



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**THURSDAY, 12 MAY 2022
AT 10:00 AM**

DAY 32

**MR C. CONDE appears with MS P. ABDIEL
and MR N. CONDYLLIS as counsel assisting the Review
MS K. RICHARDSON SC appears as counsel for The Star Pty Ltd
MR M. HENRY SC appears with MS M. CAIRNS and MS L. RICH
as counsel for Mr Gerard Bradley and Ms Sally Pitkin**

Witness

**MR GERARD PATRICK BRADLEY
MS SALLY ANNE MAJELLA PITKIN**

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

<THE HEARING RESUMED AT 10:03 AM

MR BELL SC: Mr Bradley, you remain bound by the affirmation you made yesterday.

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<GERARD PATRICK BRADLEY, ON FORMER AFFIRMATION

MR BELL SC: Yes, Mr Conde.

10 **<EXAMINATION BY MR CONDE:**

MR CONDE: Mr Bradley, do you recall at the end of yesterday I was asking you questions about residency and calculation of rebate duty?

15 **MR BRADLEY:** Yes.

MR CONDE: And if I can take you to exhibit B3277. That's STA.3412.0084.5940. Has a document come up for you, Mr Bradley?

20 **MR BRADLEY:** No.

MR CONDE: I confess it hasn't come up for me either. It has now come up for me. Has that come up for you, Mr Bradley?

25 **MR BRADLEY:** Yes, it has. Yes.

MR CONDE: So far as you're aware, have you seen this email?

30 **MR BRADLEY:** I may have read some of these in - in - in preparing for the hearings.

MR CONDE: And is it correct that before that time, you had not seen these emails?

35 **MR BRADLEY:** Yes.

MR CONDE: I'd ask you to note, please, that from the bottom of this first page - do you see there's an email from Mr Andrew Power dated 4 September 2020 at 1.57 pm?

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MR BRADLEY: Yes.

45 **MR CONDE:** And that email proceeds over the following pages, and if I can just ask the operator, please, to go to 5941. And then to continue to 5942, 5943 and so on. I don't wish to take you to the detail of Mr Power's analysis, Mr Bradley, save to say that can you see that Mr Power has sent an email with a fair degree of detail?

MR BRADLEY: Yes.

5 **MR CONDE:** And what I'd ask you to assume is that Mr Power has told Mr Hawkins that - to undertake a detailed analysis of patrons' residency. And then if we can go back, please, to Mr Hawkins's email of 8 October, which is at pinpoint 5940. And if that could be enlarged for Mr Bradley, please. Do you see, Mr Bradley, there's an email from Mr Hawkins on 8 October 2020 at 6.29 pm?

10 **MR BRADLEY:** Yes.

MR CONDE: And in the second line of that paragraph, do you see he refers towards the end of that second line to:

15 "Some administrative confusion regarding the status of a number of rebate classified players."

And then:

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

MR BRADLEY: Yes.

25 **MR CONDE:** And then above that, if we could - I could show you Mr Power's response. Do you see that he sent an email on 17 October 2020 at 12.08 where he writes:

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

35

MR BRADLEY: Yes.

40 **MR CONDE:** So would you agree, Mr Bradley, at this point, the correspondence as between Mr Power and Mr Hawkins appears to be the sort of interactions you would expect where an issue is identified, there's analysis and a proper way forward is identified?

MR BRADLEY: Yes.

45 **MR CONDE:** On day 23 of these hearings, Mr Hawkins was asked whether he did, in accordance with Mr Power's recommendation, proceed to liaise with the finance team and cause any (indistinct) to be made, and his answer was:

"Ultimately, no."

What, if any, comment do you have on that evidence?

5 **MR BRADLEY:** I don't understand why he didn't act in accordance with the advice he had been given.

MR CONDE: And would you understand, Mr Bradley, that there are separate issues here: one is the question alleged in the media allegations about whether staff encouraged patrons to move residency, but there's a question also about whether patrons have been correctly characterised?

MR BRADLEY: In this case, yes.

15 **MR CONDE:** And do you agree that it would be entirely unsatisfactory if it's the case that this has not been followed up with the finance team since October 2020 in the manner that Mr Power had recommended?

MR BRADLEY: Yes.

20 **MR CONDE:** Mr Bekier gave evidence to Mr Bell that if there was a mistake, his expectation would be that the normal course of events would be to reclassify players and pay any additional duty and notify the regulator. Does – does - Mr Bekier's evidence in that regard accord with your expectation as well?

25 **MR BRADLEY:** Yes.

MR CONDE: So far as you're aware, Mr Bradley, does Gadens' investigation into whether staff encouraged patrons to move residency also cover a question about whether patrons have been correctly categorised?

MR BRADLEY: I'm not - I'm not sure of the scope of that investigation. I know that they're looking at the issue – (indistinct) - whether - whether there are - whether there have been players incorrectly classified as rebate players, and I assume it would presumably include this - this case as well.

MR CONDE: Would you agree that whether it's with Gadens or otherwise, this issue ought to be resolved?

40 **MR BRADLEY:** Yes.

MR CONDE: And do you agree that if rebate play is to be resumed, this question needs to be sorted out before that time?

45 **MR BRADLEY:** Yes, I agree.

MR CONDE: If I can now show you a document, which is exhibit B435. That's STA.5002.0003.1476. And do you see, Mr Bradley, it's a board paper dated 26 September 2017?

5 **MR BRADLEY:** Yes.

MR CONDE: And it's from Mr Bekier and Mr Chong, and the subject is IRB Strategy Update?

10 **MR BRADLEY:** Yes.

MR CONDE: So far as you can recall, do you recall reading this document?

15 **MR BRADLEY:** As a - as a board paper, I would have read it, yes.

MR CONDE: If we can go to pinpoint 1512, please. Do you see it's a slide and some key issues are identified, including an inability to market to Chinese customers directly? That's in the first sub-bullet point:

20 "Marketing to PRC players."

MR BRADLEY: Yes.

25 **MR CONDE:** And then, in order to address these concerns, do you see it said below that management recommend activating - this is the second main bullet point and then the first - there are a series of sub-bullet points. There's a recommendation to:

30 "Activate EEI Services (Hong Kong) Limited."

MR BRADLEY: Yes.

MR CONDE: And then:

35 "Establishing a Macau marketing subsidiary."

And:

40 "Acquiring a licensed Macau travel agency."

If we could go to the next page, please, pinpoint 1513. If I could ask you, please, first of all, to look at the third bullet point. If that might be enlarged for Mr Bradley, please. Do you see it says:

45 "Activating EEIS and establishing MMS with appropriately structured junket, CCF and agency relationships will enable these entities to enter into program agreements directly with junkets in Macau. This is a commonly adopted

structure that is expected to assist in obtaining working visas and operating local bank accounts."

MR BRADLEY: Yes.

5

MR CONDE: Do you have any recollection of board discussions in late 2017 about a structure of this kind?

MR BRADLEY: Yes, I - I recall it was discussed. I just can't recall the date. It was on the introductory part, but usually - as part of a strategy discussion, yes.

10

MR CONDE: And doing your best, what do you recall was the substance of those discussions at that time?

MR BRADLEY: It was seeking to find a solution to the problems that were being encountered in terms of dealing with junkets in - in - in Macau at the time.

15

MR CONDE: And what were those problems, Mr Bradley?

MR BRADLEY: At the time, I understand that - I just don't - I just don't recall the date of this document, but there were - there were concerns that - that there may be a difficulty in - in retaining existing banking arrangements, and there needed to be an alternative mechanism for operating in Macau.

20

MR CONDE: Do you recall being told - so the document that I've just shown you was a board paper dated 26 September 2017.

25

MR BRADLEY: Right.

MR CONDE: Do you recall being told that a few months after that that the Bank of China in Macau closed bank accounts in the names of The Star Pty Ltd and The Star Entertainment Queensland Limited which had previously been used for remittances of front money and/or repayment of cheque cashing facilities by patrons in Macau, including cash payments?

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35

MR BRADLEY: Yes.

MR CONDE: And is it the case that that issue was known beforehand?

MR BRADLEY: I - I believe there was a concern that that might occur, I think, yes, at the time.

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MR CONDE: And so doing your best today, would it be your recollection that these - this strategy was brought about either in response to, or at least concurrently with, those concerns?

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MR BRADLEY: Yes, I believe so.

MR CONDE: Do you recall being told in the month after the Bank of China development I mentioned earlier - so in January 2018 - and separately from this EEIS project, The Star Entertainment International Pty Ltd entered into an agreement with a patron named Kuan Koi whereby Mr Koi would accept cash from patrons in Macau and transfer his own funds from his front money account paid in from his own bank account to the patron's front money account?

MR BRADLEY: My recollection is we - that I saw that in the context of a strategy paper or a - or a presentation in relation to EEIS where it - it noted that that arrangement had been put in - an arrangement had been put in place on an interim basis. I'm not sure if I knew the name of the relevant party with whom it had been put in place at that time.

MR CONDE: So is it correct to understand your answer there that you recall learning of it not in or around January 2018 but at a later time in relation to a strategy update?

MR BRADLEY: Yes, in relation to a paper on EEIS, I believe.

MR CONDE: If I can take you to the minutes of the board's 22 March 2018 meeting. That's exhibit C37, STA.5002.0004.1022. And if we could just enlarge the top of the page, please. Do you see, Mr Bradley, these are the minutes of a meeting of 22 March 2018 and that you were present?

MR BRADLEY: Yes.

MR CONDE: And if we can go, please, to pinpoint 1026. Do you see there's an entry towards the top that says:

"EEIS project report."

MR BRADLEY: Yes.

MR CONDE: And it says:

"The paper titled IRB-EEIS/MMS Project Status Report was taken as read."

MR BRADLEY: Yes.

MR CONDE: Is it your recollection that it was around this time, in the context of discussing a document - an EEIS related document, that the arrangement with Mr Koi might have been mentioned?

MR BRADLEY: The interim arrangement that was put in place, I think is mentioned in that - in the relevant report or paper, yes, I believe.

MR CONDE: If we can go, then, to that document. It's exhibit B699, and that's STA.5002.0004.0764. Do you see that there's a board paper with subject IRB-EEIS/MMS Project Status Report dated 22 March 2018?

5 **MR BRADLEY:** Yes.

MR CONDE: And do you see the purpose is recorded as providing a status update to the board of steps taken since the earlier presentation?

10 **MR BRADLEY:** Yes.

MR CONDE: If we can go, please, to - in fact, I would like to take you to pinpoint 0770, but if I might ask the operator just to scroll to the next page. I was just trying to see, Mr Bradley, if there's any reference to an interim arrangement.
15 I'm not sure if there is or there isn't. But in any event, I would like to ask you about pinpoint 0770. Do you have a slide in front of you which says up the top Legal and Operational Structure?

20 **MR BRADLEY:** Yes.

MR CONDE: And it identifies some key components in the second bullet point and then there are some sub-bullet points. Do you see that?

25 **MR BRADLEY:** Yes.

MR CONDE: And do you see that under "EEIS money lender", it's contemplated that it would:

30 "Provide loans to players in exchange for a personal cheque or prepaid collateral. These loans will be granted in place of a cheque cashing facility under current creditworthiness criteria and delegated authority approval matrix."

35 **MR BRADLEY:** Yes.

MR CONDE: And then:

40 "Will hold a master CCF with each casino licence holder from which players will draw down from their own front money accounts."

Do you see that?

MR BRADLEY: Yes.

45 **MR CONDE:** Now, would it be correct to understand this structure, in general terms, as involving a cheque cashing facility with an intermediary imposed, being EEIS, such that EEIS is the entity, not the casino licence holder, which faces the relevant patron or junket?

MR BRADLEY: Yes. I think that was a proposal, yes.

5 **MR CONDE:** And do you agree that interposing an intermediary between the casino licence holder and the relevant patron or junket, in and of itself, raises a complication for AML/CTF purposes?

10 **MR BRADLEY:** Yes, it would need to be considered in - in designing the relevant AML/CTF arrangements.

MR CONDE: Would you agree that from the patron side, it allows money to be paid to an entity - EEIS - whose name does not identify it as a casino-related business?

