



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**TUESDAY, 3 MAY 2022
AT 10:00 AM**

DAY 27

**MS N. SHARP SC appears with MR C. CONDE, MS P. ABDIEL
and MR N. CONDYLLIS as counsel assisting the Review
MR P. HOLMES appears as counsel for The Star Pty Ltd
MR J. WILLIAMS SC appears as counsel for MR. MATTHIAS
MICHAEL BEKIER**

**Witness
MR MATTHIAS MICHAEL BEKIER**

*Any person who publishes any part of this transcript in any way and to any person contrary
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 Bekier, you remain bound by the oath you took yesterday.

5 **<MATTHIAS MICHAEL BEKIER, ON FORMER OATH**

MR BELL SC: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

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MS SHARP SC: Operator, could you please take us to exhibit F, tab 145, which is INQ.014.001.0188. I'm showing you an article printed in the Sydney Morning Herald from journalist Elizabeth Knight on 23 March this year entitled "Blindsided: Why Star Boss Lost His Cool Over Damning Report". Have you read
15 this before, Mr Bekier?

MR BEKIER: Yes, I have.

20 **MS SHARP SC:** Could I ask you to read the first four paragraphs to yourself. Please let us know when you're ready to scroll.

MR BEKIER: Scroll now, please. I've read it. Thank you.

25 **MS SHARP SC:** Did you have any role at all, Mr Bekier, in providing, or causing to be provided, information to this journalist in relation to that article?

MR BEKIER: No, I didn't.

30 **MS SHARP SC:** Do you know who did?

MR BEKIER: I can't be certain, Ms Sharp.

MS SHARP SC: Who do you think did it?

35 **MR BEKIER:** Well, Zlatko is quoted in the article, so I presume that he would have spoken to the journalist.

40 **MS SHARP SC:** Did you speak to anybody about these matters prior to this article being published?

MR BEKIER: Only to people inside the company.

MS SHARP SC: And what did you tell them when you spoke to them?

45 **MR BEKIER:** I was referring to an article written by the same journalist a couple of days earlier, and I expressed my frustration with the fact that the story was being told that way.

MS SHARP SC: Did you in any way cause the information which is reproduced in this article to be provided to this journalist?

5 **MR BEKIER:** No, I didn't.

MS SHARP SC: After you read this article, did you take any steps at all to understand who it was who was The Star insider who provided this information to the journalist?

10 **MR BEKIER:** No, I didn't.

MS SHARP SC: And why was that?

15 **MR BEKIER:** I guess I was just pleased with the fact that a slightly different spin is put forward.

MS SHARP SC: Well, did you in any way back channel in order to have the journalist print this article?

20 **MR WILLIAMS SC:** I object to that question. The term "back channel" is highly ambiguous and obscure, with respect.

MS SHARP SC: Well, I --

25 **MR BELL SC:** Yes, I reject that question.

MS SHARP SC: I withdraw that. You agree, Mr Bekier, that you felt that your perspective on the KPMG issue had not been fairly represented in the media to date - to that date?

30 **MR BEKIER:** Yes, Ms Sharp.

MS SHARP SC: And you indicated that view to some of your colleagues within Star?

35 **MR BEKIER:** Yes, I did.

MS SHARP SC: And then is it your evidence that, quite by chance, your perspective on the matter was published in the Sydney Morning Herald?

40 **MR BEKIER:** I'm not sure that this is entirely my perspective, Ms Sharp. I think this is an article that references Zlatko's perspective, not mine.

45 **MS SHARP SC:** Well, did you have any involvement whatsoever in briefing or causing this journalist to be briefed about this perspective on the KPMG report?

MR BEKIER: Not intentionally. Can I explain that, Ms Sharp?

MS SHARP SC: Yes.

5 **MR BEKIER:** I was obviously unhappy with what I perceived to be a very biased reporting, and I shared that view internally within the company. If that caused some people to take certain steps, that may have resulted in the article. But I did not intentionally ask anybody to do anything for me.

10 **MS SHARP SC:** And is it your honest evidence that after this article was published, you took no steps at all to ascertain who within Star may have provided this information to the journalist?

15 **MR BEKIER:** I - I read this article as Zlatko having spoken to the journalist and that this information here was Zlatko's information. I did not see any other information in there that didn't - or couldn't have come from Zlatko. So that's why I left it where it was.

MS SHARP SC: Was the evidence you provided to Mr Bell yesterday in answer to my questions about your dealings with KPMG truthful evidence, Mr Bekier?

20 **MR BEKIER:** Yes, I believe so, Ms Sharp.

MS SHARP SC: Did you understate the annoyance that you had with KPMG?

25 **MR WILLIAMS SC:** I object to that question. In fairness to the witness, it should be asked by reference to particular answers he gave yesterday.

MR BELL SC: Ms Sharp, what do you say about that objection?

30 **MS SHARP SC:** Well, I'll withdraw it. Is it the case that you were rude and aggressive to the KPMG partners when you met with them?

MR WILLIAMS SC: I object to that question. Again, if - the question, in fairness, ought to identify the occasion on which Mr Bekier met with them.

35 **MR BELL SC:** I think there is only one occasion, Mr Williams. But perhaps you could be more precise, Ms Sharp.

40 **MS SHARP SC:** You met with the KPMG partners on two occasions to discuss the KPMG reports, did you not?

MR BEKIER: I met with the KPMG partners on one occasion, and there was one follow-up phone call.

45 **MS SHARP SC:** During the meeting you had with them, were you rude and aggressive towards them?

MR BEKIER: I don't recall the specifics of the meeting, but I am not rude and aggressive.

MS SHARP SC: Did you express anger towards them in relation to the report?

5 **MR BEKIER:** I don't recall expressing anger to them. I was frustrated with I - what I perceived to be unhelpful explanations that I was getting.

MS SHARP SC: So you expressed frustration to them, did you?

10 **MR BEKIER:** I - yes, Ms Sharp. I don't have very detailed recollection of that meeting.

MS SHARP SC: And you told them aspects of their report was wrong?

15 **MR BEKIER:** I don't think so. I probably challenged them on some facts and opinions, but I don't think - well, I think - I'm pretty certain that we never tried to change any recommendations. I tried to understand how we arrived at these recommendations.

20 **MS SHARP SC:** It's correct, isn't it, that were you appointed a director of The Star Sydney Pty Ltd on 18 August 2006?

MR BEKIER: I believe so, yes.

25 **MS SHARP SC:** And to be clear, that is the entity that holds the casino licence in New South Wales?

MR BEKIER: That's correct.

30 **MS SHARP SC:** Are you still a director of that corporate entity?

MR BEKIER: Yes, I am.

MS SHARP SC: Are you still a director of Star Entertainment Group?

35 **MR BEKIER:** No. I have resigned from Star Entertainment Group.

MS SHARP SC: And was that at the same time as you resigned as the CEO?

40 **MR BEKIER:** Yes, Ms Sharp.

MS SHARP SC: Do you agree, Mr Bekier, that a very important part of a director's role is being curious?

45 **MR BEKIER:** Yes.

MS SHARP SC: And do you agree that a very important part of a director's role is challenging management where it appears necessary to do so?

MR BEKIER: Yes, I agree.

MS SHARP SC: And that same matter, that is, the challenging of management, is also necessary insofar as your role as CEO is concerned, isn't it?

5

MR BEKIER: Yes.

MS SHARP SC: It's right, isn't it, that you are a close associate of the casino operator?

10

MR BEKIER: Yes, I am.

MS SHARP SC: And do you agree that one of the implications of being a close associate is that you must be of good repute, having regard to character, honesty and integrity?

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MR BEKIER: I'm aware of that, yes.

MS SHARP SC: When you were CEO and managing director, where were you physically located, Mr Bekier?

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MR BEKIER: I had a main office in Sydney and a secondary office in Brisbane.

MS SHARP SC: And insofar as your main office in Sydney was concerned, were other members of the executive management team sharing offices near you?

25

MR BEKIER: In Sydney, we have the entire executive team essentially in - in the building, with the exception of the chief risk officer, Ms Martin, who - who has a main office in Brisbane but keeps a desk in Sydney, and Mr Hogg, who is the chief casino officer for Queensland. He is in Brisbane as well. I think everybody else is in Sydney. Greg Hawkins, as the chief casino officer for New South Wales, had an office for some time at Star Sydney as opposed to the corporate offices at 60 Union Street.

30

MS SHARP SC: And when did his office move?

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MR BEKIER: I - I can't be sure, Ms Sharp. I think - I'm not entirely sure.

MS SHARP SC: Now, when you say that most of the senior executive are located in Sydney, do they have offices on the same floor as you did?

40

MR BEKIER: We have three offices - three floors, and we're open plan. So, you know, they're - they're spread over the three floors.

MS SHARP SC: So who were the people on your floor in the open plan?

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MR BEKIER: It's Mr Theodore and the head of then people and performance. I think they were the two executives on my floor. And Ms Martin's desk was also on our floor.

5 **MS SHARP SC:** And what about Mr Hawkins? Did he come to be on your floor?

MR BEKIER: No, his - his desk was on one floor below.

MS SHARP SC: What about Mr Andrew Power?

10

MR BEKIER: Andrew is not - not on the executive team. I'm not entirely sure where his desk was.

MS SHARP SC: And what about Oliver White?

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MR BEKIER: The same with Oliver. I'm not entirely sure where his desk was.

MS SHARP SC: How regularly did you consult with Greg Hawkins?

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MR BEKIER: Weekly.

MS SHARP SC: Was that by way of formal meeting?

25

MR BEKIER: I have a - can I just correct my previous statement. I have a roster of biweekly meetings with all of my executive colleagues, except with Ms Martin, who I would see - with the chief risk officer, who I will catch up with weekly. And so with Greg, I would catch up formally in that biweekly meeting. And I would catch up with him on specific topics and joint meetings multiple times during the week.

30

MS SHARP SC: Were there also regular scheduled meetings of the senior executive team that involved you?

35

MR BEKIER: Yes. We met once a month, typically, for most of the day in a structured setting.

MS SHARP SC: And was the purpose - or a purpose of those executive meetings to ensure there was a free flow of information relevant to the operation of the Sydney casino?

40

MR BEKIER: The purpose of the executive team meeting was to discuss and resolve matters that were relevant to the company. To the extent that issues out of Sydney were relevant, we discussed Sydney matters. But we also discussed, you know, Queensland matters, technology matters, risk matters and so on.

45

MS SHARP SC: And was it your expectation at all times that in relation to the senior executive meetings, meeting attendees would make you aware of any

significant issues in relation to the operation of the casino that could affect the casino from a reputation, a financial perspective, or otherwise?

5 **MR BEKIER:** Yes, Ms Sharp. We had two standing sections on the agenda where those conversations could occur. One was a formal risk discussion, and the second one was a discussion under the header of, you know, do the right thing. And under both of those headers, these sort of issues could be raised.

10 **MS SHARP SC:** You've mentioned "do the right thing". Was that a header for the entirety of the period since November 2016?

15 **MR BEKIER:** No. We formally started a communication - internal communication stream on that - I want to say January 2020. Prior to that, we had a similar topic that we will call "keep shape" where we talked - reminded, you know, each other of and our staff of, you know, being compliant, communicate - you know, open communication and - and - and behaving in a respectful and - and appropriate manner.

20 **MS SHARP SC:** And you mentioned that a standing item on the executive meeting agenda was a risk discussion. Was that always a standing item in the period November 2016 to the present?

25 **MR BEKIER:** I don't think that it was always a standing item. It certainly became a standing item in the latter part of that period. And since about 2021, we had a separate session just on risk - a separate risk executive management session that we attached to the executive team meeting, just dedicated on risk.

30 **MS SHARP SC:** And in the period before there was a standing item on the risk - of risk on the agenda for the executive meetings, was it nevertheless your understanding that attendees of those meetings would raise with you any matters they perceived to be risks affecting the financial performance, the reputation or otherwise, of the Sydney casino?

35 **MR BEKIER:** Prior to, you know, the formal attachment to the executive team meetings, it was the role of the chief risk officer to bring together the executive team in - in the executive risk committee to discuss risk matters. That was, you know, prior to that period, the primary vehicle. But - but I agree with you, Ms Sharp, that the expectation would be that at the executive team meeting, our colleagues would raise their hands and put items on the table that were of concern.

40 **MS SHARP SC:** And in addition, in your one-on-one biweekly meetings with your various executive officers, was it your expectation at all times from November 2016 that they would raise any risks relating to the Sydney casino with you?

45 **MR BEKIER:** Yes, Ms Sharp.

MS SHARP SC: Did you endeavour to ensure you were kept well briefed by members of the senior executive?

MR BEKIER: Yes. Yes, I did.

5

MS SHARP SC: And how did you go about ensuring that?

MR BEKIER: The primary vehicle for me was the regular one-on-one catch-ups that I would have with my team members. In addition, I would choose to attend steering committees that were of particular importance to me at certain moments in time.

10

MS SHARP SC: Do you agree that as CEO and managing director, it was important for you to have a good understanding of The Star's obligations under its casino licence?

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MR BEKIER: Yes, I agree.

MS SHARP SC: And do you further agree that in that capacity, it was important for you to have a good understanding of The Star's obligations under the Casino Control Act?

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MR BEKIER: If I needed to have an understanding - an appropriate understanding of that, yes.

25

MS SHARP SC: And how did you go about informing yourself of The Star's key obligations under the Casino Control Act and its licence?

MR BEKIER: I had been through a number - in - through my role at - as CFO Tabcorp and then as CFO and director of finance, I've been to a number of section 31 reviews, and through those, I was - and the review of the reports, I was aware of the obligations that we were under.

30

MS SHARP SC: Did you understand in your capacity of the managing director and CEO that the terms upon which The Star or its agents could provide credit to patrons were severely constrained?

35

MR BEKIER: Yes, I understood that.

MS SHARP SC: And did you understand that, for practical purposes, the only way in which The Star could provide credit to its patrons was through the use of a cheque cashing facility?

40

MR BEKIER: Yes, I understood that.

45

MS SHARP SC: You said yesterday in evidence that one of your functions as the managing director and CEO was to keep The Star within its risk appetite statement. How did you go about doing that?

MR BEKIER: I sought to establish the structures, the processes, the policies that would keep us within that risk appetite. And I worked with the risk function, whose primary role it was to monitor that, to make sure that we had the appropriate reporting in place.

MS SHARP SC: What kind of matters did you expect would be personally escalated to you?

MR BEKIER: I expected --

MS SHARP SC: I should qualify that, Mr Bekier. Let me withdraw that and put the matter again. In relation to the operations of The Star Sydney casino, what kinds of matters did you expect would be directly escalated to you?

MR BEKIER: I expected to be informed of any significant deviation from our financial plans; I expected to be informed of any significant risks and - and - that management would perceive; and I expected to be informed of any significant breaches of our internal policies or of external - of - of regulation.

MS SHARP SC: Did you expect that significant reputational risks would be directly escalated to you?

MR BEKIER: Yes.

MS SHARP SC: Did you expect that serious money laundering or counter-terrorism financing risks would be escalated directly to you?

MR BEKIER: Yes.

MS SHARP SC: Did you expect that any significant risk of criminal influence within the casino would be escalated directly to you?

MR BEKIER: Any significant risk, yes.

MS SHARP SC: Did you expect that any investigations into allegations of significant impropriety on the part of senior executives would be escalated to you?

MR BEKIER: Yes.

MS SHARP SC: And following from that, do you agree that it was your expectation that if Mr Houlihan was investigating serious allegations about a senior member of the executive, that investigation would be notified to you?

MR BEKIER: Can you clarify the - the scope of "executive", Ms Sharp?

MS SHARP SC: Well, I'm moving outside of the executive team now to other senior executives, for example, the heads of business units.

MR BEKIER: My expectation was that any senior - any serious allegation against what in - in our nomenclature would be a general manager - so a direct report and executive team member - would be brought to my attention.

5

MS SHARP SC: Would you pardon me for one moment, please, Mr - could I take you, please, Mr Bekier, to an example of one of your reports to the board of Star Entertainment. I will take you to the report for May 2018, which is STA.5002.0004.1675.

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MR BEKIER: I see it.

MS SHARP SC: Now, did you personally put these reports together?

MR BEKIER: No. The - the way these reports come together is that every functional area and every business unit of the company provides their content into - under the appropriate section into this report. That's collated by the financial reporting team. And then I review the report, make sure it reflects my understanding of what happened in that month and reflects my - you know, has my support of everything that's written in that report. But I don't personally - I didn't personally write the report.

20

MS SHARP SC: Mr Bell, may I indicate this is exhibit B, tab 753. I will just take you to the index to the report, Mr Bekier. If we can go to pinpoint 1676. And if I could take your attention, please, Mr Bekier, to item 3, Performance by Property?

25

MR BEKIER: Yes.

MS SHARP SC: Do you see it says 3.3, IRB?

30

MR BEKIER: Yes.

MS SHARP SC: And that means international rebate business, doesn't it?

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MR BEKIER: Correct.

MS SHARP SC: And it's correct that at all times from November 2016 onwards, you, in your regular report to the board, separately reported on the international rebate business?

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MR BEKIER: Yes, Ms Sharp. But that reflected the way we managed the company.

MS SHARP SC: And what do you mean by that?

45

MR BEKIER: There was a - if I can just go sideways for one minute. The IRB business is very volatile in terms of volume and win rate. And when we reported the results of the IRB business as part of the individual properties, it created a lot

of noise and didn't allow us to provide appropriate performance transparency to the board. And so we pulled out the IRB business as a separate reporting unit, and it reflected the fact that we had a - initially an executive team member in charge of the IRB business. And it allowed us to have greater see-through on the underlying business, as well as the performance of the international business.

MS SHARP SC: And that separate reporting followed through to the annual reports of Star Entertainment Group each year, didn't it?

10 **MR BEKIER:** Yes, I believe so.

MS SHARP SC: And you mentioned that an executive team member in charge of IRB provided assistance in reporting. Who was that at all times from November 2016? And please indicate if it changed over that time.

15 **MR BEKIER:** So up until April, I believe 2018, it was John Chong. Since April 2018, it was Greg Hawkins.

MS SHARP SC: Can I take you now to another document, Mr Bekier, being exhibit B435, which is STA.5002.0003.1476.

MR BEKIER: Yes.

25 **MS SHARP SC:** Now, I'm showing you a board paper dated 26 September 2017 from you and John Chong called International Rebate Strategy Update. And that's the first page. Let me show you the attachment to it. If we can scroll to the next page, please, operator. And do you see there's a - it looks like a presentation to the board with your name and John Chong names on the front of it?

30 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: Do you remember this presentation?

35 **MR BEKIER:** Yes, I - I remember this presentation.

MS SHARP SC: And given that your name appears on the front page of the memo and then the presentation, may we take it that you played a role in preparing this document?

40 **MR BEKIER:** It certainly had my endorsement, Ms Sharp.

MS SHARP SC: Does that mean that you read the paper prior to it being presented to the board to ensure you understood it?

45 **MR BEKIER:** More than that, Ms Sharp. I - I read it prior to it being presented, and I was comfortable with the direction set out in this document.

MS SHARP SC: And is your name on this document because at this point in time you were responsible for updating the board on the international rebate strategy?

5 **MR BEKIER:** My name is on this document because all strategy discussions really come from - from me. And as this was a strategy discussion, it signalled to the board that while it's driven by the business unit, it is part of the strategy that I support.

10 **MS SHARP SC:** Could I take you, please, to pinpoint 1481. I'm showing you the organisational structure set out in that chart. Now, it's correct, isn't it, that at this time John Chong reported to you?

MR BEKIER: That's correct.

15 **MS SHARP SC:** And do you agree that this organisational structure accurately depicts the hierarchy of the international rebate business as at May of 2019 - '17?

20 **MR WILLIAMS SC:** I object to that question. The document is dated September 2017.

MS SHARP SC: I beg your pardon. I put the question on the wrong basis. I will withdraw it. Do you agree, Mr Bekier, that this chart accurately reflects the organisational structure of the international rebate business as at September 2017?

25 **MR BEKIER:** Yes, I believe so.

MS SHARP SC: Could I take you, please, to pinpoint 1491. And do you see the second dot point there refers to the Suncity junket?

30 **MR BEKIER:** Yes.

MS SHARP SC: And it states there that Suncity was becoming The Star's largest customer?

35 **MR BEKIER:** Yes.

MS SHARP SC: And given that information was produced in this report, we can take it that you had that knowledge at the time?

40 **MR BEKIER:** Yes, I was aware of that.

MS SHARP SC: And if I direct your attention, Mr Bekier, to the third dot point. It says that:

45 "In financial year 2018, management are focused on strengthening relationships with all major junkets (Guangdong, Tak Chun, MegStar) who accounted for 3.9 per cent of financial year '17 volumes."

Now, at this time, you understood that there existed a junket called Guangdong, did you?

MR BEKIER: Yes, Ms Sharp.

5

MS SHARP SC: Did you understand that junket had formerly been called the Neptune junket?

MR BEKIER: Yes, Ms Sharp.

10

MS SHARP SC: And when we look at this page, we see a pie chart, and in green shade we see 3.8 per cent. And that's noted to mean Sixin Qin, isn't it?

MR BEKIER: Yes, I believe so.

15

MS SHARP SC: So you were aware that the junket associated with Sixin Qin was a significant junket in terms of turnover brought into Star at this point in time?

MR BEKIER: I was aware of the fact that there was a junket that operated with us and that it was one of our larger junkets. In a - from a group CEO point of view, it's still not very large in terms of the business and profitability in the greater scheme of things. But - but I - I was aware of the name and the fact that they operated with us.

25 **MS SHARP SC:** Have you ever met Sixin Qin?

MR BEKIER: No, I don't think so.

MS SHARP SC: Have you ever met Alvin Chau?

30

MR BEKIER: No.

MS SHARP SC: There's a reference here to the Chinatown junket. Do you see that? It's designated in the pie chart as contributing to 4.8 per cent of the overall junket revenue.

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MR BEKIER: Yes, I can see that.

MS SHARP SC: Were you familiar with the Chinatown junket as at the time of this report in September 2017?

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MR BEKIER: I was aware of the fact that they were a large junket operating in - in Sydney.

MS SHARP SC: And in previous years, Chinatown had been one of the largest junkets with which The Star dealt by way of turnover; that's right, isn't it?

