, if that was presented, that then triggered the need to complete the extension of the form, which was part B, which is requiring further information to validate the normal place of residency of the guest.

40 **MS SHARP SC:** Well, I'll take you to the relevant - you say you used the version 6 SOP, so I will take you to that one, which is exhibit B2573, which is STA.3002.0001.0614. Do you see that's version 6, Mr Hawkins?

MR HAWKINS: Yes.

45

MS SHARP SC: And if I could take you now, please, to pinpoint 0629. Operator, if we could go to point 0629, please. And I'm taking you to task 5. And let me take you to the next page, which is pinpoint 0630. Now, if you look at the top of the

page, you will see a reference at 2.6 to a VEVO report to ascertain the patron's visa status?

MR HAWKINS: Yes.

5

MS SHARP SC: And do you see 2.7 refers to certain visa subclasses?

MR HAWKINS: Yes.

10 **MS SHARP SC:** Now, the visa subclass that was referred to for patron number 1 is BB/155, and you will agree that that does not appear in task 5 that I'm showing to you now?

MR HAWKINS: Could I - could I look further down the document, please?

15

MS SHARP SC: Yes. I will take you to that, and then I will take you over the next page where there's some more visa subclasses. But you don't see it on this page, do you?

20 **MR HAWKINS:** Sorry. Could I just go up again for a moment, please? No, I don't see it referred to on that page.

MS SHARP SC: And just for completeness, I need to take you to the next page as well, which is pinpoint 0631. And do you see there are some more visa subclasses referred to there?

25

MR HAWKINS: I see those subclasses, yes.

MS SHARP SC: And you will agree that the visa subclass BB/155 is not referred to there?

30

MR HAWKINS: No, but there is a reference to 3.3.

MS SHARP SC: Yes. That's as a permanent resident, but that doesn't - a permanent resident rather suggests they have a right to reside permanently in Australia, doesn't it?

35

MR HAWKINS: No, my understanding of that is that it calls out - if the person has an Australian permanent resident visa, my understanding was that required the completion of further information to ascertain their eligibility.

40

MS SHARP SC: But does that mean you can give them 50 points?

MR HAWKINS: Yes, that was my understanding at the time. Yes.

45

MR BELL SC: It would follow from that, Mr Hawkins, that that section also refers to Australian passport holders - do you see that - at 3.1?

MR HAWKINS: Yes.

MR BELL SC: Surely you wouldn't be giving a patron 50 points as a non-resident because they held an Australian passport?

5

MR HAWKINS: No, I - I don't think that was the case, but I - I think the PR visa was, my understanding, eligible for the 50 points.

MR BELL SC: Are you able to support that understanding by any provision in this SOP?

10

MR HAWKINS: I don't think it's referred to in the SOP. I'd just taken the document as it was constructed and the assumption that it had been developed by our compliance and legal team.

15

MR BELL SC: Yes. Yes, Ms Sharp.

MS SHARP SC: Well, is it right that you didn't exercise the degree of care that you ought to have as you were reviewing whether patron 1 was correctly to be classified as eligible for international rebate play?

20

MR HAWKINS: I felt at the time the information that was presented to me informed that eligibility.

MS SHARP SC: So the information that was presented to you included the fact that this patron had been in Australia for 314 days; do you agree?

25

MR HAWKINS: Yes.

MS SHARP SC: And that this patron held a permanent resident visa; do you agree?

30

MR HAWKINS: Yes.

MS SHARP SC: And this patron provided no evidence of an exit ticket; do you agree?

35

MR HAWKINS: Yes.

MS SHARP SC: Well, they're all indications that point towards this person being classified as not eligible for international rebate play; do you agree?

40

MR HAWKINS: I - I think I assessed - it was an allocation of points for the visa type, and I relied on this determination in the SOP. And I think that the other 50 points was split between, if I recall, a presentation of other foreign ID as well as a utility bill.

45

MS SHARP SC: But is it right that you're not able to explain why, on the basis of this SOP, you should be giving patron number 1 50 points for holding a permanent resident visa?

5 **MR HAWKINS:** I - I think at the time, the - the point allocation process - that's my understanding of how it - how it was being applied, in conjunction with the other information.

10 **MR BELL SC:** Ms Sharp, I see at the bottom of this page, paragraph 4 seems to indicate how 100 points are to be allocated. Perhaps if we looked at the next page, that might assist Mr Hawkins.

15 **MS SHARP SC:** Yes. If we could go please, operator, to pinpoint 0632. This - if I can ask you --

MS RICHARDSON SC: Sorry. In my submission, the witness should also be given the bottom of the previous page for context.

20 **MR BELL SC:** Yes, that would be helpful.

MS SHARP SC: Yes. Please let me know when you've finished reading that, Mr Hawkins.

25 **MR HAWKINS:** I've - I've reviewed it.

MS SHARP SC: I'll return to a question I asked you earlier. It seems that Star permitted 50 points to be awarded simply by having obtained the VEVO report, regardless of what the VEVO report said about the visa?

30 **MR HAWKINS:** I'm unclear on that. I think, you know, there was a number of visa categories identified. But my understanding is that the presentation of that visa, in conjunction with the other information, was satisfactory, is the way I understood it.

35 **MR BELL SC:** You agree it would be absurd to award 50 points just because a VEVO report had been obtained, irrespective of what it said?

MR HAWKINS: Without other information to support it, yes.

40 **MR BELL SC:** Yes.

MS SHARP SC: Well, did you have any other information to say what a visa BB/155 was?

45 **MR HAWKINS:** No. I don't recall having other information.

MS SHARP SC: And the fact that somebody had a permanent resident visa could give you no comfort at all that that person was not ordinarily resident in Australia, could it?

5 **MR HAWKINS:** I think it would need to be viewed in conjunction with other information. I agree.

MS SHARP SC: Yes. But information outside of the VEVO report?

10 **MR HAWKINS:** Yes.

MS SHARP SC: So Mr Bell put to you that it was absurd to think you could have 50 points being awarded for the VEVO report simply because you did obtain a VEVO report; do you agree or disagree?

15

MR HAWKINS: I agree that that in itself is certainly not enough, and it needs to trigger a request for more validation.

20 **MS SHARP SC:** Right. So you giving 50 points simply for the fact that a VEVO report was obtained was absurd, was it not?

MR HAWKINS: Well, I think singularly taking on that information does invalidate eligibility. I accept that.

25 **MS SHARP SC:** And I've taken you to two examples out of 12. Let me now take you to what you say in your first statement at paragraph 55(d), please. Do you have that statement with you?

30 **MR HAWKINS:** Yes, I do.

MS SHARP SC: And what you're referring at paragraph 55(d) to the review you conducted of these 25 patrons with Mr Whytcross, aren't you?

35 **MR HAWKINS:** Yes.

MS SHARP SC: And you do concede that there were some weaknesses in the recordkeeping, don't you?

40 **MR HAWKINS:** Yes.

MS SHARP SC: But you say:

45 "I was satisfied that those patrons had not been treated incorrectly as international or non-New South Wales players."

MR HAWKINS: Yes.

MS SHARP SC: Well, I suggest you could not have been reasonably satisfied of those matters, at least with respect to some of the patrons that you reviewed.

5 **MR HAWKINS:** I felt at the time I initiated a thorough assessment of the players, and with the records that were presented to me I felt there was relevant information there to form that view. I accept that some of the specific detail there may have been inaccurate, notwithstanding the efforts that were made.

10 **MR BELL SC:** But do you accept now, based upon what counsel assisting has shown you today, that looking at it today, some of those patrons had, in fact, been treated incorrectly as international patrons?

15 **MR HAWKINS:** I accept that I formed a view on the 183 days based on how I read the SOP in the circumstances and that some of the information that we've just reviewed indicates that some of that information wasn't completely accurate. I accept that.

20 **MS SHARP SC:** And in conducting your review, you did not follow the procedures that were stated in the SOP, at least in respect of the 183-day requirement?

25 **MR HAWKINS:** Yes. As I said, there's an earlier reference to "generally 183 days". So because of the circumstances, I formed a view on that myself and, as outlined, went through what I thought was quite a detailed process. But I think these players have a history of international play. But I accept that there's some weaknesses in some of that information.

30 **MS SHARP SC:** And does that same concession apply to your statement in paragraph 28 of your second statement, if we can go there?

MR HAWKINS: Yes, the same would apply.

35 **MS SHARP SC:** Now, could I take you to exhibit B, tab 3277, which is STA.3412.0084.5940. And if I could take your attention to the middle of this document where you send an email to Mr Power on 8 October 2020. And it's right, isn't it, that you're reporting back to Mr Power on the review of the persons who had played on an international rebate program in July, August and early September 2020?

40 **MR HAWKINS:** Yes.

MS SHARP SC: And you tell him that:

45 "The current COVID situation unfortunately exposed some administrative confusion regarding the status of a number of rebate classified players."

MR HAWKINS: Yes.

MS SHARP SC: So you're foreshadowing that there's some kind of problem there, aren't you?

5 **MR HAWKINS:** Yes. At the time, across the closure of the property, we stood down about 4000 team members, including the team members that would typically monitor this.

MS SHARP SC: And you then say:

10 "As per your guidance on point 3 -"

Could I just have you confirm what point 3 is? If we go down - could you just scroll down, please, operator, to Mr Power's email of 4 September. And you recall that email that we discussed earlier today --

15

MR HAWKINS: Yes.

MS SHARP SC: -- Mr Hawkins? Now, could I take you to pinpoint 5941. And I'll highlight point 3 for you. And what Mr Power told you there is:

20

"If you have not already done so, anyone who has been in New South Wales for more than 183 days in the past 12 months should be transitioned in to non-rebate duty calculation in order to comply with the Rebate SOP."

25 So that was the clear advice that Mr Power gave to you, wasn't it?

MR HAWKINS: Yes.

MS SHARP SC: And now if we return to your email to him of 8 October 2020. If we can go back to that, please, operator, and highlight that email. And you see you say:

30

"As per your guidance on point 3 -"

35 Do you agree, Mr Hawkins, that point 3 is the same point 3 that I just took you to in Mr Power's 4 September 2020 email?

MR HAWKINS: Yes.

40 **MS SHARP SC:** So you say:

"As per your guidance on point 3, when this was identified we immediately transitioned any rebate player who had been in New South Wales for greater than 183 days on to a non-rebate play profile."

45

And you did do that, didn't you?

MR HAWKINS: Yes. I directed for that to occur.

MS SHARP SC: Right. So does that mean that of that 25 players that were identified, with the 20 of them who had been in Australia for more than 183 days, you immediately transitioned them to non-rebate play?

5

MR HAWKINS: Yes. It may have been for the entire 25.

MS SHARP SC: And you continue:

10 "I have reviewed the records of the identified customers in some detail and I am reasonably satisfied that each of them is a New South Wales non-resident."

Now, you've agreed that there was some room for improvement there; correct?

15

MR HAWKINS: Yes.