15 **MR BRADLEY:** That could be - that could be the case – although, I think it was just - I think this was meant to just use an existing entity which had already been in place for some time, and it was the logical party to use for this arrangement at the time, I believe.

20 **MR CONDE:** But would you agree that that existing entity - the name is EEI Services (Hong Kong) Limited. And although it has a historical link to The Star because it's Echo Entertainment, I believe --

25 **MR BRADLEY:** Yes.

MR CONDE: -- it does not refer to The Star?

MR BRADLEY: That's correct. It doesn't refer to The Star, yes.

30 **MR CONDE:** And so the name of this entity does not identify it as a casino-related business?

MR BRADLEY: Not explicitly, no.

35 **MR CONDE:** If can I show you a document. It's exhibit B1579, and that's STA.3004.0008.0001. And do you see that this is an internal memo from Oliver White to Mr Greg Hawkins and Ms Paula Martin dated 26 August 2019 with the subject Overseas Payment Channels?

40 **MR BRADLEY:** Yes.

MR CONDE: And I will just ask you a few questions about this document. First of all, do you recall reading this document or - sorry, receiving and reading this document in or about August 2019?
45

MR BRADLEY: No.

MR CONDE: Do you see in the first paragraph under Background - if perhaps the Background section could be enlarged for Mr Bradley, please. Thank you. Do you see, Mr Bradley, the first paragraph notes the Bank of China Macau development in December 2017 which I asked you about earlier?

5

MR BRADLEY: Yes.

MR CONDE: And then in the second paragraph, it notes the arrangement with Kuan Koi which I asked you about?

10

MR BRADLEY: Yes.

MR CONDE: And do you see that in the third paragraph, it's noted in respect of the January 2018 arrangement with Mr Koi that there were AML/CTF controls in place for that, which included gathering information and making reports. And then further, it was intended to be to be a short-term solution while EEIS was set up and, indeed, was brought to an end in about May 2018?

15

MR BRADLEY: Yes.

20

MR CONDE: If I can ask you, then, about the next section, Current Arrangements. Do you see in the first paragraph, Mr White notes that EEIS has by this time been established and provided loans, but remittance services have not been utilised?

25

MR BRADLEY: Yes.

MR CONDE: And then he says - he writes:

30

"In the absence of this, patrons generally use the following methods."

And there are three identified there in paragraphs (a) through (c), the first being EFT; the second being licensed remitter provider; and then there's a third method identified in paragraph (c)?

35

MR BRADLEY: Yes.

MR CONDE: And in terms of that third method, do you see he says that it - he introduces - the preliminary language is that:

40

"In some instances, in particular for patrons based in Macau, who can only pay The Star with cash, The Star provides an introduction to one of the following channels."

45

And the first there is Regal Crown Trading Limited?

MR BRADLEY: Yes.

MR CONDE: Now, pausing there, as best you can recall, Mr Bradley, were you and your colleagues on the board told in or about late August 2019 that Star was introducing patrons in Macau, who apparently could only pay their debts in cash, to these - to so-called payment channels?

5

MR BRADLEY: No.

MR CONDE: The first of these channels noted by Mr White is, as you will see, Regal Crown Trading Limited. And if I could ask that the operator, please, enlarge the bottom of this page, 0001, from the heading - thank you. The operator is ahead of me. Do you see Regal Crown is said to be a licensed money service operator in Hong Kong?

10

MR BRADLEY: Yes.

15

MR CONDE: And then at the part that's enlarged - it's from the top of the next page - do you see Mr White notes:

20

"We have not been able to verify the lawfulness of the process used by Regal Crown in Macau and accordingly The Star has no agreement in place with Regal Crown and Regal Crown does not provide services to The Star."

Can you see that, Mr Bradley?

25

MR BRADLEY: Yes.

MR CONDE: And - but then do you see Mr White writes that:

30

"The Star would accept funds from Regal Crown on behalf of a patron net of a three per cent fee charged by Regal Crown."

What, if any, comment do you have, Mr Bradley, on there being no formal agreement with Regal Crown but, instead, an acceptance by Star that patrons could pay through it and there would be a three per cent deduction?

35

MR BRADLEY: Yes, it seems - I'm not sure it was a good arrangement for Star to enter into - or for Star to be using.

40

MR CONDE: And would you agree that having a formal agreement is important in making clear the parties' rights and obligations?

MR BRADLEY: Yes, that would seem an appropriate approach. Yes.

45

MR CONDE: And do you see the following paragraph, Mr White notes that:

"We have advised the business that The Star should not recommend Regal Crown to patrons, but only inform patrons that we are aware that other patrons have used them in similar circumstances."

MR BRADLEY: Yes.

5 **MR CONDE:** And then do you see he outlines a process for that in subparagraphs (A) through (D)?

MR BRADLEY: Yes.

10 **MR CONDE:** If I can ask you about the next payment channel that he has identified. And if I might ask the operator to do the same - thank you. Do you see it's called - it's written up the top as:

"KK/Silver Express."

15 **MR BRADLEY:** Yes.

MR CONDE: And do you see he writes that:

20 "After May 2018, the arrangement with Mr Koi appears to have continued in an amended form, with the assistance of licensed money service operators in Hong Kong in a process which has not been subject to review by the legal or compliance team."

25 **MR BRADLEY:** Yes.

MR CONDE: Now, pausing there, would that be a matter of concern to you, Mr Bradley?

30 **MR BRADLEY:** Certainly. Yes.

MR CONDE: And then Mr White writes:

35 "The current process would appear to involve the use of Silver Express Investment Limited, which provides a similar service to Regal Crown."

Do you see that?

MR BRADLEY: Yes.

40 **MR CONDE:** And at this date, Mr White notes that:

"The legal team have not had any contact with Silver Express to understand their business process in Macau."

45 But:

"If a customer uses Silver Express for their remittance to The Star originating with cash from Macau, The Star receives 100 per cent of the outstanding amount, but pays a fee of approximately 3.15 per cent to Kuan Koi."

5 And then he outlines the process in subparagraphs (A) through (D). Do you see that?

MR BRADLEY: Yes.

10 **MR CONDE:** Do you recall being told about any of this, Mr Bradley?

MR BRADLEY: No.

15 **MR CONDE:** And what, if any, comment do you have about these arrangements that I've just taken you to?

20 **MR BRADLEY:** Well, they should have been disclosed to the board, and we were very careful in relation to EEIS that there had been appropriate legal due diligence and - and that AML matters had been properly assessed and adopted. It's not clear to me that these arrangements apply in these cases, but - so I - I have concerns about that, and I would have expected the board to be advised if this arrangement was put in place.

25 **MR CONDE:** And are those concerns in any way amplified by the fact that these arrangements, if you recall, are identified as in particular for patrons who are not able to pay via EFT or a licenced remittance provider and, instead, are said only to be able to pay The Star with cash?

30 **MR BRADLEY:** Yes. Again, unless the - the AML arrangements clearly were adopted around the know your customer and all the other requirements in relation to that. But it's not clear to me that that was the case.

35 **MR CONDE:** If we go, then, to the associated risks which Mr White identified in his memorandum. And I would just ask you to remember that this memorandum was sent to Mr Hawkins and Ms Martin. So this is on this second page. There's, I believe, a heading Associated Risks. Yes, towards the bottom of - yes. If we could start with - yes, I will start there. Would you agree, Mr Bradley, with Mr White's comment in paragraph (a) that there is an intrinsically higher AML/CTF risk in these arrangements as it is difficult to identify the source of cash?

40 **MR BRADLEY:** Yes.

45 **MR CONDE:** And would you agree with Mr White's risks identified in paragraph (b) of having no visibility of where payments are going and costs incurred?

MR BRADLEY: Yes.

MR CONDE: If we can then bring up the following risks. Would you agree, Mr Bradley, with Mr White's risk identified in paragraph (c) of increased reputational and operational risk?

5 **MR BRADLEY:** Yes. I'm not sure about the last sentence, whether that's a suitable negation, but --

MR CONDE: I was going to ask you about that, Mr Bradley. Do you - where Mr White had said:

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"The Star taking a passive role in referring our customers to RC or SE would address this issue at least in part."

Do you agree with that?

15

MR BRADLEY: It's not clear to me that would be the case, no.

MR CONDE: In fact, would you agree that taking a passive role while referring patrons is the equivalent of turning a blind eye to the risks here?

20

MR BRADLEY: That - that may be the case, yes, if we're not able to establish source of funds and other matters which are important. Yes.

MR CONDE: And then do you see paragraph (d), Mr White says this might result in a breach of the New South Wales and/or Queensland legislation as a potential grant of a discount on debt, which can only be approved with regulator consent, and the legal team have not been involved or asked to advise on a compliant process?

25

30 **MR BRADLEY:** Yes, that's a - that would be a real - a serious concern if --

MR CONDE: And would you --

MR BRADLEY: -- they were aware that it - yes.

35

MR CONDE: I'm sorry, Mr Bradley. I cut across you.

MR BRADLEY: Sorry. It would be a serious concern if they were aware there was a potential breach of the relevant Acts and regulatory requirements.

40

MR CONDE: And, indeed, the legal team had not been involved or asked to advise on a compliant process. Is that also a source of concern?

MR BRADLEY: Yes.

45

MR CONDE: Would you agree that these arrangements simply should not have been taking place?

MR BRADLEY: Yes, in the absence of a - of a full legal due diligence, they should not have occurred. Yes.

5 **MR CONDE:** And do you think that the board should have been told of these arrangements?

MR BRADLEY: Yes.

10 **MR CONDE:** If we go - still on this page, 0003, there's a heading Changes in Last Month and, in particular, a section Changing DICJ Position, which is noted - DICJ is noted as the gaming regulator in Macau. Do you see that?

MR BRADLEY: Yes.

15 **MR CONDE:** And do you see it records the issuing of a notice in Macau to the effect that Macau was not to be used as a hub for settlement of gaming debts arising from play outside of the territory?

20 **MR BRADLEY:** Yes.

MR CONDE: And then in paragraphs (b) and (c), Mr White notes increased scrutiny and then a notice from Kuan Koi on 13 August that he wished to end current and historic arrangements?

25 **MR BRADLEY:** Yes.

MR CONDE: If I can move, then, to EEIS. I will take you to some email correspondence in July 2021 --

30 **MR BELL SC:** Just before we do that, Mr Conde. Mr Bradley, you mentioned earlier that you thought that there was a board paper in which you had been informed about an interim arrangement with a customer following the closure of the Macau bank accounts; is that correct?

35 **MR BRADLEY:** Yes. It clearly wasn't that paper I was shown here, but there was another - another paper. It may have been an earlier paper. I'm not - I'm just not sure of the actual precise date of it, but I recall there was a presentation about EEIS.

40 **MR BELL SC:** Yes. I wonder, operator, if you could call up KPMG.001.001.2552, please. Yes, the other document can be taken down. Thanks, operator. And could that be just blown up a little bit, please. Sorry. Just so we can establish the date of the document first. Do you see that's a board paper from Mr Chong of 8 February 2018, International Rebate Business?

45

MR BRADLEY: Yes.

MR BELL SC: It refers to the purpose of the paper being to brief the board on arrangements to facilitate IRB business and to seek approval for consequential changes to the AML program. Do you see that?

5 **MR BRADLEY:** Yes.

MR BELL SC: And if we can go down to Background, there's a reference to the risks that you referred to in respect of the Macau banking services. Do you see that?

10

MR BRADLEY: Yes.

MR BELL SC: And there's a reference to the risks being intended to be addressed by activating EEIS, among other things?

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MR BRADLEY: Yes.

MR BELL SC: And then in the following paragraph, there's a reference to:

20

"An interim arrangement with an existing customer to act as a service provider until the EEIS/MMS initiative is approved and becomes operational (expected by 30 June 2018)."

Do you see that?

25

MR BRADLEY: Yes.

MR BELL SC: The terms of the arrangement involve the service provider transferring HKD\$90 million to The Star to the credit of his front money account.

30

Do you see that?

MR BRADLEY: Yes.

MR BELL SC: And The service provider accepting payments in Macau. Do you see that?

35

MR BRADLEY: Yes.