45

MR BEKIER: I believe so.

MS SHARP SC: Did you understand that Tom Zhou was associated with the Chinatown junket?

5 **MR BEKIER:** I knew - I knew that there was an association. I'm not sure I was aware of the precise nature.

MS SHARP SC: Have you ever met Tom Zhou?

10 **MR BEKIER:** No.

MS SHARP SC: Were you aware that he was the funder of the Chinatown junket?

15 **MR HOLMES:** I object to that question.

MR BELL SC: What's the objection, Mr Williams?

20 **MR HOLMES:** Perhaps it should be in the absence of the witness.

MR BELL SC: I'm sorry, Mr Holmes. Yes. Well, operator, can we go into private mode in the absence of Mr Bekier.

25 **<THE HEARING IN PUBLIC SESSION ADJOURNED AT 10:45 AM**

<THE HEARING IN PRIVATE SESSION RESUMED AT 10:45 A.M.

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 10:47 AM

30 **<THE HEARING IN PUBLIC SESSION RESUMED AT 10:47 AM**

MR BELL SC: Yes, Ms Sharp.

35 **MS SHARP SC:** Mr Bekier, did you understand Mr Tom Zhou to be a funder of the Chinatown junket?

MR BEKIER: No.

40 **MR HOLMES:** I object.

MR BELL SC: Ms Sharp, perhaps you could ask a more precise question.

MS SHARP SC: Did you understand who the funders of the Chinatown junket were at The Star?

45 **MR BEKIER:** No. I didn't get into that level of detail.

MS SHARP SC: Did you understand that Alvin Chau was the funder of the Suncity junket?

MR BEKIER: Yes, I was aware of that.

5

MS SHARP SC: Can I return you now, Mr Bekier, to this September 2017 document and take you, please, to pinpoint 1497. Now, can I take your attention, please, to the heading there. It says Competitors Macau Market. And it's right that some general points are being made here about the state of the Macau market; do you agree?

10

MR BEKIER: Yes.

MS SHARP SC: And we may take it that you were aware of each of those points that are reproduced in the presentation bearing your name?

15

MR BEKIER: Yes.

MS SHARP SC: And in particular, you were aware that the Chinese Government had launched Operation Chain Break in late 2015 which sought to stop the flow of funds into foreign casinos?

20

MR BEKIER: Yes, I was aware of that.

MS SHARP SC: Was that a matter that was discussed at all at the board meeting when this paper was prepared?

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MR BEKIER: I don't remember. I don't remember the detailed discussion.

MS SHARP SC: Could I take you, please, to pinpoint 1499. Do you see there's a heading Competitors Australia/New Zealand Market?

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MR BEKIER: Yes.

MS SHARP SC: And the first dot point says:

35

"The Star has increased its share of the Australia/New Zealand international rebate business market from 29.7 per cent in financial year 2013 to 48.9 per cent in financial year 2017."

40

MR BEKIER: Yes.

MS SHARP SC: And that was consistent with your understanding at the time?

MR BEKIER: Yes.

45

MS SHARP SC: So it's fair to say that The Star had dramatically increased its market share of the Australia/New Zealand international rebate business in the period 2013 to 2017?

5 **MR WILLIAMS SC:** I object to that question. The precise increase is set out on the page in front of the witness. The question is asking for a very generalised comment as to the level of increase. In my respectful submission, it's of no assistance.

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

MS SHARP SC: Well, it's seeking to give a qualitative description to some numbers.

15 **MR BELL SC:** Yes, I will allow the question.

MS SHARP SC: Would you agree that these figures demonstrate there had been a dramatic increase of The Star's share of the Australia/New Zealand international rebate business in the period from financial year 2013 to 2017?

20

MR BEKIER: No, but I will probably characterise it as a gradual increase - a steady increase - until 2017 when the Crown arrests led to a very significant decline of revenue for Crown, which then inflated our market share. But it is - you know, it is something that we were focused on and, you know, we were, you know, very much looking at that market share as a measure of our success.

25

MS SHARP SC: And may we take it that you took some pride in the fact that The Star had increased its market share in this regard?

30 **MR BEKIER:** Yes.

MS SHARP SC: And you took some responsibility for that increase in performance, did you?

35 **MR WILLIAMS SC:** I object to that question.

MR BELL SC: What's the objection?

40 **MR WILLIAMS SC:** It's asking the witness to pass comment on responsibility for an increase. It's so generalised, in my respectful submission, as to be of no assistance and almost meaningless.

MR BELL SC: Well, I understood the question, Ms Sharp, to be directed to whether the witness understood he was taking some credit for that improvement. Is that the question you were asking?

45

MS SHARP SC: Yes.

MR BELL SC: Perhaps if you could put it more directly in those terms.

MS SHARP SC: Did you take some credit for that increase in performance, Mr Bekier?

5

MR BEKIER: I think - I think the company took credit. I credited the team. I don't think I personally took any credit for this.

MS SHARP SC: Could I take you, please, to pinpoint 1502. And you will see there's a heading Current Issues Overview, and there's a dot point:

10

"Chinese Government focus on cracking down on gaming appears to be moderating in respect to Macau casinos, but not foreign operators."

15 What did that mean?

MR BEKIER: I think this is a commentary on the - the volumes that we had previously looked at in the Macau market, and it says that flow that was directed towards Macau continued to increase. And I think it implicitly says probably with the approval of the Chinese Government, but that any activities of foreign operators continue to be discouraged.

20

MS SHARP SC: And to be clear, The Star was one of those foreign operators in Macau?

25

MR BEKIER: The Star was a foreign operator. I would just put it into perspective: Star had about a two per cent market share - global market share, so we never thought we were the focus of this.

MS SHARP SC: All right. But The Star was a foreign operator in Macau as it had an office in Macau?

30

MR BEKIER: I think that the way we use the language here is foreign operators, it means all foreign casinos that attract Chinese gamblers. It probably was less focused on the language around whether we have an office in Macau or not. But - but for the purposes of this sentence, it included us.

35

MS SHARP SC: And it's right, isn't it, that at this time, restrictions coming from the mainland Chinese Government were making it more difficult for foreign casinos to collect funds from patrons in Macau to expend in overseas casinos?

40

MR BEKIER: I think - I think the interpretation for us was that it was getting more difficult for Chinese guests to take money out of China, full stop. Whether it was going to Macau or Hong Kong or anywhere else, it just made it more difficult. In terms of our collection experience, it was always a little bit difficult to ascertain whether it was really any orchestrated crackdown by the Chinese Government or whether they were excuses by guests who didn't want to settle their debts. What

45

we knew, though, was that a number of banks were pulling out of servicing casinos, and that certainly made it more difficult.

5 **MS SHARP SC:** At this third dot point, the paper which bears your name says:

"Global focus on AML continues to intensify, with direct and indirect implications (indirect including banks tightening their internal controls and customer risk assessments)."

10 Now, what were the direct implications of the global focus on AML intensifying, so far as you were aware?

MR BEKIER: Banks no longer dealing with casinos.

15 **MS SHARP SC:** Well, that has been defined here as an indirect implication; do you see?

20 **MR BEKIER:** Yes. So - so, Ms Sharp, the way I read that sentence in brackets, I thought that more referenced things like unwillingness to accept cash even if bank accounts were being maintained and, you know, being more demanding in their own assessment of the source of wealth and source of funds.

25 **MS SHARP SC:** And when you say that they were being more demanding, do you mean they were calling out AML risks?

MR BEKIER: Can you just repeat that? I just missed that.

30 **MS SHARP SC:** When you say the banks were being more demanding, do you mean that they were calling out AML risks, and when they identified such risks, not being prepared to deal with those customers?

MR BEKIER: Yes.

35 **MS SHARP SC:** Now, could I take you, please, to pinpoint 1503 on this document. You see there's a heading Current Issues China Update, and the first dot point says:

40 "Operation Chain Break, a campaign to stop the flow of money and connections between high-stakes gamblers on the mainland and casinos (including Macau) was launched in mid-2015."

MR BEKIER: Yes.

45 **MS SHARP SC:** And given that this report bears your name, you were aware of this at the time of this report, weren't you?

MR BEKIER: Yes, I was.

MS SHARP SC: And you were aware, weren't you, that mainland China was imposing tightening controls in this respect?

MR BEKIER: Yes.

5

MS SHARP SC: And it had a direct implication for The Star, didn't it, because it was becoming more difficult for certain patrons to move their money into the Sydney casino; is that right?

10 **MR BEKIER:** I think that's right.

MS SHARP SC: And could I take you, please, to pinpoint 1506. And do you see there's a heading Key Strategies Overview?

15 **MR BEKIER:** Yes.

MS SHARP SC: And under - well, in the row North Asian Junket Business, do you see there's a dot point:

20 "Expand presence in Macau."

MR BEKIER: Yes.

MS SHARP SC: And there's a dot point within that that says:

25

"Formalise Macau activities through the activation of the (dormant) EEI (Hong Kong) Services Limited."

MR BEKIER: Yes.

30

MS SHARP SC: And you were, we may take it, aware of plans to reinvigorate EEIS at around this time?

MR BEKIER: Yes, I was.

35

MS SHARP SC: And the purpose, so far as you were aware, of doing that was to formalise activities that staff members were already undertaking in Macau?

40 **MR BEKIER:** For EEIS, the - the main purpose - the way it was conceived and still to that point was - was for us to be able to provide direct credit to players in lieu of the CCF arrangements. The MMS was a subsidiary to formalise and provide a platform - employment platform for all of our marketing staff in Macau.

MS SHARP SC: And the MMS did not end up going ahead, did it?

45

MR BEKIER: The MMS was tied a little bit to our - ultimately our strategy to focus more on premium mass, which is the first point. And that dash point there that says:

"Acquire Macau travel agency."

5 We wanted to move the business much more into the, you know, sort of lower-end, entertainment-focused business. But we didn't get enough traction with either of those initiatives.

10 **MR BELL SC:** And, Mr Theodore -- why did you perceive the need to provide direct credit via EEIS rather than through the CCF arrangements?

15 **MR BEKIER:** The CCF arrangement in New South Wales was quite restrictive in terms of the - the time period after which we had to present a cheque. And the number one complaint, as I understood it, that we would be getting - that we were getting from - from guests was to say, you know, "I told you I can pay in two months, and you've put me into default," which then affects the credit rating of all the other casinos that are part of the casino group that shares credit information. Through the appropriation of a credit arrangement, we could be a lot more flexible in providing direct credit to our players. That's the - that's the primary reason for - was originally the primary reason for EEIS.

20 **MR BELL SC:** So principally to make loans on a longer term than was permitted under the --

25 **MR BEKIER:** Be more flexible, Mr Bell. Yes.

MR BELL SC: Yes. Thank you.

30 **MS SHARP SC:** And lastly, could I take you to pinpoint 1512, please, Mr Bekier. I beg your pardon, pinpoint 1512. Do you see there's a heading North Asian Junket Business Key Issues and Strategic Responses?

MR BEKIER: Yes, I see that.

35 **MS SHARP SC:** And you will see that one of the dot points in the middle of the page is:

"Macau bank accounts. Risk that bank accounts in Macau (which are used to remit funds) may be closed or subject to enhanced due diligence."

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

MS SHARP SC: So that was a risk of which you were aware at the time?

45 **MR BEKIER:** I was - I was aware of the risk. I was probably more focused on the account closure than the fact that there would be enhanced due diligence.

MS SHARP SC: Well, what was the risk to The Star of there being enhanced due diligence conducted by the banks in Macau?

MR BEKIER: That they would not accept money from players.

5 **MS SHARP SC:** And that was because they had identified source of funds problems with that money, was it?

MR BEKIER: Presumably, yes.

10 **MS SHARP SC:** Well, wasn't that a concern of The Star in the sense that if it could not identify source of funds, it should not accept those funds from the customer?

15 **MR BEKIER:** I - I agree, Ms Sharp. And so I was, you know, aware of this point, and in most recent iterations, that the whole source of funds discussion and the way our money would be transmitted if a customer were to lose and owe us money, we had to put that at the beginning of our relationship with the customer, not at the end of our relationship with the customer - not - not at the end when it actually occurs. So I looked at that as a, you know, temporary problem because if we were dealing with the problem up-front, then we wouldn't do business with some of these customers that couldn't give us confidence.

20 **MS SHARP SC:** Well, if banks in Macau were not prepared to accept money from those customers, wouldn't that be a good indication that The Star should seriously consider not doing business with those customers?

25 **MR BEKIER:** Yes, I agree with that.

30 **MS SHARP SC:** Can I take you to another document, please, which is exhibit B442, STA.0025.0001.0922. And I'm showing you your managing director and CEO report to the board dated October 2017?

MR BEKIER: Yes.

35 **MS SHARP SC:** Now, could I take you to pinpoint 0925. I beg your pardon. I meant 0926. Now, do you see there's a presentation embedded in your report about cheque cashing facility process?

MR BEKIER: Yes, I see the report in front of me. It's dated 6 December 2017.

40 **MS SHARP SC:** So does that mean it was not part of the - I appreciate the dates are different, but does that mean it was not provided in the one parcel to a meeting of the board?

45 **MR BEKIER:** You know, we typically had a board meeting in early December. I assume that this went separately to that board meeting in December, that it wasn't part of the MD's report.

MS SHARP SC: Thank you for clarifying that. Your name appears on this presentation. May we take it that you read this document before it was prepared to ensure, firstly, that you understood it; and secondly, that you agreed with it?

5 **MR BEKIER:** Yes.

MS SHARP SC: And did you actually contribute to the drafting of this report?

10 **MR BEKIER:** I don't recall. But, you know, I'll have to - I'll have to have a look at the document just to refresh my memory. But the fact that it deals with cheque cashing facility and we have the chief financial officer on the - on the report as well as John Chong, I don't think I was involved in drafting. I would have read it before - before we put it to the board.

15 **MS SHARP SC:** I will show you the agenda which, in a sense, functions like the index to this presentation. It's at point 0927, please, operator. And do you see these topics under the heading Agenda were the matters covered in this presentation to the board?

20 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: And you see, for example, there's a heading Cheque Cashing Facility Process and then Background?

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

MS SHARP SC: May we take it from the fact that you read this review - I beg your pardon - read this presentation and agreed with it, that you had a good understanding of the way the cheque cashing facility process worked at The Star?
30

MR BEKIER: I had a reasonable understanding, an understanding that was appropriate to my role, yes.

MS SHARP SC: And what you were endeavouring to do, in being one of the authors of this presentation, was to assist the board in understanding these matters concerning the cheque cashing facility process?
35

MR BEKIER: Yes.

40 **MS SHARP SC:** For example, if I take you to pinpoint 0942. One of the things you endeavoured to explain to this board in the presentation was who the top 20 junket or junket promoters were by reference to the cheque cashing facilities they took out; do you agree?

45 **MR BEKIER:** Yes.

MS SHARP SC: So on the basis of your - this presentation in which you were involved, do you consider that the board was well briefed on who the key junket operators were at The Star as at the time of this report, being December 2017?

5 **MR BEKIER:** I think they were - the board was appropriately briefed, yes.

MS SHARP SC: And if I can take you to another example. If I go to pinpoint 0948. Do you see that a whole section of this presentation was devoted to Sixin Qin?

10

MR BEKIER: Yes.

MS SHARP SC: And if I take you to the following page, which is pinpoint 0949. The presentation identified the cheque cashing facility that was granted to Mr Qin?

15

MR BEKIER: Yes, Ms Sharp.

MS SHARP SC: And if I take you to pinpoint 0950. The board was provided with information regarding the historical background of Mr Qin, including the fact that he had been one of Crown's major customers but in recent times had moved much of his business over to The Star?

20

MR BEKIER: Yes, I can see that.

25 **MS SHARP SC:** And you then go on, in subsequent pages, to explain some more about the revenue that Mr Qin was bringing in to The Star. And before you answer that, I will just have you shown pinpoint 0951 and pinpoint 0952.

MR BEKIER: Yes, I can see that.

30

MS SHARP SC: Now, being one of the people named on these presentations that I took you to this morning, you agree that you knew all of the matters that are outlined in those presentations?

35 **MR BEKIER:** Yes, I was aware of those. Yes.

MS SHARP SC: So it's right, isn't it, that you were aware of what you call the "dark arts" of the international rebate business at these times?

40 **MR BEKIER:** I'm aware of aspects of it, yes.

MS SHARP SC: Well, all of these aspects that are reported on here are matters of which you were aware?

45 **MR BEKIER:** I agree.

MS SHARP SC: I'm going to move on now, Mr Bekier, to ask you some questions about China UnionPay. May we take it that in your statement, you've

made your best effort to disclose all of your relevant interactions regarding the China UnionPay process at The Star?

MR BEKIER: Yes, Ms Sharp.

5

MS SHARP SC: And you say in your statement that in late 2013 to 2014, you were informed by Brett Houldin, then the financial controller for The Star, that the CUP process was to be implemented at The Star for the purpose of using the funds for gambling?

10

MR BEKIER: Yes.

MS SHARP SC: So you agree that you were aware from the earliest times that these debit swipes were ultimately for the purpose of funding gambling?

15

MR BEKIER: Yes.

MS SHARP SC: What did Mr Houldin tell you at this time, Mr Bekier?

20

MR BEKIER: I have no recollection of that conversation, other than being told that, you know, the China UnionPay - the China UnionPay card - the debit card was something that pretty much all Chinese guests had and that they were asking to use it so they could use the funds for gaming. And, you know - and that we were going to implement it at Star in Sydney.

25

MS SHARP SC: Were you told at this time that UnionPay International rules prevented the CUP cards being used to purchase gaming chips?

MR BEKIER: I'm not sure whether I was told that in 2013.

30

MS SHARP SC: When do you think you were told that, if at all?

MR BEKIER: I - I would have, you know, come to understand by 2015/16 that those rules were in existence.

35

MS SHARP SC: Are you sure you weren't told about that earlier?

MR BEKIER: I - I don't remember. I don't think so, but I may be wrong.

40

MS SHARP SC: When did you first become aware that the UnionPay cards were being swiped at the hotel?

MR BEKIER: In 2013, maybe 2014.

45

MS SHARP SC: Did you find that unusual, to be told that these cards were being swiped at the hotel rather than at the casino?

MR BEKIER: I was aware that under the New South Wales regulation, we were not allowed to use debit cards on the floor or credit cards on the floor. So from that point of view, probably didn't raise - didn't surprise me.

5 **MS SHARP SC:** So does that mean you didn't otherwise turn your mind at that point in time to the unusualness of the CUP cards being swiped at the hotel rather than at the casino?

10 **MR BEKIER:** I assumed that that was a convenient workaround to be able to use the debit card and make funds available for gaming without doing that on the main floor.

15 **MS SHARP SC:** The very fact that you suspected something was a workaround, did that raise any concern for you that it may have been not quite right from a compliance perspective?

20 **MR BEKIER:** The very nature of a workaround, probably not. You know, the - the CCF, in a way, is a workaround which is entirely legal to get around the prohibition of credit. So - so I am - I probably didn't turn my mind to it, no.

MS SHARP SC: Although the one important feature of the CCF workaround is it's one that is expressly permitted by the Casino Control Act; do you agree?

25 **MR BEKIER:** I agree with that.

MS SHARP SC: And you weren't aware that there was any express legislative permission to use CUP cards?

30 **MR BEKIER:** No. I was not aware of that.

MS SHARP SC: Were you aware, from the earliest time you became aware of the use of China UnionPay cards at The Star, that they represented a way of circumventing Chinese restrictions on capital flight out of China?

35 **MR BEKIER:** I probably didn't look at it that way, Ms Sharp.

MS SHARP SC: Well, you said that you were aware that other casino operators were using the CUP cards in the same way. Do you recall giving that evidence?

40 **MR BEKIER:** Yes, I do.

MS SHARP SC: So why did you think they were using the card?

45 **MR BEKIER:** As a convenient way for Chinese customers to access their own money.

MS SHARP SC: And what did you perceive to be the advantage to the casino of permitting customers to swipe their China UnionPay cards?

MR BEKIER: It - it reduced the credit risk for us.

5 **MS SHARP SC:** So it was to The Star's benefit to make that payment channel available to The Star's patrons?

MR BEKIER: Yes.

10 **MS SHARP SC:** Can I take you, please, to STA.3008.0004.0869. Now, I appreciate this is not your document. It's, in fact, at a time when you're the CFO of The Star Entertainment Group. This is from ILGA to Frederic Luvisutto, who at that time was the managing director of The Star in Sydney, dated 5 June 2013. It's exhibit B29. Have you ever been shown this letter, Mr Bekier?

15 **MR BEKIER:** No, I have not.

MS SHARP SC: Are you aware that some members of The Star have said that this is the letter by which ILGA granted approval to use CUP cards at The Star?

20 **MR BEKIER:** No.

MS SHARP SC: Can you see any reference here at all to China UnionPay cards?

25 **MR WILLIAMS SC:** I object to that question. With respect, the document speaks for itself. It's not a document he's ever seen before. He's not the author or recipient of it.

30 **MR BELL SC:** I think it's a simple question which Mr Bekier is well able to answer without any unfairness to him. Yes, Ms Sharp.

MS SHARP SC: Can you see any reference in that document at all to China UnionPay cards?

35 **MR BEKIER:** There is no reference to China UnionPay cards.

MS SHARP SC: Can you see any reference at all in this document to debit cards being swiped at a hotel associated with the casino?

40 **MR BEKIER:** No.

MS SHARP SC: Now, do you agree that one of the earliest challenges for the use of the CUP debit card at The Star was the need for the CUP debited funds to clear in The Star's bank accounts prior to patrons being issued with gaming chips?

45 **MR BEKIER:** Yes, I was aware of that.

MS SHARP SC: And the problem here was a concern that The Star may be regarded as providing credit to a patron if it provided the patron with chips prior to the funds clearing in The Star account; do you agree?

5 **MR BEKIER:** Yes, that's a problem.

MS SHARP SC: And were you part of any discussions to see whether there was a workaround to address this problem?

10 **MR BEKIER:** I'm aware of the fact that the - a workaround was established, which I thought had been approved, or at least had been legalised, that would allow us to issue a temporary CCF to cover the duration between the swipe of the card and the funds clearing.