MS SHARP SC: And let me just take you to Mr Power's response to you, which is at the top of this page. If I could have that enlarged. Operator, if we could go to the top of that email. Thank you. And Mr Power says to you:

20

25 "Now that you have made the assessment of The Star's rebate players and confirmed their residential status based on the available information, I will leave it to you to liaise with the finance team to ensure that the monthly rebate duty reports and weekly non-rebate duty reports provided to Liquor and Gaming are in order and any necessary adjustments have been (or will be) made."

30 So, Mr Hawkins, did you liaise with the finance team and cause any adjustments to be made?

MR HAWKINS: Ultimately, no.

MS SHARP SC: Shouldn't you have done that, Mr Hawkins?

35

MR HAWKINS: At the time, you know, I went through what I thought was a very thorough process to identify the guests, understand their play after the 183 days, have their records pulled to assess them. And I thought I'd made a reasonable and appropriate assessment that they were eligible at the time, is what I did. And that's why I didn't ask for any rebate adjustment to be made.

40

MS SHARP SC: Well, knowing what you know now, do you now think it's necessary to cause some adjustments to be made?

45 **MR HAWKINS:** If - if the SOP was, I accept, not followed 100 per cent by the team members. So if that's to be used as the only reference point, I accept that. And, you know, the adjustment, which I think was approximately two and a half million, could have been considered even - I think the bulk of the players, I would

accept, were still eligible. You know, in the scheme of the total gaming tax we pay, which is approximately 350 to 400 million dollars a year, I could have taken a lower risk approach. But I felt I was confident they were still eligible.

5 **MR BELL SC:** But wasn't the SOP issued by The Star the guidance which the company gave to its employees as to the steps which they should take in assessing residency?

MR HAWKINS: Yes, it was. That's right.

10

MS SHARP SC: Can I take you, please, to your second statement, to paragraph 30.

MR HAWKINS: I have that.

15

MS SHARP SC: Do you see at paragraph 30, you say:

"On 8 October 2020, I had a discussion with Paula Martin and Harry Theodore about the results of my review."

20

What discussion did you have?

MR HAWKINS: I recall speaking with them - I think Ms Martin may have been on the call, but certainly Mr Theodore was there. And I really overviewed the process that I had taken at a high level.

25

MS SHARP SC: Well, did you tell them that you hadn't followed the version 6 standard operating procedure?

30 **MR HAWKINS:** No, because at the time I felt confident that the process I had been through was thorough. So, no, that wasn't brought to their attention.

MS SHARP SC: But --

35 **MR BELL SC:** And given that staff are expected to follow the rebate play SOP, do you now accept, based upon the materials that counsel assisting has shown you today, that there should be some adjustments to the duty that has been paid?

40 **MS RICHARDSON SC:** Well, I object to that question, with respect. It's one thing to put a question about whether the process should be redone. In my submission, it can't be put as to a legal conclusion about what rebate is, in fact, payable.

45 **MR BELL SC:** Well - thank you. Let me ask you this question, Mr Hawkins: do you accept in light of what counsel assisting has shown you, and the fact that staff were expected to follow the rebate play SOP in determining eligibility, that you would need to give consideration, at least now, as to whether there should be some adjustment to the duty which should have been paid to the State Government?

MR HAWKINS: I accept that, Mr Bell. And I think, if I may say, we would accept that our processes in this space need improvement. And by nature of that, we considered and allocated a substantial amount of money to implement a digitised approach, which is an online workflow which now manages the rebate eligibility criteria. That has been rolled out. And that has various flags which will alert if there's non-compliance along the journey. So I think we have taken a significant step on that front.

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

MS SHARP SC: Can I take you now, please, to exhibit D at tab 36, Mr Hawkins, which is CORRO.001.001.0556. What I am showing you is a document dated 18 February 2022 which was submitted by Star and Star Entertainment in relation to a request for information issued by this review. Did you have a role in putting together this response?

MR HAWKINS: I don't think so.

20 **MS SHARP SC:** Do you know who did put this together?

MR HAWKINS: Sorry. I'll just need to read the document. I'm not clear on who compiled the information, Ms Sharp.

25 **MS SHARP SC:** I might just take you to another part of this, if I can, to pinpoint 0557. I'm taking you to this because it's asking about something you did, Mr Hawkins. Do you see the question there is:

30 "Explain the steps undertaken by The Star and/or SEG to (a) reassess the residency of individuals as referred to in the email from Greg Hawkins to Andrew Power dated 8 October 2020."

MR HAWKINS: Yes, I see that.

35 **MS SHARP SC:** Now, I'm just wondering, were you consulted in any way about the answer that was provided here to the review?

40 **MR HAWKINS:** I - I - I think I was requested by our legal team to outline the process that I went through. It - it may have been for this. I'm - I'm not exactly - there was a lot of information being requested over the last period. So it may have been for that.

45 **MS SHARP SC:** Well, this request for information was sent at around the same time you were requested to produce a supplementary statement on international rebate players and duty; do you recall?

MR HAWKINS: I accept that. I don't --

MS SHARP SC: Well, I just want to know if you reviewed the answer that was provided to this question before it was submitted to this review.

MR HAWKINS: Look, I - I don't recall reviewing a draft of it prior.

5

MS SHARP SC: Well, let me take to you the second part of this answer just in case that helps you, pinpoint 0558. Do you see it says at the top there:

10 "The information was summarised in a spreadsheet provided back to Mr Hawkins, which included relevant details of each patron's rebate application and program play details to assist with Mr Hawkins' assessment of whether the relevant individual was eligible. Based upon his review of the above information, Mr Hawkins formed the view that these 12 patrons were not residents of New South Wales."

15

Didn't you supply this information for the purpose of this answer?

MR HAWKINS: As I mentioned, I remember detailing the steps that I had taken and, if I recall, submitting that to one of our internal legal team at the time. So it was probably for this, yes.

20

MS SHARP SC: But you don't have a recollection of reviewing this draft before it was submitted to the review?

25 **MR HAWKINS:** No, I don't.

MS SHARP SC: Could I take you back to pinpoint 0557. And could I draw your attention, please, to the paragraph towards the bottom half that says:

30 "From this analysis, it was identified that 12 (out of the 25) individuals had been in Australia for 183 days or more."

MR HAWKINS: Yes. That's an error.

35 **MS SHARP SC:** Yes. It is, isn't it?

MR HAWKINS: Yes.

40 **MS SHARP SC:** Because, in fact, it was identified that 20 out of 25 individuals had been in Australia for more than 183 days?

MR HAWKINS: It should read that 12 of the 25 had participated in rebate play after their 183-day mark was passed. I accept that.

45 **MS SHARP SC:** And could I then take you to pinpoint 0559. And do you see question 4 says --

MR HAWKINS: Sorry, Ms Sharp. Can I just - it is the same error that I called out earlier in my statement. So when we first initiated this, it's the same point that I did bring to your attention in my statement that's reflected here.

5 **MS SHARP SC:** If we look at question 4, it says:

"Please provide your response in detail to the allegation that The Star or Star Entertainment encouraged patrons to falsely claim that they lived outside New South Wales to minimise the amount of rebate duty."

10

Now, in the answer, reference is made to your supplementary statement, and then it states:

"The Star confirms that it has engaged the general manager of internal audit and assurance, James Gough, and Richard Partridge (partner at law firms, Gadens) to undertake an investigation into the allegations published in the McKenzie Article, with a particular focus on the period the subject of the Bell Review. This investigation involves interviews of key stakeholders at The Star, follow-up interviews, analysis of customer records and a review of relevant documentation and correspondence arising from the documents the subject of the summonses issued by the Bell Review. The investigation is ongoing and no determination has been made."

15

20

Now, were you aware of that investigation?

25

MR HAWKINS: Yes, I was.

MS SHARP SC: And where's that up to now?

30

MR HAWKINS: I haven't been updated on it. So that was initiated independent of myself, for understandable reasons, and I recall meeting with the - with Mr Gough and Mr Partridge, where I was interviewed as part of their investigation relative to the claims that Mr McKenzie was making. And I haven't subsequently been updated on the status of the investigation.

35

MS SHARP SC: And when were you interviewed?

MR HAWKINS: I don't recall specifically, but I would have thought - I would have thought it was probably within a week or two of the article.

40

MS SHARP SC: Now, given that you were asked to provide this review with a statement about the classification of international rebate players, you expected, didn't you, that I would be asking you about that matter today?

45

MR HAWKINS: You mean about this article specifically?

MS SHARP SC: No. I will approach the question another way. You anticipated, didn't you, that I would be asking you questions today about whether international rebate patrons had been appropriately classified as international rebate patrons?

5 **MR HAWKINS:** Yes.

MS SHARP SC: Well, why haven't you sought an update on where this investigation is up to?

10 **MR HAWKINS:** By my view, this was quite a distinct matter. So the - the allegation made was that The Star had actively encouraged customers to falsify their residency status and, by nature of that, this investigation was initiated, where what we had been discussing was related to players who were active from 1 July for a period and, in my view, caught up in the COVID situation. This was quite a
15 different allegation that was made.

MS SHARP SC: Well, didn't you anticipate that I would also be asking you today about Mr McKenzie's allegation?

20 **MR HAWKINS:** I expected you would at some stage, yes.

MS SHARP SC: Well, why haven't you asked for an update on the Gadens investigation?

25 **MR HAWKINS:** I didn't initiate or request that investigation. That wasn't done by myself. I, in fact, was a part of it. I have a view on the article that, you know, I am aware of in terms of how our team members had approached identifying potentially eligible international or rebate customers on the main gaming floor. But I didn't think to request a status of the investigation because it's reporting, as I
30 recall, I think, through to the - our chief legal and risk officer.

MS SHARP SC: Did you not want to know what the outcome of that investigation was?

35 **MR HAWKINS:** I - I would - yes, I would be interested to see what they've ascertained. But I've been busy on other matters and I haven't (indistinct)- sorry.

MS SHARP SC: Well, wouldn't you have been in a better position to assist this inquiry had you taken the time to acquaint yourself with the outcome of that
40 Gadens investigation?

MR HAWKINS: I mean, I - I have a clear view from my perspective on --

45 **MS SHARP SC:** That's not my question. If you would attend to my question, please. Wouldn't you have been in a better position to assist this review today had you taken the time to acquaint yourself with the outcome of the Gadens investigation?

MS RICHARDSON SC: I object to that question.

MR BELL SC: Yes, Ms Richardson.

5 **MS RICHARDSON SC:** I think I should do this in the absence of the witness.

MR BELL SC: Yes. Can we move into private mode, please, operator, in the absence of Mr Hawkins.

10 **<THE HEARING IN PUBLIC SESSION ADJOURNED AT 2:56 PM**

<THE HEARING IN PRIVATE SESSION RESUMED AT 2:56 PM

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 2:57 PM

15

<THE HEARING IN PUBLIC SESSION RESUMED AT 2:57 PM

MR BELL SC: Yes, Ms Sharp.