MR BELL SC: And then funds being transferred from the service provider's front money account on behalf of the customer to settle the outstanding amount at the relevant property?

40

MR BRADLEY: Yes.

45 **MR BELL SC:** So when you referred earlier to a board paper that gave you information about an arrangement with a patron, was this the board paper which you had in mind?

MR BRADLEY: I believe there were other - there were other board matters as well, but I - yes, I didn't recall this precise one. But there's - there were others where - where they had a - like, a PowerPoint presentation, I think, which certainly had it as well.

5

MR BELL SC: Right. And is it your recollection that the name of the customer, Kuan Koi, wasn't referred to in the information provided to you?

MR BRADLEY: I - I don't recall it being provided to us at the time. It was - I've since, obviously, become aware of it. I'm just - I don't recall seeing it at - at the time.

MR BELL SC: And to the best of your recollection, was it your understanding, based upon the material provided to you, that the arrangement with the customer, whom we now know is Kuan Koi, was intended to be concluded by June 2018?

15

MR BRADLEY: Yes.

MR BELL SC: And was it your understanding that it had concluded at that time?

20

MR BRADLEY: I think there was an issue about the timing of when the EEIS service commenced, and I'm not sure of the precise date eventually that was put in place. So - but certainly I understood that the intention was that it be done by - by - by June that year.

25

MR BELL SC: And I understand from your evidence that the information in Mr White's memorandum of 26 August 2019 that counsel assisting took you to was information of which you were unaware until preparation for this review; is that correct?

30

MR BRADLEY: Yes, I'm not - to be honest, I'm not sure I've even seen it in preparation for the review, but - yes.

MR BELL SC: Yes, Mr Conde.

35

MR CONDE: Mr Bradley, if I can take you, please, to exhibit B972. I'm sorry. Mr Bell, the document that you took Mr Bradley to, which remains up there, is exhibit B672.

MR BELL SC: Thank you very much.

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MR CONDE: But if I could ask now that we go to exhibit B2972. That's STA.3402.0007.1612. And it's pinpoint 1613. At the bottom of this page, there is an email from Mr White to Mr Power, copied to Ms Martin and Mr Houlihan, dated Wednesday, 7 July 2021, sent at 12.17 pm. Do you see that, Mr Bradley?

45

MR BRADLEY: Yes.

MR CONDE: And do you see he is responding to some questions, and they are numbered 1 to 3. And in point 3, do you see he says - he refers to:

5 "The fact that the accepting repayments of CCF on behalf of The Star Pty Ltd and The Star Entertainment Queensland Limited is not called out as a designated service covered by the EEIS AML/CTF program and therefore would most likely fall outside of that program."

Do you see that, Mr Bradley?

10

MR BRADLEY: Yes.

MR CONDE: And that question, I take it you would agree, of whether a Star group entity is within or outside of an AML/CTF program is a serious concern warranting inquiry?

15

MR BRADLEY: Yes.

MR CONDE: So far as you're aware, this issue was not brought to your attention at that time; is that correct?

20

MR BRADLEY: Yes.

MR CONDE: Are you aware of a paper - I will have it brought up. It's exhibit B3377, STA.3412.0008.7300. It's a paper dated 7 July 2021 from HWL Ebsworth which advised on group bank account arrangements?

25

MR BRADLEY: Yes.

MR CONDE: Do you recall receiving and reading this document?

30

MR BRADLEY: Yes.

MR CONDE: Do you see on the first page, there are a series of bullet points in - first of all, for Star or The Star Entertainment Group to be incorporated into the entity's name. Perhaps if that could be enlarged, please. That's page 7300. And - yes. Under Conclusions, do you see Mr Bradley, the second paragraph says:

35

"We do recommend some changes."

40

And then there are four bullet points, and the first is that:

"EEI Services (Hong Kong) Limited should change its name to include, at least, the word 'Star' but preferably a fuller name."

45

MR BRADLEY: Yes.

MR CONDE: And the second and fourth bullet points in particular make recommendations about informing the board about EEIS's activities and incorporating it in the AML/CTF program. Do you see that?

5 **MR BRADLEY:** Yes.

MR CONDE: And what, if any, recollection do you have of receiving briefings along these lines as foreshadowed in - or as recommended in relation to EEIS?

10 **MR BRADLEY:** Sorry, could you just - I'm just - the date of this document --

MR CONDE: 7 July 2021.

15 **MR BRADLEY:** '21. Yes, I think by that time, as it says --

MR CONDE: Sorry. There's a - further down on this page, you might see there's a reference to a pause in operations?

20 **MR BRADLEY:** Yes, that's - that's - that's what I was just looking for. As I understood it, the activities through this account had ceased by 2021, and certainly those arrangements - recommendations would have been adopted if it were reactivated. But I don't - I don't believe now that that's likely to be the case.

25 **MR CONDE:** Staying in that final paragraph, do you see that it says:

"While outside the scope of this paper, we have a broader concern that there may have been insufficient management oversight of EEIS operations prior to its pause."

30 **MR BRADLEY:** Yes.

MR CONDE: Do you recall any discussion on that issue of insufficient management oversight?

35 **MR BRADLEY:** I don't recall the detail of any discussion, but certainly we understood there was going to be further - a further review which would address that matter, although I haven't seen that further review.

40 **MR CONDE:** By "further review", do you mean a kind of a look-back or investigation into past practices and with a view, then, to reporting back to the board?

MR BRADLEY: Yes. I - I understood that was meant by the:

45 "The role, management and oversight of EEIS will be considered in forthcoming review papers."

MR CONDE: And do you have a recollection of being told about that specific issue, though, of insufficient management oversight and anything arising from that?

5 **MR BRADLEY:** I don't recall being advised of any detail about what that may have been referring to. But I understood there was to be a further review, which I expected would address that issue.

10 **MR CONDE:** Mr Bradley, just in terms of the scale of money moving through this payment channel, what, if any, understanding do you have about the value of loans and/or payments that came through EEIS?

15 **MR BRADLEY:** I understand it was significant, although I don't know the precise amounts that were involved.

MR CONDE: Would it surprise you to hear that, based on documents that have been produced, the value of the loans appears to be over \$100 million?

20 **MR BRADLEY:** Given it related to this significant part of the business, it's not - it doesn't seem - a transaction of that - that - that order would have - could be expected, I think. Yes.

25 **MR BELL SC:** Mr Bradley, do you recall that the documents that have been shown to you concerning the reactivation of EEIS referred to it having two roles, one being a money lender and the other being a remitter of funds?

MR BRADLEY: Yes. Sorry. I recall seeing that, yes.

30 **MR BELL SC:** Yes. And were you aware at the time, that in 2018, EEIS established a bank account with the National Australia Bank in Australia?

MR BRADLEY: I have seen references to that, yes.

35 **MR BELL SC:** But were you aware of it at the time it was ongoing?

MR BRADLEY: No, I wasn't aware of that detail. No.

40 **MR BELL SC:** So you only became aware of the existence and operation of the NAB account in the context of these Project Zurich reviews; is that correct?

MR BRADLEY: Yes.

45 **MR BELL SC:** The evidence that has been given to this review is that there were many hundreds of deposits into the NAB EEIS account in the period from 2018, most of which had nothing to do with EEIS's role as a lender and that, in that period, it wasn't, in fact, acting as a remitter. Were you aware that that evidence has been given?

MR BRADLEY: I'm aware there has been some further review reports which have gone to the - which have gone to the review, but I'm not - not across the detail of - of those.

5 **MR BELL SC:** The evidence that has been provided to me by Mr Theodore and others is that most of the transactions that occurred in the NAB account had nothing to do with repayment of loans or the making of loans but were just payments into the EEIS bank account for the purpose of them being then remitted to The Star for the purpose of either payments into front money accounts or the
10 repayments of CCF facilities. Now, I take it that's not something of which you were aware at the time it was going on; this is only something you have learnt recently?

15 **MR BRADLEY:** Yes. I wasn't aware of the detail of how the - how the arrangements worked, yes.

MR BELL SC: And the only explanation which has been offered to me as a possibility for this being a payment channel generally for moneys going to The Star was in order to assist patrons in China and Macau to disguise from the
20 authorities in China and Macau that they were making payments to a casino. Do you have any comment on the use of EEIS bank accounts for that purpose?

MR BRADLEY: Well, our - our approach to risk and AML management is that we should abide by all - all relevant laws and - and the spirit of those laws. So I - I
25 think if that wasn't the case, then it shouldn't have been occurring.

MR BELL SC: Yes, Mr Conde.

30 **MR CONDE:** Mr Bradley, you mention "all relevant laws". Do you mean both Australian and foreign laws?

MR BRADLEY: Yes.

35 **MR CONDE:** Mr Bradley, what, if any, reaction did you have to evidence given by Mr Buchanan on day 5 of this public hearing in relation to the Suncity Salon 95 room that it had appeared, on occasions in 2018, that an organisation with links to the triads had been running a casino within a casino?

40 **MR BRADLEY:** Well, that's a serious concern.

MR CONDE: Would you agree it's more than just a concern, in that it raises serious issues going to potential unlicensed activity by people associated with criminal organisations?

45 **MR BRADLEY:** Yes, that would be - sorry - a serious concern, yes. I think - and would - and would require immediate action to ensure it did not occur.

MR CONDE: Have you seen the video footage which was played to Mr Bell?

MR BRADLEY: I have not personally seen the video footage, no.

5 **MR CONDE:** As best you can recall, Mr Bradley, when did you first become aware of the issue of cash being exchanged for chips by Suncity staff in Salon 95?

MR BRADLEY: Only - that's a matter that I've only become aware of during - during this Review.

10 **MR CONDE:** And when you mention "during this Review", is that in preparation in particular for these public hearings or at an earlier time?

MR BRADLEY: No, it's - it's during the - the public hearings when I think those - those particular - that footage was - was shown.

15 **MR CONDE:** And what steps, if any, have you taken in response to this issue of cash being exchanged for chips by Suncity staff in Salon 95?

20 **MR BRADLEY:** Well, the - the revelations that have been made are being considered in terms of the responses which Star intends to do - to make, and they include the employment of those who were aware of these arrangements and did not take action or did not report them. And it's reflected in some of the changes that have already occurred.

25 **MR CONDE:** And, sorry, Mr Bradley, what do you mean by "changes that have already occurred"?

MR BRADLEY: In senior - in senior management.

30 **MR CONDE:** Are you referring there to the departures of Mr Bekier, Mr Hawkins, Mr Theodore and Ms Martin?

MR BRADLEY: Yes. And - yes. And there is a process to further consider other - other employees as well.

35 **MR CONDE:** If can I show you a document. It's exhibit F65. That's STA.3417.0078.6717. Do you see that this is an email from Mr Graeme Stevens dated 12 October 2017 at 12.17 pm addressed to an email address at liquorandgaming.nsw.gov.au?

40 **MR BRADLEY:** Yes.

MR CONDE: And if we read from the first paragraph, he writes:

45 "The Star is proposing to make some minor changes to the junket operator's office located in the Rivers gaming Salon 95. 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."

And then the same comment appears in a submission document. I will show you that. It's exhibit F74. That's STA.3417.0078.6726. Do you see the heading Reason for Submissions?

5

MR BRADLEY: Yes.

MR CONDE: Submission, singular, sorry. And it says:

10 "To enable the junket operators who use Salon 95 to provide better service for the junket participants, The Star proposes to open a service window into the wall of the junket operator's office."

MR BRADLEY: Yes.

15

MR CONDE: Now, are you aware that Mr Stevens told Mr Bell on day 7 of these hearings that at the time he sent this, he knew it was contemplated that players would be providing funds to Suncity in the room; he knew he had not included that additional information in the submission; and, accordingly, he knowingly misled the regulator?

20

MR BRADLEY: I'm not aware of the detail of his evidence, but certainly that's a serious matter, yes.

25 **MR CONDE:** Is it correct, Mr Bradley, that you were not told at or about the time that Mr Stevens had given that evidence of that fact?

30

MR BRADLEY: As I said, I - I didn't - I didn't read his detailed evidence. We would have got a high-level briefing from our legal advisers, but I - I haven't got a recollection of that precise detail.