15 **MS SHARP SC:** When you say you thought it had been approved, who do you say you thought it had been approved by?

MR BEKIER: I was under the impression - maybe falsely - that Queensland had approved it, and that New South Wales had also given approval prior to that.

20 **MS SHARP SC:** Could I take you, please, to ILGA.013.001.0073. I'm showing you a letter from Graeme Stevens, the regulatory affairs manager at The Star, to Micheil Brodie, who was then the chief executive of ILGA, dated 23 November 2013. This is exhibit C7, Mr Bell. Could I direct your attention, please, Mr Bekier,
25 to the second paragraph that says:

"This change relates to the use of debit cards at the casino. Currently the internal controls require that all electronic fund transfers must be registered in The Star bank accounts before the funds can be released."

30 You agree that this is the problem that you and I were just talking about?

MR BEKIER: I agree.

35 **MS SHARP SC:** And do you see that in the fourth paragraph, it states:

"Despite the transaction being processed and approved (a merchant copy is printed to this effect) some financial institutions -"

40 I think there's a typo here:

"These funds may not actually be deposited into The Star's account for up to 48 hours after the transaction actually takes place. The Star contends that this receipt is sufficient proof for the funds to be released to the patron and that in
45 doing so it is not providing credit."

So you understand that Mr Stevens is pleading the case here with ILGA?

MR BEKIER: Yes, I see that.

5 **MS SHARP SC:** And do you see further down the page that he suggests to ILGA that internal control 15 be amended with the insertion of a new point 16? Operator, if I could have the bottom of the first page shown to Mr Bekier, please.

MR BEKIER: Yes, I see that.

10 **MS SHARP SC:** Now, were you aware that ILGA declined this request to amend the internal control 15 to make this insertion of new point 16?

MR BEKIER: Not at - not at the time.

15 **MS SHARP SC:** Have you been made aware of that subsequently?

MR BEKIER: I picked it up by reviewing some of the transcripts.

MS SHARP SC: Of this inquiry?

20 **MR BEKIER:** Of this inquiry.

MS SHARP SC: And may we take it you reviewed Mr Stevens's evidence?

25 **MR BEKIER:** Parts thereof, yes.

MS SHARP SC: Can I take you - actually, I see the time, Mr Bell. Is that a convenient time?

30 **MR BELL SC:** Yes. I will now adjourn for 15 minutes.

<THE HEARING ADJOURNED AT 11:29 AM

<THE HEARING RESUMED AT 11:46 AM

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

40 **MS SHARP SC:** Operator, could you please bring up exhibit B3410, which is STA.3008.0008.0350. I'm showing you a memorandum from Oliver White. You can take it from me that the date is, in fact - in fact, I will show you a different version on it, which is correctly dated. Could I take you to STA.3034.0001.0591. Now, this is a memorandum from Oliver White, dated 3 February 2014, to the then CEO, John Redmond; you, in your capacity as the then CFO; Adrian Hornsby; and Paula Martin. Now, I appreciate it has been a long time, Mr Bekier, but is it the case that in all likelihood you read a memorandum from Oliver White
45 which was directly addressed to you at the time?

MR BEKIER: Yes.

5 **MS SHARP SC:** I will come back to that in a moment. But can I show you exhibit B, tab 47 at STA.3009.0009.0020. I'm showing you a file note that was made by Oliver White on 15 October 2014. And I'm showing this to you because it refers to you, Mr Bekier. Do you see he refers in the first paragraph to an incident occurring on 3 February 2014?

MR BEKIER: Yes.

10 **MS SHARP SC:** I will have that enlarged a little bit for you. Mr White says in the second paragraph:

"I prepared a briefing note for Matt Bekier and John Redmond, which was provided to each of them in hard copy and in person."

15 Now, that's the document I just took you to. Do you agree that Mr White did, in fact, provide that document to you in person?

20 **MR BEKIER:** I have no reason to disbelieve it. I - I don't have an original recollection of it.

MS SHARP SC: And Mr White says in the third paragraph:

25 "On the basis of the briefing note, Adrian Hornsby and I approached Matt Bekier, who gave his approval to us, but referred us also to John Redmond to consider the matter and confirm whether he approved."

Now, you have no reason to think that Mr White has incorrectly recounted events here, do you?

30 **MR BEKIER:** No.

MS SHARP SC: But you, yourself, have no independent recollection of this?

35 **MR BEKIER:** No.

MS SHARP SC: Can I return now to exhibit F54, please. And just for the transcript, this is STA.3034.0001.0591. I wanted to review some aspects of this note with you, Mr Bekier. Do you see there's a heading Executive Summary? If I could have that enlarged for you.

40

MR BEKIER: Yes.

MS SHARP SC: And it refers to Adrian contacting Mr White:

45 "Regarding a potential patron from China who wishes to access funds through their CUP debit card and the practical ramifications of this. The best potential solution is to temporarily establish a cheque cashing facility for this player to allow play to commence (with the CCF cleared once the cleared

funds from the CUP transaction arrive in The Star's bank account), although there is a risk that ILGA would still form the view that this process is a provision of credit in breach of section 74(1) of the Casino Control Act."

5 Now, you agree on the basis of this, don't you, that you were made aware in February 2014 of a proposal to use a temporary CCF with the CUP card?

MR BEKIER: Yes.

10 **MS SHARP SC:** And the idea of that temporary CCF was to cover the period between when the patron swiped their card at the hotel and when the funds cleared into The Star's bank account?

MR BEKIER: Yes, that was my understanding.

15

MS SHARP SC: And to permit The Star to provide chips to that patron in the meantime?

MR BEKIER: Yes.

20

MS SHARP SC: But you agree from this document, don't you, that Mr White clearly drew your attention to the risk that ILGA would still form the view that the process is the provision of credit?

25 **MR BEKIER:** That's what the memo states, yes.

MS SHARP SC: And if we look to the heading Background, Mr White there states:

30 "Currently, it is ILGA's view that a patron using CUP can only access the funds for which they have transacted once those funds have cleared."

So you agree, don't you, that ILGA's present position was clearly stated to you in this document?

35

MR BEKIER: Yes.

MS SHARP SC: And do you see there's a heading towards the bottom of that first page, Operating a CCF?

40

MR BEKIER: Yes, I see that.

MS SHARP SC: And what Mr White there states is that:

45 "The standard practice across Echo's properties is for a house marker to be signed on buy-in. If the patron does not have an Australian bank, the house marker is supported by a signed, but otherwise blank cheque from the patron's relevant overseas bank account."

And then he says:

"The house marker is the 'cheque'."

5

Now, do you understand a house marker is the same thing as a counter cheque?

MR BEKIER: Yes. Yes. Sorry.

10 **MS SHARP SC:** And Mr White continues - and I will need to show you the next page as well:

"The requirements for the cheque are -"

15 Dot point 1:

"An unconditional order to pay."

20 And then if I can take you a little further through the second page, Mr White states:

25 "Accordingly, provided we have bank details for the relevant overseas bank and put this on the house marker and that is signed by the patron or their authorised signatory, we will have a valid cheque and can provide chips against the cheque under the CCF provisions in section 75 of the Casino Control Act."

MR BEKIER: Yes, I see that.

30 **MS SHARP SC:** Now, if I can take you to the heading Interaction With Prohibition on Credit. Do you see that Mr White also advised:

"The complication of operating a CCF for patrons with overseas bank accounts arises from -"

35

Dot point:

"The prohibition on the provision of credit in section 74(1) and -"

40 Dot point:

"That house markers are generally only recognised and banked by Australian banks."

45 And then a little further down, he says:

"The position above has generally also meant that patrons with bank accounts only in countries which would not permit a cheque payable to The Star to be banked and honoured (eg China) have not been able to access a CCF."

5 **MR BEKIER:** Yes, I see that.

MS SHARP SC: Now, just stopping there, the fact that many Chinese patrons could not ordinarily access a CCF was one of the reasons why the CUP process was advantageous to The Star; do you agree?

10

MR BEKIER: Yes. Also the fact that there would be cleared funds that would be transferred to Australia as opposed to the need to collect debts after the event.

MS SHARP SC: So these were clear advantages to The Star in using the CUP process?

15

MR BEKIER: Yes.

MS SHARP SC: And do you see under the heading Current Situation with CUP, Mr White says:

20

"As highlighted above, however, ILGA have stated their view funds the subject of a CUP transaction may only be recognised when they clear in The Star's bank account."

25

So he is clearly identifying the position of the regulator; do you agree?

MR BEKIER: Yes.

MS SHARP SC: And then under the heading Proposed Workaround, which I will need to have scrolled up - operator, if you could scroll that up. Thank you. Mr White says:

30

"A potential workaround is to allow a CCF to be drawn by a patron with overseas bank accounts, but without a supporting blank cheque, on the basis that the 'approved' confirmation on the use of the CUP is confirmation that funds will arrive to clear the cheque and accordingly there is no provision of credit proposed under the Casino Control Act."

35

40 Now, it then says:

"The issues to be considered in relation to this solution are -"

Dot point:

45

"ILGA's stated view on the position of CUP transactions to date which might suggest that they would form the view that the use of the CCF in this circumstance is a prohibited provision of credit."

Do you agree that that risk was clearly drawn to your attention in this document at the time, Mr Bekier?

5 **MR BEKIER:** Yes.

MS SHARP SC: And then if we go to the following page, to the second dot point, it says:

10 "Whilst it is unlikely that ILGA will investigate this matter unless it ends up
in a position of default (ie the CUP approved transaction is not honoured by
payment and accordingly the house marker is banked and dishonoured), it is
possible that this will be flagged as an issue during a routine audit of house
15 markers/cheques held by the cage, which happen annually."

Now, do you agree that what is being flagged here is that ILGA may likely
become aware of what is described as the temporary cheque cashing facility?

20 **MR BEKIER:** Yes.

MS SHARP SC: Did you make a decision to take the risk that this temporary
CCF would contravene the provisions of the Casino Control Act?

25 **MR BEKIER:** I have no recollection of making such a decision, Ms Sharp, but
the fact that we have then entered into such operation would suggest that we did.

MR BELL SC: And, Mr Bekier, I appreciate that you were the CFO at the time
and not the CEO, but do you accept that what The Star should have done, acting
transparently, was to seek the approval of the regulator to this proposal?

30 **MR BEKIER:** I - I agree.

MR BELL SC: Yes, Ms Sharp.

35 **MS SHARP SC:** But you don't recall making any suggestion that regulator
approval be sought, do you?

MR BEKIER: I - I don't recall the conversation or the decision.

40 **MS SHARP SC:** Well, on the contrary, Mr White's file note suggests that you
approved the proposal; do you agree?

MR BEKIER: I see that from the file note, yes.

45 **MS SHARP SC:** You agree, do you, that the appropriate course in these
circumstances, where a risk of contravening the Casino Control Act was brought
to your attention, was to clear this type of proposal with the regulator?

MR BEKIER: Yes, I agree with that.

MS SHARP SC: Are you able to account for why you did not suggest that course be followed?

5

MR BEKIER: I have no recollection of the meeting, and I would be - I would be shocked if I had agreed to ask for us to enter knowingly into an arrangement that breaches regulation.

10 **MS SHARP SC:** Well, in fact, this temporary CCF procedure associated with the CUP swipes became a mainstay of the CUP process until it ceased in March 2020. Do you understand that?

MR BEKIER: I understand that.

15

MS SHARP SC: With every single CUP swipe subsequent to this date, a temporary CCF was created. Do you understand that?

MR BEKIER: Yes.

20

MS SHARP SC: And as night follows day, that means that every single time there was a CUP debit swipe and a patron was given chips prior to the funds clearing in The Star's account, The Star was at risk of contravening the Casino Control Act. Do you understand that?

25

MR BEKIER: I understand that. I'm - I'm also aware of the fact that I had been given assurances that this process did not breach regulations.

30 **MS SHARP SC:** Well, this document pointed out a risk rather than giving an assurance; do you agree?

MR BEKIER: I agree.

MS SHARP SC: Where did the assurance come from that you're referring to?

35

MR BEKIER: I'm aware of the fact that when the CUP issue was raised in the Bergin Inquiry, I was given assurance by our legal team that our situation was very different, that we were not in breach of the legislation in New South Wales because our legislation was different and that there was nothing to worry about.

40

MR BELL SC: But you do accept though, Mr Bekier, as at February 2014, that this was a risk which ought not to have been taken without a full and fair and frank disclosure to the regulator?

45 **MR BEKIER:** I agree with that. And I - I - as I said, I would be shocked if - if I agreed to that, and it looks like I did. So I cannot explain it.

MR BELL SC: Yes. Thank you.

MS SHARP SC: So this looks like an area where you fell short in effectively discharging the obligations you owed to The Star as its CFO at that time; do you agree?

5

MR BEKIER: If I agreed to a conscious breach of the regulations, I agree with you. I just cannot recall making that decision, Ms Sharp.

MR BELL SC: I don't think that's what's being suggested by counsel assisting. I think what's being suggested by counsel assisting is that you agreed to take the risk that this process might be in breach without requiring The Star to approach the regulator for approval. What do you say about that?

MR BEKIER: I'm not sure that I agreed to not approach the regulator, and I'm not sure - I'm not sure I did that, Mr Bell.

MR BELL SC: Well, didn't you - weren't you one of the people at The Star who approved this arrangement, knowing that it had not been cleared by ILGA and knowing that there was a risk that ILGA may not clear it?

20

MR BEKIER: It looks like I did. I don't recall it. But it looks like I did, yes.

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Can I take you, please, to paragraph 50 of your first statement, Mr Bekier. At the top of that page, can you see there's a heading China UnionPay?

MR BEKIER: Yes.

MS SHARP SC: And then question 14 is:

"In relation to the use of CUP cards at The Star's VIP arrival lounge between 2013 and 2020 to transfer money to a hotel account and then a front money account for gambling: (a) when, if at all, did you become aware of this arrangement and in what circumstances?"

35

Now, do you agree you respond to that question in paragraphs 49 and 50?

MR BEKIER: Yes.

40

MS SHARP SC: And you agree, do you, that you made no reference at all to this memorandum from Mr White to you in February of 2014?

MR BEKIER: Yes.

45

MS SHARP SC: Is there some reason why you did not refer to this memorandum?

MR BEKIER: I did not recall it.

MS SHARP SC: Can I take you now to exhibit B, tab 91, which is STA.3412.0151.0079. Now, you will see this is an email passing between two of the senior lawyers at Star at 9 October 2015. And - in fact, it's passing between three of the senior lawyers. And Andrew Power says:

"I had a chat with Paula about China UnionPay during the week and she has asked me to relay some of that information to you and to detail next steps: (1) update business about changes to China UnionPay; (2) identify any new risks introduced; (3) detail the legal position associated with accepting China UnionPay from a contractual (merchant terms perspective) as well as an AML/CTF perspective, compliance and regulatory perspective and, more generally, from a risk perspective (including reputational risk)."

15

And then (5):

"Organise a briefing with Matt, Chad and Paula to outline the findings above."

20

Now, I appreciate we're going back some years now, Mr Bekier. But given the three internal senior lawyers were contemplating briefing you about risks associated with the China UnionPay process, is it most likely that they did, in fact, brief you at around that time in relation to risks associated with the China UnionPay process?

25

MR BEKIER: I'm not aware of such a briefing.

MS SHARP SC: So you don't recall one?

30

MR BEKIER: No.

MS SHARP SC: Do you think it is most likely that they did brief you, given that they are contemplating briefing you about the risks of that process?

35

MR BEKIER: No, Ms Sharp. I had weekly catch-ups with Paula. There were ample opportunities to get to me. So if they wanted to meet with me, I would have met with them.

MS SHARP SC: Is it your - or was it your expectation that if Ms Martin did identify risks associated with the CUP process, she would raise them with you?

40

MR BEKIER: Yes.

MS SHARP SC: And is it your expectation that if she identified risks that The Star may be in breach of terms of its merchant agreement with NAB in relation to the use of this card, she would have raised these risks with you?

45

MR BEKIER: Yes.

MS SHARP SC: Did she raise those risks with you?

5 **MR BEKIER:** No. I don't think so.

MS SHARP SC: Can I take you to exhibit B92, which is STA.3412.0151.0080. And do you see this is an email from Paula Martin dated 22 October 2015?

10 **MR BEKIER:** Yes.

MS SHARP SC: Do you see that the subject of the email is China UnionPay NAB Queries?

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

MS SHARP SC: And she is forwarding an email from Deborah Waterson dated 22 October 2015. Can I take you to that email, please. If the operator can scroll down. And Ms Waterson is recalling a telephone call she received the previous day from Neil Williams from NAB. And this is what it says:

25 "Neil was enquiring about the volume and expected value figures, he asked if we were aware that China UnionPay transactions were not to be utilised for gaming purposes and then advised that as part of the merchant approval assessment, questions had been raised in regards to the proposed coding of these transactions (hotels, motels and resorts) and the dollar value of these transactions. His exact comment was, 'That makes for a very expensive hotel room'."

30 And if I take you back to the top of this email chain, you understand, don't you, that NAB's queries had been escalated to the three senior lawyers, Ms Martin, Mr White and Mr Power?

35 **MR BEKIER:** Based on this email, yes.

MS SHARP SC: Were you made aware by Ms Martin or anyone else at the time that NAB was querying the purpose of the CUP transactions and pointing out that UnionPay prohibited them being used for gaming purposes?

40 **MR BEKIER:** No. Not the specifics of the NAB's concerns about it being used for gaming. I was aware from '15/16 onwards that there had been queries from the NAB, which, you know, had been dealt with as business as usual. And in some instances over time, we reduced the volume of swipes and the limits. But I was not aware of the specific queries from the NAB.

45

MS SHARP SC: Well, what were you made aware of at the time about queries from NAB? What did you understand those inquiries to be?

MR BEKIER: Look, I was - I was - I understood that those were queries about specific transactions, and - but - but it was really interpreted in the context of the overall volume of transactions going through our terminals, and that's as far as I went.

5

MS SHARP SC: Well, what did you understand NAB was querying exactly?

MR BEKIER: I - all I - all I heard was there had been queries from the NAB about individual transactions.

10

MS SHARP SC: And are you saying you were not told anything about the basis of those queries?

MR BEKIER: I was not told that the NAB was requesting specific assurances around the money not being used for gambling.

15

MS SHARP SC: So no one in your executive team told you that?

MR BEKIER: Not at that time.

20

MR BELL SC: Mr Bekier, you told me earlier, I think, that you became aware in about 2013 that the CUP cards were being used to provide funds for gambling; is that correct?

MR BEKIER: Yes. That's correct.

25

MR BELL SC: And you also told me earlier, according to my note, that in about 2015 or 2016 you became aware that the UnionPay International rules prohibited CUP cards being used to purchase gaming chips; is that correct?

30

MR BEKIER: That's correct.

MR BELL SC: Well, why didn't you take steps to stop the use of the CUP card being used in this way, once you knew that the rules prohibited it?

35

MR BEKIER: Because I hadn't challenged the view that I formed back in 2013 that this was an accepted industry practice.

MR BELL SC: Being an accepted industry practice is no justification for conduct which was in breach of the scheme rules, is it?

40

MR BEKIER: I - I understand that. And I - you know, I made it clear to the board that I think that was the fundamental failing right at the beginning of this process. We accepted something that we knew was probably wrong from the very beginning.

45

MR BELL SC: And does it follow that you were very much a party to what you've described as a sharp practice?

MR BEKIER: I let that happen, yes.

MR BELL SC: Yes, Ms Sharp.

5

MS SHARP SC: And when you speak of the accepted industry practice, you accepted yesterday that what you meant was that Crown did it too?

MR BEKIER: Crown did it, and Macau casinos did it.

10

MS SHARP SC: Can I take you to exhibit B, tab 77, which is STA.3008.0008.0358. And can I direct your attention, please --

MR BELL SC: I think your screen has frozen, Ms Sharp. Can you hear me? Yes. We might just take a short adjournment to fix this technical problem.

15

<THE HEARING ADJOURNED AT 12:17 PM

<THE HEARING RESUMED AT 12:22 PM

20

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: Now, Mr Bekier, I am just taking you to what the internal lawyers were discussing at this point in time. So I will direct your attention to the bottom of this first page, which is an email from Oliver White dated 11 April 2014, and then I will direct your attention to pinpoint 0359. Do you see Mr White makes reference to a meeting:

25

"The other day on the issue of CUP and a request for legal advice on the relevant terms applying to our acceptance of CUP."

30

MR BEKIER: If this could be enlarged, Ms Sharp. Okay. Thank you.

MS SHARP SC: And do you see in the third paragraph, he refers to the merchant terms?

35

MR BEKIER: Yes.

MS SHARP SC: And if you look at the third black dot point at the bottom - and I will have that scrolled down for you - do you see Mr White sets out circumstances where a transaction is not valid?

40

MR BEKIER: Yes.

MS SHARP SC: And do you see at the next dot point - black dot point down, he states:

45

"We have authorised NAB to withdraw amounts from our related account in relation to any fines, penalties or similar costs that NAB may incur under card scheme rules (which would include CUP scheme rules)."

5 **MR BEKIER:** Yes, I see that.

MS SHARP SC: And do you see in the last black dot point there, he states:

10 "We warrant to NAB that in having received or receiving the merchant services we have been and will not be in breach of any relevant law or obligation owed to any person."

MR BEKIER: Yes, I see that.

15 **MS SHARP SC:** And if we go to the top of the next page, Mr White expresses his view that:

20 "On the basis of the above and my understanding of the current processes for CUP, I do not believe there is a breach of NAB's merchant terms."

Now, were you aware at around this time, that is, April 2015, that the lawyers did have some concern about whether The Star was in breach of its merchant terms with NAB regarding the use of China UnionPay facilities?

25 **MR BEKIER:** No, I was not aware.

MS SHARP SC: So it's your evidence, is it, that Paula Martin did not make you aware of this concern at the time?

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

MS SHARP SC: And no other person within The Star made you aware of this concern at the time?

35 **MR BEKIER:** No.

MS SHARP SC: If there was any concern at all that there was a risk that The Star Entertainment Group was in breach of its contractual terms with NAB, shouldn't this have been escalated directly to you?

40 **MR BEKIER:** Well, it should have been escalated for action. And so whether that would have been an initial escalation to, you know, the CFO as the holder of the relationship with the banks, and then if that's not satisfactory, to me, yes. But it should have been escalated out of the legal team.