20 **MS SHARP SC:** Mr Hawkins, can I take you, please, to exhibit B at tab 3267, which is STA.3002.0017.0001. What I'm showing you is a confidential document, which is the current rebate play standard operating procedure. Do you see the effective date of this document is 2 November 2021?

25 **MR HAWKINS:** Yes.

MS SHARP SC: Now, the version number is version 7. Do you see that?

MR HAWKINS: Yes.

30

MS SHARP SC: Can I take you, please, to pinpoint 0017. And do you see that's task 5?

MR HAWKINS: Yes.

35

MS SHARP SC: And you will agree that nowhere on this page is there reference to 183 days?

MR HAWKINS: Yes, I understand that reference has been removed.

40

MS SHARP SC: And you're familiar with this new rebate standard operating procedure, are you?

MR HAWKINS: I've received a high-level brief on it. I haven't studied it in detail at this stage.

45

MS SHARP SC: Are you able to explain why it is that Mr Power advised you in September 2020 that the rebate play standard operating procedure should be

amended in relation to determining eligibility for rebate play but no amendments occurred until November 2021?

MR HAWKINS: No, I'm unclear on why that timeframe exists. I don't know.

5

MS SHARP SC: Can I take you, please, to a document, which I will need to have marked for identification. It is CORRO.001.001.0817. I will just read that number out again. I'm told it has been given to Law In Order. It is CORR - it has come up now.

10

MR BELL SC: Yes. That document will become MFI51.

MS SHARP SC: Now, this is a letter dated 4 April 2020 from the solicitors assisting this review to King & Wood Mallesons, asking for a response to a request for information, which is set out in annexure A. Let me take you now to annexure A. And what's requested is:

15

"A list of the people who, during the relevant period, changed their membership at The Star casino from being ordinarily resident in New South Wales to being ordinarily resident interstate or overseas and confirm, in respect of each, what steps, if any, The Star or Star Entertainment took to verify the basis of those changed memberships."

20

Now, was that request made known to you, Mr Hawkins?

25

MR HAWKINS: No. I do recall our legal team advising that it may be requested, but I wasn't - I'm unclear if it was formally done so or not.

MS SHARP SC: Have you supplied any information for the purpose of answering this request?

30

MR HAWKINS: No, I don't think so.

MS SHARP SC: Can I take you to another document, please. This is CORRO.001.001.0795. And I will need to have this marked for identification too, Mr Bell. It's an email from KWM to the solicitors assisting you dated 11 April 2022.

35

MR BELL SC: Yes. That will be MFI52.

40

MS SHARP SC: Now, you can take it from me that this email from KWM responds to that information request I've just shown you, Mr Hawkins. Can I take you to the second paragraph commencing, "The Star." If I can have that enlarged for you. Now, it advises that:

45

"The Star has continued to progress its review of the available records."

It's then advised at the end of that paragraph that:

"Based on the information collected, there are approximately 10,725 data points across 1500 patrons that will have to be manually reviewed."

5 Now, does that mean there are 1500 patrons who, during the relevant period, changed their membership at The Star from being ordinarily resident in New South Wales to being ordinarily resident interstate or overseas?

10 **MR HAWKINS:** Look, not having seen this, I think it's calling out that there may be 1500 patrons that need to be reviewed - more to assess within that number of 1500. I'm slightly unclear on it.

15 **MS SHARP SC:** So no one has consulted with you about the number of patrons who have been switched over?

MR HAWKINS: No.

20 **MS SHARP SC:** Has there, to your knowledge, been a deliberate strategy in place at The Star in Sydney to switch over residents ordinarily resident in New South Wales to being ordinarily resident overseas or interstate so as to make them eligible for international or domestic rebate play?

25 **MR HAWKINS:** Sorry. Could you just repeat the first part of the question, please?

30 **MS SHARP SC:** Yes. To your knowledge, has there been a deliberate strategy undertaken at The Star Sydney to switch over patrons ordinarily resident in New South Wales to being classified as ordinarily resident overseas or interstate so as to make them eligible for international or domestic rebate play?

35 **MR HAWKINS:** As a - a general strategy would be that - that's not something we would want to occur en masse because, ultimately, the margin generated from a local customer is typically higher than a rebate customer. So if we were to do that broadly, that would have a negative impact on the commercial position of the business. That being said, I am aware that we did have some team members on the main gaming floor who were tasked with identifying any international players or international eligible players on the main floor, who were typically not part of our loyalty program, to present the opportunity to participate in a rebate program. But my understanding, it's quite a small number, and generally we wouldn't want to disrupt the majority of our significant local customers who were within our loyalty program for the points that I mentioned previously.

45 **MS SHARP SC:** Well, wasn't there a distinct commercial advantage available to The Star Sydney in switching players over to the rebate programs, being that The Star would pay considerably reduced duty?

MR HAWKINS: No. Because in essence, even though the duty was lower, the incremental cost of the rebate that had to be provided to the rebate player

significantly outweighed the saving on the tax. So ultimately, a local player, even though we are paying a higher level of rebate tax, because there's no rebate - sorry, of duty, because there's no rebate paid to the local player, they, in fact, have, in simple terms, a higher margin than a typical rebate player. So the incentive for us to want to do that broadly is not there.

MS SHARP SC: Just so we can understand this, the duty for a rebate player is 10 per cent; is that right?

MR HAWKINS: That's correct.

MS SHARP SC: And the duty for a non-rebate player, when you take account of the responsible gaming levy, is currently around 27.5 per cent?

MR HAWKINS: It's around that mark, yes.

MS SHARP SC: All right. So there's a difference of 17.5 per cent?

MR HAWKINS: Yes.

MS SHARP SC: All right. Are you suggesting that the rebates you pay to rebate players comes anywhere near 17.5 per cent?

MR HAWKINS: Yes. And, in fact, many - many circumstances it exceeds that amount.

MS SHARP SC: Have you conducted any analysis of this?

MR HAWKINS: Yes, we have.

MS SHARP SC: And when was that analysis conducted?

MR HAWKINS: Well, it's been done over time in assessing - we call it the - the patron profitability - of our various local tiers of our loyalty program and our rebate players. And I also, over the last few months, had just requested a summary of that as well, just to, you know, validate that position.

MS SHARP SC: I call for production of that summary, please.

MS RICHARDSON SC: I will make inquiries.

MS SHARP SC: Can I take you to a document, which is STA.3410.0022.9001. And I'm showing you an email up the top from Marcus Lim to people, including yourself, dated 10 September 2018?

MR HAWKINS: Yes.

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

MR BELL SC: That will be MFI53.

5 **MS SHARP SC:** I might start from the email from Eve Xia, if I could, Mr Hawkins. I should ask you: it's most likely you read this at about the time it was sent to you, isn't it?

MR HAWKINS: I - I probably would have, yes.

10 **MS SHARP SC:** And if we look at Ms Xia's email, do you see the first dot point is:

15 "Before the formalisation of in-house BD team, there was a significant amount of international players who is entitled to join the IRB program, playing cash or domestic program. Most of those players are not aware of IRB benefits and their entitlements when they first arrive property. After the formalisation of in-house BD team, BD team members have the opportunity to approach all these patrons and introduce our IRB program and all the benefits come along."

20

MR HAWKINS: Yes.

MS SHARP SC: Now, what's the BD team?

25 **MR HAWKINS:** That would be business development.

MS SHARP SC: And then this email is forwarded by Mr Lim to you, and Mr Lim says:

30 "Let's discuss this issue below in our next catch-up. Name it. Allocation of key players."

Now --

35 **MR BELL SC:** Sorry, Ms Sharp. Operator, can we see the email from Mr Lim to Mr Hawkins so he can have a look at that. Sorry, Ms Sharp.

MR HAWKINS: Yes, I see that.

40 **MS SHARP SC:** Now, what was discussed about this?

45 **MR HAWKINS:** If I recall, this business development team was tasked with trying to identify any cash players on the main gaming floor who may have been eligible for a rebate program. As I said before, you know, that had to be done very carefully because that could work to the company's, you know, negative position. But I recall at the time there was some correspondence from other management indicating that some of this team had approached some of our other local customers who were already in our loyalty program, which was, you know,

generally not expected and beyond the sort of realms of what they were expected to do. So I think this was a discussion around this particular business development team and how they were approaching the identification of potential eligible international customers.

5

MR BELL SC: So, Mr Hawkins, when you said earlier in answer to counsel assisting that there were some team members on the main gaming floor whose task it was to identify international eligible play, you were referring to what's identified in this email, were you?

10

MR HAWKINS: Yes. This - they would have been captured within this - it's quite a small business development team, yes.

MR BELL SC: And who was the executive at The Star who gave those team members that task?

15

MR HAWKINS: I - if I recall, they would have been part of the international rebate sales group. So they would have been reporting in to that structure. I'm sorry, just - I'm unclear exactly who was the management of direct oversight.

20

MR BELL SC: Sorry. You don't know who at The Star was responsible for giving this task out?

MR HAWKINS: I - I don't recall if it - it may have been Mr Mugnaini, possibly, who they reported to. But eventually, you know, this team was sort of merged into a larger team when we did some changes in this space. But it possibly could have been Mr Mugnaini. But I'm not 100 per cent clear.

25

MR BELL SC: Yes, Ms Sharp.

30

MS SHARP SC: Well, you had the direct responsibility for the international rebate business at this time, didn't you?

MR HAWKINS: I did, yes.

35

MS SHARP SC: But you can't tell us who was tasked to do this?

MR HAWKINS: I'm just - I'm trying to recall, because there has been a lot of management change across the time. I - I don't remember specifically who - who this team reported in to. As I said, it may have been Mr Mugnaini.

40

MS SHARP SC: All right. Well, let me show you an email from a little earlier in time, which is exhibit B1079, STA.3411.0098.8824. And I will start at the back of this email chain. If I could take you, please, to pinpoint 8825. And Mr Quayle is sending you an email of 24 August 2018. Now, at that time, he reported directly to you, didn't he?

45

MR HAWKINS: Yes, he would have. Yes.

MS SHARP SC: And what he says to you is that:

5 "As an FYI, there is a small on property sales team that are tasked to identify possible international eligible MGF and premium customers -"

What's MGF?

10 **MR HAWKINS:** It's the main gaming floor.

MS SHARP SC:

15 "And move them into junket/rebate play. This is causing considerable friction and frustration with the local sales team as platinum and diamond customers are being targeted. I would see any cash player moving to a junket program to be EBITDA negative. Saro and Jason are attempting to manage the situation. However, the sales team reports through Marcus which is causing some challenges."

20 Was it Marcus Lim who had tasked the team to try to switch people over to international rebate play?

25 **MR HAWKINS:** Look, I don't think it was. I think at this time they were under Saro, is - Mr Mugnaini, is how I recall it. I think the assumption there that they're reporting to Marcus is not accurate.

30 **MS SHARP SC:** Then if I can take you a little bit further up the email chain. If we can scroll up there, please, operator. What happened was that you wrote to Mr Mugnaini on 27 August 2018 asking for his thoughts; do you agree?