MR CONDE: Is it correct that the board has been kept updated of developments from the public hearings of these reviews in a regular meeting which is called the Bell Review Daily Download?

35

MR BRADLEY: Yes.

MR CONDE: And --

40 **MR BRADLEY:** Sorry, I should add that the evidence that Mr Stevens has given is included in our consideration by our legal team in terms of appropriate action.

45

MR CONDE: Yes. So although you - is it correct that although you don't recall being told on or about day 7 of that evidence, that - is it correct that you're aware of that evidence and aware of it being the subject of internal consideration?

MR BRADLEY: Yes.

MR CONDE: If I can show you another document. It's exhibit B496, and that's STA.5002.0003.0370. Do you see it's a document styled Cheque Cashing Facility Process from Mr Bekier, Mr Barton and Mr Chong for the board meeting of 6 December 2017?

5

MR BRADLEY: Yes.

MR CONDE: If we can go, please, to pinpoint 0386. And I appreciate this is small, so we will ask for it to be enlarged. But do you see the slide is headed up the top Cheque Cashing Facility Process FY17 Top 20 Junket Summary?

10

MR BRADLEY: Yes.

MR CONDE: And do you see the second row, which has on the left-hand side:

15

"Tong, Sio Peng."

Under the column heading Junket Operator?

MR BRADLEY: Yes.

20

MR CONDE: And then CCF Holder, in that same row, it says:

"Chau, Cheok Wa (Suncity)."

25

MR BRADLEY: Yes.

MR CONDE: And then if we can go over - still in that row, over to - I'm sorry. If we can go to the right-hand side of this page, if we can zoom out and over to the right - sorry. It is in that row. But over on the right, do you see under Commentary it says - it might need to be enlarged for you, Mr Bradley, but it says:

30

"World's largest and most compliant junket which accounts for over 70 per cent of Macau's total VIP volumes."

35

And then it's the second sentence there that I wish to draw to your attention:

"Fixed room in Salon 95 (Rivers) expected to be completed by 1 January 2018 in order to further cement and secure business."

40

MR BRADLEY: Yes.

MR CONDE: As best you can recall, did anybody at this time in or about December 2017 speak of an intention for this fixed room in Salon 95 to be a place where cash could be exchanged for gaming chips?

45

MR BRADLEY: No.

MR CONDE: And is that something which you would have expected to have been raised?

5 **MR BRADLEY:** Well, I would have expected that - that it not occur. I would have expected they would be required to use our - our cage, as - as I understand it.

10 **MR CONDE:** And is this - would you agree that this sentence, "Fixed room in Salon 95 expected to be completed," certainly gives no hint of an intention that it be a place where cash could be exchanged for gaming chips?

15 **MR BRADLEY:** I agree. Yes.

15 **MR CONDE:** And would you agree that, in a sense, the board - it's not just a needle in a haystack; there's just no disclosure there of that intention?

15 **MR BRADLEY:** Yes.

20 **MR CONDE:** If I can show you a document, C49. It's STA.3427.0018.3096. And do you see - if we could go first to the bottom of this page, there should be an email dated 14 May 2018 - yes - from Mr Andrew McGregor, who is a senior investigator at The Star, and it's addressed to Andrew Power, Kevin Houlihan and Amanda Judd. At the bottom of 3096 - if that - has the operator brought that up on your screen as well, Mr Bradley?

25 **MR BRADLEY:** Yes.

MR CONDE: And do you see - if I could ask you to look, please, at the second-last paragraph in that enlarged text. It says:

30 "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 The Star Entertainment Group with regards to AML/CTF laws."

35

MR BRADLEY: Yes.

40 **MR CONDE:** Mr Bradley, do you recall in or around 14 May 2018 having this issue brought to your attention?

MR BRADLEY: No.

45 **MR CONDE:** It's right, isn't it, that what Mr McGregor has done here is really the right thing, to articulate his concerns and use those words "call it out early"?

MR BRADLEY: Yes, he's - he's totally correct to raise it and with - with the senior - senior people in the area.

MR CONDE: And if we go to an email dated the next day. This is 15 May 20 - sorry. Do you see that the email of Mr McGregor is dated 14 May 2018? I will take you to an email from the next day. That's exhibit B790, and that's STA.3411.0011.3560. And if you just excuse me for a moment, Mr Bradley. If I could ask, please - well, first of all, do you see at the top there's an email - this is an email from Mr Hawkins to Mr Bekier dated 16 May 2018, 7.36?

MR BRADLEY: Yes.

10 **MR CONDE:** And it's forwarding an email that Mr Hawkins has received the night before from Mr Power dated 15 May 2018 at 10.10 pm?

MR BRADLEY: Yes.

15 **MR CONDE:** And then to Mr Power's email. If I could ask that the text "legal and regulatory risks" in that section be enlarged, please. Do you see Mr Power writes:

20 "In my opinion, the junket group's conduct has exposed The Star to an unacceptable level of risk and constitutes a breach of the agreement of applicable laws or otherwise amounts to casino operations."

Pausing there, would you understand "otherwise amounts to casino operations" as meaning unlicensed conduct?

25 **MR BRADLEY:** Yes, I believe that may be the case. Yes.

MR CONDE: And do you see Mr Power then says:

30 "In particular."

And he has identified concerns. There's:

35 "Cash for chips (and vice versa) transactions; withdrawal of cash (terms unknown). Equally, concerns are also held around (1) reporting requirements, compliance with AML reporting requirements; and (2) source of funds."

And then finally, he says down the bottom:

40 "There is also a suggestion that one of the junket's staff was an excluded patron."

Do you recall ever seeing this email, Mr Bradley?

45 **MR BRADLEY:** No.

MR CONDE: And reading it - have you - reading it now, what, if any, reaction do you have to it?

MR BRADLEY: Well, it's extremely serious and contrary to my understanding that they are required to use our cage for all transactions and - and would have - would have meant that there - there should have been immediate action taken to cease their activities.

5

MR BELL SC: Mr Bradley, do you agree that if management had concluded that unlicensed conduct had occurred, it ought to have immediately been brought to the attention of the New South Wales regulator?

10 **MR BRADLEY:** Yes.

MR BELL SC: Yes, Mr Conde.

15 **MR CONDE:** And would you agree, Mr Bradley, that - noting that this information was known by the most senior executive in Mr Bekier and the very senior executive in Mr Hawkins, do you agree that what they should have done at this time - and they had the seniority and authority to do so - was to direct that Salon 95 be shut down then and there?

20 **MR BRADLEY:** Yes. And at least - at the very least that the service desk or whatever other arrangements were in place should immediately cease.

MR CONDE: Well, in light of the seriousness of this matter, do you also agree it should have been raised with the board?

25

MR BRADLEY: Yes.

30 **MR CONDE:** If you had been forwarded this email in May 2018, and you had thus seen the information provided in full here by Mr Power, what, if any, reaction do you think you would have had to that information?

MR BRADLEY: I would have expected the board would have taken immediate action, that it would have asked for a full report and - and advice about how to ensure this is immediately stopped.

35

MR CONDE: If I might take you to what you were told. We need to go first to the minutes of a board meeting dated 26 July 2018. This is STA.5002.0004.1047, and that's exhibit B1011. Do you see these are the minutes of meeting of 26 July 2018 and that you were present at that meeting, Mr Bradley?

40

MR BRADLEY: Yes.

MR CONDE: If we go to pinpoint 1049. Halfway down the page:

45 "Managing director and CEO report, May 2018 and June 2018."

MR BRADLEY: Yes.

MR CONDE: If that part could be enlarged, please. Do you see that the May 2018 report was taken as being read?

MR BRADLEY: Yes.

5

MR CONDE: And do you see there's reference in the minutes to Mr Bekier speaking to the papers, the board having a discussion and so forth. But is it, so far as you can recall, Mr Bradley, that the substance of that email that I've taken you to was not brought to the board's attention at this time?

10

MR BRADLEY: No, it was not.

MR CONDE: If I can go, then, to the May report which was taken as read. That's exhibit B753, and that's STA.5002.0004.1675. And if we can go, please, to pinpoint 1696. Do you see the third - if the third bullet point could be enlarged for Mr Bradley, please. It says - do you see it says, Mr Bradley:

15

20

"Salon 95 service desk: In May, concerns emerged around certain activities undertaken at the junket service desk in Salon 95. At present functions at the service desk are limited pending the roll out of detailed processes for the junket representatives in that salon. It is expected that training will be completed by 8 June, with regular ongoing compliance monitoring following resumption of services at the service desk."

MR BRADLEY: Yes.

25

MR CONDE: Can you see that, Mr Bradley?

MR BRADLEY: Yes, I can. Yes.

30

MR CONDE: And what, if any, reaction do you have to reading that now, knowing the matters that I've taken you to which were known by Mr Bekier and Mr Hawkins?

MR BRADLEY: Well, it was totally inadequate in terms of describing what had occurred.

35

MR CONDE: And do you agree that it's vague language?

MR BRADLEY: Yes.

40

MR CONDE: Expressions like "concerns emerged around certain activities", there's no real articulation of what's happened, is there?

MR BRADLEY: No.

45

MR CONDE: Mr Hawkins said in his evidence that the May 2018 report to the board which - this language conveyed an impression to you and your board

colleagues, Mr Bradley, that everything is under control, and he accepted that it was a limited assessment of the matters that had occurred. What, if any, comment do you have on Mr Hawkins' evidence?

5 **MR BRADLEY:** Well, if that was the intent of this - this paragraph, it's - it was - it was meant to mislead the board in terms of what had occurred and that the matter had been resolved by training, which was extremely understating what - what had occurred and what action should have been taken. Yes.

10 **MR CONDE:** Would you agree that, really, it was just - it was outrageously inadequate for Star Entertainment's most senior management to present so important an issue as this - an unlicensed casino - to the board in this way?

MR BRADLEY: Yes.

15

MR CONDE: And when this paper was taken as read at the July 2018 board meeting, is it correct that neither you nor any other member of the board asked of Mr Bekier, "Well, what does this mean?"

20 **MR BRADLEY:** I - I can't recall it being discussed. We had the - we had the two May and June reports. The focus of that meeting, as per the - the minutes, were on the - the end of the year outcome. I think that was the basis of the discussions on these reports, but - so I don't - I don't recall a discussion. It didn't really prompt a discussion around the matter at the time.

25

MR CONDE: Do you find it frustrating, looking back now, to think that you and your colleagues on the board were there in a room with at least two other people, in Mr Bekier and Mr Hawkins, who knew the concerns that Mr Power had identified in relation to Salon 95, and yet that information did not come out in the board meeting?

30

MR BRADLEY: Yes. It's extremely disappointing and frustrating, yes.

35 **MR CONDE:** Would you agree that in that board meeting, the board failed to challenge management on this issue?

MR BRADLEY: We certainly did not raise issues around that - that matter, but it - but it was disclosed to us in a way which didn't prompt that level of investigation or inquiry.

40

MR CONDE: Do you feel misled?

MR BRADLEY: Yes.

45 **MR CONDE:** And remembering that the origins of this room - Salon 95 - trace back to a Star compliance manager knowingly misleading the regulator, do you agree that this conduct is inconsistent with the conduct of a suitable casino operator?

MR BRADLEY: Well, it's not - it's not conduct which is in accordance with our code of conduct or our risk management regime.

5 **MR BELL SC:** Does that mean you agree with counsel assisting, Mr Bradley?

MR BRADLEY: I'm - I'm not clear that I can express a view around suitability, but I - but I agree with the substance of it. It was - it was unacceptable, yes.

10 **MR CONDE:** Well, you mention the code of conduct. Do you agree that this issue of Salon 95 amounted to grave breaches of the core guiding principles in the code of conduct, "we comply with the law" and "we are ethical"?

MR BRADLEY: Yes.

15

MR CONDE: Just excuse me.

MR BELL SC: Mr Bradley, do you agree, looking back on it now, that the board should have asked questions to resolve this vague language and understood what it meant?

20

MR BRADLEY: With hindsight, yes, there should have been further - further questions asked at the time. But as I said, the way in which it was reported didn't really prompt the need for further inquiry at the time. But - but that was - even so, it should have been subject to further inquiry, yes.