45 **MS SHARP SC:** So given that this question of whether, in fact, The Star may be in breach of the merchant agreement was not escalated to you, do you agree that

there was a serious failure in the risk management framework relating to the use of CUP cards at this point in time?

5 **MR WILLIAMS SC:** I object to that question. It might be convenient to deal with it in the absence of the witness, Mr Bell.

MR BELL SC: Yes. Operator, can you take us into private mode in the absence of Mr Bekier, please.

10 <THE HEARING IN PUBLIC SESSION ADJOURNED AT 12:26 PM

<THE HEARING IN PRIVATE SESSION RESUMED AT 12:26 PM

15 <THE HEARING IN PRIVATE SESSION ADJOURNED AT 12:28 PM

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

MR BELL SC: Yes, Ms Sharp.

20 **MS SHARP SC:** Now, Mr White says in this email:

"On the basis of the above and my understanding of current processes for CUP, I do not believe there is a breach of NAB's merchant terms."

25 But in view of the fact that the lawyers at Star were discussing a risk of breach, do you consider that the fact that nobody escalated this question to you was a serious breakdown in The Star's risk management framework?

30 **MR BEKIER:** Ms Sharp, I - I think the fact that it wasn't escalated is a - is a failure of the risk management framework. The question whether it should have come to me or the chief risk officer or the chief financial officer, I would have to give that a little bit more thought. But it - it would have - should have been escalated so we had a broader review of this risk.

35 **MS SHARP SC:** Now, can I take you, please, to exhibit B at 127, which is STA.3009.0009.0058. I may have the wrong exhibit number there. The correct number is STA.3009.0009.0058. I'm showing you a document dated 11 May 2016 called Memo of Legal Advice Re Key Risks, which was prepared by Andrew Power. It's exhibit B124. Mr Power gave evidence that he provided this document
40 to you and discussed it with you. Do you agree?

MR BEKIER: No, I have no recollection of either meeting with Andrew or seeing this document, you know, at that time. I've seen it since in the papers.

45 **MS SHARP SC:** Well, Mr Power says he gave it to you and discussed it with you. Do you have any reason to expect that his recollection is not accurate?

MR BEKIER: I - I heard his evidence, and I asked my lawyers to check the calendar - my calendar for May 2016, and it - it agrees with my recollection that I didn't meet with Andrew to discuss these risks. I wouldn't normally meet with Andrew one-on-one. I would have - you know, I would have no reason to meet
5 with him.

MS SHARP SC: Well, let me take you through what this says so I can understand whether any of these issues that Mr Power reported in writing as key risks were made known to you at around this time. Do you see that in the row entitled China
10 UnionPay, Mr Power states:

"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 the Chinese Government on Chinese nationals withdrawing funds
15 from China."

Now, were you made aware of that risk at about the time of this document?

MR BEKIER: I was aware of the Chinese Government policy, if I may call it that, of restricting capital flight. I was not aware of any direct intervention
20 on - that was relevant to CUP.

MS SHARP SC: And this document continues:

"More specifically, (a) whether CUP policy supporting practice of converting CUP credit through the SR lounge by swiping CUP card on NAB EFTPOS (and attributing an amount to the hotel room and creating a temporary CCF for gambling) is permitted or known."
25

30 Did anyone make you aware at about this time that there was a question about whether this process was permitted or known?

MR BEKIER: No, nobody made me aware of the fact that that was a concern.

35 **MS SHARP SC:** And you do see that this is entitled Legal Advice Re Key Risks?

MR BEKIER: I see that.

MS SHARP SC: And Mr Power also states in this document:
40

"(b) 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)."

45 **MR BEKIER:** I see that.

MS SHARP SC: Did anyone make that known to you at around the time of this document?

MR BEKIER: Not to my recollection, no.

5 **MS SHARP SC:** It's a pretty concerning risk that's being identified - would you agree - one that relates to reputational risk and taking active steps to conceal a practice?

MR BEKIER: I agree.

10 **MS SHARP SC:** Are you sure that no one made you aware of this risk at the time?

15 **MR BEKIER:** I'm pretty positive, Ms Sharp, that I didn't discuss that. I should add, though, that, you know, I was still operating under the view that I formed in 2013 that whatever we were doing was acceptable.

MS SHARP SC: Well, it's now 2016, Mr Bekier. Do you not revise your views from time to time?

20 **MR BEKIER:** I do. I do think this is one of the collective and individual failings here, that we didn't revisit that assumption.

25 **MS SHARP SC:** And you do agree with me, don't you, that if you weren't made aware of this reputational risk and the taking of active steps to conceal the practice, that was a major fail of the risk management framework?

MR BEKIER: Would you mind just repeating the question?

30 **MS SHARP SC:** You do agree with me, don't you, that if you weren't made aware at this time of the reputational risk and the taking of active steps to conceal this practice, that was a major fail of the risk management framework at The Star?

MR BEKIER: I accept it was a fail of the risk management framework, yes.

35 **MS SHARP SC:** It was a major fail of that framework?

40 **MR BEKIER:** It was major in that I think our risk appetite has very low risk for reputational risk or regulatory breaches. So from that point of view, yes, I agree with you. It was - it was a significant or major fail.

45 **MS SHARP SC:** And do you see that in paragraph (c), Mr Power refers to the use by a prominent customer of the CUP card under self-imposed operational restrictions that are not defined or documented? Do you understand what that's a reference to?

MR BEKIER: I'm not sure, Ms Sharp.

MS SHARP SC: Were you aware that - at this time that Phillip Dong Fang Lee was a user of the CUP debit facility at The Star?

MR BEKIER: Yes.

5

MS SHARP SC: And you were aware that he was one of the largest local players at the time, weren't you?

MR BEKIER: Yes, I was.

10

MS SHARP SC: Now, just before we move on from this, Mr Power does say that he met with you and with Ms Martin on around 11 May to discuss this document and to provide you with advice about various risks. Do you say that meeting did not occur or simply that you don't remember it occurring?

15

MR BEKIER: That - that I don't remember a meeting of this nature. And I said that I had my lawyers check my calendar. There is no meeting between Andrew, Paula and I on this topic or any other related topics.

20

MS SHARP SC: Well --

MR BELL SC: Mr Bekier, do you recall that the review of The Star Pty Ltd by Dr Jonathan Horton QC was imminent at this time in May 2016?

25

MR BEKIER: Yes. Yes.

MR BELL SC: My understanding of Mr Power's evidence is that this was a document which he prepared in anticipation of that review and in order to draw certain risks which might be aired in that review to the attention of others in the team. Does that assist you to recall this occasion?

30

MR BEKIER: Look, that context is helpful and it would make sense, but I don't recall that meeting.

35

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

MS SHARP SC: On the assumption, Mr Bekier, that these matters regarding China UnionPay set out in this document were drawn to your attention, do you agree that it was a major fail on your part that you did not take steps at this time to understand in detail how the UnionPay cards were being used at The Star and put a stop to that practice?

40

MR WILLIAMS SC: I object to that question.

45

MR BELL SC: I reject the question in that form.

MS SHARP SC: Now, you've mentioned that you were aware of Phillip Dong Fang Lee using the UnionPay debit card. What were you aware of?

MR BEKIER: I approved increases of his CCF, which was backed by UnionPay, from time to time.

5 **MS SHARP SC:** Could I take you to exhibit B, tab 66, which is STA.3014.0002.1906. What I'm showing you is a request for a cheque cashing limit change dated 4 April 2015?

MR BEKIER: Yes.

10

MS SHARP SC: And you can see that there's a limit change from 500,000 to 12,300,000?

MR BEKIER: Yes, I can see that.

15

MS SHARP SC: So an increase of over \$11 million in one day?

MR BEKIER: Yes.

20 **MS SHARP:** That's your signature, isn't it, that we see on the right-hand side down the bottom?

MR BEKIER: Yes.

25 **MS SHARP SC:** So you agree that you did approve that change that day?

MR BEKIER: Yes.

30 **MS SHARP SC:** So you agree, don't you, that you were made aware on 4 April 2015 that Mr Lee had withdrawn over \$11 million using his China UnionPay card?

MR BEKIER: Yes.

35 **MS SHARP SC:** And then if I can take you to exhibit B, tab --

MR BEKIER: Sorry. Can I just modify that statement, Ms Sharp? So based on this signature, I was aware that we have increased his CCF. Whether that was - how much of that was UnionPay, how much of that was by other means, I'm
40 not sure I can recall from that signature. But I - I approved the increase in the credit.

MS SHARP SC: We may take it that before you approved an increase in credit, you made at least some steps to understand the transaction involved?
45

MR BEKIER: Yes. This - so - so this is the paperwork for - that follows the approval, yes.

MS SHARP SC: And you took at least some steps to understand for yourself the nature of the transaction before approving it?

MR BEKIER: I would have.

5

MS SHARP SC: So you didn't merely act as a rubber stamp?

MR BEKIER: On the - if the transaction was approved by CUP, I would approve on the basis that there is no credit risk.

10

MS SHARP SC: Now, could I take you to exhibit B at tab 73, which is STA.3014.0002.1932. I'm showing you a document of two days later, dated 6 April 2015. This is another request for a cheque cashing limit change?

15 **MR BEKIER:** Yes.

MS SHARP SC: Do you see this one, there's a little box that says "CUP" and it's ticked?

20 **MR BEKIER:** Yes.

MS SHARP SC: And do you see the limit goes up this time from 12.3 million to 23.3 million?

25 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: So it has gone up a further \$11 million?

MR BEKIER: Yes.

30

MS SHARP SC: And it's correct, isn't it, that your signature appears in the bottom right-hand corner of that document?

MR BEKIER: Yes.

35

MS SHARP SC: So you approved this increase as well?

MR BEKIER: Yes.

40 **MS SHARP SC:** And this increase - you understood in approving this, didn't you, that what Mr Dong Fang Lee had done that day was swipe a further \$11 million on his CUP card?

MR BEKIER: Yes.

45

MS SHARP SC: So you were aware in April 2015 that within a three-day period, Phillip Dong Fang Lee had withdrawn over \$22 million from his China UnionPay card at the hotel associated with Star Sydney?

MR BEKIER: Yes.

5 **MS SHARP SC:** This is, on any view, an extraordinary amount of money to withdraw on a debit card in that period of time, is it not?

MR BEKIER: Yes.

10 **MS SHARP SC:** This was plainly an abuse of the China UnionPay process, was it not?

MR WILLIAMS SC: I object to that question.

15 **MR BELL SC:** What's the objection?

MR WILLIAMS SC: That the aspects of the process which are said to be abused by this event ought to be, in fairness to the witness, identified.

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

MS SHARP SC: Well, Mr Bell, with respect, you can't just object to questions because you don't like them.

25 **MR BELL SC:** Yes. Well, I think perhaps you could be a little bit clearer about what you say the abuse is.

MS SHARP SC: It was an abuse of the process established to permit patrons to have front money made available to them to permit a patron to withdraw \$22 million within three days; do you agree or disagree?

30 **MR BEKIER:** I don't think the amount of money, you know, changes the nature of the process, Ms Sharp. So from my point of view, as long as that money was being used for gaming in a process which I believed was understood by all parties and didn't break any laws, I - I was okay with it.

35 **MS SHARP SC:** And how do you know it didn't break any laws, Mr Bekier? Did you turn your mind to that question?

40 **MR BEKIER:** I relied on the fact that we had appropriately-resourced functions in our regulatory team, in legal and so on to make sure that these functions were operating appropriately. I did --

45 **MS SHARP SC:** Did any question arise in your mind as to how Mr Lee had \$22 million available to him to withdraw on a debit card over three days in April of 2015?

MR BEKIER: That - that was a question that I expected to be answered through the know your customer team looking at this from an AML point of view.

MS SHARP SC: Well, you didn't have any knowledge that the AML team had looked at these two particular swipes in April of 2015, did you?

5 **MR BEKIER:** No.

MS SHARP SC: Well, how could you have drawn any comfort from the AML team doing anything?

10 **MR BEKIER:** Because that is their job.

MS SHARP SC: But you didn't have any knowledge that they had done anything?

15 **MR BEKIER:** But I need - as - as the CEO, I need to rely on the work of other people. And at that point, I had no reason to believe that they weren't doing their job.

MS SHARP SC: Well --

20 **MR BELL SC:** Mr Bekier, did you make inquiries before you approved this increase to satisfy yourself that Mr Lee was, in fact, using these funds for gaming?

MR BEKIER: No.

25 **MR BELL SC:** Did you become aware of concerns being expressed by the casino at this time that Mr Lee was not, in fact, using these large amounts for gaming?

MR BEKIER: Not at the time, Mr Bell. I have since seen the paperwork on that.

30 **MR BELL SC:** Do you accept that you ought to have made inquiries about that matter before you approved this increase?

35 **MR BEKIER:** No, I don't accept that, Mr Bell. If - if our processes worked properly, that should have been handled by the business that's responsible for that, not me.

40 **MR BELL SC:** And if you were not informed that Mr Lee - that there were concerns that Mr Lee was not using these funds for gaming, that would suggest a breakdown in the processes, would it not?

MR BEKIER: Yes.

MR BELL SC: Yes, Ms Sharp.

45 **MS SHARP SC:** You understand, don't you, that know your customer identification at the start of a relationship with a patron is different to ongoing source of funds checks, don't you?

MR BEKIER: Yes.

5 **MS SHARP SC:** And you understand, don't you, that even when The Star has undertaken know your customer checks at the commencement of a relationship with the patron, it is necessary for the duration of that relationship that The Star continues to make source of funds checks for that patron?

MR BEKIER: That sounds - yes, that makes sense. Yes.

10 **MS SHARP SC:** Is that something that you understood at the time you signed off on these two \$11 million swipes of the CUP card?

15 **MR BEKIER:** I - I didn't dwell on that because Mr Lee was a very large player, well-known to the casino for a long period of time. So I assumed that we will continue to do our work on the customer's wealth and background.

20 **MS SHARP SC:** And it's right, is it, that you had no understanding at this time that various staff members within The Star in Sydney were concerned that Mr Lee's level of play was not commensurate with the level of his CUP debit card swipes?

MR BEKIER: No, I had no information about that.

25 **MS SHARP SC:** And it's right, is it, that you had no understanding that various staff members within Star had at this time expressed their concern that Mr Lee was using the CUP debit facility as an ATM?

MR BEKIER: I was not aware of that.

30 **MS SHARP SC:** And the fact that you were one of the people who approved these two \$11 million swipes, but were not made aware of those concerns held by various staff members, suggests to you that, once again, there had been some kind of breakdown in the risk management framework, does it?

35 **MR BEKIER:** If I can just sort of clarify my approval. My approval was not for the CUP swipes; my approval was for the credit risk increase through the cheque cashing facility. On the second part of your question, though, the fact that there were serious questions being asked about the customer's play and whether it was commensurate with the amount of money, that should have been raised through
40 the AML channels and escalated immediately.

MS SHARP SC: At the time you signed these documents, you were well aware that a temporary CCF process was used every time there was a swipe of the CUP card, weren't you?
45

MR BEKIER: Yes.

MS SHARP SC: And we may take it that whoever asked you to sign this limit change at least took the trouble to let you know that this request related to a CUP transaction?

5 **MR BEKIER:** That was the basis for the approval, yes.

MS SHARP SC: And, indeed, the second limit change that I'm showing you has a handwritten "CUP" on it, doesn't it?

10 **MR BEKIER:** Yes.

MS SHARP SC: So you were aware that this request for a limit change did relate to the use of CUP cards?

15 **MR BEKIER:** It was backed by the use of - yes.

MS SHARP SC: And looking back at the matter now, Mr Bekier, do you have any concerns in any way that a patron was permitted to swipe over \$22 million on their China UnionPay card at The Star within three days?

20 **MR BEKIER:** If we had followed all of our procedures appropriately, within the mindset that we had at the time that said this is just another money transfer mechanism, that everybody understands how it's being used, I don't think I had any concerns about it.

25 **MS SHARP SC:** What about looking back at it now?

MR BEKIER: Looking back at it now, the fact that he is a local guest swiping this much money is something that raises questions in my mind.

30 **MS SHARP SC:** And what questions in your mind does it raise?

MR BEKIER: That the CUP service was - as I had understood it, was - was there for the benefit of international Chinese guests in particular who wanted to access money and - in - in Australia. I don't think it was intended to give domestic guests access to that much money through our casino. And the fact that so much money gets transferred as front money, from an AML point of view, is very risky. We really would need to understand a lot about this customer.

40 **MS SHARP SC:** Well, did you know at the time you signed off on these two limit changes that Mr Lee was a local player and that Star's rules at that time only permitted international rebate players to swipe these cards?

MR BEKIER: I knew the former, not the latter.

45 **MS SHARP SC:** Can I take you, please, to paragraph 57 of your first statement. And this is exhibit A72. Do you see at paragraph 57, in the context of explaining your awareness of the CUP process as a payment channel, you say:

"I understood that the arrangement was legal under Australian law; that there was a shared tacit understanding between CUP card issuers, banks, casinos and customers, which allowed this use of CUP cards to occur."

5

Now, what's this shared tacit understanding all about?

10 **MR BEKIER:** This is an attempt to say that in two thousand - particularly when we started, because Crown was doing it, because the Macau casinos were doing it, I think I - I certainly operated under the strong hypothesis that CUP knew that these terminals could be used for gaming purposes, and I presumed that the NAB was also fully aware of how that might be used.

15 **MS SHARP SC:** So you made some assumptions, did you?

MR BEKIER: Yes.

MS SHARP SC: Did you discuss your assumptions with anyone at all at Star?

20 **MR BEKIER:** I'm not sure I did.

MS SHARP SC: Did you discuss your assumption with anybody at NAB?

25 **MR BEKIER:** No.

MS SHARP SC: Did you discuss your assumption with anybody at UnionPay?

MR BEKIER: No.

30 **MS SHARP SC:** Wasn't your assumption a matter that should have been very carefully checked to ensure it was accurate?

MR BEKIER: I - I guess I took comfort from the observed practice around us.

35 **MS SHARP SC:** Well, that doesn't quite answer my question, which I will put again. Wasn't your assumption a matter that ought to have been very carefully checked to ensure it was accurate?

40 **MR BEKIER:** I'm not sure that when we started this was such a big matter, and I don't think we ever expected the CUP usage to grow as much as it did. So for the size of the decision that was being made at the inception at 2013/14, I think it was - it was reasonable to rely on the observed practice.

45 **MS SHARP SC:** You're aware now, aren't you, that over \$900 million was swiped on these CUP cards at The Star Entertainment Group hotels?

MR BEKIER: Yes, I'm aware of that.

MS SHARP SC: Now, somebody at The Star should have been keeping an eye on the level of these transactions, shouldn't they?

MR BEKIER: Yes.

5

MS SHARP SC: And you were aware at all times until March 2020 that these transactions were continuing?

MR BEKIER: Yes.

10

MS SHARP SC: And, in fact, you were aware in April 2015 that one particular player had himself swiped \$22 million in three days?

MR BEKIER: Yes.

15

MS SHARP SC: Shouldn't you have taken steps, as time progressed, to review whether your assumptions were sound?

MR BEKIER: In hindsight, Ms Sharp, absolutely.

20

MS SHARP SC: Do you accept it was seriously remiss on your part not to take any steps over that lengthy period of time to review your assumptions and check that they were still firmly based in fact?

25

MR BEKIER: I don't think it was remiss of me. I think the fact that, you know, we had legal concerns that weren't being escalated, the fact that there were conversations with the banks that indicated that those assumptions may be wrong that weren't escalated, you know, sort of didn't give me personally enough cause to revisit that. Collectively - I agree with you - we should have revisited that - those assumptions.

30

MS SHARP SC: Well, can I just ask you this: should you have asked?

MR BEKIER: Who, Ms Sharp? I can't understand. Who should have asked?

35

MS SHARP SC: Should you, as the chief executive officer, a director of Star Entertainment and a director of the casino operator, asked your team of senior executives to check whether everything was in order with the CUP process?

40

MR BEKIER: I'm not sure, Ms Sharp. I - I relied on them coming forward to me if they had any concerns.

MS SHARP SC: So --

45

MR BELL SC: Is that a convenient time, Ms Sharp, or did you want to go on with this topic a little longer?

MS SHARP SC: No, that's a convenient time. Thank you, Mr Bell.

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

MR BEKIER: Thank you.

5

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

MS SHARP SC: Mr Bekier, could I please take you to paragraph 59 of your statement. Now, at paragraph 59, you say:

15 "From 2016 onwards, I was made aware of queries from NAB from time to
time in respect of the use of CUP cards and our actions in relation to reducing
transaction limits and frequency. I believe I was made aware of NAB's
queries in my regular catch-ups with the chief financial officer at the time.
20 However, I did not have a role in dealing with requests for information from
NAB, Bank of China and UnionPay. That role lay with the chief financial
officer and the people he supervised."

Now, what were you made aware of relating to queries from NAB?

25 **MR BEKIER:** I would be made aware of that there had been queries, typically
about larger transactions, and the fact that in response to that, we would be
reducing transaction limits, and - that was it.

MS SHARP SC: Well, what were you told the nature of the queries was?

30

MR BEKIER: I - I've got no special - no detailed recollection of that.

MS SHARP SC: Well, were you ever made aware that what NAB was querying
was the purpose for which the CUP cards were being used at The Star?

35

MR BEKIER: No. My understanding was that the queries related to specific
transactions and - specific transactions of individual customers.

40 **MS SHARP SC:** Is it your evidence that no one at Star made you aware that NAB
was querying the purpose for which the CUP cards were swiped at Star?

MR BEKIER: I was aware that transaction details were being requested.

45 **MS SHARP SC:** Yes. And what's your evidence? Are you saying that nobody
ever made you aware that NAB was querying what the purpose of the CUP
transactions was?

MR BEKIER: Well, by nature of asking for transaction details, I guess they wanted to know what the money was being spent on. But I do not recall a direct query from the bank saying, "Is this being used for gaming?"

5 **MS SHARP SC:** Well, did anyone at The Star at all tell you that NAB was asking precisely that, "Were these transactions being used for gaming?"

MR BEKIER: No, I don't recall that.