MR HAWKINS: Yes.

MS SHARP SC: And then you see his response of 27 August. He says that:

35 "In my view, the residency status should determine the segment."

MR HAWKINS: Yes, he has said that.

40 **MS SHARP SC:** And then he replies again to you the following day, on 28 August 2018, and says that Jason Yeates and he are working closely on managing this?

MR BELL SC: We will need to be able to see that on the screen, Ms Sharp.

45 **MS SHARP SC:** I'm sorry. We need it scrolled up. Thank you, operator. So is it right that there was some tension within the organisation at that time about, swapping players over?

MR HAWKINS: Yes. I think that - that team had approached a number of our local platinum and diamond and other members, which is entirely inappropriate. That shouldn't have occurred. And, you know, that was my firm view at the time.

5 **MS SHARP SC:** And is it the case that the VIP international sales team was applying pressure to swap patrons over to the international rebate business?

10 **MR HAWKINS:** I think they had approached some local customers, again, only on the basis that they were potentially eligible. But, again, you know, if I recall, the discussions I had were, you know, we need to make sure we're approaching this in an appropriate way and understanding profitability, and that would be not to sort of disrupt our local players and move them on to rebate programs. So my general view is that this team - it was fine for them to try and identify - call it non-loyalised cash players who could be put on a rebate program, because that presented an opportunity for us to develop a broader relationship with them. But they certainly shouldn't have been interacting with established local players on a - on our loyalty program.

20 **MS SHARP SC:** What about the domestic rebate team? Were members of that team trying to poach local players and convert them to domestic rebate players?

MR HAWKINS: No, I don't recall that occurring.

25 **MS SHARP SC:** Could I take you, please, to exhibit B1240, which is STA.3410.0022.4842. And I will need to have this enlarged for you, please. And if we can start at the bottom of the email chain. Can I start at the bottom of pinpoint 4842. You will see an email from Ning Guo?

30 **MR HAWKINS:** I just need it enlarged. Thank you.

MS SHARP SC: And then I will take you over the page. And do you see a statement is made that:

35 "My diamond guest was approached by a member of international. He claims that that member tried to sell her on the advantages of an international junket versus her current program."

40 And what happens is that this email is forwarded to you, if I can take you to the - now to the top of the email chain, at the top of point 4842. And here we have Marcus Lim responding and forwarding his response to you; do you agree?

MR HAWKINS: Yes.

45 **MS SHARP SC:** And Mr Lim says:

"Greg, let's have a discussion amongst Chris, Jason and myself soon. Seems to be quite a number of crossover while we were all trying to bring in revenue to the group."

Now, did you have that discussion?

5 **MR HAWKINS:** Yes, I recall having a meeting with these managers.

MS SHARP SC: And what happened at that meeting?

10 **MR HAWKINS:** It was always very clear from my perspective that if we had any - any - any member of a business development team - and that was, as I said - I think it was only two or three people who were trying to approach our local premium customers and convert them to a rebate program - was not acceptable at all. So that was the general gist of it, that this particular team needed specific clarity, and if they were sort of stepping into other areas of established relations with various customer segments, that was not appropriate, and for these
15 team members or these managers who oversaw those particular segments to ensure that they were discussing it and monitoring it.

20 **MS SHARP SC:** Now, could I take you to another email, which is at STA.3419.0019.4831. And I will need to have this one marked for identification, please, Mr Bell.

MR BELL SC: Yes. It will be MFI54.

25 **MS SHARP SC:** Again, I will start at the back of the email chain, Mr Hawkins. If we can go to pinpoint 4833. Can I say this is not your email, but I want to see whether this concern was made known to you in view of the position you held at that time. Do you see that the guest support manager is writing to Ron Wagemans on 8 March, advising that a particular patron recently changed her status from a local, that is, a New South Wales player, to international rebate business?
30

MR HAWKINS: I - yes, I see that reference.

MS SHARP SC: And do you see it then states:

35 "There are two issues I feel I need to raise on this: (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.)"

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

MS SHARP SC: And then can I take you up the chain to - if we can scroll up, please, operator, to pinpoint 4832 and highlight halfway down the page the email from Ronald Wagemans dated 8 March 2019 to Mr Brodie and Mr Williams. And
45 do you see that Mr Wagemans says:

"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?"

5 **MR HAWKINS:** I see that.

MS SHARP SC: And I'm just wondering if this concern was made known to you at the time, that is, that it was happening more and more that local guests were joining international junket programs?

10

MR HAWKINS: I wasn't aware of that, and I don't necessarily think that was occurring. I think this is a statement from a particular manager not really involved in that area. And, you know, as I said before, the reference to a bigger tax break is just not a relevant issue, because that's - that has a negative commercial implication for us.

15

MR BELL SC: Mr Hawkins, I just wonder if I could try and understand the mathematics of that. I think what you're telling me is that the reduction in duty payable to the State Government for a player being on a rebate program is outweighed by the amount of the rebate paid to the customer; is that correct?

20

MR HAWKINS: That's right, yes.

MR BELL SC: A few of the rebate agreements that I've seen seem to refer to rebates in the order of two to three per cent. Was that not the usual order of rebate?

25

MR HAWKINS: It's typically a percentage of the win rate on the game of baccarat. So it's generally all related to that game.

30 **MR BELL SC:** Right.

MR HAWKINS: And the win rate typically on that game on - if you call it cash turnover, is about 1.35 per cent, is the house edge on that game.

35 **MR BELL SC:** Yes.

MR HAWKINS: And typically rebates in our junket or direct premium areas can be up to one per cent of that entire amount. So it's a very, very significant proportion of the expected win rate that the casino can generate from the game. And, of course, you would like to keep those rebates down. But effectively, you know, within the competitive framework, they're - they're quite high. So I'm very confident that's the case.

40

MS SHARP SC: But, Mr Hawkins, in order for that number to exceed the difference in duty, wouldn't it have to exceed 17.5 per cent of the casino's total win?

45

MR HAWKINS: Yes. So one of - one of them is referring to the revenue - the tax that's paid on the revenue that's generated. The rebate is actually calculated on - on the turnover that's generated by the customer, which is related to the win rate on the game. So I'm very confident we can provide you a summary of - of the margins that fall out of the different customer segments.

MS SHARP SC: And just if I could go to one more - I'm conscious of the time, but could I go to one more document before the mid-afternoon adjournment. This one is STA.3420.0057.1467. Again, this is not your document, Mr Hawkins, but I wish to see whether you were made aware of this matter. This is moving forward in time now to December 2019. Can I take you, again, to the back of the email chain. If we can go to pinpoint 1468. And what I want to do is take you, firstly, halfway down that page to an email from Stephanie Chen dated 3 December 2019. And there it says:

"Please kindly follow the residency checklist documents that Ms Tan provided in order to prove that she is qualified to join the IRB program."

And then if we go up the email chain to the top of the page, there's a reply that says:

"Go ahead and change to international rebate based on checklist."

So it seems that at least this is one example in late 2019 where locals are still being changed over to international rebate players?

MR HAWKINS: As I said, it was something that, you know, the management team generally discouraged. You know, if the customer specifically requested it, it would be initiated, if - if the customer was eligible as well. So as I said, my general direction to the management team was to, you know, certainly ensure any team members on the floor were not recruiting players for junkets. But if anyone was being converted, they had to be eligible and it couldn't in any way disrupt, you know, the commercial position of the business.

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

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

<THE HEARING ADJOURNED AT 3:30 PM

<THE HEARING RESUMED AT 3:46 PM

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Could I take you, Mr Hawkins, to document STA.3029.0002.0029. And what I'm showing you are the minutes of The Star Entertainment board of 10 February 2022. Can I have that marked for identification, please, Mr Bell?

MR BELL SC: Yes. That will be MFI55.

5

MS SHARP SC: Now, this was a meeting that you attended, wasn't it?

MR HAWKINS: Yes.

10

MS SHARP SC: And you will see the purpose of this meeting was to discuss the media article titled Star Encouraged High Rollers to Lie?

MR HAWKINS: Can I just ask for it to be enlarged, please?

MS SHARP SC: Yes.

15

MR HAWKINS: Thank you. Yes, I see that.

MS SHARP SC: And it's right, isn't it, that Mr Bekier informed the board that management had commenced an investigation into the alleged practice?

20

MR HAWKINS: Yes.

25

MS SHARP SC: And if you look at the second - I beg your pardon. If we can scroll down and look at the fourth dot point. It was said that the investigation process would be conducted by Gadens?

MR HAWKINS: Yes, I see that.

MS SHARP SC: As well as the general manager, internal audit and assurance?

30

MR HAWKINS: Yes.

MS SHARP SC: Now, if I take you over the page to pinpoint 0030. The minutes record you as making some observations to the board?

35

MR HAWKINS: Yes.

MS SHARP SC: And the minutes record:

40

"Mr Hawkins provided assurance that the alleged practice of employees falsifying the residential status of patrons is unauthorised and that, at the present time, he has no knowledge of such a practice as that alleged occurring."

45

MR HAWKINS: Yes.

MS SHARP SC: Now, is that what you did say?

MR HAWKINS: I think it captures what I would have said, yes.

MS SHARP SC: Is there some reason why you said, "At the present time"? Did you actually say that?

5 **MR HAWKINS:** I don't recall what I said specifically.

MS SHARP SC: But you said something to that effect, did you?

10 **MR HAWKINS:** I - I don't recall. It may have been in the context that, as I was briefing the board, I had no knowledge of that occurring, but, you know, we would continue to be looking at it and investigating it.

15 **MS SHARP SC:** Can you help me with this, please: I appreciate that Gadens is involved in the investigation. Who from Star Entertainment is involved in this investigation?

MR HAWKINS: My understanding is Mr Gough, our head of internal audit.

20 **MS SHARP SC:** And have any further updates been provided to the board about this investigation, to your knowledge?

MR HAWKINS: Not to my knowledge. I'm not aware of that.

25 **MS SHARP SC:** Have you attended all board meetings since this time, which is 10 February 2022?

MR HAWKINS: I would say no to that.

30 **MS SHARP SC:** How frequently do the board meetings occur, by the way?

MR HAWKINS: Regularly. They're approximately 10 per year. So almost one a month. But I'm conscious the board has been meeting more frequently recently on various calls which I'm not attending, but I'm unclear if that's a formal board meeting. I'm not sure.

35

MS SHARP SC: So --

MR BELL SC: Do you not have a standing invitation to attend board meetings?

40 **MR HAWKINS:** I - I did for - for the typical board meeting, yes, Mr Bell.

MR BELL SC: Sorry. So what has been occurring differently in recent times?

45 **MR HAWKINS:** I'm - I'm aware that the board has been having regular information calls, is the way I would describe it. I haven't been attending them, just to be updated on progress with regards to this inquiry and so on.

MS SHARP SC: Do you know whether those information calls are minuted?

MR HAWKINS: No, I'm not aware of that.

5 **MR BELL SC:** Does Ms Martin participate in those information calls, to your knowledge?