25

MR CONDE: Mr Bradley, if I might rephrase a question I asked of you earlier. Remembering that the origins of this room - Salon 95 - trace back to a Star compliance manager knowingly misleading the regulator, do you agree that this conduct is not the conduct of a business acting with character, honesty and integrity?

30

MR BRADLEY: Yes.

35 **MR CONDE:** And what, if any, further comment do you have, Mr Bradley, on how a problem like Salon 95 could come about?

MR BRADLEY: I can only say that - well, the action taken, as I understand it, was - were warning letters, which were intended to allow the continued operation of the - of Salon 95. And, really, the - there were - there were - management would have given greater priority to business requirements relative to - or to - to meeting our regulatory obligations, which I believe is unacceptable.

40

MR CONDE: Would you agree that, ultimately, this whole issue about Salon 95 - it being set up, operating, not being shut down as quickly as it could have been - these are all things for which the board must accept ultimate responsibility?

45

MR BRADLEY: The board has responsibility for the culture of an organisation and the way in which it operates. This was clearly not in accordance with our acceptable code of conduct and our risk management approach. So while the board wasn't aware of the particular way in which this occurred, I accept at a - at a - at an ultimate level, the board has a level of accountability, yes.

MR CONDE: Mr Bell, I'm about to move topics. May we take the morning adjournment?

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

<THE HEARING ADJOURNED AT 11:25 AM

<THE HEARING RESUMED AT 11:47 AM

15 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: Mr Bradley, if I can now show you a document, STA.3402.0007.3857. Do you see, Mr Bradley, this is an email from Ms Kim Lee to Ms Martin dated 11 March 2018?

MR BRADLEY: Yes.

25 **MR CONDE:** And I should say, Mr Bell, this document has already been marked for identification.

MR BELL SC: Yes.

30 **MR CONDE:** Mr Bradley, is - Kim Lee is the chief people and performance officer at Star Entertainment; is that correct?

MR BRADLEY: Yes.

35 **MR CONDE:** And do you see the subject up the top:

"My notes on recent events relating to JC and IRB."

MR BRADLEY: Yes.

40 **MR CONDE:** Now, I want you to assume that "JC" is John Chong. If I can now go, please, to the first attachment to this email. It's STA.3402.0007.3858. And I believe this has also been marked for identification. Do you see - well, first of all, Mr Bradley, have you seen this document?

45 **MR BRADLEY:** No, I don't believe so.

MR CONDE: Do you see in this first attachment - it's dated 9 March 2018 and headed Summary of Events IRB?

MR BRADLEY: Yes.

5 **MR CONDE:** And do you see there's a table? And in the bottom right of each row - or in the second column in the bottom right, there's an all capitals text of "observation"?

MR BRADLEY: Yes.

10 **MR CONDE:** So the first one, do you see, is:

"Poor leadership and understanding of process."

And then underneath that, in text, it says:

15

"JC has a fundamental lack of understanding of what the CFO was asking him."

And there's an observation of:

20

"Commercial capability gap."

Do you see that?

25 **MR BRADLEY:** Yes.

MR CONDE: If we can go to the - two pages on, 3860. Do you see an observation there:

30 "JC driving poor behaviour that further alienates sales could lead to toxic culture. Ignorance of company policy."

Can you see that, Mr Bradley?

35 **MR BRADLEY:** Yes.

MR CONDE: Do you recall at or about this time a concern from Ms Lee of there being a toxic culture being raised with you or, to your observation, your colleagues on the board?

40

MR BRADLEY: No, I don't - I don't recall that being raised.

MR CONDE: Would you agree that this opinion of conduct potentially leading to toxic culture is - in relation to the IRB team is a very concerning one to be reached by Ms Lee at that time?

45

MR BRADLEY: Yes.

MR CONDE: If we can go to pinpoint 3861. And do you see there's an observation there:

5 "Intimidating behaviour from a senior leader towards a junior member of HR. Ignorance of company policy."

MR BRADLEY: Yes.

10 **MR CONDE:** And then if we can go to pinpoint 3863, please. And if I could ask, please, that the bottom of that page be enlarged and then the top of the next page. Thank you. Do you see, Mr Bradley, Ms Lee records that:

15 "There have been a number of terminations, 36 in the last 12 months in the IRB team. 37 per cent turnover. These range from resignations, summary dismissals, performance terminations, redundancy, termination within probation and resignation as a result of company assisted termination. This number is excessive."

20 First of all, Mr Bradley, do you understand what is meant by "company assisted termination"?

25 **MR BRADLEY:** I'm not sure what - what the meaning - I assume it means that the company has initiated or assisted the termination in some way, which has led to the person resigning rather than being terminated, I think is - might be the meaning of that.

30 **MR CONDE:** Do you recall these matters of so many terminations - and to use Ms Lee's word, "excessive" terminations - in the IRB team being raised with the board?

35 **MR BRADLEY:** I don't recall it being raised with the board. We - we did have a people committee, I know, which did look at matters around turnover. I'm not sure if that was a matter that went to that committee. I wasn't a member of that committee. I don't recall it being raised at the board.

40 **MR CONDE:** Now, I appreciate I've taken you to the observations and the summary, rather than a line-by-line reading of this document, but would you accept that at a high level what Ms Lee is doing in this document is setting out what appear to be very serious concerns in a document provided to Ms Martin?

MR BRADLEY: Yes. Basically just reading those conclusions you've referred me to, yes.

45 **MR CONDE:** And if we can go, then, to what you were told about Mr Chong. Can we pull up the board minutes, please, of 24 May 2018, and that's STA.5002.0004.1038. And that's exhibit B822. And do you see, Mr Bradley, that you were at this meeting?

MR BRADLEY: Yes.

MR CONDE: Do you see that Ms Martin and Mr Hawkins were also present?

5 **MR BRADLEY:** Yes.

MR CONDE: If we can go, please, to pinpoint 1043. And if we could go to the - it's the second row:

10 "Managing director and CEO report, March 2018 and April 2018."

Sorry. If that could be enlarged, please, operator. Thank you. So first of all, Mr Bradley, do you see that the March 2018 report was taken as read?

15 **MR BRADLEY:** Yes.

MR CONDE: And then Mr Bekier is recorded in the minutes as having spoken to the key points of the papers. So far as you can recall, were issues of the kind that I've taken you to in Ms Lee's document raised with the board at or about this time?

20

MR BRADLEY: I don't recall - the report you showed me before, what date did that have, sorry?

MR CONDE: That was a document dated 11 March 2018, and this board meeting is 24 May 2018, receiving the MD report of March 2018.

25

MR BRADLEY: Thank you. No, I can't recall those matters around that particular employee being raised.

30 **MR CONDE:** And, in particular, do you recall any concerns about a toxic culture being raised?

MR BRADLEY: No.

35 **MR CONDE:** And, in fact, if I could ask the operator, please, to zoom out and to go to the preceding page 1042 - I'm sorry, to the first page, 1038. Do you see, Mr Bradley, that in attendance - I asked you earlier about Paula Martin and Greg Hawkins, but also Kim Lee was present, at least for part?

40 **MR BRADLEY:** Yes.

MR CONDE: And is it correct that you don't recall Ms Martin or Ms Lee raising a question of toxic culture?

45 **MR BRADLEY:** No.

MR CONDE: If we can then go to that March 2018 report that was taken as read. It's STA.5002.0004.1244. And, Mr Bell, this has already been marked for identification.

5 **MR BELL SC:** Yes.

MR CONDE: If we can go, please, to pinpoint 1265. And under the headings 10, Human Resources, and 10.1, Talent Acquisition, do you see over on the right, Mr Bradley - if that text under Explanation could be enlarged, please. Do you see
10 there, Mr Bradley, that the last sentence of that first paragraph of explanation - it says:

"John Chong, president international marketing, redundancy 23/3."

15 **MR BRADLEY:** Yes.

MR CONDE: And do you recall or discussing - or the managing director discussing with the board the circumstances of Mr Chong's departure from Star Entertainment?

20

MR BRADLEY: No.

MR CONDE: Do you recall, apart from this reference in this paper, being provided with any other information at or around this time in relation to
25 Mr Chong's departure?

MR BRADLEY: No.

MR CONDE: Would you agree that in circumstances where - sorry. In the
30 circumstances of the concerns and so forth that I've taken you to, management should have provided more detail to the board around Mr Chong's departure and Ms Lee's concern about toxic culture?

MR BRADLEY: I think more information about a senior person like that may
35 have been appropriate. I'm unclear on the toxic culture matter in terms of not having read the detail of the document. But certainly if a senior person leaves, you might expect some further background at the time, yes.

MR CONDE: And if that senior person has left in a context of (1) a concern about
40 toxic culture, and also (2) a concern from Ms Lee about there being an excessive number of people leaving that team, would you expect the board to be told of those matters?

MR BRADLEY: Either the board or the people - a committee of the board which
45 looks in further detail at human resources matters, yes.

MR CONDE: If I can now ask that a document be brought dated April 2018. It's part of exhibit C79, but it's more complicated to get to. It's document

STA.3427.0037.3870. The pinpoint I wish to go to is 3894, which I believe is part of the document STA.3427.0037.3882. And if we could have just that page, 3894, on the screen, please, and enlarge paragraph 111 down the bottom. And may I just ask you, Mr Bradley, to read that paragraph to yourself first.

5

MR BRADLEY: Yes.

MR CONDE: Now, this document, as you will see, is dated April 2018. It's a - well, it's a paragraph in a report from the intelligence team at the Hong Kong Jockey Club, and Mr Angus Buchanan has given evidence to Mr Bell that he started at Star Entertainment just over a year later, in May 2019, and at the time that - well, both in April 2018 but in particular at the time he started at Star Entertainment in May 2019, he had the same opinion, which is set out in paragraph 111 of that report, which you've just read. Would you agree, Mr Bradley, that conclusions of tangible criminal as well as reputational risks associated with Suncity are extremely serious conclusions for the team at the Hong Kong Jockey Club to have reached?

20

MR BRADLEY: Yes.

MR CONDE: Mr Bradley, have you previously read a copy of the Hong Kong Jockey Club report, of which this is an extract?

25

MR BRADLEY: Only in preparation for this review, in terms of reviewing papers, yes.

30

MR CONDE: Are you aware of Mr Bekier's evidence that the Hong Kong Jockey Club report is a very good report which assembles a lot of evidence and paints a picture of somebody we shouldn't be doing business with?

MR BRADLEY: I'm not aware of the exact - his comments, but I can - I can understand that view, yes.

35

MR CONDE: And would you agree with that view, having read the report yourself?

MR BRADLEY: Yes. It raises serious concerns around the party's involvement with Suncity, yes.

40

MR CONDE: Would you agree that if the board had received either a copy of the Hong Kong Jockey Club's report or at least a thorough briefing on its contents, the board should have stopped doing business with Suncity and Alvin Chau?

45

MR BRADLEY: At the very least, it would have triggered the need for some rigorous due diligence to be conducted, which may have come to that view, yes.

MR CONDE: And is that, at least in part, as a result of the fact that The Star must not have dealings with people who have undesirable or unsatisfactory financial sources?

5 **MR BRADLEY:** I'm not sure about the financial sources aspect. Certainly if they have criminal - tangible - tangible criminal links, I think that's certainly a matter of concerns to their character and integrity, yes.

10 **MR CONDE:** If I can take you to a document. It's exhibit C78, STA.3427.0037.3869. And where there is blue text, Mr Bradley, I would ask you please don't refer to that in any answer. By all means read it, but please don't quote it. In fact, though, the parts that I wish to draw to your attention, Mr Bradley, are not in blue. Do you see that there's an email from Mr Buchanan to Ms Martin, Mr White and Mr Houlihan dated 12 June 2019 at 9.06?

15 **MR BRADLEY:** Yes.

MR CONDE: And do you see he says:

20 "Please find attached a copy of the 2018 Suncity report my intelligence team compiled whilst I was with the Hong Kong Jockey Club. It is a comprehensive report and was prepared due to the potential threat Suncity posed/poses to the integrity of racing in Hong Kong. I suspect certain aspects of the report may be of interest to The Star."

25 Can you see that, Mr Bradley?

MR BRADLEY: Yes, I can. Yes.