10 **MS SHARP SC:** And it is your evidence that not a single person at The Star made you aware that NAB was making requests on behalf of UnionPay International to the effect, "Are these transactions being used for gaming?"

MR BEKIER: I don't - I don't think so. No.

15

MS SHARP SC: And were you aware, Mr Bekier, that employees of The Star were providing information to NAB which fairly implied that the CUP transactions were not for the purpose of funding gambling?

20 **MR BEKIER:** I - I was aware of what I think my colleagues would describe as high-level responses. I was not aware of any communication that directly stated that the money was not being used for gaming.

25 **MS SHARP SC:** Well, can you please tell us exactly what you were aware of, Mr Bekier?

MR BEKIER: I was aware of the fact that we would respond back to the NAB with high-level responses.

30 **MS SHARP SC:** And what do you mean by "high-level responses"?

MR BEKIER: I - I presumed, Ms Sharp - I didn't query that. I presumed, Ms Sharp, that those would be statements around the provision of accommodation services.

35

MS SHARP SC: Well, if you made that presumption, doesn't that mean you understood that misleading responses were being provided to NAB?

40 **MR BEKIER:** With hindsight, I acknowledge that those were misleading responses - or would have been misleading responses. I should say I've not seen these - I hadn't seen these specific responses. Back then, I guess I was still operating under the view that this is all understood what it's really used for.

45 **MS SHARP SC:** Are you saying that it's only with hindsight that you understood that high-level responses which indicated the transactions were for accommodation services were misleading?

MR BEKIER: I'm saying that, Ms Sharp, because I now know that the nature of the inquiries from the bank were a lot more specific. And I now know the nature of our specific responses. Back then, I guess I thought we all knew what we were doing and, from that point of view, I didn't think we were misleading anybody.

5

MS SHARP SC: Well, is it your evidence to Mr Bell that at the time, you did not have even an inkling that the responses Star was giving to NAB were anything other than a completely correct account of what the transaction purpose was?

10 **MR BEKIER:** No, I - I didn't assume that we would write back to the NAB saying, "This money is being used for gambling." I was fully aware of the fact that that's not - that wasn't going to be our response.

15 **MS SHARP SC:** Well, did you have any awareness at all that the substance of what NAB was asking is, "Are these transactions being used for gambling?"

MR BEKIER: I didn't know it was a specific query to that point.

20 **MS SHARP SC:** Did you have any understanding at all that the substance of what NAB was asking was whether these transactions were used for gambling?

MR BEKIER: I didn't know the specific query that the bank put to us, Ms Sharp.

25 **MS SHARP SC:** I don't think you're answering my question, so I'll ask it again. Did you have any understanding at all that the substance of what NAB was asking were whether these transactions were used for gambling?

MR BEKIER: No, I don't think so.

30 **MS SHARP SC:** No understanding at all; is that your evidence to Mr Bell?

MR BEKIER: During that period, yes.

35 **MS SHARP SC:** Does it surprise you now to discover that, in fact, that is precisely what NAB was inquiring about?

MR BEKIER: No.

40 **MS SHARP SC:** Well, why do you say that?

MR BEKIER: Because if we had thought about it, the climate had changed significantly since the inception of the service. And the China arrests and the greater scrutiny on what Chinese guests were spending their money on, we should have thought about it. I should have thought about it.

45

MS SHARP SC: Well, I'm wondering, did you have any understanding at all that employees of The Star were not fairly and accurately explaining to NAB what the true purpose of these transactions was?

MR BEKIER: No. I thought we were dealing fairly with the bank.

5 **MS SHARP SC:** At any time, did you ask to see any response that was sent to the bank?

MR BEKIER: No.

10 **MS SHARP SC:** At any time, did anybody run proposed responses by you?

MR BEKIER: No.

15 **MS SHARP SC:** At any time, did anyone tell you what the responses to the bank were?

MR BEKIER: No.

MS SHARP SC: Why didn't you ask to see some?

20 **MR BEKIER:** Because this was an operational matter, and that sat with the finance team and - and the treasury team.

25 **MS SHARP SC:** But you're ultimately accountable for the operations of this organisation, aren't you?

MR BEKIER: Yes, I am.

30 **MS SHARP SC:** And you appreciated at the time that The Star was treading a fine line in using these cards, didn't you?

MR BEKIER: Yes.

35 **MS SHARP SC:** You appreciated at the time that, in fact, UnionPay prohibited the use of these cards to purchase gaming chips?

MR BEKIER: Prohibited - yes.

40 **MS SHARP SC:** And you appreciated at the time, didn't you, that there was a risk that the NAB would put a stop to these transactions?

MR BEKIER: Yes.

45 **MS SHARP SC:** Well, why in all of these circumstances did you not ask what precise responses were being provided by The Star to NAB?

MR BEKIER: Ms Sharp, I have a very broad remit as CEO, and I had confidence in my finance team and the work they were doing. I did not request specific responses because I didn't think I would be adding anything to it.

MS SHARP SC: But you knew of all of these risks, Mr Bekier. In the case where you knew of all of these risks, weren't you the least bit curious?

5 **MR BEKIER:** I - I thought it was all in hand, Ms Sharp.

MS SHARP SC: Are you giving your frank evidence to Mr Bell at the moment?

MR BEKIER: Yes, I am.

10

MS SHARP SC: Now, may we take it you do agree that it is an extremely serious matter for a company to mislead its bank in answer to queries made by that bank?

MR BEKIER: Yes.

15

MS SHARP SC: Can I show you some of the responses that were provided - actually, I withdraw that. I need to ask you about a few other things first of all. Can I show you, please, exhibit B at 193, which is STA.3401.0006.8832. Now, I'm showing you an email from Mr White dated 7 February 2017, which recounts a conversation with you. You will see that there are some parts of that document that are marked in blue shade. They're confidential, so could I ask you not to repeat what's marked in blue shade. Do you see that Mr White refers to a particular patron in the first paragraph of his email?

20

25 **MR BEKIER:** Yes.

MS SHARP SC: Do you see he refers to that patron as having been subject to media reports alleging he is under investigation by the Federal Police for money laundering offences in September and October 2016?

30

MR BEKIER: Yes.

MS SHARP SC: Do you see that reference is made to certain matters in blue shade? And you can take it from me that "LEA" stands for law enforcement authority.

35

MR BEKIER: Thank you.

MS SHARP SC: Do you see a few further paragraphs down, Mr White says:

40

"I went and saw Matt Bekier at approximately 3 pm to discuss -"

The patron:

45 "Flagging his reputational risk and possible risk around CUP, and also -"

And you will see those matters in blue shade. Now, Mr White records that:

"Matt was of the view that for \$100,000, it was probably not worth the reputational risk, but since the player was already flying to Sydney, given the relatively small buy-in, it was not worth knocking the patron back now."

5 Now, do you have any specific recollection of that conversation, Mr Bekier?

MR BEKIER: No, I don't.

10 **MS SHARP SC:** You have no reason to think that Mr White was making up this detail in his file note, do you?

MR BEKIER: No.

15 **MS SHARP SC:** So you conclude, don't you, that he is accurately recounting the conversation that he had with you?

MR BEKIER: I presume so, yes.

20 **MS SHARP SC:** And so the correct position is, isn't it, that you were told these particular issues about a patron and about a risk involving the China UnionPay card, but you determined not to prevent the patron from transacting at the casino?

MR BEKIER: Yes.

25 **MS SHARP SC:** Isn't this a situation where you turned a blind eye to a risk that was made known to you?

30 **MR BEKIER:** Ms Sharp, I would - I'm - I'm - I'm looking at the email, and I'm looking at the facts as they are presented. I - I think this is a decision I should not have made because I was never in operational decisions of that nature. But, you know, from Oliver's account, I did make that decision and, you know, I would say it's a wrong decision.

35 **MS SHARP SC:** Can I show you now exhibit B at tab 3095, which is STA.3401.0006.6254. This is not your email, but I wish to know whether it was a matter made aware to you. I'm going to show you some email exchanges between Oliver White and lawyers from KWM. And if I can start at the page at pinpoint 6255. What Mr White says in his 3 May 2017 email to KWM is:

40 "Please find attached The Star's merchant agreement with National Australia Bank and a couple of related documents, and the latest set of China UnionPay rules that I have had access to. Not sure if these are most current. The email attaching the rules is also of interest as it shows a set of discussions between
45 Star team members and the NAB team servicing The Star around how the swipe was proposed to work and how it has been operated in practice. Please note that in most instances the amount credited to the patron's room account is used to clear an amount outstanding by the customer with The Star, rather than any purchase of chips. As I am sure Ken conveyed, 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 The Star has agreed to indemnify NAB in relation to claims against NAB."

5
10 Now, were you made aware at this time that your senior legal - one of The Star's senior legal officers was seeking advice from an external law firm about whether The Star was in breach of arrangements with NAB?

MR BEKIER: No.

MS SHARP SC: Should you have been made aware of that?

15 **MR BEKIER:** I - I don't get briefed on, you know, every time somebody in the organisation seeks legal advice. I think I should have been made aware that this risk exists.

20 **MS SHARP SC:** Because this is a very significant risk, if The Star is in breach of its agreement with its bank; do you agree?

MR BEKIER: I agree with that.

25 **MS SHARP SC:** And that's precisely the kind of risk you ought to have been made aware of?

MR BEKIER: I agree with that.

30 **MS SHARP SC:** Can I take you back to the first page, please, which is pinpoint 6254. Do you see there's an email dated 4 May 2017 from a KWM lawyer, and it says:

"Our preliminary thoughts are below."

35 Point 2:

"Based on the information you have provided to us it may be arguable that The Star has not breached the terms of the merchant agreement by processing the hotel package transactions with UnionPay cards."

40 Now, that's not exactly a tick to this transaction not breaching the merchant agreement, is it?

45 **MR BEKIER:** Not particularly strong, yes.

MS SHARP SC: And do you see further down at point 4, the lawyer states:

"It is not clear based solely on the documents that you have provided to us that NAB has understood that it may have endorsed or permitted behaviour by The Star that could potentially breach the scheme rules."

5 Do you understand from that that the lawyer from Mallesons is calling into question whether, in fact, the NAB did know the substance of the transactions?

MR BEKIER: Yes.

10 **MS SHARP SC:** Was that made aware to you?

MR BEKIER: No.

MS SHARP SC: Do you agree this matter should have been notified to you?

15

MR BEKIER: It should have been escalated at least to the CFO, yes.

MS SHARP SC: And did the CFO ever escalate this matter to you?

20 **MR BEKIER:** No.

MS SHARP SC: Did Ms Martin ever escalate this matter to you?

MR BEKIER: No.

25

MS SHARP SC: This suggests a failure in the risk management framework, doesn't it?

30 **MR BEKIER:** I'm not sure whether it's a failure in the risk management framework as much as a failure of individuals, but it's a failure for the company.

MS SHARP SC: Can I take you, please, to exhibit B1806, which is STA.3006.0003.0358?

35 **MR BEKIER:** Yes.

MS SHARP SC: I'm showing you an email from Harry Theodore, the CFO, to you dated 5 November 2019?

40 **MR BEKIER:** Yes.

MS SHARP SC: You will see it's also copied to Greg Hawkins and Paula Martin?

MR BEKIER: Yes.

45

MS SHARP SC: Do you agree you read it on about the date it bears?

MR BEKIER: Yes.

MS SHARP SC: And do you see Mr Theodore states:

5 "We have been getting more requests for details from CUP on the transactions going through our NAB (hotel) terminals over recent weeks."

MR BEKIER: Yes.

MS SHARP SC: And it says:

10 "CUP are asking about the nature of the transactions and seeking a more detailed breakdown of specific customer accounts. Generally the pattern of requests are on larger transactions."

15 **MR BEKIER:** Yes.

MS SHARP SC: Surely you were aware when you received this email that there was a real problem here?

20 **MR BEKIER:** I looked at this email in the context of previous positions where we responded by reducing the swipe limits. And so I still didn't challenge our underlying assumptions.

25 **MS SHARP SC:** Well, surely you appreciated there was a real risk here at this time, didn't you?

MR BEKIER: I - I thought there was a risk that we might lose the terminals.

MS SHARP SC: And why did you think that was a risk?

30

MR BEKIER: Because we kept reducing the limits.

MS SHARP SC: Is that why you thought you would lose the terminals?

35 **MR BEKIER:** I - I probably implicitly assumed or understood that CUP was no longer tolerating what once had been tolerated.

40 **MS SHARP SC:** So here we have an example, don't we, where the CFO was doing exactly what he ought to have done, which was escalate a risk to you; do you agree?

MR BEKIER: Yes.

45 **MS SHARP SC:** And do you agree that the only prudent and responsible thing for the chief executive officer to do would be to investigate precisely what queries were being made by NAB and ascertain what responses were being provided by The Star?

MR BEKIER: I agree that that's a possible avenue. I'm not sure it's the only avenue.

5 **MS SHARP SC:** Well, my suggestion is that that was the only prudent course to follow.

MR BEKIER: I disagree, Ms Sharp.

10 **MS SHARP SC:** Well, on what basis can you possibly disagree that you should have taken further steps at this point when a matter was directly escalated to you to understand exactly what the queries were and exactly what The Star was saying in response to these queries?

15 **MR BEKIER:** Because I looked at that through the lens of an evolution of the relationship. We've had similar requests before. We've dealt with them. And in this email, we set out a path going forward that reduces the risk further by reducing the transactions limits.

20 **MS SHARP SC:** Is it, in fact, the case that what you did do was turn a blind eye to the very real risk that the NAB and UnionPay were being misled by The Star at this time?

MR BEKIER: No, I don't think so.

25 **MS SHARP SC:** You did not respond to this email by expressing any surprise that the NAB were querying the purpose of these transactions, did you?

MR BEKIER: No.

30 **MS SHARP SC:** Is that because you were well aware that the NAB had been querying the purpose of these transactions and you were well aware of the responses that The Star had been providing to that date?

35 **MR BEKIER:** I was not aware of the responses, the nature of the responses, and I was not aware of the precise nature of the inquiry from the NAB. I thought this is more of the similar types of inquiries that we've had in the past, that we've dealt with by reducing the transaction limits.

40 **MS SHARP SC:** Was that in the hope that the requests from UnionPay and NAB would just go away?

MR BEKIER: Yes.

45 **MS SHARP SC:** Well, wasn't it time to be honest about this and tell NAB that, in fact, the CUP cards were being used so that patrons could fund gambling?

MR BEKIER: In hindsight, if I had seen those precise inquiries and a direct request for confirmation of that - of that statement, absolutely.

MS SHARP SC: Wasn't the only ethical course for you to take at this time to direct your staff members to tell NAB and UnionPay the truth about the way these CUP cards were being used at The Star?

5

MR WILLIAMS SC: I object to that question.

MR BELL SC: What's the objection, Mr Williams?

10 **MR WILLIAMS SC:** It might be appropriate to deal with the objection in the absence of the witness, Mr Bell.

MR BELL SC: Could you take us to private mode, please, operator, in the absence of Mr Bekier.

15

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20 **<THE HEARING IN PRIVATE SESSION ADJOURNED AT 2:34 PM**

<THE HEARING IN PUBLIC SESSION RESUMED AT 2:34 PM

MR BELL SC: Yes, Ms Sharp.

25

MS SHARP SC: In circumstances where you (a) knew that CUP cards were not permitted by UnionPay to be used to purchase gaming chips; (b) were aware that NAB was, on behalf of CUP, asking about the nature of the transactions and seeking a more detailed breakdown of specific customer accounts; and (c) were aware that, in the past, high-level answers had been provided and the questions blew over - in those circumstances, wasn't the only ethical course for you to take at this time to direct your staff members to tell NAB and UnionPay that, in fact, the CUP cards were being used to fund gambling at The Star?

30

35 **MR HOLMES:** I object to that question.

MR BELL SC: I will allow that question.

40 **MR BEKIER:** I don't think that was the only ethical thing to do, given the view that I held at the time that we are not breaking the law, and that hypothesis that the banks - the counterparties had had an understanding of, and a tolerance for, us using this for gaming.

45 **MS SHARP SC:** And you had taken no steps at all to ascertain for yourself at this time what the so-called tolerance of the banks was for the use of the CUP cards to fund gambling?

MR BEKIER: No, I hadn't had that conversation.

5 **MS SHARP SC:** And, in fact, the very fact that the banks were making inquiries about the nature of these transactions could only suggest to you that they did not have tolerance at this point in time for using the CUP cards like that; do you agree?

10 **MR BEKIER:** No - no, I disagree. And I disagree not because I'm trying - not because I think I'm right in terms of the fundamentals, but when we started to get the first inquiries, we reduced the limits. We got more inquiries; we reduced the limits. To me, that almost confirmed the hypothesis that they understood and we were responding to managing the situation. I know it's - I know it's - yes. But that's what I believed.

15 **MS SHARP SC:** Could I take you, please, to STA.3002.0010.0096. I'm taking you to an example of what staff members said to NAB in answer to its queries. Mr Bell, this is exhibit B1430. I'm showing you an email from Paulinka Dudek at The Star to NAB dated 19 June 2019. Can you see that?

20 **MR BEKIER:** Yes.

MS SHARP SC: I will take you to the question that was asked. If I could direct your attention, please, to the middle of the page. Do you see there's an email from John Ventura, which in turn forwards an email that says:

25 "Hi JC, UnionPay's risk team sent out investigation request to one NAB merchant. The reason is suspicious large amount gambling transaction with improper MCC."

30 Now, did you understand "MCC" stood for merchant category code?

MR BEKIER: No, I - I wasn't across this email. I didn't know what it --

35 **MS SHARP SC:** I'm not suggesting that you were across this email. I'm going to take it - you through this email now and ask for your response. But did you understand that "MCC" stood for merchant category code?

MR BEKIER: I was not across that detail.

40 **MS SHARP SC:** All right. Now, reading this email today, you have no doubt, do you, that UnionPay had a suspicion that a China UnionPay card had been used to fund a gambling transaction?

MR BEKIER: That's how it reads, yes.

45 **MS SHARP SC:** And you had no doubt, did you, that UnionPay wanted to know what the purpose of the transaction was?

MR BEKIER: Based on reading this email that I hadn't previously seen, yes, that's what it is. Yes.

5 **MS SHARP SC:** And if I direct you - and I appreciate you haven't read this email before now. If I direct you to the middle of the page, there's an email from Joel Avenell dated 18 June 2019, and it says:

10 "UnionPay's risk team have flagged transactions at Jupiter Casino. Please request The Star to confirm below for the two amounts: (1) explain the business scope of the relevant merchants; (2) explain what type of goods or services did the cardholder purchase; (3) provide the supporting documents for the attached transactions."

15 And you will agree that it was very clear that UnionPay was seeking to understand the substance of these transactions, right?

MR BEKIER: Yes.

20 **MS SHARP SC:** Now could I take you to the response that Ms Dudek provided to NAB when it passed on these queries from UnionPay. If we could go to the top of the page please, operator. Now, you will see that there are some hotel receipts attached?

25 **MR BEKIER:** Yes.

MS SHARP SC: And I will take you to those in a minute. But for the moment, do you see that Ms Dudek says:

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

35 Now, you will agree that there's nothing in that email to suggest that the CUP card was used to fund gambling?

MR BEKIER: Yes, I agree.

40 **MS SHARP SC:** And you will agree, on the contrary, it is positively suggested that the cardholder purchased accommodation services?

MR BEKIER: Yes.

45 **MS SHARP SC:** Now, could I take you to one of the attached documents. If we go to STA.3002.0010.0097. Do you see this is some sort of statement or invoice from the hotel?

MR BEKIER: Yes.

MS SHARP SC: This is exhibit B1431, Mr Bell. And do you see in the description of the transaction, it says:

5 "Transfer to customer's account."

MR BEKIER: Yes.

10 **MS SHARP SC:** Do you agree that it says nothing whatsoever about moving money to a front money account or paying off a cheque cashing facility?

MR BEKIER: It doesn't.

15 **MS SHARP SC:** Do you agree that when this invoice is taken together with the statements made by Ms Dudek that I've taken you to, that NAB was provided with an utterly misleading answer?

MR BEKIER: I agree that it was a misleading answer to that question, yes.

20 **MS SHARP SC:** It was utterly misleading, wasn't it?

MR WILLIAMS SC: I object, your Honour - I'm sorry, Mr Bell.

25 **MR BELL SC:** What's the objection?

MR WILLIAMS SC: The adjective "utterly" in circumstances where the witness has agreed it's misleading is of no assistance to you, with respect.

30 **MR BELL SC:** It's not going to be much - it's not going to feature prominently in my ultimate deliberations, but I think it's a matter of emphasis which counsel is entitled to put once, at least.

MR WILLIAMS SC: If it pleases.

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

MS SHARP SC: The answer was utterly misleading, wasn't it, Mr Bekier?

40 **MR BEKIER:** I'm not sure what the implication is, but, yes, it was utterly misleading. I think my colleagues have agreed to that.

MS SHARP SC: And is it your evidence that you had absolutely no idea that that response went to NAB?

45 **MR BEKIER:** That's correct.

MS SHARP SC: Would it surprise you to know that that was a stock standard response that went to NAB on several occasions in relation to its inquiries about the use to which CUP transactions - or the use of CUP transactions?

5 **MR BEKIER:** No.

MS SHARP SC: That doesn't surprise you?

10 **MR BEKIER:** No. I presume that - and, you know, what I know now about how we arrived at this language was that that has been - had been agreed between people in the company and our lawyers - our internal lawyers. So - so I presume that we rolled out that answer every time we got that question.

15 **MS SHARP SC:** Well, does it concern you that that misleading answer was rolled out several times when Star got the question?

20 **MR BEKIER:** It concerns me that we didn't stop and think about what we were doing. And whether we answered it this way once or 10 times, I'm not sure is a big difference. We should have stopped.

MS SHARP SC: But does it concern you more that this was not just a one-off misleading response but was one that was repeated over a number of months?

25 **MR BEKIER:** Yes. The repeat is - is worse than a single offence, yes, or misstep.

MS SHARP SC: Can I take you now to STA.3105.0011.5300. This is exhibit B1828. I'm showing you an email of 7 November 2019, which is at a time a few days after Mr Theodore emailed you directly about bank queries of transactions. Do you understand?

30

MR BEKIER: Yes.