MR HAWKINS: I'm sorry, Mr Bell. I'm not - not sure.

10 **MR BELL SC:** How did you become aware that these information calls are occurring?

MR HAWKINS: I - I think it was raised just as a point of reference in one of our executive committee meetings, if I recall.

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

MS SHARP SC: I'm going to move now to ask you some questions about China UnionPay. Now, the China UnionPay process was introduced at Star Entertainment before you joined Star Entertainment, wasn't it?

20 **MR HAWKINS:** That's correct.

MS SHARP SC: Was it in use at Crown Resorts when you were there?

25 **MR HAWKINS:** I'm unclear on that. I'm - I'm not sure if it was.

MS SHARP SC: And just to recap, you started with Star Entertainment in September 2014?

30 **MR HAWKINS:** That's correct, yes.

MS SHARP SC: Is it correct that you were aware, from around the time you started at Star, that China UnionPay was a payment channel used at Star?

35 **MR HAWKINS:** I - I - I recall being made aware of it initially within the first 12 months that I'd been there. I don't recall getting a specific brief on it when I joined, but I recall a conversation I had with one of the senior managers at the time where there was a discussion around the commission associated with the use of China UnionPay.

40 **MS SHARP SC:** Sorry, did you say with the commission around China UnionPay?

45 **MR HAWKINS:** With - with the commission that's payable on a China UnionPay transaction.

MS SHARP SC: And how much was that commission?

MR HAWKINS: I don't recall.

MS SHARP SC: And which senior manager did you talk to about that?

5 **MR HAWKINS:** His - it was Mr Stephen Spence, who, if I recall, oversaw the rebate business at the time.

10 **MS SHARP SC:** Now, it's right, isn't it, that due to your experience in Macau, you were well aware that the mainland Chinese Government has strict controls on the movement of capital outside that country?

MR HAWKINS: Yes, I'm aware there has been various references to controls in that space. Yes.

15 **MS SHARP SC:** And have you been aware for a considerable period of time that the China UnionPay card is a way of circumventing those restrictions on currency flows outside of mainland China?

20 **MR HAWKINS:** I'm aware that China UnionPay had been used for that, yes.

MS SHARP SC: And when did you become aware of that?

25 **MR HAWKINS:** I recall - I'm aware of the use of China UnionPay at various retail stores in Macau, which would have been in, you know, 2010 or earlier. I wouldn't say I was specifically aware if it was sort of circumventing any particular law, but I was conscious it was being used at that time.

30 **MS SHARP SC:** Was that, for example, when the China UnionPay card was used to, say, purchase an expensive watch at a retail store and then the watch was refunded and cash was given to the patron instead?

MR HAWKINS: Yes, I was aware of that.

35 **MS SHARP SC:** So you were aware that the China UnionPay card had some role in circumventing mainland Chinese restrictions to capital flight?

MR HAWKINS: Yes, I was aware it was being used for that type of purpose. Yes.

40 **MS SHARP SC:** Can I check whether you might have come across this article. If I can bring up INQ.017.001.0931. I'm showing you a special report from Reuters dated 12 March 2014 called How China's Official Bank Card is Used to Smuggle Money. And --

45 **MR HAWKINS:** No, I haven't - I haven't read it, no.

MS SHARP SC: You haven't read this article before?

MR HAWKINS: No.

MS SHARP SC: Okay.

5 **MR HAWKINS:** Not that I recall.

MS SHARP SC: You were aware, from as soon as you became aware of the use of China UnionPay at The Star, that it was being used in order to purchase gaming chips?

10

MR HAWKINS: I was aware that the card, yes, was being used for that purpose through a process that was established, yes.

MS SHARP SC: Or being used to redeem cheque cashing facilities?

15

MR HAWKINS: I think in some circumstances that was happening, yes.

MS SHARP SC: And you were aware, weren't you, that the card was being swiped at the hotel?

20

MR HAWKINS: I was, yes, ultimately made aware of that. Yes.

MS SHARP SC: When were you ultimately made aware of that?

25 **MR HAWKINS:** Possibly in - maybe 2016.

MS SHARP SC: And were you aware by that time that the UnionPay International rules prohibited China UnionPay cards being used to purchase gaming chips?

30

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

MS SHARP SC: When did you become aware of that?

35 **MR HAWKINS:** My first understanding of that was when there was some broader legal advice established to outline how China UnionPay was being used at The Star.

MS SHARP SC: Was that in 2016?

40

MR HAWKINS: No. That was, I think, much more recently, closer to 2020.

MS SHARP SC: Are you sure about that?

45 **MR HAWKINS:** I would need to confirm the date, but that was the first time that I was aware that it was contravening UPI rules.

MS SHARP SC: Well, didn't you find it odd that this card was being swiped at the hotel?

5 **MR HAWKINS:** Well - yes. The card was used and available to be used in ATMs across the property in other areas. I think the - the process that was established for ultimately gaming chips to be deposited into a front money account - yes, I was aware that was being processed from a singular terminal. Yes.

10 **MS SHARP SC:** Well, didn't you find it odd that it was being processed in the hotel?

MR HAWKINS: No, not at the time.

15 **MS SHARP SC:** Well, you knew from at least 2015 that Phillip Dong Fang Lee was a very extensive user of the China UnionPay card at the hotel, didn't you?

MR HAWKINS: I was aware that he was, yes, using the card. I wasn't necessarily giving consideration to - to where the card was being processed.

20 **MS SHARP SC:** Well, you were made aware in 2016 that dummy invoices were being issued with respect to the use of the card, weren't you?

25 **MR HAWKINS:** I - I recall an email from our internal legal team advising on that, yes.

MS SHARP SC: Well, surely you were aware by 2016 that the UnionPay International rules prohibited the use of CUP cards for gambling?

30 **MR HAWKINS:** No, I wasn't aware of that.

MS SHARP SC: Well, I suggest you were.

MR HAWKINS: No, I wasn't.

35 **MS SHARP SC:** And were you aware - well, you were aware, weren't you, that a special temporary cheque cashing facility was set up for use in conjunction with the China UnionPay card?

40 **MR HAWKINS:** I'm - I'm aware of it now, that that was the process, yes.

MS SHARP SC: Were you aware of --

45 **MR BELL SC:** Can I just ask you, Mr Hawkins: I think you said that your first discussions at The Star concerning CUP related to the commission payable on the cards; is that correct?

MR HAWKINS: That's right, yes.

MR BELL SC: And I think you said those discussions were with Mr Spence; is that right?

MR HAWKINS: Yes.

5

MR BELL SC: And what was the substance of those discussions?

MR HAWKINS: If I recall, the commission generated as part of the transaction - I think the discussion was around, should the guest who's initiating the transaction pay for the commission or should the company pay for the commission. It was that type of discussion.

10

MR BELL SC: And what was the outcome of that discussion?

MR HAWKINS: If I - if I recall accurately, I think it may have - may have been decided that we continue to charge - or that the commission was picked up by the customer. But I'm not 100 per cent clear. It's quite a while ago.

15

MR BELL SC: So is it your understanding that at least since you were at The Star up until the time that the CUP practice ceased, that the customer paid the commission payable to UnionPay International for the use of the card?

20

MR HAWKINS: I'm just not clear, Mr Bell. I'm not 100 per cent clear. I'd just be guessing.

25

MR BELL SC: All right. Thank you.

MS SHARP SC: Can I take you, please, to STA.3412.0151.0095. Now, it's not your email, but it refers to you. Do you see there's an email from Andrew Power to Damian Quayle dated 30 November 2015?

30

MR HAWKINS: Yes.

MS SHARP SC: And what Mr Power says is:

35

"Would you mind please sharing with me a draft of anything you are producing for Greg as part of China UnionPay."

MR HAWKINS: Yes.

40

MS SHARP SC: So what were you working on with Mr Quayle at this time in relation to China UnionPay?

MR HAWKINS: I don't - not sure what I was working on with Mr Quayle on China UnionPay. I recall Mr Power sending me some guidance on the use of it, but he - he then picked up with Mr Quayle.

45

MS SHARP SC: Now, you agree, don't you, that China UnionPay was an important payment channel for high-value customers at Star Sydney?

MR HAWKINS: Yes.

5

MS SHARP SC: And you kept an eye on the high-value customers at Star Sydney, didn't you?

MR HAWKINS: I was provided with various performance reports, yes.

10

MS SHARP SC: Well, for that reason alone, it was important you had an understanding of the way in which the China UnionPay card was used, wasn't it?

MR HAWKINS: I don't recall at the time requesting specific information on the users of the card. But I'm certainly aware of, you know, one customer who was of focus in terms of their use of the card.

15

MS SHARP SC: And that was Phillip Dong Fang Lee, wasn't it?

20

MR HAWKINS: That's right.

MS SHARP SC: And you were briefed about him in 2015 onwards, weren't you?

MR HAWKINS: I remember Mr Quayle providing me information - I thought it may have been slightly later than that, but from 2016. But it may have been earlier.

25

MS SHARP SC: In fact, you were briefed periodically from November 2015 onwards about China UnionPay, weren't you?

30

MR HAWKINS: About the use of it?

MS SHARP SC: Yes.

35

MR HAWKINS: Do you mean in a general report I was provided on the use of the card?

MS SHARP SC: Yes. People provided you with various reports about the China UnionPay card and its usage at Star Sydney, didn't they?

40

MR HAWKINS: I recall being provided with information from Mr Quayle about Mr Lee's use. I'm - I don't recall seeing other documents at this stage.

45

MS SHARP SC: Could I take you to exhibit B at tab 102, which is STA.3009.0009.0021. Now, this is a presentation from Andrew Power dated 30 November 2015. Can you help us with what "RAR" stands for?

MR HAWKINS: It was - it's an acronym for an individual catch-up. It was maybe "request action response" or something. I don't recall specifically.

5 **MS SHARP SC:** And was this a catch-up involving you?

MR HAWKINS: I'm not sure.

10 **MS SHARP SC:** Well, did you generally participate in these risk catch-ups with Mr Power?

MR HAWKINS: I did have individual catch-ups with various managers. I would need to see the content. I'm not sure if he was doing this one of his team. I'm unclear.

15 **MS SHARP SC:** Well, I will show you the second page at pinpoint 0022. Do you see there's a heading Emerging Issues? And number 5:

"Casino licence review, TM review of CUP."

20 **MR HAWKINS:** Sorry. Which - which number is that?

MS SHARP SC: Number 5. I will have it enlarged for you.

25 **MR HAWKINS:** Yes.

MS SHARP SC: The right-hand column.

MR HAWKINS: Yes, I see that.

30 **MS SHARP SC:** Now, were you briefed on this as at November 2015?

MR HAWKINS: The TM review of CUP?

35 **MS SHARP SC:** Mm-hm.

MR HAWKINS: I'm actually unsure of what "TM" is.

40 **MS SHARP SC:** Can I take you to STA.3009.0009.0025. You will see this is another RAR of Andrew Power, this time dated 20 February 2016?

MR HAWKINS: Yes.