30 **MR CONDE:** And do you agree that in June 2019, concerns about Suncity raising tangible criminal as well as reputational risks would have been of interest to you as a director of Star Entertainment?

35 **MR BRADLEY:** Yes.

MR CONDE: And is that, at least in part, because Star Entertainment had a significant relationship with Suncity as one of its major junket operator partners?

40 **MR BRADLEY:** Yes.

MR CONDE: Now, that's June 2019. The next month - are you aware of the 60 Minutes Crown Unmasked program that was broadcast on 28 July 2019, along with reports in the Sydney Morning Herald and Age?

45 **MR BRADLEY:** Yes.

MR CONDE: Do you recall watching the 60 Minutes program at that time?

MR BRADLEY: Yes.

MR CONDE: Do you recall that it referred to a secret report by one of the world largest bookmakers, the Hong Kong Jockey Club?

5

MR BRADLEY: I think, yes, it did. I do recall seeing that at the time, yes. If not on the 60 Minutes program, it may - I think possibly in the media reports at the time, yes.

10 **MR CONDE:** And did you have a reaction at that time that you would like to see a copy of that report?

15 **MR BRADLEY:** Well, I think the concerns raised in the media reports - I didn't go - I didn't consider the issue whether I should try and get access to that report, but I certainly felt that the matters raised about Suncity need to be - need to be considered by Star.

20 **MR CONDE:** And so far as you can recall, did you or your colleagues on the board ask management whether Star possessed a copy of the report?

MR BRADLEY: No, I don't recall asking management whether they had a copy of the report. No.

25 **MR CONDE:** Is it correct that Ms Martin would ordinarily attend board meetings?

MR BRADLEY: Yes.

30 **MR CONDE:** And with that in mind, do you find it frustrating to think that Ms Martin had received a copy of the Hong Kong Jockey Club report and yet, for whatever reason, it was not provided to the board?

35 **MR BRADLEY:** The board did request a report on the various allegations that had been conducted and received a report. That report, I think from Paula Martin and Greg Hawkins. And, no, it did not have any commentary around whether we had access to the Hong Kong report, which - which should have been revealed, yes.

40 **MR CONDE:** If we can go to the minutes of a board meeting dated 15 August 2019. That's exhibit B1542, STA.5002.0005.1428. And do you see - has that come up for you, Mr Bradley, the 15 August 2019 minutes?

MR BRADLEY: Yes.

45 **MR CONDE:** And do you see that you were present, as was Ms Martin, along with - I think that is all of the board - your board colleagues at the time?

MR BRADLEY: Yes.

MR CONDE: And do you see - if we can go to pinpoint 1430. There should be an entry, yes, at the bottom:

5 "Crown Resorts Limited media and related matters."

MR BRADLEY: Yes.

10 **MR CONDE:** And there was a paper which was tabled styled Crown Resorts Limited Media and Related Matters. Do you see that?

MR BRADLEY: Yes.

15 **MR CONDE:** And if we can go over the page to 1431, it records Ms Martin speaking to communications received from regulators, at the top of the page. Do you see that?

MR BRADLEY: Yes.

20 **MR CONDE:** And then in the next paragraph:

"Management spoke in particular to the corporate history of Suncity, specific allegations made in relation to them, and the changes that Suncity is making in relation to their business across Australian jurisdictions."

25

What, if anything, do you recall, Mr Bradley, was said by whom from the management team about these matters during this part of the meeting?

30 **MR BRADLEY:** It would have been said by Greg Hawkins and Paula Martin. The - the allegations, obviously, were ones in the media at the time. I think the changes that Suncity is making refer to the fact that they were intending to close their fixed rooms, if that's the right expression, in - in Melbourne and Sydney. Management also, in terms of the communications to regulators, did advise that Star were going to take enhanced customer due diligence in relation to Suncity
35 based on the information available.

40 **MR CONDE:** If we can look at the board paper. This is exhibit B1538, STA.5002.0005.2241. And if we can go to - sorry. Mr Bradley, do you recall receiving and reading this paper at the time?

MR BRADLEY: Yes.

45 **MR CONDE:** And if we can go to pinpoint 2242. The third paragraph, do you see it says that:

"Attachment 1 lists the main allegations made in the Nine Media against Crown."

MR BRADLEY: Yes.

MR CONDE: And if we can then go to that. It's pinpoint 2245. If I could ask that the last entry on this page be enlarged, along with, please, the rest of it on the next
5 page. So do you see the allegation, as summarised there, is that:

"Crown was wilfully blind to the criminal activity of key business partners. Particularly junket operators. This included claims related to Hong Kong Jockey Club ban on Suncity."

10

MR BRADLEY: Yes.

MR CONDE: Having read this entry, do you agree that in all likelihood at the 15 August 2019 board meeting, the board discussed the Hong Kong Jockey Club's
15 ban on Suncity?

MR BRADLEY: I don't recall the ban being particularly discussed, but certainly the allegations about Suncity. Yes.

20 **MR CONDE:** And do you recall either yourself or other board colleagues asking at the time, "Well, you know, are we doing the same thing?"

MR BRADLEY: Yes, and the thrust of the advice was that - that we had the appropriate AML procedures in place and - and did require that they operate in a
25 way which was compliant. But also it was - it was, I think in the - in the briefing paper, it - it did advise that they were going to be undertaking enhanced customer due diligence on Suncity.

MR CONDE: Do you recall anybody asking at the time, "Did the Hong Kong Jockey Club ban Suncity and, if so, do we know why?"
30

MR BRADLEY: I don't recall if that was a question raised at the meeting, no.

MR CONDE: Would you agree that that would be a reasonable question for
35 someone to have asked?

MR BRADLEY: Yes.

MR CONDE: Are you able to tell Mr Bell - I'm sorry. I will rephrase the
40 question. What, if any, comment do you have, Mr Bradley, on the fact that, so far as you can recall, that question was not asked?

MR BRADLEY: Well, that - that particular detail wasn't asked, but I understood that there would be a process undertaken which would look at all of the allegations
45 against Suncity, which would include anything that was available in relation to that matter. But we didn't go into that. I don't recall going into that level of detail about the Hong Kong Jockey Club at the time.

MR CONDE: And just if I could ask about the context here. Suncity is one of your major junket partners at this time. Your main competitor has been the subject of very serious media allegations, in particular, as summarised here, that it:

5 "Was wilfully blind to the criminal activity of key business partners."

And Star had the same key business partner. Wouldn't that have warranted the most urgent of inquiries into whether the same sort of issues levelled against Crown applied for Star?

10

MR BRADLEY: Yes, and I - I understood they were going to undertake a process looking at all of the allegations in relation to Suncity. I think in the - in the context of what I now know, where there had been the serious breaches you'd raised before, I would have thought, taken together, that would have raised a - a red flag in terms of dealing with Suncity from that - from that point, yes.

15

MR CONDE: Because do you agree there are - what I've explored with you thus far involve - there's the room itself and that whole issue of an unlicensed casino within a casino. That in and of itself, I think you accepted, would warrant ceasing the operations; do you agree?

20

MR BRADLEY: Yes.

MR CONDE: But then there are further issues, summarised in the Hong Kong Jockey Club report at paragraph 111, which was the opinion held by Mr Buchanan and shared with others within Star, raising very serious allegations that might also in and of itself warrant ceasing the relationship with Suncity; would you agree?

25

MR BRADLEY: Yes.

30

MR CONDE: And if we can go back in this document to pinpoint 2242. Do you see there's a section halfway down the page, Contact from Regulators?

MR BRADLEY: Yes.

35

MR CONDE: And then it says:

"Liquor and Gaming New South Wales have written to The Star (attachments 3 and 4)."

40

And if I can take you, please, to pinpoint 2251 of this document. And the date of this letter, I believe is at the end. So if I could ask the operator, please, to go to the next page. So do you see there's a letter from the executive - Natasha Mann, the executive director of Liquor and Gaming and Racing dated 8 August 2019?

45

MR BRADLEY: Yes.

MR CONDE: And if we can go back to the preceding page, please, 2251. The fifth paragraph down - do you see it says:

"We have reviewed the recent media reports."

5

And:

"To further assist our understanding of the issues, I now request more specific information relating to the entities and individuals named in the media reports. For this purpose, I have attached a list of names at annexure 1."

10

Do you see that?

MR BRADLEY: Yes.

15

MR CONDE: And then if we go to pinpoint 2253, which is annexure 1. Do you see it says:

"Suncity Group Holdings and its subsidiaries."

20

And then:

"Alvin Chau."

25

MR BRADLEY: Yes.

MR CONDE: So, again, would you agree that having the regulator seeking information about these organisations and the individual - Mr Chau - was a very serious fact in and of itself?

30

MR BRADLEY: Yes.

MR CONDE: And do you recall it raising in your mind whether Star needed to form - reach a conclusion as soon as possible on whether to continue the relationship with Suncity?

35

MR BRADLEY: Yes, and I expected that would be the outcome of an enhanced customer due diligence process.

MR CONDE: Do you find it frustrating, looking back at this, to think that in that 15 August 2019 board meeting, Ms Martin was there and she had received a copy of the very Hong Kong Jockey Club report that had been referred to in the allegations, and she had received that on 12 June 2019 and had discussed it with Mr Buchanan that month?

45

MR BRADLEY: Well, I believe the - the collective that, and also the collective information now about the breaches by Suncity, I would have thought, would

build a pretty compelling case for us not to continue (indistinct) - to conduct business with Suncity after they had closed their fixed room.

5 **MR CONDE:** But do you - just thinking about that board meeting, to think that there was somebody there with that information to hand and, in particular, the Hong Kong Jockey Club report, do you find it frustrating that that information was not ventured or otherwise drawn out in the meeting?

10 **MR BRADLEY:** It should have been disclosed, yes.

MR CONDE: And would you agree that the board was really only one or two questions away from opening up a line of inquiry which would have drawn out what was known by management about the serious concerns about Suncity which the Hong Kong Jockey Club had recorded in its April 2018 report?

15 **MR BRADLEY:** The information, yes, was - was there and available to management. It's frustrating that it wasn't - it wasn't provided in a frank way to the board, yes.

20 **MR CONDE:** Would you agree that the board, comprising directors of a casino business, having seen a reference to a third party's ban on a major source of business for your company, really ought to be asking the question, "Well, what do they know that we don't?"

25 **MR BRADLEY:** With hindsight, yes, we should have - we should have asked more questions. I believed that it was going to be a matter to be considered in detail through the - the process that they were intending to run. But I didn't have the knowledge that we had access to that particular report.

30 **MR CONDE:** Are you aware also, Mr Bradley, that there were allegations in the media relating to Crown Resorts that some of the junkets with which Crown Resorts dealt with were unsavoury?

35 **MR BRADLEY:** I recall there were allegations around various junkets, yes.

MR CONDE: Are you aware that Ms Martin - sorry. I will ask: do you agree with Ms Martin's evidence to Mr Bell that around this time in 2019, the board had calls that weren't held as formal meetings and, therefore, weren't minuted?

40 **MR BRADLEY:** Yes, they're - they're referred to in this paper. We certainly had calls which discussed the media reports, which resulted in the request for this particular paper.

45 **MR CONDE:** Were those calls limited to this period of time in relation to the Crown allegations, so far as you recall, or were they a wider practice?

MR BRADLEY: I don't believe it was a wider practice. It - it - it would occur when there was a matter that needed urgent or immediate discussion to inform the

board. These sort of media reports of this nature were obviously fairly - fairly unusual and - and would require that we speak to management about the media reports and what - what that meant for Star. But, yes, there would need to be - the chairman would need to have had a request from directors and others to - to have a discussion in between, rather than waiting for the next board meeting so - so we had timely advice.

5
10 **MR CONDE:** Is – so far as you were aware, is that practice not a general or usual practice?

MR BRADLEY: Board calls are not a usual practice. They - they occur from time to time. And certainly since the pandemic, the use of video conferencing has become, obviously, more common. And certainly around when there has been various inquiries and matters arising from inquiries, there - there have been calls to brief the board on those matters. So they probably occurred more often as - as more reviews and reports have become available. But it's important that the board be across that in between formal board meetings. But where, as in this case - sorry, not in this case, but where there's a need to - where there's a need to and the board to make decisions, they - they are - they are - they are minuted and they are - the papers are - are recorded as board papers.