MS SHARP SC: And this is an email from Sarah Scopel to Tanya Arthur at the NAB, and it's copied to Harry Theodore?

35

MR BEKIER: I see that.

40 **MS SHARP SC:** And can I take you to the question to which it responds, which you will see set out on the second page at pinpoint 5301. And Ms Arthur says here that:

45 "UnionPay have provided us notice indicating they are considering issuing NAB a directive to cease provision of UnionPay card acceptance at The Star. UnionPay can fine NAB as an acquirer and terminate acceptance if we don't comply with their directives. From our conversation with local UnionPay representative, China's central bank, (ie, People's Bank of China, similar to our RBA) is not satisfied with UnionPay's explanations received from The Star (via NAB) for previous irregular transaction investigation requests.

People's Bank of China has observed individual cardholders spending more than \$20 million at The Star which they believe includes gambling and are struggling to see how this level of expenditure could be made on non-gambling entertainment."

5

And then a little further down, do you see that Ms Arthur says:

"Could you please provide additional information as suggested below."

10 And at third dot point:

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

15 Now, you agree, don't you, that it couldn't be clearer that NAB are seeking to confirm that the transactions have not been used for gambling purposes?

MR BEKIER: Yes, I agree.

20 **MR BELL SC:** And, Mr Bekier, do you agree that it's significant that it appears the People's Bank of China is involving itself in this issue?

MR BEKIER: I - yes, I presume - yes, there hadn't - as I understand it, there hadn't been an issue before. Yes.

25

MS SHARP SC: And can I take you now to Ms Scopel's response and ask you to read it to yourself, please. If we can go back to the first page and have it enlarged, and then Mr Bekier can indicate when he wishes it scrolled down.

30 **MR BEKIER:** I've finished reading that page.

MS SHARP SC: And then over to the second page, please, operator. Please tell me when you've finished reading.

35 **MR BEKIER:** Yes, I'm done. Thank you.

MS SHARP SC: Isn't this answer completely misleading?

MR BEKIER: Yes.

40

MS SHARP SC: In fact, it's deceptive, isn't it?

MR BEKIER: Yes.

45 **MR BELL SC:** I would like to just freeze this moment in time for your consideration, Mr Bekier. The evidence to this review - if we could return, please, to Ms Scopel's response on the first page, operator - is that this response was authorised and approved by three members of senior management: Paula Martin,

the head of risk and legal; Harry Theodore, the CFO; and Oliver White, the senior lawyer. Do you follow?

MR BEKIER: Yes, I do.

5

MR BELL SC: And to put it as neutrally as one can, this is a communication which should never have been sent, should it?

MR BEKIER: I agree.

10

MR BELL SC: And you have three senior executives who are, at the very least, acting unethically and most assuredly doing the wrong thing; do you agree?

MR BEKIER: I agree.

15

MR BELL SC: And another dimension of this communication is that more junior executives, Ms Scopel and Ms Dudek, have told me that they knew that this communication was wrong but that they didn't feel able to challenge more senior executives about it. Do you follow?

20

MR BEKIER: Yes, I do.

MR BELL SC: And that's despite the fact that at this time, Star Entertainment had a code of conduct which required employees to challenge and report unethical behaviour; do you agree?

25

MR BEKIER: Yes.

MR BELL SC: So these two dimensions are emblematic, are they not, of a culture problem at Star Entertainment?

30

MR BEKIER: I would - I'm looking back at all of this, and it all seems to relate to the VIP business and the way we treated the VIP business. And, unfortunately, it's - it includes the way our legal staff appear to have dealt with it, and our finance staff. And it's - it's a - it's a - I - I genuinely believe it's a very different culture here on that page from the rest of the organisation, and --

35

MR BELL SC: We're - sorry, go on.

MR BEKIER: So that's my belief, Mr Bell.

40

MR BELL SC: We're talking --

MR BEKIER: But it's a - it's a bare culture.

45

MR BELL SC: We're talking about a communication that has been authorised by senior executives in legal, in risk and in finance.

MR BEKIER: Yes.

MR BELL SC: They're not just members of the VIP team.

5 **MR BEKIER:** No - no, that's not how I tried to define it, and I may have been unclear. But it's in respect to the VIP business that we've made these mistakes. But this is bad.

10 **MR BELL SC:** And it's not just one or two people. It seems to be a systemic problem involving a number of individuals; correct?

MR BEKIER: These are two of my most trusted senior executives, yes.

15 **MR BELL SC:** So the dimensions that I've drawn to your attention are emblematic of a cultural problem, are they not?

MR BEKIER: They are.

20 **MR BELL SC:** And this is a problem for which the board as a whole must accept responsibility, not just yourself personally; do you agree?

MR BEKIER: I don't think the board had any visibility of this, Mr Bell.

25 **MR BELL SC:** That's really not the point I'm making. It's the board of a listed company which sets the culture, isn't it?

30 **MR BEKIER:** I'm - and I'm in a minority view here, but I think it's management that sets the culture. The board checks management's implementation of that. But the board is only there 10 days a year. I'm not sure they can actually influence the culture. It's management's decisions and actions that - that shape the culture. The board needs to keep an eye on senior management.

35 **MR BELL SC:** Do you agree that the board has to ensure that their organisation has systems and processes to get them the right information needed to perform their oversight and monitoring functions?

MR BEKIER: Yes.

40 **MR BELL SC:** And it follows, doesn't it, that whilst you've accepted responsibility personally by tendering your resignation, this cultural problem that I've drawn to your attention is a matter for which the board as a whole must accept responsibility; do you agree?

45 **MR BEKIER:** I think the board needs to make up their own decision. If I had been an NED of Star Entertainment, I would not accept responsibility for this behaviour.

MR BELL SC: If you were an NED of Star Entertainment and this behaviour was drawn to your attention, you would appreciate immediately, would you not, that there was a significant systemic and cultural problem with the organisation?

5 **MR BEKIER:** Well, it takes into account here at least two functions. Yes. It would have - you would have concluded that, yes.

MR BELL SC: Yes, Ms Sharp.

10 **MS SHARP SC:** How did this happen under your watch, Mr Bekier?

MR BEKIER: I --

MR WILLIAMS SC: I object to that question.

15

MS SHARP SC: Well, I press it.

MR BELL SC: I will allow it, Ms Sharp.

20 **MR BEKIER:** Look, it happened on my watch because I was confident in the people that I had put in place. I was confident in the processes and the structures that we had. And I personally didn't follow up any signals that I could have followed up because I was focusing on other priorities.

25 **MS SHARP SC:** Mr Theodore has told this review that in the period August 2019 to March 2020, he provided updates to you, as well as to Mr Hawkins and Ms Martin, via calls and discussions, that is, updates in relation to CUP; do you agree?

MR BEKIER: I don't recall those calls.

30

MS SHARP SC: Can I take you, please, to STA.3401.0003.8496. Do you see this is an email from Mr Theodore to you dated 3 March 2020?

MR BEKIER: Yes.

35

MS SHARP SC: And do you see at point number 2, which is headed CUP, he says:

40 "NAB have received a further request and demand for information from CUP on transactions."

And he says:

45 "This one is an escalation on previous correspondence."

MR BEKIER: Yes.

MS SHARP SC:

"We have a call with NAB this afternoon but I expect we are now in a position where we will lose the terminals. Will update you when we have an agreed position with NAB on how we will respond."

5

Now, it's right that Mr Theodore did update you from time to time on NAB's queries about CUP, isn't it?

10 **MR BEKIER:** I may have misunderstood your question before, Ms Sharp. Yes, he did update me.

MS SHARP SC: And surely by this time you appreciated that senior members of your staff were providing answers to NAB queries which did not alert the reader of the email to the fact that these CUP swipes were for the purpose of gambling?

15

MR BEKIER: By implication, yes.

MS SHARP SC: So you were aware of that?

20 **MR BEKIER:** Well, we provided what I believed - you know, we called high - high-level responses. You know, I - I took that to mean that we didn't spell out that it's being used for gaming. Yes.

25 **MS SHARP SC:** So is your evidence to Mr Bell that you assumed that Star was providing responses to NAB that were a little bit misleading but not quite as seriously misleading as the documents I've just taken you to?

30 **MR BEKIER:** No, Ms Sharp. My evidence is that I believed that we were responding in a way that was understood by all counterparties and that was not misleading - directly misleading.

MS SHARP SC: I'm sorry. What distinction are you drawing between directly and indirectly misleading?

35 **MR BEKIER:** It's - it's - I shouldn't have. Sorry.

MS SHARP SC: Now, can I take you to paragraph 53 of your statement. You there say that after the Finkelstein Royal Commission, your view was that:

40 "While arrangements facilitating use of CUP as a payment channel do not in and of themselves create an AML/CTF risk, risks were posed by the nature of the customer, in that the channel was used predominantly by Chinese nationals, and due to the quantum and frequency of the transactions by some
45 players, (ie, when some customers' transactions were viewed in aggregate their scale warranted greater scrutiny than would be suggested if individual transactions were viewed in isolation)."

When did you come to that view, Mr Bekier?

MR BEKIER: That was on reflection in preparation for this review.

5 **MS SHARP SC:** And were you aware that at no time were international financial transfer instructions lodged by The Star in relation to any of these CUP transactions?

MR BEKIER: No.

10 **MS SHARP SC:** Did you turn your mind at all at the time the CUP cards were in use to consider whether there were any money laundering or counter-terrorism financing risks associated with these transactions?

15 **MR BEKIER:** Yes. And I was - I was assured that we had the appropriate processes in place to cover this as a service under the AML program.

MS SHARP SC: And who provided you with that assurance, Mr Bekier?

20 **MR BEKIER:** I can't recall specifically. But over the years, I've made a number of inquiries about our AML/CTF program and I was always assured that CUP was covered by it.

25 **MS SHARP SC:** And what did you understand it meant to say CUP was covered by the program?

MR BEKIER: I'm - I'm meant to take that our AML program adequately dealt with the risks of the CUP transactions.

30 **MS SHARP SC:** Well, didn't your program require that The Star take steps to adequately quantify the risks presented by the CUP payment channel?

MR BEKIER: I'm not sure I'm aware of that specific provision. I'm aware of a generic provision in the program to assess and quantify all AML risks, yes.

35 **MS SHARP SC:** Well, on that basis, you must have understood that it was necessary for someone at Star to quantify the AML risks attendant upon the CUP process, mustn't you?

40 **MR BEKIER:** Yes.

MS SHARP SC: Well, let me show you the AML risk assessment that was conducted for the CUP cards. If I could call up exhibit B, tab 2966, which is STA.3401.0007.1049. Do you see this is a document entitled ML/TF Risk Assessment and Approval Form?

45

MR BEKIER: Yes.

MS SHARP SC: Could I scroll down the page, please. And go over to the next page, please. And do you see it relates to the China UnionPay debit card and is dated May 2013?

5 **MR BEKIER:** Yes.

MS SHARP SC: And do you see it relates to the hotel reception or VIP check-in lounge?

10 **MR BEKIER:** Yes.

MS SHARP SC: And can I take you over the page. And do you see right at the bottom, it says:

15 "Reviewed by relevant AML/CTF compliance officer."

And it's signed by David Kelley?

20 **MR BEKIER:** Yes.

MS SHARP SC: Now, I will have that last row enlarged so you can read it. Do you see David Kelley - he's actually signed in the last two rows, and he says:

25 "Standard operating procedures have been designed to track movements of funds into hotel accommodation. Cleared funds moved into front money account in same way as room and card. Front money account subject to existing KYC procedures. No credit function, drawn down on cleared funds only."

30 Now, that's really not much of an AML risk assessment, is it?

MR BEKIER: No, it isn't.

35 **MS SHARP SC:** And would it surprise you to know that that is the only AML risk assessment that has ever been conducted on the CUP payment channel while it was in operation at The Star from mid-2013 to March 2020?

MR BEKIER: Yes, it would surprise me.

40 **MS SHARP SC:** Well, in fact, you're aware now, aren't you, that around \$900 million was swiped on CUP cards at the hotels operated by Star Entertainment?

MR BEKIER: Yes.

45 **MS SHARP SC:** And do you agree that the transactions which show up on the patron's card statements as being a patron - sorry, a transaction to the hotel?

MR BEKIER: Yes.

MS SHARP SC: And do you agree that there is a degree of dishonesty in the transactions being represented that way on the patron's statements?

5 **MR BEKIER:** Yes.

MS SHARP SC: And the reason there's a degree of dishonesty in having these statements represented that way is because it does not reveal that, in fact, the transactions were for gambling charges?

10

MR BEKIER: Yes.

MS SHARP SC: And do you agree, Mr Bekier, that were a law enforcement agency to review the patron's statements, that law enforcement agency would be misled as to the nature of the transaction?

15

MR BEKIER: An uninformed law enforcement agency, yes.

MS SHARP SC: So do you understand now that by participating in the arrangement where the CUP card was swiped at the hotel, Star participated in an arrangement which obscured the nature of the transactions?

20

MR BEKIER: It didn't spell out the purpose that the funds were used for.

MS SHARP SC: Well, it, on the contrary, suggested the funds were used for something else, which was a hotel transaction.

25

MR BEKIER: Yes.

MS SHARP SC: And you can take it from me that during the entire period that the CUP card process was permitted at The Star, no IFTIs were lodged to AUSTRAC in relation to those transactions.

30

MR BEKIER: Yes.

35

MS SHARP SC: So that had the consequence that AUSTRAC was not notified in the ordinary course when one of those cards was swiped by a patron using their CUP card.

MR WILLIAMS SC: I object to that. I object to the question, Mr Bell. It can be dealt with in the absence of the witness.

40

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

45

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 3:12 P.M.

<THE HEARING IN PRIVATE SESSION RESUMED AT 3:12 PM

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 3:13 PM

<THE HEARING IN PUBLIC SESSION RESUMED AT 3:13 PM

5

MR BELL SC: Yes, Ms Sharp.

10 **MS SHARP SC:** Mr Bekier, could I take you now to a paper that was presented to the board of Star Entertainment, STA.3002.0009.0292. This is a paper prepared by Anthony Seyfort from HWL Ebsworth. It's called Review Paper 3: China UnionPay. You've seen this before, haven't you?

MR BEKIER: Yes, I have.

15 **MS SHARP SC:** This is exhibit B3103. May we take it you read it carefully at the time, Mr Bekier?

MR BEKIER: Yes.

20 **MS SHARP SC:** And you were at the board meeting where this paper was presented, weren't you?

MR BEKIER: Yes.

25 **MS SHARP SC:** And is it right that Mr Seyfort spoke to the paper?

MR BEKIER: Yes, he did.

30 **MS SHARP SC:** And did you have regard to - if can I take you to pinpoint 0296. Do you see in the middle of that page, there's a heading Who Was Misled?

MR BEKIER: Yes.

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

"UPI -"

That is, UnionPay International:

40 "And NAB might have been misled, but whether they were depends on what each actually knew or perceived about the use of CUP cards."

MR BEKIER: Yes.

45 **MS SHARP SC:** Did you, at that time, have - or make any inquiries to ascertain what NAB knew about the transactions?

MR BEKIER: At the time of this board paper?

MS SHARP SC: Yes.

MR BEKIER: No.

5

MS SHARP SC: And did you take any steps at all to ascertain for yourself what UnionPay International may or may not have known about these transactions?

MR BEKIER: No.

10

MS SHARP SC: Do you agree that there is no proper basis for concluding that UnionPay or NAB were not misled unless inquiries had actually been made with them to ascertain what it was they knew?

15 **MR BEKIER:** There can be no certainty unless they have been asked, yes.

MS SHARP SC: But that was certainly not a step that you took?

MR BEKIER: No, I didn't.

20

MS SHARP SC: And not a step that anybody acting at your direction took?

MR BEKIER: That's correct.

25 **MS SHARP SC:** And it's correct, isn't it, that once this paper was presented to the board, the board directed management to prepare a response?

MR BEKIER: Yes.

30 **MS SHARP SC:** And what was your role in preparing that response?

MR BEKIER: I coordinated the collection of input, and I drafted substantial sections of the paper.

35 **MR BELL SC:** Mr Bekier, could you recall, as precisely as you can for me, the discussion which took place in the board in relation to this paper when it was presented?

40 **MR BEKIER:** The board was surprised, and it was surprised on a couple of fronts. They was surprised because they had not been appraised of the use - consciously appraised of the significance of CUP - the significant use of CUP. They were surprised at the fact that it had been discontinued in the circumstances that it had without being notified. And the board was very concerned about the - the fact that this thing - sorry, the use of the CUP card
45 represented such a significant risk that they hadn't been notified of. And they were very keen to have, as quickly as possible, a response from management on how we would ensure that this could not happen - or something like this could not happen again.

MR BELL SC: And who, at the board, was expressing this surprise and concern? Do you recall?

5 **MR BEKIER:** I think that - that was pretty unanimous.

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

10 **MS SHARP SC:** Did anyone at the board ask to see any of the communications that The Star had made with NAB?

MR BEKIER: No.

15 **MS SHARP SC:** Did anyone at the board direct that inquiries be made with NAB or CUP to ascertain whether they were, in fact, misled?

MR BEKIER: No.

20 **MS SHARP SC:** And is it correct that when you prepared your response to management, you did not make any inquiries to see what exactly staff members of The Star had said to NAB?

MR BEKIER: That's correct.

25 **MS SHARP SC:** And so the emails I took you to a little earlier this afternoon come as a complete surprise to you, do they?

MR BEKIER: Yes.

30 **MS SHARP SC:** And is it right that they are very much worse than you had assumed they would be?

MR BEKIER: Yes.

35 **MS SHARP SC:** Why didn't you ask to see some of the communications when you were asked by the board to prepare a response on behalf of management?

40 **MR BEKIER:** Because my read of the board's request was all about, you know, making sure that something like this could not happen again, as opposed to undertaking a full review - I was not asked to undertake a review of what had happened in the past. And because we had discontinued the service, it was not foremost on my mind.

45 **MS SHARP SC:** But surely you needed to understand exactly what had been said to the bank to ensure that such things were never said again; do you agree?

MR BEKIER: Well, in - in my analysis of the shortcomings - and at this point, Ms Sharp, you know, I - I didn't know the requests of the bank and the - the type

of responses we had given. In my analysis of the shortcomings, I - I felt that, you know, we erred right at the beginning by engaging in something that we shouldn't have done because it was a sharp commercial practice, and we erred in terms of our risk management because we worked on the assumption that everybody knew.
5 But, you know, that was, as we have now seen, wrong at some point in time. And - and - and from the board's point of view, we erred in not providing enough of a sense to the board on what the risks were that the business was engaging in and - and how those risks were changing. So it was a communication issue. That was my analysis at the time of writing the board paper. And I didn't feel I needed
10 to, you know, review any more responses. I also wasn't made aware by my colleagues about the nature of responses that had been given, that might have changed that - sorry.

MS SHARP SC: Who helped you prepare this management paper that you
15 presented to the board?

MR BEKIER: Greg Hawkins, Paula Martin and Harry Theodore.

MS SHARP SC: And none of them made you aware of the responses that had
20 actually been provided to NAB in answer to its queries?

MR BEKIER: That's right.

MS SHARP SC: You see, I'll take you to your board paper now, Mr Bekier,
25 where you set out management's response. And this is exhibit B3117. This is STA.3411.0002.1796. And this is your board paper dated 1 October 2021?

MR BEKIER: Yes.

MS SHARP SC: And do you see there's a heading Critical Failings --
30

MR BEKIER: Yes.

MS SHARP SC: -- in the middle of pinpoint 4289?
35

MR BEKIER: Yes.

MS SHARP SC: Hang on. I don't think you can see that. Hang on a moment.

MR BEKIER: It's over the page, yes.
40

MS SHARP SC: Operator, could we just go to pinpoint 4289. And, operator, could we show the next page as well, pinpoint 4290.

MR BELL SC: I think this document has a different doc ID to the ones you're
45 reading out, Ms Sharp.

MS SHARP SC: I see. There are three critical failings that you identify there; correct?

MR BEKIER: Yes.

5

MS SHARP SC: And there is no critical failing identified here to the effect that Star misled NAB?

MR BEKIER: That's right.

10

MS SHARP SC: Whereas you now agree that NAB was seriously misled by the communications sent by The Star?

MR BEKIER: I agree with that now.

15

MS SHARP SC: Can I take you a little bit further up the page, to three paragraphs under the heading Context Considerations. This must be on pinpoint 1796 of the document. Do you see there's a paragraph that says:

20

"Legal advice was received in relation to compliance with the Casino Control Act."

And then it says:

25

"ILGA was advised in May 2013 about the proposed introduction of the CUP process and how it would operate."

Now, what you were intending to convey there is that ILGA approved the use of the CUP card; correct?

30

MR BEKIER: That was my understanding, yes.

MS SHARP SC: Is it right that you did not take any steps to check for yourself whether ILGA had, in fact, approved the use of the CUP card in the way it was used?

35

MR BEKIER: My recollection is that most of this section was provided to me by Greg because he had - previously had reviewed the CUP situation based on some ILGA inquiries. And so I - you know, I also ran the memo, obviously, past Paula. So I felt that we had the right people involved in this process, and if there was anything wrong, that they would speak up.

40

MS SHARP SC: So would it surprise you now to know that, in fact, The Star did not advise ILGA in 2013 that a China UnionPay card was to be used by way of debiting it at the hotel?

45

MR BEKIER: Yes.

MS SHARP SC: I'll move to a different topic now, if I may. I wonder whether now might be a convenient time for the mid-afternoon adjournment, Mr Bell?

5 **MR BELL SC:** Just one question, Mr Bekier. When the management paper was presented to the board, can you recall, as precisely as you can, the discussion which occurred in the board meeting in relation to that?

10 **MR BEKIER:** So the - the discussion of this paper was - happened a week after the board meeting - the specially convened board call because the board was really keen to hear from management. I think the discussion revolved very much around ensuring that the implementation steps that I outlined would be taken quickly. There was focus also given on the need for a more robust reporting of risks to the board and, you know, how - you know, how management would ensure that the board would be appraised of these risks. I think - I think management - this may
15 be, you know, a loose term, but management was very much encouraged to bring out the dead so the board would have full visibility of anything else that would concern management or anybody in management of a similar nature that was kicking around that the board was not aware of.