45 **MS SHARP SC:** And I will take you to pinpoint 0026. And this is exhibit B108. Now, Mr Power was counsel for - that is, general counsel commercial for Star Sydney, wasn't he?

MR HAWKINS: At that date, yes.

MS SHARP SC: Yes. Did he brief you periodically on areas of emerging risk?

MR HAWKINS: He would have, yes.

5 **MS SHARP SC:** Are these the documents, that is, these RARs - are these the documents that he would brief with you when briefing you on risk?

MR HAWKINS: Yes, I - I think this would have formed the basis for his updates, which would have included areas of risk that he was focused on.

10

MS SHARP SC: Well, you will see in the Emerging Issues box, number 6 is:

"CUP, approvals process for TL."

15 **MR HAWKINS:** I see that, yes.

MS SHARP SC: Do you know what that means?

MR HAWKINS: No, I don't.

20

MS SHARP SC: Now, could I take you to exhibit B at tab 116, which is STA.3008.0008.0069. And I will have that enlarged for you. Do you see that's an email from Mr Power to you dated 20 April 2016?

25 **MR BELL SC:** I think it's actually to Mr Quayle, copied to --

MS SHARP SC: I beg your pardon. Copied to you, Mr Hawkins.

MR HAWKINS: Yes, I see that.

30

MS SHARP SC: It's most likely you read that at the time, isn't it?

MR HAWKINS: Yes, I would have.

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

"Greg has asked me to pass a few things up that came up in my RAR earlier today."

40 **MR HAWKINS:** Yes.

MS SHARP SC: That suggests that you had discussed an RAR with Mr Power, doesn't it?

45 **MR HAWKINS:** Yes.

MS SHARP SC: And at number 3, do you see it says:

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

5

MR HAWKINS: Yes.

MS SHARP SC: So you were aware that that practice had occurred at that time, weren't you?

10

MR HAWKINS: Yes. At - at the time, yes.

MS SHARP SC: And then at (b):

15 "Have documented guidelines which you use for the purpose of you making a decision as to whether to permit our biggest CUP user (Phillip Dong Fang Lee) to draw down further funds from his CUP account."

MR HAWKINS: Yes, I see that.

20

MS SHARP SC: So you were kept up to date about developments with respect to the CUP card at Star Sydney, weren't you?

25 **MR HAWKINS:** I have - yes, I've seen this email that was sent to Damian, and I was.

MS SHARP SC: And, in fact, as the managing director of Star Sydney, you would expect to be kept up to date with areas of risk identified by Mr Power and others, wouldn't you?

30

MR HAWKINS: Yes.

35 **MS SHARP SC:** Now, could I show you STA.3008.0008.0072. Now, what I'm showing you is a document prepared by Mr Andrew Power. This is exhibit B123. Do you see - it says:

"Issue, China UnionPay."

40 And do you see that there's a heading at the final column, Responsibility, and DQ is assigned responsibilities? That's Damian Quayle?

MR HAWKINS: Yes, it would be.

45 **MS SHARP SC:** And he reported directly to you at that time, didn't he?

MR HAWKINS: Yes, he did.

MS SHARP SC: And you expected to be made aware of key risks at this time, given you were the managing director at Sydney - Star Sydney?

MR HAWKINS: Yes.

5

MS SHARP SC: Did you see this legal advice at the time?

MR HAWKINS: I don't recall seeing it, no.

10 **MS SHARP SC:** Well, let's just go through what the issues are, and I want to understand whether you were made aware of them in one way or another. What it says here is:

"Whether CUP transfers --"

15

MR HAWKINS: Could I just - could I just have that section enlarged slightly, please, just the top bit. Thank you.

MS SHARP SC: It says:

20

"Whether CUP transfers for gambling purposes are permitted and the potential for the service to be used as a means of circumventing restrictions imposed by Chinese Government on Chinese nationals withdrawing funds from China UnionPay."

25

Now, were you aware of that issue of circumvention at this time?

MR HAWKINS: No.

30 **MS SHARP SC:** So nobody briefed you on that?

MR HAWKINS: I don't recall being briefed on it, no.

MS SHARP SC: Even though this is identified as a risk?

35

MR HAWKINS: No, I don't remember receiving an update along those lines.

MS SHARP SC: And it then goes on to say:

40 "More specifically, whether the CUP policy supporting practice of converting CUP credit through the SR lounge by swiping CUP card on NAB EFTPOS and attributing an amount to a hotel room and creating a temporary CCF for gambling is permitted or known."

45 Were you made aware that general counsel for Star Sydney, Andrew Power, considered that to be a risk at the time?

MR HAWKINS: I - I don't recall being briefed that he was going through this process.

5 **MS SHARP SC:** Well, did you know that was a risk at the time?

MR HAWKINS: I - I understood the process that we had in place had been effectively signed off internally by legal, was my broad understanding.

10 **MS SHARP SC:** All right. But that wasn't the question I asked. Did you know this was a risk at the time?

MR HAWKINS: No, I wasn't aware that was a risk at the time.

15 **MS SHARP SC:** Is it concerning to you that as managing director of Star Sydney, you were not made aware of a concern that swiping the CUP card on the NAB EFTPOS and attributing the amount to a hotel room may not have been permitted?

20 **MR HAWKINS:** I think if that - if that was the case, you know, Mr Power would have alerted me of that.

MS SHARP SC: Well, do you think it's most likely that he did alert you to that fact?

25 **MR HAWKINS:** The fact that it was a risk?

MS SHARP SC: Yes.

30 **MR HAWKINS:** I - I recall the - the email that we referred to before, which is the one that he had sent Mr Quayle, is the one that I recall seeing at the time. But, you know, Mr Power was, you know, involved in broader assessments. Yes, he would have kept me updated on what he would have thought was relevant information.

35 **MS SHARP SC:** Well, do you think if Mr Power told Mr Bekier about this document, he also told you about this document?

MR HAWKINS: I don't recall him taking me through this document.

40 **MS SHARP SC:** All right. Well, let me ask you squarely: by this time, that is, May 2016, were you aware that UnionPay International prohibited the use of China UnionPay cards to purchase gaming chips?

MR HAWKINS: No, I wasn't.

45 **MS SHARP SC:** Are you sure about that?

MR HAWKINS: Yes.

MS SHARP SC: Well, didn't you wonder why these transactions were all being processed through a hotel and dummy invoices were being created for them?

5 **MR HAWKINS:** Look, I - I understand that the use of the card couldn't be used to directly purchase gaming chips but that the process we had implemented had been signed off internally and --

10 **MS SHARP SC:** All right. Well, I just want to stop you there. How did you know that the card could not be used to directly purchase chips?

MR HAWKINS: I think - I just recall maybe some other advice from Mr White around the process, but --

15 **MS SHARP SC:** Well, what was that advice from Mr White around the process?

MR HAWKINS: It may have been something - a document I've seen more recently, but - that the CUP debit card could not be used to purchase chips directly and that's, you know, why we had established a process to utilise the hotel process to do that.

20 **MS SHARP SC:** Well, didn't you wonder why the card could not be used to process - I withdraw that. Didn't you wonder why the card could not be used to purchase chips directly?

25 **MR HAWKINS:** No, I don't think I turned my mind to it at the time.

MS SHARP SC: Really?

30 **MR HAWKINS:** Yes. Yes.

MS SHARP SC: Notwithstanding that this went on for many years, you did not turn your mind to it?

35 **MR HAWKINS:** I think, in effect, it was - it had become an embedded practice in the business. And, you know, I recall attending a meeting from time to time to assess the use of it. But my understanding was it was - you know, with regards to the sort of scale and frequency of its use, I hadn't turned my mind to the specifics of it, no.

40 **MS SHARP SC:** Are you telling the truth now, Mr Hawkins?

MR HAWKINS: Yes, I am.

45 **MS SHARP SC:** Can I take you to (b) on this document, and it says:

"Issue is whether The Star is circumventing China laws and creating a reputational risk and taking active steps to conceal this practice (noting NAB email)."

Is it your evidence that Mr Power did not make you aware of a reputational risk in relation to the usage of the CUP card in around May of 2016?

5 **MR HAWKINS:** I - I think he had in the email that I was copied in on to Mr Quayle that we looked at.

MS SHARP SC: That was the dummy invoice?

10 **MR HAWKINS:** Yes. If - if I recall, I think that referred to reputational risk.

MS SHARP SC: Well, didn't you, when you were made aware of a reputational risk, use your best endeavours to understand exactly what the nature of that risk was in view of the fact you were the managing director of this organisation?

15 **MR HAWKINS:** Well, I think at the time, Mr Power had outlined some - some actions relative to that and had guided, I think, generally on the - the level of risk associated with it as being low to moderate that I accepted.

20 **MS SHARP SC:** Well, didn't the very use of the expression "dummy invoices" raise alarm bells for you?

MR HAWKINS: Well, I think at the time a process was initiated to - to cease that.

25 **MS SHARP SC:** Cease using dummy invoices?

MR HAWKINS: That's my understanding.

30 **MS SHARP SC:** Wasn't every single invoice issued at the hotel with respect to the usage of the CUP cards a dummy invoice if the funds were, in fact, used to purchase gaming chips?

35 **MR HAWKINS:** Yes, if - yes, if the - if the guest transacting was, in fact, not staying at the hotel, yes. So I accept that, yes.

40 **MS SHARP SC:** Well, even if the guest was staying at the hotel, if they were swiping money that was used to purchase chips, it was a sham invoice to the extent it suggested that that was not the purpose of the transaction; that's right, isn't it?

MR HAWKINS: Yes, I think the - the process that was established was getting around that direct use of the card to purchase gaming chips.

45 **MS SHARP SC:** And to your knowledge, that is, as at least May 2016, you were well aware that these invoices were being issued even though the people swiping the CUP cards were using them to purchase gaming chips?

MR HAWKINS: I - look, I understand that now. I think at the time, you know, I wasn't as close to it as what I should have been. But I certainly understand that I was aware that was happening, yes.

5 **MS SHARP SC:** Well, do you agree you were aware at the time that sham documentation was being issued each and every time the CUP card was being swiped for the purpose of purchasing gaming chips?

10 **MR HAWKINS:** Well, my understanding, there was a process that was endorsed and - but ultimately that was, you know, a practice designed to enable the acquisition of those chips.

15 **MS SHARP SC:** All right. Now, I'm not asking you about whether you thought it was endorsed or not; I'm asking you for your understanding on whether sham documentation was issued. What's your understanding?

MR HAWKINS: Well, I think ultimately the use of the hotel process, you know, was structured to conceal the ultimate process of acquisition of the chips.

20 **MS SHARP SC:** And isn't that a problem?

MR HAWKINS: Yes. I accept --

25 **MS SHARP SC:** And when was the first time it occurred to you that that was a problem?

30 **MR HAWKINS:** My - my view was as much as, you know, that process was questionable, I still felt it had some endorsement internally and was a practice that by that stage, or later, I was aware it was happening in a multitude of properties.