15
20
25 **MR CONDE:** Would you agree that it's important for such meetings not to be a usual practice, for at least one risk of creating asymmetrical information as between different board members who might or might not be on the call?

MR BRADLEY: In my experience, the board secretariat goes to a great deal of effort to ensure that all members are on the call. It would be very rare for a board member not to be in attendance. They - they certainly work very diligently to find a time suitable for all directors.

30
35 **MR BELL SC:** Mr Bradley, are you aware of evidence that has been given to this review by Ms Martin that in these particular board calls that occurred after the Crown media allegations in 2019, relevant information might have been provided to the board which Ms Martin could not now recall?

MR BRADLEY: I'm not sure, Mr Bell, what that - what that refers to.

40
45 **MR BELL SC:** Well, Ms Martin couldn't be specific, but counsel assisting were asking her about whether particular information in relation to the media allegations had been reported to the board. And Ms Martin agreed that it wasn't documented in any board minutes, but that it may have been provided in these informal board calls. But she could not recall, and she could not now confirm it because those board calls were not minuted. Were you aware of her giving evidence to that effect?

MR BRADLEY: I'm aware she made comments around those board - board calls, yes.

MR BELL SC: Is it correct that those board calls were not minuted or recorded in writing?

MR BRADLEY: Yes.

5

MR BELL SC: Do you agree that, as a general principle, material information to the board should not be lost in undocumented closed sessions?

MR BRADLEY: I can accept that. In this case, we were discussing media reports which were public at the time.

MR BELL SC: Do you not see a risk in those board discussions not being recorded in any way, whether informal minutes or otherwise, so that the record of what occurred and what was communicated is now lost?

15

MR BRADLEY: I can see that risk, yes.

MR BELL SC: Yes, Mr Conde.

MR CONDE: Just on the subject, Mr Bradley, of asking for your comments on some evidence that has just been given to Mr Bell, do you recall I asked you yesterday about the - well, I asked you a number of questions about CUP cards, but in particular about the workarounds and - which led to the framework of cards being swiped at hotel terminals and money then being transferred to patrons' front money accounts?

25

MR BRADLEY: Yes.

MR CONDE: And are you aware that Mr Stevens and Mr Alois told Mr Bell in their evidence that neither had any recollection of telling the Authority during a May 2013 meeting of their understanding that the rules of UnionPay prohibited the use of CUP cards to purchase gambling chips?

30

MR BRADLEY: I haven't seen that - that particular evidence, but I - but I accept that that was their evidence. That - that's correct, yes.

35

MR CONDE: And do you recall I asked you questions about how - and I believe you gave evidence to Mr Bell accepting, that the proper thing to have done at the time would have been to obtain the regulator's approval?

40

MR BRADLEY: Yes.

MR CONDE: And I just wanted to clarify about that. Would you agree that in seeking such an approval, it would be necessary to have been open with the regulator about the workarounds built into the proposal, namely, that the temporary cheque cashing facility would apply during the time for funds to clear, and the hotel terminals were being used to ensure that deposits weren't going directly into front money accounts?

45

MR BRADLEY: Yes. Well, it's clear to me that the whole arrangement should never have been put in place in the first place. Certainly if they disclosed that, which they should have, to the regulator, I'm sure that would have been the
5 outcome.

MR CONDE: And - but would you also agree that if - if, as Mr Stevens and Mr Alois has told Mr Bell, it was their understanding that the UnionPay rules prohibited the practice, that they should be frank about the in-built workaround to
10 address that concern as well?

MR BRADLEY: Yes, if you're referring to the - the use of a - the hotel as a construct for - for getting - you know, avoiding that prohibition. Again, had it - had it been properly disclosed, I - I don't think the whole arrangement would
15 have even commenced.

MR CONDE: And would you agree that the great benefit of that, of being frank with the regulator in seeking any approval, is that if, contrary to the expectation you just mentioned, such an approval had been granted, then it would
20 have been very simple to respond to any subsequent requests from NAB or anyone else so they could just say, "Well, we have a practice which is approved by the regulator," and that would be it?

MR BRADLEY: I don't think it would have avoided the fundamental problem that the conditions of the card didn't allow that to occur. Even if it had in some way been approved by the regulator, I think it's - they would have still made the inquiries they did, I - I would expect.
25

MR CONDE: Yes. Thank you. If I could now move back to August 2019. I was asking you some questions earlier about the board meeting around that time of the allegations in relation to Crown. Do you recall, Mr Bradley, reading in August 2019 - or viewing media allegations that Mr Huang Xiangmo had delivered \$100,000 in cash to the Australian Labor Party and that a former federal senator, Sam Dastyari, had told a corruption inquiry that Mr Huang may have been an agent of influence for an overseas government?
30
35

MR BRADLEY: I'm aware there were allegations around that matter, yes.

MR CONDE: Are you aware that following those allegations, Mr Huang was excluded from The Star on 13 September 2019?
40

MR BRADLEY: I don't know the named individuals, but it's - I recall there were - there was an exclusion, I believe, without any advice given to the regulator, yes.
45

MR CONDE: Are you aware that between 2010 and 2018, Mr Huang had a table games buy-in at Star properties of \$1.781 billion?

MR BRADLEY: No, I was not aware of that number. No.

MR CONDE: Would you agree that that's an extraordinary amount of money for an individual to be bringing in?

5

MR BRADLEY: Certainly. Yes.

MR CONDE: Are you aware that in 2014, 2015 and 2016, Mr Huang's buy-in in each of those years was more than \$400 million?

10

MR BRADLEY: No, I was not aware of the - those amounts. No.

MR CONDE: Were you aware that by 5 March 2018, in respect of Mr Huang, Star Entertainment held copies of three different passport numbers for passports from the same country with two different names and two different birthdays?

15

MR BRADLEY: I understand that has been raised in evidence to the review, yes.

MR CONDE: And were you aware of that before this review?

20

MR BRADLEY: No.

MR CONDE: So is it correct that you first became aware of that during Mr Houlihan's evidence when it was raised with him?

25

MR BRADLEY: Yes.

MR CONDE: And what, if any, comment do you have on Mr Houlihan's evidence that neither he nor, so far as he was aware, anyone else in Star Entertainment's investigations team was ever asked to investigate Mr Huang's source of wealth?

30

MR BRADLEY: It's certainly a concern, yes.

35

MR CONDE: It's extraordinary, isn't it, to think that someone brought in more than a billion dollars to the casino and the investigations team didn't investigate that person's source of wealth?

MR BRADLEY: Yes.

40

MR CONDE: Would you agree that absent an explanation of source of wealth, there's a very serious question whether Mr Huang should have been allowed to gamble at the casino?

45

MR BRADLEY: Yes.

MR CONDE: Are you aware that The Star - I will ask that exhibit B1479 be brought. This is STA.3417.0005.8905, at 8912. And it's the second bullet point

that I would refer you to. If I could just ask that you read that. The second bullet point on that page which begins, "The Star compliance advised."

MR BRADLEY: Yes.

5

MR CONDE: Are you aware, Mr Bradley, that Star can, and as shown here, has before, said to patrons, in effect, "Unless you explain your source of wealth, we're not going to let you gamble here"?

10 **MR BRADLEY:** Yes.

MR CONDE: And in circumstances where, by March 2018, as I mentioned, in respect of Mr Huang, Star Entertainment held copies of three different passports with different passport numbers from the same country with two different names and two different birthdays, do you agree that at the very least this is what should have been done with Mr Huang, to say, "Well, unless you explain your source of wealth, you're not going to be gambling here"?

15 **MR BRADLEY:** Yes, I think it's clear in our know your customer and enhanced customer due diligence standards that that - that would be required, yes.

MR CONDE: Do you recall Mr Huang being referred to in a report from Mr Bekier in March 2017 as one of Star Entertainment's top debtors?

20 **MR BRADLEY:** I know - I know his reports regularly had information around debtors. I don't recall that particular name, but I - it may be in one of his reports, yes.

MR CONDE: If I could ask that exhibit B243 be brought up. That's STA.5002.0003.3172. And then if we can go to 3185, please. Do you see at the bottom of the page it says:

"Top three debtors are."

25 And then it starts with a name?

MR BRADLEY: Yes.

MR CONDE: And then if we can go to 3186, please. Do you see up the top it says:

"Huang, Xiangmo."

30 **MR BRADLEY:** Yes.

45

MR CONDE: Do you recall whether anyone asked at the board meeting of 19 April 2017, "What, if anything, do we know about Huang Xiangmo?"

MR BRADLEY: No, I don't recall that. The debt was expected to be repaid. We - we weren't familiar with the particular names of particular debtors or gamblers at the time, I don't think, that would have caused us to ask a question about that one in particular.

5

MR CONDE: Is it correct that this sort of an entry is more a case of updating the board about potential credit risks?

MR BRADLEY: Yes, I believe that's - that's the intent of it. Yes.

10

MR CONDE: So independently of that line item, would you have expected, as a member of the board around this time, to know of a patron who had a buy-in of more than \$400 million in the last three years, whose source of wealth had not been investigated and for whom multiple passports from the same country with multiple names and birthdays were held?

15

MR BRADLEY: The board did not get information on individual - there were a large numbers at the participants at the casino. We didn't - we didn't get that level of detail, and certainly we wouldn't have been aware that there were multiple passports. As I said, that should have raised fundamental questions about know your customer and required appropriate action to occur to investigate things like source of funds and - as well. That's not something that would have come in - that sort of detail to the board, I don't believe.

20

MR CONDE: Is it correct that if you had known around this time that Star Entertainment held copies of multiple passports for Mr Huang from, as I have said, the same country, with different passport numbers, different names and different birthdays, that he had not been - his source of wealth had not been investigated and that his level of buy-in was over a billion dollars, would you agree that - or do you expect that you would have been extremely concerned about The Star doing business with that patron?

25

30

MR BRADLEY: Well, clearly if there was a - someone hadn't met our requirements for know your customer, I think it - I think our standard does require that if there are question marks around their identity, which I would have thought multiple passports would have signalled, that that would have triggered a range of - range of processes being required to occur, and source of funds would have been one of those. And source of wealth. Yes.

35

MR CONDE: If I might now move back to 2018. So the questions I was just asking you then were in around - earlier in 2017. Do you recall - and actually, if I could that B790 be brought up, please. STA.3411.0010.3560. Mr Bradley, do you recall these emails that I showed you earlier? And I just wanted to show you the date. This is 15 and 16 May, respectively.

40

45

MR BRADLEY: I believe I've read these in - read some of these in - in preparing for this review, yes.

MR CONDE: And these were the emails I took you to earlier.

MR BRADLEY: Right. Thank you. Yes.

5 **MR CONDE:** Do you recall, on 16 May 2018, receiving two AML/CTF reports from KPMG?

10 **MR BRADLEY:** Yes, I recall the - for the audit committee, there were - there were papers which were relating to KPMG. I'm not sure of the exact date that that occurred.

15 **MR CONDE:** Are you aware of the evidence to Mr Bell's review that between 16 May 2018 and 6 August 2018, there were a number of meetings between KPMG and Star Entertainment where, among other things, Star raised some 22 specific points of concern with KPMG in relation to the reports?

MR BRADLEY: Yes, I understand it was a process for concerns raised by management to be discussed with KPMG.

20 **MR CONDE:** If we go to the audit committee minutes of 23 May 2018. They are exhibit B811. This is STA.5001.0003.0818. Do you see that you were present at this meeting, Mr Bradley?

25 **MR BRADLEY:** Yes. Yes.

MR CONDE: And if we go down about two-thirds of the way of the page to:

"Internal audit status update."

30 Do you see that?

MR BRADLEY: Yes.

35 **MR CONDE:** And if we can now go to pinpoint 0819, please. Do you see the third full paragraph, not the bullet points, the third one which begins:

"It was noted that the detailed reports have only just been received by management and are undergoing review."

40 **MR BRADLEY:** Yes.