20 **MR BELL SC:** And would you agree, based upon what you know today, that the board were not appraised of the full dimension of the problem raised by the use of the CUP cards?

25 **MR BEKIER:** Yes.

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

<THE HEARING ADJOURNED AT 3:29 PM

30 **<THE HEARING RESUMED AT 3:46 PM**

MR BELL SC: Ms Sharp.

35 **MS SHARP SC:** Mr Bekier, it's correct, isn't it, that in 2017, Mr Michael Whytcross reported to you via John Chong?

MR BEKIER: Reported to John Chong, yes.

40 **MS SHARP SC:** Who, in turn, reported to you?

MR BEKIER: Yes.

45 **MS SHARP SC:** And you had dealings directly with Mr Whytcross from time to time, did you?

MR BEKIER: I'm not sure I can recall anything specifically, but it wouldn't have been impossible. We're on an open floor.

MS SHARP SC: So you shared the same room with Mr Whytcross, did you?

MR BEKIER: No, no. I'm just saying I'm - I'm on an open floor, and if Michael had something to discuss, he could have just come to me. So --

5

MS SHARP SC: Wasn't he based in Hong Kong in --

MR BEKIER: He was - he was in Hong - sorry.

10 **MS SHARP SC:** So he was in Hong Kong at the time?

MR BEKIER: He was in Hong Kong for a while and then he transferred back to Sydney.

15 **MS SHARP SC:** Are you aware that in 2017 - in the later part of 2017, he was negotiating with Suncity for the establishment of a permanent room at Salon 95 in The Star at Sydney?

20 **MR BEKIER:** I wasn't aware that he was leading the negotiation. I was aware of the fact that we were negotiating with Suncity.

MS SHARP SC: Did he make you aware that Suncity wanted to have a cage in its room?

25 **MR BEKIER:** No.

MS SHARP SC: Can I take you, please, to exhibit F65, which is STA.3417.0078.6717. I'm showing you an email from Graeme Stevens to Mary Butterfield at New South Wales Liquor and Gaming. And do you see that Mr Stevens is sending some plans to Mary Butterfield in relation to Salon 95?

30

MR BEKIER: Yes, I can see that.

MS SHARP SC: And do you see he says that:

35

"The purpose of these changes is to create a more customer friendly environment by installing a service desk in the salon and service window in the wall of the junket operator's office."

40 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: Were you aware that he made that representation to the regulator at the time?

45 **MR BEKIER:** No.

MS SHARP SC: Could I take you, please, to STA.3418.0014.0870, which is exhibit F75. And these are subsequent - this is an email chain with Mr Stevens and

other representatives of New South Wales Liquor and Gaming. If I could take you, please, to the email at the bottom of the chain from Mr Stevens dated 21 November 2017. And do you see the subject is Clarification re Salon 95?

5 **MR BEKIER:** Yes.

MS SHARP SC: And do you see he says that:

10 "To understand what we mean by 'better services' let me explain the service and operation of the junket."

MR BEKIER: Yes.

MS SHARP SC: And what he says is that:

15

"The junket operator/representative is the person who 'buys in' on behalf of the junket. They are the ones who draw the funds down and purchase rebate chips for use in the program."

20 And so on. And then he says - well actually, I better let you read the email to yourself instead of selectively quoting from it.

MR BEKIER: Yes, I see that.

25 **MS SHARP SC:** Now, you can take it from me that what Mr Bucktowonsing had asked was what activities were going to occur at the service desk, and this response was provided to that question. Do you agree that there is nothing in this email by which it is indicated that cash transactions will take place at the service desk?

30

MR BEKIER: There's nothing in there.

MS SHARP SC: Now, Mr Graeme Stevens admitted to this inquiry that he knowingly misled the regulator in this email. Do you have any comments about the regulatory affairs manager knowingly misleading the regulator in answer to its query about what the service desk in Salon 95 would be used for?

35

MR BEKIER: Obviously not acceptable. Absolutely not acceptable behaviour.

40 **MS SHARP SC:** And that was not a matter that was made known to you in any way, shape or form at the time?

MR BEKIER: No.

45 **MS SHARP SC:** Did you have any understanding at all at this time that the service desk was to be used in order to engage in cash transactions or to swap cash for chips?

5 **MR BEKIER:** No. My understanding at this point was that we were going to have a fixed room with appropriate branding and appropriate facilities to make the environment more comfortable for players. I was not across any specific cash or, you know, buy-in related activities that would or would not be executed in the room.

10 **MS SHARP SC:** Do you perceive any problems with a situation where Suncity was operating a desk within Salon 95 where its representatives were exchanging cash for chips and engaging in cash transactions?

MR BEKIER: Yes. I see - I see a problem in that.

MS SHARP SC: And what's that problem?

15 **MR BEKIER:** Well, the exchange of - or the purchase of chips, in my understanding, has to happen at the main cage in - at our cage in - in Sydney and has to be undertaken by a licensed individual. So that's an action that - or activity that should only happen under the purview of Star.

20 **MS SHARP SC:** Were you aware that there were transactions occurring in Salon 95 at the service desk where Suncity representatives were changing cash for chips?

25 **MR BEKIER:** I was made aware in May that some instances had occurred, and I was told that those problems would be rectified.

MS SHARP SC: Could I just take you to your statement, please, at paragraph 32.

MR BEKIER: Yes.

30 **MS SHARP SC:** You there refer to the renewal of the win/loss rebate and exclusive access agreement with the Suncity junket on 21 June 2018. You say that at around that time, you:

35 "Became aware that a breach concerning a cash transaction in the salon had been investigated. My understanding was that the breach was a one-off mistake, and that it had been addressed."

And further down, you say:

40 "I do not recall being made aware of the May 2018 and June 2018 warning letters."

45 **MR BEKIER:** Specifically as letters. I was aware that - in May, that, you know, what looked like cash for chips transaction - a cash for chips transaction might have happened or would have happened. It was raised by Greg, and he came and talked to me about it. And he assured me that the team would take the appropriate steps to make sure that this risk could not occur again in the future.

MS SHARP SC: Are you sure he only made you aware of one breach?

5 **MR BEKIER:** It's what I recalled. I - I've since seen the email that he forwarded to me that references more than that. But the way I understood it was a, you know, one-off mistake. That's - that's how I understood it.

MS SHARP SC: And you don't recall him ever making you aware of the warning letters that he sent to Suncity?

10 **MR BEKIER:** He - he told me that would be - appropriate steps that would be taken. First of all, the junket would be spoken to, that the - the necessary training would be executed and that there would be follow-up audits undertaken to make sure it couldn't happen.

15 **MS SHARP SC:** Can I take you to exhibit C49, which is STA.3427.0018.3096. Now, I'm not suggesting you saw this email at the time, but I want to understand whether you were made aware of the concerns about Suncity at this time. I'm showing you an email from Andrew McGregor. I will direct your attention to the bottom of the page, his email dated 14 May 2018. Do you see he expresses the
20 following view:

25 "Today's activities with Suncity have been very strange, we have an entity within our four walls which is totally non-compliant to reasonable requests for basic information. I'm going to call it out early, Suncity is operating a business model under our noses which is problematic for Star Entertainment Group with regards to AML/CTF laws."

30 Did anyone in May, June or July 2008 make you aware of that sentiment held by a senior investigator?

MR BEKIER: No.

MR BELL SC: I think you meant 2018, Ms Sharp, did you?

35 **MS SHARP SC:** I'm sorry. Yes, I do mean 2018.

MR BEKIER: No.

40 **MS SHARP SC:** Did anyone make you aware that on multiple occasions, Suncity representatives had been seen taking large bags of cash into the Suncity enclosed office area?

45 **MR BEKIER:** I think a bag of cash was referenced in Andrew's email. But as I said, I took this as a one-off event. I was not aware of reoccurrences.

MS SHARP SC: Can I take you, please, to exhibit B790, which is STA.3411.0010.3560. Can you see that Mr Hawkins is forwarding an email to you?

MR BEKIER: Yes.

MS SHARP SC: And it's dated 16 May 2018?

5

MR BEKIER: Yes.

MS SHARP SC: And it's entitled Salon 95 and The Iek Junket Group?

10 **MR BEKIER:** Yes.

MS SHARP SC: And the email that's forwarded by Greg Hawkins is from Andrew Power dated 15 May 2016, and Mr Power advises that he has reviewed footage in relation to Salon 95. And:

15

"The focal point of concern relates to cash transactions occurring in those areas."

Now, did you read this email at the time, Mr Bekier?

20

MR BEKIER: I would have scanned it, yes.

MS SHARP SC: And do you see Mr Power says that:

25 "The junket group's conduct has exposed The Star to an unacceptable level of risk and constitutes a breach of the agreement."

MR BEKIER: Yes.

30 **MS SHARP SC:** What did you do once that view from a senior lawyer was made known to you?

35 **MR BEKIER:** Well, I had spoken to Greg - or Greg raised this issue with me prior to this email, and he had given me assurance that the rectification would be in hand. And so from my point of view, you know, the first line of defence was dealing with a risk that, as Andrew points out, if not managed, is unacceptable. And I had no communication from the risk team that they held any concerns. So I - you know, once we had had that conversation, I trusted that this issue had been managed - resolved.

40

MS SHARP SC: Were you made aware that at this time, both the AML team and the investigations team were investigating concerning cash transactions within Salon 95 or involving Suncity staff?

45 **MR BEKIER:** No.

MS SHARP SC: Does it concern you that in view of the fact that both the AML team and the investigations team were investigating multiple incidents, that was not notified to you at the time?

5 **MR BEKIER:** I'm - I'm not running the business. So, you know, I'm - I'm expecting my managers, who are experienced, to run the business. But - but significant risks like AML, I would have expected those to be escalated. The risk function normally would have escalated significant risks of that nature.

10 **MS SHARP SC:** Were you made aware at any point in 2018 that Suncity representatives were not willing to provide answers to the investigators when they made queries in relation to the transactions of concern?

MR BEKIER: No.

15

MS SHARP SC: Now, after this exclusivity agreement was renewed in June of 2018, were you made aware of further transactions of concern in Salon 95?

MR BEKIER: No.

20

MS SHARP SC: Were you made aware of any transactions of concern in Salon 95 in 2019?

MR BEKIER: Other than the May occurrence, I was not aware of anything else.

25

MS SHARP SC: Is that for the whole of 2019 you were not made aware of any other matter?

MR BEKIER: 2018 or '19?

30

MS SHARP SC: 2019.

MR BEKIER: Sorry, 2019. I believe there was a police investigation that I was made aware of against individuals that had dealings in Salon 95 in 2019.

35

MS SHARP SC: Well, it's right, isn't it, that Mr Hawkins made you aware that, in fact - well, I withdraw that. Did Mr Hawkins make you aware that a number of people had been excluded by the Police Commissioner from the casino who were associated with Suncity?

40

MR BEKIER: I think - I think that was both Ms Martin and Mr Hawkins who alerted me to that, yes.

MS SHARP SC: Were you aware that the investigations team continued to investigate occurrences in the Suncity room in 2019?

45

MR BEKIER: No.

MS SHARP SC: Can I show you exhibit G675, which is STA.3427.0018.3538. Now, please take it from me that the matters in blue shade are confidential, so please don't repeat those. But you agree, don't you, that the information note is described as an activity in 2019?

5

MR BEKIER: Would you mind enlarging that a bit? Thank you. Where - where would you like me to look?

MS SHARP SC: If you just look at the very top of the document.

10

MR BEKIER: Yes. Okay.

MS SHARP SC: You see it's dated 5 June 2019?

15

MR BEKIER: Yes, I see that.

MS SHARP SC: And can you read for yourself the matter in blue shade under the heading Background?

20

MR BEKIER: Yes. Thank you.

MS SHARP SC: Now could I take you to pinpoint 3540. And I will have the second half of that document enlarged for you under the heading Postscript. And do you see it states:

25

"It appears that Suncity associates bring cash into Salon 95 concealing it in a few ways and that this concealment has thwarted casino surveillance's efforts to track its source and/or arrival time."

30

MR BEKIER: I see that.

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

35

"It appears that as newer people have moved into roles within Suncity Sydney that behaviours discouraged during last year's review period are returning."

MR BEKIER: Yes, I see that.

40

MS SHARP SC: And your evidence is that none of this was made known to you in 2019?

MR BEKIER: I was not aware of that, no.

45

MS SHARP SC: Because it's of considerable concern, isn't it?

MR BEKIER: Yes.

MS SHARP SC: Can I show you STA.3418.0011.0621. Now, again, I'm not suggesting you're a party to this, but do you see - this is exhibit B147. Do you see this is a report to Skye Arnott from Ian Tomkins?

5 **MR BEKIER:** Yes, I see that.

MS SHARP SC: And do you see it's referring to footage of incidents involving Salon 95?

10 **MR BEKIER:** Yes.

MS SHARP SC: And can I ask you to read to yourself the balance of that email?

15 **MR BEKIER:** Yes, I've read it. Thank you.

MS SHARP SC: None of those matters were made known to you in 2019?

MR BEKIER: No.

20 **MS SHARP SC:** Given the number of matters involved here, do you agree that you should have been notified of these matters?

25 **MR BEKIER:** Ms Sharp, these matters should've never occurred because we - we should have taken steps. But if they are occurring, then, yes, I would've had to be notified. These are significant, sustained, serious breaches.

MS SHARP SC: Who --

30 **MR BELL SC:** These are matters that should have been notified to the regulator; do you agree?

MR BEKIER: Yes.

35 **MS SHARP SC:** And who do you expect ought to have notified you of these matters at The Star?

40 **MR BEKIER:** Both the first and the second line. On all of these matters, I would expect both the first line, in this case Greg Hawkins, and the second line, which is the chief risk officer, to alert me to this.

MS SHARP SC: And the chief risk officer is Paula Martin?

MR BEKIER: At that point, it was Paula Martin, yes.

45 **MR BELL SC:** Sorry. I should have made my question more precise. These are matters - do you agree - which should have been notified to the Independent Liquor and Gaming Authority of New South Wales?

MR BEKIER: Yes, Mr Bell.

MR BELL SC: Yes, Ms Sharp.

5 **MS SHARP SC:** Because they're raising very serious - a very serious prospect that money laundering is occurring in Salon 95; do you agree?

MR BEKIER: Yes, Ms Sharp.

10 **MR BELL SC:** And unlicensed casino operations; correct?

MR BEKIER: From - from - from what is written here --

15 **MR BELL SC:** In the events of 2018 - I'm sorry. I was referring to the events which we've now seen in 2018 and 2019.

MR BEKIER: Yes, the - the - the exchange of cash for chips would be unlicensed casino operations. Here, is - could be money lending, could be - could be AML breaches.

20

MR BELL SC: Yes.

MR BEKIER: There's a range of things that need - would need to be investigated.

25 **MR BELL SC:** Yes, Mr Bekier. Thank you.

MS SHARP SC: And your position is you had no idea that this was going on?

30 **MR BEKIER:** Yes, that's my position.

MS SHARP SC: And clearly enough, if you had no idea this was going on, you were not in a position to brief the board about it?

35 **MR BEKIER:** Yes.

MS SHARP SC: Could I take you - well, I withdraw that. You're aware, aren't you, that in late July 2019, into early August 2019, a series of allegations were aired in the media about Crown Resorts?

40 **MR BEKIER:** Yes, I was aware of those.

MS SHARP SC: And in particular, allegations were made that some of the junkets with which Crown Resorts dealt were quite unsavoury?

45 **MR BEKIER:** Yes.

MS SHARP SC: And that money laundering incidents had occurred in the Suncity room in Crown Resorts in Melbourne?

MR BEKIER: Yes.

5 **MS SHARP SC:** And that Crown Resorts in Melbourne had turned a blind eye to money laundering?

MR BEKIER: I was aware of those allegations, yes.

10 **MS SHARP SC:** And did you follow those media allegations quite closely, Mr Bekier?

15 **MR BEKIER:** To the extent that I followed the media and I talked to our team about, you know, whether similar things could happen in our location - in our properties.

MS SHARP SC: And did you talk to your team about whether similar things could have happened at Star?

20 **MR BEKIER:** Yes.

MS SHARP SC: And who did you talk to?

MR BEKIER: I spoke to Greg.

25 **MS SHARP SC:** Anyone else?

30 **MR BEKIER:** On this matter, I spoke to Greg because I felt, having - having run Crown and now running Star Sydney, he was the best person - and being responsible for this line of business, he would be the best person to give me the assurance I was looking for.

MS SHARP SC: Did you speak to your chief risk officer, Paula Martin?

35 **MR BEKIER:** I think we - we had, at the board's request, a review of these risks that had been aired against Crown and whether they would apply to us. And in that context, I would have spoken to her.

40 **MS SHARP SC:** Now, could I take you to B1556, which is STA.0015.0001.0294. Now, I'm showing you an email that was sent to you by Peter Jenkins on 17 August 2019?

MR BEKIER: Yes.

45 **MS SHARP SC:** And do you see it's also sent to Harry Theodore, Paula Martin and Greg Hawkins?

MR BEKIER: Yes.

MS SHARP SC: And do you see it's forwarding an article published in the newspaper dated 16, 2019, about Suncity?

MR BEKIER: Yes.

5

MS SHARP SC: And may we take it that you discussed this article with Harry Theodore, Paula Martin and Greg Hawkins?

MR BEKIER: I'm not - I'm not sure I can be certain that we discussed this article, you know, in isolation. We were in pretty constant communication.

10

MS SHARP SC: Do you see that this article, on the second page, pinpoint 0295, attributes words to you? It says:

15

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

MR BEKIER: Yes.

20

MS SHARP SC: Did you say those words to a journalist?

MR BEKIER: Yes.

25

MS SHARP SC: And were you aware at that time that, in fact, an arrangement had been reached between Star and Suncity for Suncity to relocate to Salon 82?

MR BEKIER: My understanding was that Suncity would be relocated to a salon without special privileges and, most importantly, a salon without a service desk.

30

MS SHARP SC: You don't - did you make any mention of that fact to the journalist you spoke to?

MR BEKIER: No.

35

MS SHARP SC: This rather conveys the impression that Suncity and The Star had parted ways, doesn't it?

40

MR WILLIAMS SC: I object, in this sense. In fairness to the witness, he should be invited to --

MS SHARP SC: I withdraw it. I withdraw it. Do you see a little further down the page, the article says:

45

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

MR BEKIER: Yes, I see that.

MS SHARP SC: Were you asked that question, and did you reply in that way?

5 **MR BEKIER:** Yes, I was asked the question. And I did reply in this way.
Probably not my finest moment.

MS SHARP SC: And knowing what you know now about Suncity, there is a very good reason why The Star ought not to have been dealing with Star City; do you agree?

10 **MR BEKIER:** I agree. May I expand, Ms Sharp?

MS SHARP SC: Yes, please do, Mr Bekier.

15 **MR BEKIER:** I was - you know, in 2019, I was in a world where I thought that we're doing the appropriate due diligence on Suncity. I was in a world where I believed that Suncity was operating in a legal way with us and that we had good control over their operations. And it's on that basis that I said, "Well, it's legal for us to operate with these junkets. Why would we not do that?" Now, with what I
20 know now, that looks stupid.

MS SHARP SC: Were you aware of the 60 Minutes "Crown Unmasked" program that was broadcast in 28 July 2019?

25 **MR BEKIER:** Yes.

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

MR BEKIER: Yes.

30 **MS SHARP SC:** Were you aware that it referred to, and I'll quote:

"A secret report obtained by us by one of the world's largest bookmakers, the Hong Kong Jockey Club, which revealed its own deep mistrust of Suncity."

35 **MR BEKIER:** I remember that, yes.

MS SHARP SC: So you understood at the time that it was alleged that a report by the Hong Kong Jockey Club contained serious adverse allegations about Suncity?

40 **MR BEKIER:** Yes.

MS SHARP SC: And you're aware now, aren't you, that, in fact, Angus Buchanan, Paula Martin, Kevin Houlihan and Oliver White held a copy of that
45 report by 12 June 2019?

MR BEKIER: I'm aware of that now.

MS SHARP SC: Were you shaking your head then?

MR BEKIER: I'm agreeing with you, but I was - you know, I was aware of the report and I was - I'm aware now that some of our people had access to the report.
5 If I was shaking my head, it was because, you know, I had been - I and others, I know, had been trying to get that report.

MS SHARP SC: When were you first made aware of this report?

10 **MR BEKIER:** In the - that the report existed?

MS SHARP SC: No. When were you first made aware that The Star, in fact, held a copy of this report?

15 **MR BEKIER:** In my review of the court papers.

MS SHARP SC: You mean the papers before Mr Bell's review?

MR BEKIER: Yes. Sorry. Those - yes, the papers in front of Mr Bell.
20

MS SHARP SC: And when you say you'd been trying to obtain a copy of that report, when did you try to obtain a copy of that report?

MR BEKIER: You know, pretty much as soon as that report was in the media.
25

MS SHARP SC: How did you try to obtain a copy of that report?

MR BEKIER: I asked around.

30 **MS SHARP SC:** Did you ask Ms Martin?

MR BEKIER: I can't be sure, but - I can't be sure whether I asked her.

MS SHARP SC: Did you ask anybody else at The Star?
35

MR BEKIER: Yes.

MS SHARP SC: Who did you ask?

40 **MR BEKIER:** I asked - sorry. Sorry, Ms Sharp.

MS SHARP SC: Who did you ask?

MR BEKIER: I asked the - the head of the VIP business at the time. I asked --
45

MS SHARP SC: Well, that was Mr Hawkins, wasn't it?

MR BEKIER: I think it was Mr Lim still at the time because he was in Hong Kong or between Hong Kong and Singapore the whole time. I thought we might be able to get that. I asked our public affairs people - corporate affairs people to see if we could get - get a copy of that directly from the Hong Kong Jockey Club.
5 And I think in very - you know, very late in February - or January or February of this year, I actually asked Angus Buchanan directly.

MS SHARP SC: And what did Mr Buchanan tell you when you asked him directly?
10

MR BEKIER: He said that, you know, he had a copy of the report. He was involved in the creation of the report, but that he was not at liberty to share it because it was IP of the Hong Kong Jockey Club.

MS SHARP SC: Did he tell you that, in fact, he had provided it to Paula Martin, Oliver White and Kevin Houlihan?
15

MR BEKIER: No.