MS SHARP SC: Now, I don't want to ask you about your understanding of whether it was endorsed or not; I want to ask you about your view that the practice was questionable. When did you first form that view?

35 **MR HAWKINS:** I'm just not sure that - I think I just accepted that was the practice. I'm not sure that I did form the view that it was questionable at the time. But I accept that it was. But it was a process that was happening - had been happening for a while. And, you know, as I - as I was - said before, I wasn't across the specifics of the UnionPay rules.

40 **MS SHARP SC:** Well, you weren't a low-level employee of The Star; you were the managing director, weren't you?

45 **MR HAWKINS:** Yes, I was.

MS SHARP SC: Wasn't it your obligation to call out a practice if you found it to be questionable?

MR HAWKINS: Yes, I should have done that. And I think at the time, I, you know, relied on some of the guidance received about the level of risk and some of the changes that were occurring. But I accept what you're saying.

5 **MS SHARP SC:** And it was a serious lapse of judgment on your part, wasn't it, to fail to call this matter out?

MR HAWKINS: Yes. In hindsight, I should have done that.

10 **MS SHARP SC:** Now, returning to this May 2016 advice, you will see that it talks about taking active steps to conceal this practice and then says in brackets:

"Noting NAB email."

15 Did any of Paula Martin, Oliver White or Andrew Power make you aware at around that time that they held concerns that NAB may not have known the true purpose of the CUP transactions?

MR HAWKINS: Not that I recall, no.

20

MS SHARP SC: Well, do you expect that if you were made aware of that fact, it is a matter you would recall?

MR HAWKINS: Yes.

25

MS SHARP SC: Do you agree that if any one of those lawyers held that concern, they ought to have made that concern aware to you as managing director of Star Sydney?

30 **MR HAWKINS:** Yes, probably. Or - you know, the - the banking and other relationships were managed through some of our corporate areas. Or into those areas, yes.

35 **MS SHARP SC:** Well, you would be very concerned, wouldn't you, if Star were to engage in conduct which might lead the bank - mislead the banks it partnered with?

MR HAWKINS: Yes, I accept - accept that. Yes. That would be concerning.

40 **MS SHARP SC:** And so you would expect to be made aware of that risk if it existed, wouldn't you?

45 **MR HAWKINS:** Certainly my responsibilities had oversight of the business. Now, with regard to the corporate arrangements with the banking, that's not something I necessarily was involved in. So it may be that that was escalated to that area as opposed to myself.

MS SHARP SC: But wouldn't you, as the managing director of Star Sydney, expect to be made aware of that risk?

5 **MR HAWKINS:** If it - yes. I mean, if it was material in that sense, then I would expect that it would be more generally discussed, yes.

MS SHARP SC: Because it's a major reputational risk to The Star, isn't it?

10 **MR HAWKINS:** Yes.

MS SHARP SC: And for that reason alone, you would expect to be made aware of it in your capacity as managing director, wouldn't you?

15 **MR HAWKINS:** Generally, yes. Yes.

MS SHARP SC: Now, I want to show you a document. I'm not suggesting you saw it at the time, but I want to know whether you were made aware of its contents. It's STA.3006.003.0339. Now, I'm showing you an email that was sent from Harry Theodore to Chad Barton in March of 2017?

20 **MR HAWKINS:** Yes.

MS SHARP SC: And Chad Barton was the chief financial officer at the time, wasn't he?

25 **MR HAWKINS:** Yes, that's correct.

MS SHARP SC: So he was a very senior member of The Star Entertainment executive at that time?

30 **MR HAWKINS:** Yes.

MS SHARP SC: This is exhibit B259, by the way. Can you see that at the bottom of that email chain - and I will have it enlarged for you - Andrew Bowen from the NAB sends Harry Theodore an email dated 30 March 2017?

MR HAWKINS: Yes.

40 **MS SHARP SC:** And he says that:

"Further to the discussion we had last year, re merchant acquiring for China UnionPay cardholders, I have been asked to forward the following to remind The Star Entertainment Group of China UnionPay's terms and conditions."

45 Then a little bit further down:

"NAB would like to ensure that all transactions through Star Entertainment Group merchant facilities restrict gambling. Gambling applies a separate

merchant category code to what is currently applied to The Star Entertainment Group's Astral VIP merchant terminal, thereby we must ensure that no proceeds or deposits for gambling are placed through this terminal. Please ensure strict controls are in place to avoid any gambling credits being placed through the terminals."

5
Now, surely that information was conveyed to you in your capacity as managing director?

10 **MR HAWKINS:** No, it wasn't.

MS SHARP SC: Is it of concern to you that that information was not conveyed to you as managing director?

15 **MR HAWKINS:** As MD - managing director of The Star property, I would not get involved in corporate finance matters. So it's not completely surprising, in that sense.

20 **MS SHARP SC:** Well, the CUP card is being used at The Star Sydney, isn't it?

MR HAWKINS: Yes.

MS SHARP SC: And you're responsible for the operations at Star Sydney?

25 **MR HAWKINS:** Yes.

MS SHARP SC: And it creates a major reputational risk to use a card in a way not permitted by a bank, doesn't it?

30 **MR HAWKINS:** Yes.

MS SHARP SC: Well, surely this is precisely the kind of matter you should have been told about; do you agree?

35 **MR HAWKINS:** I - I accept that. Yes.

MS SHARP SC: And you nevertheless maintain that nobody made you aware of this email from NAB at this time?

40 **MR HAWKINS:** No, I wasn't made aware of it.

MS SHARP SC: In fact, the lawyers were becoming quite concerned at this time about the UnionPay restrictions on the use of China UnionPay. Were you made aware of that?

45 **MR HAWKINS:** Sorry. Can you just repeat that, please, Ms Sharp?

MS SHARP SC: In fact, The Star lawyers were becoming quite concerned at this time about the restrictions on using China UnionPay cards at The Star. Were you made aware of that at the time?

5 **MR HAWKINS:** I - I recall Mr White just sending an email about - I think it may have referred to a lowering in the transaction frequency or amounts. But I'm not sure I was generally aware they were growing more concerned.

10 **MS SHARP SC:** Well, let me take you to exhibit B at tab 287. Now, this is STA.3401.0001.4603. Now, can you see there's an email from Mr White to a number of people, and you're copied in to it?

MR HAWKINS: Could I please have it enlarged?

15 **MS SHARP SC:** Operator, could you please enlarge the top half of this email?

MR HAWKINS: Thank you. Yes, I see that.

20 **MS SHARP SC:** And you will see it bears the date 1 May 2017?

MR HAWKINS: Yes.

25 **MS SHARP SC:** May we take it that you read this email at the time it was copied to you, Mr Barton and Mr Theodore and Ms Martin?

MR HAWKINS: I would have, yes.

30 **MS SHARP SC:** All right. The fact that it was sent to these people shows that it's a quite serious matter being discussed; do you agree?

MR HAWKINS: Yes, an important matter.

MS SHARP SC: Right. And it says:

35 "As I am sure you will appreciate from previous discussions between us, the use of China UnionPay direct debit cards at our properties is a sensitive issue, particularly as China UnionPay cards are not to be used directly for acquiring gaming chips."

40 Now, you were well aware of that at the time, weren't you?

MR HAWKINS: Of the sensitivity around it?

45 **MS SHARP SC:** No, of the fact that China UnionPay cards were not to be used directly for acquiring gaming chips.

MR HAWKINS: I would have had that understanding, yes.

MS SHARP SC: And you were also aware that the use of China UnionPay cards was a sensitive issue?

MR HAWKINS: Yes.

5

MS SHARP SC: And you see that it says:

10 "The potential for issues has been highlighted over the last three working days with requests for detailed documentation on CUP transactions from China UnionPay (via NAB)."

MR HAWKINS: Yes.

15 **MS SHARP SC:** So you were aware, weren't you, that NAB was making inquiries about the use of the China UnionPay card at The Star at this point in time?

MR HAWKINS: Yes, I accept that. Yes.

20 **MS SHARP SC:** And the email goes on to say:

"The details in the information provided can be extremely sensitive, particularly where the relevant documentation does not support the charge as a credit to the relevant patron's hotel room, which is the basis for the relevant transaction."

25

Now, you were well aware at the time of reading this email that the problem was that the documentation was sham documentation?

30 **MR HAWKINS:** I was certainly aware of the process we had in place, yes.

MS SHARP SC: You were aware it was sham documentation by this time, weren't you?

35 **MR HAWKINS:** That - that the hotel process and all relevant documentation was facilitating the transaction, yes.

MS SHARP SC: Yes. The hotel documentation was a ruse designed to disguise the fact that the CUP cards were being used to purchase gaming chips?

40 **MR HAWKINS:** Yes, that it was structured that way to have a separation between the outcome. Yes.

45 **MS SHARP SC:** Yes. Well, why didn't you call out this as a very significant problem at this point in time, in view of the fact you were the managing director of The Star, where this process was occurring?

MR HAWKINS: I think I was still of the view at the time that - that the process, as much as it was poor management practice, was somehow endorsed internally and --

5 **MS SHARP SC:** But you were a party to this poor management practice, Mr Hawkins, weren't you?

MR HAWKINS: Ultimately, yes.

10 **MS SHARP SC:** And you did nothing to call it out at this time, did you?

MR HAWKINS: No, I accepted what we were doing and the changes that were made.

15 **MS SHARP SC:** And do you agree that what you and others were doing at this time was really quite unethical?

MR HAWKINS: Yes, very sharp management practice and not appropriate.

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

MR HAWKINS: At the time, I was aware that the card couldn't be used directly but still was of the understanding that as much as it was a very sharp practice, it was something that wasn't circumventing any rule that I was aware of.

25 **MS SHARP SC:** Well, the rule, which is quite plainly set out in this email, is that China UnionPay cards are not to be used directly for acquiring gaming chips. That rule was being circumvented, wasn't it?

30 **MR HAWKINS:** I think the process was designed to circumvent that, yes.

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

MR HAWKINS: Yes, I would have known that at the time.

35 **MS SHARP SC:** Is this appropriate conduct for a close associate of the casino operator to engage in?

MR HAWKINS: I - I accept that the practice was not appropriate.

40 **MS SHARP SC:** And is this appropriate conduct for a close associate of the casino operator to engage in?

45 **MR HAWKINS:** Look, on - on reflection, we shouldn't have allowed it. So I accept that.

MS SHARP SC: In fact, it was because of these concerns from NAB that a decision was made to seek further advice from KWM about the process; do you agree?

5 **MR HAWKINS:** I - I - I - sorry, I just need you to clarify the further advice that was sought. I'm not sure if I'm across that.

MS SHARP SC: Well, are you aware that further advice was sought from KWM in 2017?

10

MR HAWKINS: I don't think I was aware of that.

MS SHARP SC: You weren't party to any discussions to seek further advice from KWM?

15

MR HAWKINS: Not that I recall.

MS SHARP SC: Can I show you an email, which is exhibit B at 3095, STA.3401.0006.6254. Now, if I can start at the second page, pinpoint 6255. Do you see this is an email from Mr White dated 3 May 2017, which is two days after the email to you? And do you see he is sending an email to lawyers at KWM?

20

MR HAWKINS: I can, but can I ask for it to be enlarged, please? I can see that it is an email from Mr White to someone at KWM, yes.

25

MS SHARP SC: And do you see that under the dot points, he says:

"The most material question on which we need advice here is whether transactions which have previously been settled could be unwound in some way by China UnionPay, were it to find out that a merchant facility was operated in breach of its rules. I know that The Star has agreed to indemnify NAB in relation to claims against NAB for breaches the scheme rules."

30

MR HAWKINS: I see that.

35

MS SHARP SC: Now, had this been discussed by you with other members of senior management or the lawyers at this time, that is, the internal Star lawyers?

MR HAWKINS: No, I wasn't involved in this discussion.

40

MS SHARP SC: Would you expect to be - would you expect that senior managers or the internal lawyers would make you aware of a risk like this one?

MR HAWKINS: I - I can - my assessment is the legal team was probably dealing with the corporate entity on this matter, and I wasn't included in that.

45

MS SHARP SC: And were you included in the advice that KWM did provide in answer to this question?

MR HAWKINS: No, I haven't seen it.

5 **MS SHARP SC:** Now, you were, at this time, aware that Phillip Dong Fang Lee was a high-value customer at Star Sydney who was extensively using the CUP card?

MR HAWKINS: Yes, I was made aware of that.

10 **MS SHARP SC:** You were kept aware of that over many months, weren't you?

MR HAWKINS: Yes, I recall Mr Quayle keeping me abreast of that information. Yes.

15 **MS SHARP SC:** In fact, over some years?

MR HAWKINS: He may have provided information across a broader timeframe.

20 **MS SHARP SC:** Were you aware that Adrian Hornsby, the general manager of VIP credit and collections, in January 2015, held concerns that Mr Phillip Dong Fang Lee was using the CUP card as his personal money changer?

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

25 **MS SHARP SC:** Were you aware at that time that concerns were held at Star Sydney that Mr Phillip Dong Fang Lee was swiping far greater amounts on his card than he was using to engage in gambling at Star?

30 **MR HAWKINS:** I think Damian had - Mr Quayle had brought that to my attention. Yes.

MS SHARP SC: And were you aware that concern was held that he did not play sufficiently to warrant the level of his CUP withdrawals?

35 **MR HAWKINS:** At the time - I'm certainly aware of it now. I'm just - at the time, I'm - I'm not sure how clear I - I was on that. But, you know, I'm aware that Mr Quayle had, you know, a focus on Mr Lee's use of the card.

40 **MS SHARP SC:** And the concern, wasn't it, was that he was using the card far in excess of the amount of funds he was turning over in the casino?

MR HAWKINS: Yes, my understanding is the - the relationship between his withdrawals and level of play was not - was not aligned. Yes.

45 **MS SHARP:** And what he was, in fact, doing was taking out non-winning cheques to move money out of the casino that he had swiped on the CUP card?

MR HAWKINS: I'm aware of that now. I wasn't aware of that at the time.

MS SHARP SC: Are you sure you weren't aware of that at the time?

MR HAWKINS: I don't recall being made aware of it.

5

MS SHARP SC: Well, weren't you involved in trying to place some restrictions on his use of the CUP card?

MR HAWKINS: I think I had, you know, either discussed it or communicated with Mr Quayle about the use of his card. Yes. But I'm - I'm not entirely sure about the non-winnings cheques issued.

MS SHARP SC: Well, let me show you an email to see if you were made aware of this matter. If I could take you, please, to exhibit B at 79, which is STA.3014.0006.2584. Now, you weren't party to these email exchanges, but you're referred to in them. We can start at pinpoint 2586. At the top of - and I will just have that enlarged for you so you can see. There's an email at the top dated 26 May 2015 from David Aloï who says:

20 "Can you add to the below as I have to answer to Greg and Christine tomorrow regarding this."

Now, the reference to "Greg" is a reference to you, isn't it?

25 **MR HAWKINS:** Probably. I need to read the context, but I --

MS SHARP SC: Well, I will take you to the context. If we can go down the page, you will see an email from Stewart Byles dated 26 May 2015. It's called Damian Quayle/Phillip Lee?

30

MR HAWKINS: Yes, I see that.

MS SHARP SC: Now, could I ask you to read that to yourself, please. Let us know when you need to go over the page.

35

MR HAWKINS: Okay. Go over the page, please. Okay. If we could scroll down, please.

MS SHARP SC: And I don't think you need to read beyond that point. So were you made aware of this incident?

40

MR HAWKINS: No.

MS SHARP SC: Damian Quayle didn't make you aware of it?

45

MR HAWKINS: No, not that I recall.

MS SHARP SC: And David Aloï didn't make you aware of it?

MR HAWKINS: I don't think so. Not that I recall, no.

5 **MS SHARP SC:** Were you made aware of the fact that Mr Dong Fang Lee was giving chips to his friends to cash out?

MR HAWKINS: No, I don't think I was.

10 **MS SHARP SC:** Because you can see - if I take you back to pinpoint 2586. And I will take you to the bottom of that page. Do you see it says:

"Earlier tonight he gave almost \$90,000 chips to a friend to cash out."

15 **MR HAWKINS:** I see that, yes.

MS SHARP SC: Well, that's a bit of a concern, isn't it?

MR HAWKINS: Yes. Yes. If he is - if he has given his chips, yes.

20 **MS SHARP SC:** Now, let me take you to another email in this chain. If I could take you back to pinpoint 2584, to the bottom of this email. You will see there's an email from Adrian Hornsby of 26 May 2015?

25 **MR HAWKINS:** Yes.

MS SHARP SC: And then if I can go over the page. What Adrian Hornsby, the general manager of VIP credit and collections, is saying is that:

30 "Phillip Lee has been allowed to swipe 30 million in CUP over the last few months. He constantly tries to use proxy players to swipe on his behalf claiming they are real players. His loss during this period is no more than 5 million and his so-called player friends simply transfer their CUP swipes in chips back to Lee. As per chip liability, Lee had approximately 14 million in plaques at home and always requesting me to grant approval to swipe 500K CUP to clear his CCF balance then immediately withdraw without using his
35 plaques."

And then a little further down, it says:

40 "Due to cage concerns, I requested to hold further cash outs. I then explained the situation to Damian Quayle over the phone and authorised the cash out."

And then a little bit further down:

45 "Lee has been playing games for a number of weeks now with CUP requests far exceeding his play losses."

Surely you, as the managing director of The Star in Sydney, were made aware of the way Mr Lee was behaving with his CUP card?

5 **MR HAWKINS:** I - I don't recall being made aware. I recall seeing data indicating the discrepancy, but I don't - don't recall being updated on this particular matter.

MS SHARP SC: And when you say "the discrepancy", what are you referring to?

10 **MR HAWKINS:** The disproportion - the relationship between his CUP withdrawals and the funds that he was gaming with.

15 **MS SHARP SC:** And based on your experience, you understood at the time, didn't you, that this raised at least a prospect that Mr Lee was engaged in some kind of money laundering?

MR HAWKINS: Well, it should be a flag for that and, you know, should be further investigated appropriately and --

20 **MS SHARP SC:** Well, I'll stop you there. Wasn't it a flag to you at the time?

MR HAWKINS: I think by the time Mr Quayle had updated me on the matter, there was further controls put in place on the use of his card.

25 **MS SHARP SC:** Well, in view of the fact that this man had taken out \$30 million over the last few months and there was the discrepancy between his play and what he was withdrawing, and the fact that it raised a money laundering flag, wasn't the only appropriate step for you to direct he not be permitted to use that card?

30 **MR HAWKINS:** Well, I think at this time, I wasn't fully across this level of detail but certainly would have expected that action had been taken with regards to, you know, AML reporting or other due diligence associated with his activity.

35 **MS SHARP SC:** As you look at this matter today, wasn't the only appropriate step at this time to stop this man using the CUP card?

40 **MR HAWKINS:** That - that could have been one step. Another approach, you know, should have been for our AML or investigations team to dive pretty quickly into understanding what had occurred to make that determination.

45 **MS SHARP SC:** Well, I suggest that in view of the fact that he had withdrawn so much money and that his level of play was inconsistent with his level of drawings, the only appropriate step to take was to stop him using the card. Do you agree or disagree?

MR HAWKINS: Well, I don't think it was the only step that could have been taken.

MS SHARP SC: Mr Bell, is that a convenient time to stop for the day?

5 **MR BELL SC:** Could I just ask you a couple of questions, Mr Hawkins. Were you aware that in 2015 The Star's standard operating procedures required that the CUP cards be only made available to patrons who were staying at the hotel?

MR HAWKINS: I'm aware of that now, Mr Bell. At the time, I wasn't aware of that detail.

10 **MR BELL SC:** I see. And were you aware in 2015 that Mr Lee was being provided with the CUP facility even though he was not, in fact, staying at the hotel?

15 **MR HAWKINS:** I - I don't think I was aware of that level of detail, but - you know, that's the best of my recollection.

MR BELL SC: And were you aware that the standard operating procedures, at least until the end of 2015, required that the CUP facility only be made available to international patrons?

20 **MR HAWKINS:** Yes, my understanding is that was the case.

MR BELL SC: Yes. And you're obviously aware that Mr Lee was not an international patron?

25 **MR HAWKINS:** Yes, I'm - my understanding is there was a determination by Mr Hornsby that he could participate and the SOP was updated. I'm aware of that now. But of the detail related to the relationship between when Mr Hornsby advised of that versus the SOP being updated, I'm not completely clear on that matter.

30 **MR BELL SC:** But you're aware now, I take it, that Mr Lee in 2015 was being permitted to use the CUP facility in circumstances where he was not an international patron and he was not staying in the hotel, both of which were requirements of the SOP at the time?

MR HAWKINS: I'm aware of that now, yes.

35 **MR BELL SC:** And doesn't that indicate a breakdown in the compliance systems of The Star at that time?

40 **MR HAWKINS:** Yes. Assuming there was no other sort of compliance or legal endorsement of that change from international to local, which I understood did occur at a point in time, I'm unclear as to why that action was taken.

45 **MR BELL SC:** But if he was, in fact, being permitted to use the card in breach of The Star's own standard operating procedures, that would indicate a breakdown in The Star's compliance systems; correct?

MR HAWKINS: I agree. Yes.

MR BELL SC: Yes. I will adjourn now until 10 am tomorrow.

5

MS RICHARDSON SC: Sorry, Mr Bell. Could we have permission to speak to the witness, just about the call for documents in relation to the patron profitability summary, in order to answer that call?

10 **MR BELL SC:** Is there any problem with that, Ms Sharp?

MS SHARP SC: None.

MR BELL SC: Yes, no, that's fine. Yes, I will now adjourn.

15

MS RICHARDSON SC: Thank you.

<THE HEARING ADJOURNED AT 5:03 PM