MS SHARP SC: And to be clear, none of Kevin Houlihan, Paula Martin, Oliver White or Skye Arnott made you aware of the fact they had seen a copy of this report?
20

MR BEKIER: That's correct.
25

MS SHARP SC: You've read it now?

MR BEKIER: Yes.

MS SHARP SC: You've read it with care?
30

MR BEKIER: Yes.

MS SHARP SC: What conclusions do you draw, having read it?
35

MR BEKIER: I think it's a very good report.

MS SHARP SC: And what conclusions do you draw about the propriety of Alvin Chau?
40

MR BEKIER: It's a good report because it - it assembles a lot of evidence that, in pieces, we may be - partially have been aware of. But it assembles it to paint a picture of somebody we shouldn't be doing business with.

MS SHARP SC: Now, you were aware that the board had requested a briefing on the media allegations aired in July and August 2019?
45

MR BEKIER: Yes.

MS SHARP SC: Were you involved at all in briefing the board at this time?

MR BEKIER: No.

5

MS SHARP SC: It's right, isn't it, that Ms Martin and Mr Hawkins coordinated the response to the board?

MR BEKIER: Yes.

10

MS SHARP SC: Did you review a copy of the board paper that they prepared and submitted to the board?

MR BEKIER: Yes.

15

MS SHARP SC: Did you review a copy of that report before they submitted it to the board?

MR BEKIER: I review all papers before they go to the board. And so, yes.

20

MS SHARP SC: Did you rely upon them to accurately and fully brief the board on the substance of the media allegations?

MR BEKIER: Yes.

25

MS SHARP SC: You're aware, aren't you, that they make no reference at all to the fact that The Star held a copy of the Hong Kong Jockey Club report at this time?

30

MR BEKIER: I'm aware of that.

MS SHARP SC: And, therefore, no reference is made to the serious doubts expressed in that report about the integrity of Alvin Chau?

35

MR BEKIER: Yes, I agree with that.

MS SHARP SC: What comments do you make about the fact that that report was not revealed in this briefing paper to the board?

40

MR BEKIER: I'm not sure that this briefing paper necessarily was the only opportunity to brief the board on the Alvin Chau report. I think - I think we should have - you know, that's a matter that should have been escalated separately, not just as a response to the - the media allegations.

45

MS SHARP SC: Do you agree that failing to alert the board to the fact that Star held this report was basically misleading the board?

MR BEKIER: It certainly wasn't being fully transparent, and if that's - it's certainly not being fully transparent. I don't think that the fact that in this report no mention is made of the Hong Kong Jockey Club in itself is necessarily misleading.

5 **MS SHARP SC:** Could I take you to the paper that was prepared by Mr Hawkins and Ms Martin dated 15 August 2019 and presented to the board. It's exhibit B, tab 1538, which is STA.5002.0005.2241.

MR BEKIER: Yes.

10

MS SHARP SC: Could you have regard to attachment 1, please, which starts at pinpoint 2245. And do you agree that what's happening in this attachment is that the Crown allegation in the media is identified and then any risk/vulnerability to The Star is identified and then an explanation is provided of The Star's existing process?

15

MR BEKIER: Yes.

20

MS SHARP SC: Do you see at the very bottom of this first page, there's an entry under the heading Crown Allegation that says:

"Crown was wilfully blind to the criminal activity of key business partners."

25

MR BEKIER: I see that.

MS SHARP SC: And then if I could take you over the page so you can see the rest of that entry and have it there at the same time. So it says - and perhaps, operator, we could have that first and second page one above the other so that this can be read in context. So in full, it says:

30

"Crown was wilfully blind to the criminal activity of key business partners. Particularly junket operators. This includes claims related to Hong Kong Jockey Club ban on Suncity. Crown conducted little or no due diligence on people it ought to have known were criminals or strongly linked to criminal enterprises."

35

And then do you see that the comment in Key Risks/Vulnerability column was:

40

"The issue can be difficult if the information about criminal activity is solely contained in law enforcement intelligence systems."

MR BEKIER: Yes, I see that.

45

MS SHARP SC: Of course, at this time, you know now that Paula Martin and others weren't limited to information contained in law enforcement intelligence systems as they held a detailed report from Suncity which you considered to be a good report?

MR BEKIER: Yes.

MS SHARP SC: As the CEO until very recently, do you consider that Ms Martin and others involved in preparing this report who knew about the Hong Kong Jockey Club report ought to have disclosed that fact to the board in this report?
5

MR BEKIER: They should have.

MS SHARP SC: And, in fact, didn't they actively mislead the board to the extent that it was suggested that the information about criminal activity was solely contained in law enforcement intelligence systems?
10

MR BEKIER: I - I - I'm not sure whether that comment about the information solely being contained in - in law enforcement systems is - is misleading as much as it actually - I think it showed the limitation of our thinking at the time. Because I think what the Hong Kong Jockey Club report does really well is it pieces together essentially public information and paints what I think is quite a compelling picture. And it doesn't solely - solely rely on law enforcement systems.
15

MR BELL SC: Mr Bekier, at this time, August 2019, was Ms Martin a direct report to you?
20

MR BEKIER: Yes, she was.

MR BELL SC: And was she one of the people with whom you held biweekly meetings at this time?
25

MR BEKIER: I had weekly meetings with her.

MR BELL SC: Weekly. And what's your comment on the fact that she didn't disclose to you that she held a copy of the report at this time?
30

MR BEKIER: I cannot explain that.

MR BELL SC: It's quite appalling, isn't it?
35

MR BEKIER: Well, it's created a lot of problems for us.

MR BELL SC: Yes, Ms Sharp.
40

MS SHARP SC: You were aware from this briefing paper, weren't you, that the New South Wales casino regulator had made inquiries of The Star arising from these media allegations?
45

MR BEKIER: I was aware of that inquiry, yes.

MS SHARP SC: And in particular, that the New South Wales regulator had made inquiries about Alvin Chau and Suncity?

MR BEKIER: Yes.

5 **MS SHARP SC:** Did you review a copy of the response that was provided to the New South Wales regulator in answer to its inquiries?

MR BEKIER: I'm not sure, Ms Sharp. I wouldn't normally. But in this instance, I may have. I'm not - I'm not sure.

10 **MS SHARP SC:** Can I take you to the inquiry that was made by New South Wales Liquor and Gaming, and it's appended to the board paper that I've taken you to. So we'll go to pinpoint 2250. There are, in fact, two inquiries. So this first one is an inquiry from New South Wales Liquor and Gaming dated 29 July 2019. Operator, can I have that date shown to Mr Bekier, please?

15

MR BEKIER: Yes.

20 **MS SHARP SC:** And do you see, Mr Bekier, that the New South Wales regulator, in the first paragraph, refers to the media allegations?

20

MR BEKIER: Yes.

25 **MS SHARP SC:** And in the second paragraph, asserts that there are materially significant risks associated with junket operations?

25

MR BEKIER: Yes.

30 **MS SHARP SC:** And in the fourth paragraph, requests that The Star undertakes a risk assessment of its practices and procedures which mitigate against the types of issues raised in the media reports?

30

MR BEKIER: Yes, I can see that.

35 **MS SHARP SC:** Are you aware that following these media allegations and, in particular, following The Star coming into possession of the Hong Kong Jockey Club report, no further risk assessment was conducted of either Alvin Chau or Suncity?

35

MR BEKIER: No, I was not aware of that.

40

MS SHARP SC: Do you have any comments about that?

45 **MR BEKIER:** That is very disappointing because part of the response that we provided to the board in response to the media allegations said that we would continuously monitor our risk position with junkets and all the people we do business with.

MS SHARP SC: And you do agree, don't you, that the Hong Kong Jockey Club report contained serious allegations that Mr Chau was involved in money laundering and other criminal activity?

5 **MR BEKIER:** Yes.

MS SHARP SC: And that one of his partners in the Suncity business was also involved in money laundering, drug trafficking and other serious criminal activity?

10 **MR BEKIER:** Yes.

MS SHARP SC: And if such allegations proved to be correct, this was certainly not a suitable organisation for The Star to be dealing with?

15 **MR BEKIER:** I agree with that.

MS SHARP SC: Can I take you to the New South Wales casino regulator's second letter to The Star, which was also appended to that briefing note to the board. I will go now to pinpoint 2251. And if I show you the next page, you can see that this is dated 8 August 2019?

MR BEKIER: Yes.

25 **MS SHARP SC:** And do you see that it's directed to Andrew Power?

MR BEKIER: I can see that.

MS SHARP SC: And you can take it from me that Andrew Power was one of the people involved in preparing a response to the regulator's questions.

30 **MR BEKIER:** Yes.

MS SHARP SC: And do you see it says in the third - I beg your pardon - the fourth paragraph of this letter that:

"Liquor and Gaming New South Wales seeks to understand what, if any, ongoing association The Star has with those named individuals or entities, and what, if any, ongoing risks may arise as a result of ongoing associations."

40 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: And it's clear beyond doubt that the regulator is concerned with ongoing risks?

45 **MR BEKIER:** Yes.

MS SHARP SC: And do you see that a little further down, the regulator says:

"Specifically, I request that The Star advises whether any of the entities or individuals listed in annexure 1 are or have been authorised as junket operators."

5 And a little further down, at dot point 4, says:

"Advise us of what, if any, steps have been taken to mitigate ongoing risk relating to individuals listed at annexure 1 who have attended The Star as a participant of a junket arrangement."

10

MR BEKIER: Yes.

MS SHARP SC: And the next dot point:

15 "Details its current investigation and assessment criteria for the authorisation of junket operators and promoters or representatives and junket participants."

Now, if I can take you to annexure 1. You will find that at pinpoint 2253. And you will see a reference there to Suncity Group and its subsidiaries, and also a
20 reference to Alvin Chau?

MR BEKIER: Yes.

25 **MS SHARP SC:** So it's clear to you from reading this letter that, amongst other things, the regulator wanted to know what ongoing risks Suncity or Alvin Chau may present?

MR BEKIER: Yes.

30 **MS SHARP SC:** And do you agree that it was material for the regulator to know that The Star held the Hong Kong Jockey Club report that cast serious doubt on the integrity of Alvin Chau and the Suncity Group?

35 **MR BEKIER:** Ms Sharp, I think the information that we would have gleaned out of that report should have informed our response, absolutely. I think the disclosure that we actually - you know, some people had access to the report, I'm not sure that that had to be made. But we should have reflected what we learned from that report.

40 **MS SHARP SC:** Can I take you now to the response that Mr Power sent to the regulator. If we could go to exhibit B at tab 1669 at STA.3002.0009.0298. Have you got a - you can see a letter dated 10 September 2019 authored by Mr Power?

45 **MR BEKIER:** Yes, I can see that. Would you - would you like me to read it or --

MS SHARP SC: No.

MR BEKIER: Okay.

MS SHARP SC: I will take you to pinpoint 0302. Do you see there's a reference at points 1 and point 2 to Suncity and Alvin Chau?

5 **MR BEKIER:** Yes.

MS SHARP SC: And over the page at pinpoint 0304, do you see there's an answer to the question:

10 "What, if any, steps have been taken to mitigate ongoing risk relating to individuals or entities listed that are authorised as junket operators or junket representatives."

MR BEKIER: Yes.

15

MS SHARP SC: Now, Mr Chau was not a junket operator or a junket representative, was he?

MR BEKIER: Not to my knowledge, no. He was a funder.

20

MS SHARP SC: Yes, he was a funder. But would a fair reading of the regulator's query be one that wanted to understand the key risks of not only the operators and the representatives but also the funders, that is, the money behind the junkets?

25 **MR BEKIER:** Yes, I think that's reasonable.

MS SHARP SC: Does it concern you that absolutely no reference was made in this letter in that context to Alvin Chau or Suncity?

30 **MR BEKIER:** Yes, that's not good.

MS SHARP SC: I suggest to you that what The Star did here was take a technical and legalistic approach to this letter and failed to satisfy the substance of the regulator's queries. Do you agree?

35

MR BEKIER: Yes, I agree.

40 **MS SHARP SC:** And do you agree that this letter to the regulator completely lacked transparency in relation to serious concerns that, by then, were apparent in relation to the integrity of both Suncity and Alvin Chau, being apparent not only from the Hong Kong Jockey Club report but through the series of incidents that were known to have occurred in Salon 95 relating to cash transactions?

45 **MR WILLIAMS SC:** I object to that question. In fairness to the witness, if that's going to be put, he should be asked to read the entire letter.

MR BELL SC: Is there some part of it which you're suggesting is relevant to answering this question, Mr Williams?

MR WILLIAMS SC: No, but I - perhaps it's best done in the absence of the witness, Mr Bell.

5 **MS SHARP SC:** I'm happy to ask the question a hypothetical way.

MR BELL SC: All right. Thank you, Ms Sharp.

10 **MS SHARP SC:** In the context where the regulator was making inquiries with the casino operator about the ongoing risks that junket operators presented, if you assume that no reference at all was made in this letter to any integrity concerns held with respect to Alvin Chau or Suncity, do you agree that the response completely lacked transparency in view of what information was held by The Star in relation to the Hong Kong Jockey Club and by reason of the various cash
15 transactions of concern in Salon 95 in 2018 and 2019?

MR BEKIER: Ms Sharp, in terms of the first part of your question, in regards to the Hong Kong Jockey Club and its content, I'm - I'm not sure when we got - or the individuals involved here got their - got - got their - the Hong Kong Jockey
20 Club report and whether they had been able to process it. If they had, I agree with your first part of the question. And I agree with the second part of the question. We - you know, we knew - or ex post, we all knew how they were behaving and that should have been made transparent.

25 **MS SHARP SC:** Are you able to account in any way for why the people involved in preparing this response to the regulator adopted a technical construction to the request made by the regulator and were not transparent with the regulator?

MR BEKIER: This is going to be a slightly roundabout answer to your question, Ms Sharp, so - so please humour me. I had operated under the assumption that we
30 have a good and open and transparent relationship with the regulator. I have learned over the last six months that the regulator didn't share that view. And I was aware of some distrust, I think, that had crept in to the relationship from our end over the past around what was perceived to be selective media management and so
35 on. And so I can only assume that this letter reflects a real deterioration of the relationship with the regulator where we resort to a purely narrow, technical answer of the question, rather than answering in the spirit of the question that was asked.

40 **MS SHARP SC:** And in your capacity as the CEO and the managing director of this organisation until fairly recently, what does this tell you about the culture of that organisation?

MR BEKIER: I'm still a little bit reluctant to tell - to - to, you know, opine on the
45 whole organisation when it comes to things like this. But when it comes on our engagement with the regulator, it says that we are secretive and not transparent, and we follow the letter of the law and not the spirit of the law.

MR BELL SC: And do you agree that that's inappropriate for the holder of a casino licence in New South Wales?

MR BEKIER: I - I agree that that's an inappropriate attitude.

5

MS SHARP SC: Can I take you to paragraph 30 of your statement, please, Mr Bekier. And you there answer question 10 posed to you, which is:

10 "Would you contemplate The Star/Star Entertainment continuing a business relationship with Alvin Chau or junkets with which he is involved in the future?"

And you say:

15 "No."

Why do you say "no"?

20 **MR BEKIER:** Well, Alvin Chau has, you know - has, you know, been accused of very severe wrongdoings in China, and we have all learned a lot more about his probity - his - you know, his - his acceptability as a - as a business associate of - and that he's not of good repute. So on that basis, I said no.

25 **MS SHARP SC:** You say in your statement at paragraph 23 that you were only made aware of what you call the Buchanan documents in late 2021. What are the Buchanan documents you're referring to?

30 **MR BEKIER:** That's the enhanced customer due diligence reports that Angus pulled together, particularly around Suncity and Alvin Chau, which, to some extent, mirror, I think, the work of the Hong Kong Jockey Club.

35 **MS SHARP SC:** Now, are you aware that the enhanced customer due diligence report prepared by Mr Buchanan went through a number of drafts in the period October 2020 through to January 2021?

MR BEKIER: I have learned - you know, I've learnt that through the papers. I wasn't aware of that before.

40 **MS SHARP SC:** And have you read the various drafts?

MR BEKIER: Yes.

45 **MS SHARP SC:** Did you observe that there was a distinct change in both the content and the tone when comparing the first draft with the last draft?

MR BEKIER: I certainly noticed a change in the length. But I wouldn't profess that I've done a detailed line-by-line analysis.

MS SHARP SC: Did you observe that the conclusions about the possible impropriety or lack of integrity of Mr Chau and Suncity were very much watered down as between the first draft and the last draft?

5 **MR BEKIER:** Yes, I can see that.

MS SHARP SC: Is that a concern to you, given that it was the same person who authored each version of that document?

10 **MR BEKIER:** I'm - I'm not aware of how the editing occurred and what - what made Angus, you know, continuously revise his paper. So I - I'm not in a position to answer that.

15 **MS SHARP SC:** Would you just pardon me for one moment, Mr Bell. You're aware now that the TrackVia software program is supposed to be the one-stop shop for accessing AML information about patrons and junkets at The Star?

20 **MR BEKIER:** That's certainly the target state of that system. I'm not sure that we're quite there yet - or when I left. Yes.

MS SHARP SC: Have you had any opportunity to review the due diligence reports available on that platform in relation to Alvin Chau?

25 **MR BEKIER:** I'm not sure I've seen them in detail. Maybe you could refresh me.

MS SHARP SC: Well, could I take you to exhibit G932, which is STA.3023.0003.0050.

30 **MR BEKIER:** Yes.

MS SHARP SC: Do you see what I'm showing you is a print out from TrackVia called the AML Due Diligence Report with a printed date of 2 March 2022?

35 **MR BEKIER:** Yes.

MS SHARP SC: And do you see that it relates to Alvin Chau, described here as Cheok Wa Chau?

40 **MR BEKIER:** Yes.

MS SHARP SC: Could I take you, please, to an entry made by Angus Buchanan which appears on pinpoint 0058. And could I ask you to read to yourself what appears in the second half of that page from the words, "This review relates to."

45 **MR BEKIER:** Would you mind enlarging that, please? Thank you. Yes, I've read it.

MS SHARP SC: I observed you both shaking your head and raising your eyebrow; is that correct?

MR BEKIER: I am European.

5

MS SHARP SC: Were my observations correct, Mr Bekier?

MR BEKIER: Yes.

10 **MS SHARP SC:** You see that Mr Buchanan there says:

"The Star could, moving forward, safely maintain a customer relationship with this patron."

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

MS SHARP SC: And knowing what you know now about events in Salon 95 and the content of the Hong Kong Jockey Club report, are you extremely surprised that Mr Buchanan has set out the opinion that, moving forward, The Star could safely maintain a customer relationship with this patron?

20

MR BEKIER: Yes, Ms Sharp.

MS SHARP SC: Are you concerned that this entry does not in any way refer to the series of concerning cash transactions in Salon 95 or any of the information in the Hong Kong Jockey Club report casting doubts on the integrity of Alvin Chau, Suncity and Alvin Chau's business partner, Mr Ting?

25

MR BEKIER: Yes.

30

MS SHARP SC: Do you agree that this entry provides a completely misleading account of the information about Suncity which is known to you?

MR BEKIER: Today, yes.

35

MS SHARP SC: And just before I leave this document, do you see that at pinpoint 006 - I beg your pardon - 00 - well, the next page, 0059, Mr Houlihan, who at that time was one of the AML compliance officers, said in relation to Mr Buchanan's entry on 18 August 2021:

40

"Maintain customer relationship."

MR BEKIER: Yes.

45 **MS SHARP:** Do you agree that something has gone very seriously wrong with the anti-money laundering due diligence process with respect to Mr Chau and Suncity?

MR BEKIER: Based on everything I know, I find that a very surprising decision.

MS SHARP SC: And something has gone very seriously wrong here, hasn't it?

5 **MR BEKIER:** It would look that way, yes.

MS SHARP SC: At any time, were you made aware that in 2018, the investigation team were investigating serious allegations concerning Marcus Lim, then the president of the VIP international team?

10

MR BEKIER: Yes.

MS SHARP SC: And what were you told about those investigations?

15 **MR BEKIER:** I was told that allegations had been made, I - I believe by representatives of junkets and other sales teams against Marcus Lim. I'm - I'm - I wasn't across - I wasn't told what the specifics were, but they seemed to relate to kickbacks. I was told that Kevin Houlihan would lead an investigation into Marcus, and I was - I was happy that then this investigation would be commenced.
20 But three months later, Paula informed me that - so this would have been towards the end of 2018, that the investigation had concluded without finding any evidence of - or any substantiation of any of the allegations.

MS SHARP SC: Were you made aware that in mid-2019, a further series of serious allegations were made about Marcus Lim which were then investigated by Mr Houlihan?

25

MR BEKIER: I'm only aware of one investigation, and maybe I'm one year out. Maybe I was aware of the '19 or - instead of the '18. I'm only aware of one investigation.

30

MS SHARP: But you were told that none of the allegations were substantiated?

MR BEKIER: That's correct.

35

MS SHARP SC: So could it be that you, in fact, were never made aware of the fact that there was a subsequent investigation against Mr Houlihan that was commenced - I beg your pardon - against Mr Lim that was conducted by - or at least commenced by Mr Houlihan in mid-2019?

40

MR BEKIER: On reflection, Ms Sharp, I'm pretty certain I was only aware of the '18 investigation. I was not aware of the '19 investigation.

45

MS SHARP SC: Given - well, if you assume for a moment that very serious allegations were made against Mr Lim in 2019, including that he had a conflict of interest, including that he had received kickbacks, should you have been made aware of that investigation and its progress?

MR BEKIER: I'm normally notified of any allegation involving a general manager or above. And hence - Marcus was at that level of seniority. So, yes, I should have been made aware.

5 **MS SHARP SC:** Mr Bell, I'm conscious of the time and that it's 5 o'clock. I think it may be that you wish to - I wonder whether we should adjourn for the day and come back tomorrow?

10 **MR BELL SC:** Would you give me just a rough idea of how much longer you might be?

MS SHARP SC: I think about another 20 minutes, Mr Bell.

15 **MR BELL SC:** Yes. Look, I think we will have to come back tomorrow at 10 o'clock. I'm sorry, Mr Bekier. I will now adjourn until 10 am tomorrow.

MR BEKIER: Thank you.

<THE HEARING ADJOURNED AT 5:02 PM