MR CONDE: Is it not correct that the audit committee should have been reviewing the KPMG reports, not waiting for management to do so?

45 **MR BRADLEY:** Management usually, in the process of a report, prepares responses or - or - or plans to respond to recommendations, which is usually - usually part of the process that would come to the audit committee.

MR CONDE: Were you aware that the KPMG reports were expressed at that time as being final?

5 **MR BRADLEY:** As far as I was aware, they were final, yes.

MR CONDE: So did it not concern you of the risk of management seeking to insert itself when it says that:

10 "The detailed reports have only just been received by management and are undergoing review."

MR BRADLEY: Yes, I - I would have expected the review to be in terms of how - how management should respond. But I believe there were concerns about - about the report. I wasn't clear at the time what those concerns were.

15 **MR BELL SC:** Do you recall this meeting, Mr Bradley?

MR BRADLEY: Yes, I do.

20 **MR BELL SC:** What was the mood of the meeting, as you recall it?

MR BRADLEY: It was - there was some tension at the meeting, in the sense that there were - the issues had raised concerns, which, I guess, in terms of the findings, were different - difficult on the surface to reconcile with previous reports that had been seen by the board and management at the time.

MR BELL SC: Do you recall Mr Bekier speaking at the meeting on this topic?

30 **MR BRADLEY:** Yes, he - he raised the fact that he had concerns about the report. Yes.

MR BELL SC: And do you recall anything else that he said in substance?

35 **MR BRADLEY:** I - I don't recall him being - saying what - what his particular concerns were, other than he had some concerns.

MR BELL SC: Do you recall Mr Sheppard speaking at the meeting on this topic?

40 **MR BRADLEY:** I don't recall what any particular board member may have said at the time, personally.

MR BELL SC: Does that include Mr O'Neill as well?

45 **MR BRADLEY:** I believe that the comment around - which is later in this - in these minutes - some language in the summaries is concerning. I think that might have been a - I think that may have - that was a point made by some board members, including the chair, at the time.

MR BELL SC: And when you say "the chair", are you referring to the chair of the audit committee or the chair of the board, Mr O'Neill?

MR BRADLEY: The chair of the board, I think, yes.

5

MR BELL SC: Yes, Mr Conde.

MR CONDE: Mr Bradley, do you recall being aware around this time of criticism that was levelled at AMP during the Hayne Royal Commission for allegedly trying to have an independent report by Clayton Utz amended on the issue of fees for no service?

10

MR BRADLEY: I recall that being - being a matter that - that had occurred. I don't know the detail of it, no.

15

MR CONDE: But is it correct that you would not want to run the risk of similar criticism being levelled at Star Entertainment?

MR BRADLEY: Yes.

20

MR CONDE: Were you aware that the KPMG partners were sitting outside this meeting waiting to be called in to speak to the reports?

MR BRADLEY: I think I was aware that they were available to speak to the report, yes.

25

MR CONDE: And if I can ask you about the paragraph on this page that is fourth from the bottom. It says:

30 "The committee noted KPMG's report was delivered to management very close to the meeting time. However, for the committee to adequately assess the review outcomes, it is necessary for the committee to be presented with complete review outcomes, including management actions in response and assurances in relation to implementation. In addition, some language in the
35 summaries in the report is concerning in the limited context present."

Is that a correct record, so far as you're aware, of what was discussed on this issue?

MR BRADLEY: Yes, certainly it's - it's usual for - in response to an internal audit report to have management actions so that the committee is clear on their appropriate responses and that any matters of concern will be addressed in the implementation of that action plan.

40

MR CONDE: And do you see the next paragraph:

45

"Following discussion, the committee noted the extracts presented and noted that management is however continuing work with KPMG and will revert to the committee further."

MR BRADLEY: Yes.

5 **MR CONDE:** Does that accord with your recollection of what was said?

MR BRADLEY: Yes. As I - as I understood it, continue to work with them in terms of developing the management actions and response, in broad terms.

10 **MR CONDE:** Do you recall asking, or any of your colleagues asking, "Where are the authors of this report?"

MR BRADLEY: Well, it was clear who the authors were, obviously, in terms of the document, yes.

15 **MR CONDE:** No, but I was just asking, Mr Bradley, if you recall asking, or any of your colleagues asking, "Where are they? Can they speak to it?"

20 **MR BRADLEY:** I don't recall us - I think the chair had a view that we needed to do yet further work from management so that we had appropriate responses at this - at this point in time, given the - the concerns raised. But I don't know that we can take the matter further until - until management had had that - had included its appropriate actions.

25 **MR CONDE:** Well, perhaps if I can take you to exhibit B1027. That's KPMG.001.001.1779. And if I can ask that - I appreciate this letter is dated after the minute - the audit committee meeting of 23 May, obviously. But do you see halfway down the page, it says:

30 "As part of the agreed scope of work and SGR's established internal protocols, KPMG."

And then there's a list of bullet points?

35 **MR BRADLEY:** Yes.

MR CONDE: Now, if we can go, please, over to 1780. And emphasised towards the top of the page, first entry:

40 "Validated each and every finding in draft form with the chief risk officer, general manager compliance and responsible gambling, and the compliance manager, prior to finalising the reports."

45 And then if I can show you footnote 2 which is referred to there. If, operator, we could go to the bottom of that page, please. And enlarge footnote 2 for Mr Bradley, please. Were you aware at the time of the audit committee meeting, Mr Bradley, that on 3 May 2018, KPMG had issued the draft reports to confirm the factual accuracy and to obtain management actions from the general manager

compliance and responsible gambling, the chief risk officer and the compliance manager?

5 **MR BRADLEY:** I wasn't aware of the process that had led up to preparation of the report in terms of that detail, no.

10 **MR CONDE:** And so is it correct, then, that you also wouldn't have been aware that on 14 May, as recorded in that second paragraph, KPMG had met with the general manager compliance and responsible gambling, chief risk officer and the compliance manager, and the findings in both reports were validated for factual accuracy and agreed, and no issues were raised at the meeting as to the factual accuracy of the reports?

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

MR CONDE: And is it correct that you were not aware of that fact?

MR BRADLEY: No. Not - not at the time of the meeting, no.

20 **MR CONDE:** Mr Bell, I see the time.

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

25 **<THE HEARING ADJOURNED AT 1:01 PM**

<THE HEARING RESUMED AT 2:03 PM

MR BELL SC: Yes, Mr Conde.

30 **MR CONDE:** Mr Bradley, I was asking you before the break about the KPMG reports. Are you aware that one of the principal issues that KPMG identified was that people who came into the casino with hundreds of thousands of dollars of cash were not being automatically assessed as higher risk?

35 **MR BRADLEY:** Yes.

40 **MR CONDE:** Do you agree that KPMG's analysis gave rise for an opportunity for Star Entertainment to say, "Well, we're being told here that we're letting in people with large amounts of cash without flagging them properly. We should check to see who has been let in thus far and whether any existing relationships need to be stopped"?

45 **MR BRADLEY:** I think it triggered the need for a - a - a clear risk assessment framework to be put in place which made assessment of risk more robust and transparent.

MR CONDE: Is that both in a prospective way but also with a degree of retrospectivity?

MR BRADLEY: I don't believe that was something that was recommended by KPMG or proposed at the time.

5 **MR CONDE:** Would you agree, though, that being told of that issue presented that opportunity for Star Entertainment?

MR BRADLEY: It raised an issue around how - how the risk of customers would be assessed. I'm not sure it - it flagged the need to do to a retrospective review of all - all significant customers.

10

MR CONDE: Are you aware that in early October 2021, a series of allegations were aired on 60 Minutes and in the Sydney Morning Herald and Age newspapers about Star Entertainment?

15

MR BRADLEY: Yes.

MR CONDE: And do you recall an issue being raised in relation to the KPMG reports in those media allegations?

20

MR BRADLEY: Yes.

MR CONDE: Do you recall that there were other allegations, such as the attendances as a high roller at Star of Huang Xiangmo?

25

MR BRADLEY: I'm aware of other allegations, yes, but I'm not sure of the exact names of people. Yes.

MR CONDE: Are you aware that the allegations included matters relating to connections with Suncity?

30

MR BRADLEY: Yes.

MR CONDE: And are you aware that the allegations included the disguising of CUP transactions as hotel expenses when, in truth, they were used for gambling?

35

MR BRADLEY: Yes.

MR CONDE: Do you recall a board meeting on 8 October 2021 to consider the media allegations?

40

MR BRADLEY: Yes.

MR CONDE: If I can take you to exhibit H469. I believe this should be the minutes of that meeting. And, sorry, that's STA.3029.0002.0063. If we can go to the bottom of this first page, please. May I ask you, Mr Bradley, to read that final paragraph, which begins, "In Peter Jenkins's, group executive external affairs, discussions with the journalist." It's at the bottom of the page, yes.

45

MR BRADLEY: Yes.

5 **MR CONDE:** Do those minutes accord with your recollection of what Mr Jenkins said to the board meeting?

MR BRADLEY: Yes, I believe so.

10 **MR CONDE:** And in terms of what is said in those bullet points, is it your recollection that what was said in the meeting, as recorded there, were the opinions of Mr Jenkins?

MR BRADLEY: No, I - they were the opinions of Mr McKenzie.

15 **MR CONDE:** Is it your recollection that Mr Jenkins reported to the board that Mr McKenzie had made those suggestions as recorded in the bullet points?

20 **MR BRADLEY:** Yes, I think he had stated that he had been speaking with the people at The Star, yes, and - and that was the basis of the other points as well.

MR CONDE: If I can show you Star Entertainment's 11 October 2021 ASX release. Do you see - it's exhibit H473, and it should be INQ.003.006.0539. Do you recall approving this ASX release, Mr Bradley?

25 **MR BRADLEY:** Yes.

MR CONDE: And do you see the second paragraph where it says that:

30 "The Star is concerned by a number of assertions within the media reports that it considers misleading."

MR BRADLEY: Yes.

35 **MR CONDE:** Would it be correct to say at this time - 11 October 2021 - there were allegations which you and, to your observation, your board colleagues considered to be misleading, but there were also allegations which to you and, to your observation, your board colleagues considered not to be misleading?

40 **MR BRADLEY:** Yes, there were some that we didn't claim were misleading. That's correct, yes.

45 **MR CONDE:** And on that basis, do you agree that by mentioning the allegations which Star considered to be misleading without mentioning there were also allegations which Star considered were not misleading, the risk was that this announcement was itself misleading?

MR BRADLEY: I think it doesn't say that all assertions are misleading. It's - it's - I think that would be an incorrect interpretation of it.

5 **MR CONDE:** Would you agree, though, that what this ASX release does is focus on the allegations which are considered to be misleading but does not acknowledge that there were other allegations which were not considered to be misleading?

MR BRADLEY: It doesn't comment on allegations which it didn't consider misleading, no.

10 **MR CONDE:** And in that regard, would you agree that there's a risk of cherry-picking?

15 **MR BRADLEY:** I think it was clear that we were - we were raising concerns around the matters we considered to be misleading.

MR CONDE: Yes. But in order to present an accurate picture, would it not also have been incumbent to mention that there were matters that were not considered to be misleading?

20 **MR BRADLEY:** It's not clear to me the way in which other allegations were expressed could be said to be not misleading. I mean, that's - but it was seeking to make the point that it shouldn't be assumed that all matters raised in the media reports were accurate and, indeed, there were some that we considered to be misleading.

25 **MR CONDE:** Well, if I take, for example, the allegations in relation to China UnionPay cards. At the time of approving this ASX release, you and, to your knowledge, the other members of the board were aware of the fact that China UnionPay cards had been used at hotel terminals in a manner which disguised the payments as hotel transactions rather than gambling?

30 **MR BRADLEY:** We had - we had seen that independent report around this time, yes.

35 **MR CONDE:** And would you agree that that was a very significant allegation?

MR BRADLEY: Yes.

40 **MR CONDE:** And so do you not agree that the 11 October ASX release was, in that regard, incomplete because all it has done is focus on the number of assertions within the media reports that are considered to be misleading but has made no mention of other allegations, or at the very least the China UnionPay issue, which was not considered to be misleading?

45 **MS RICHARDSON SC:** I object to that question.

MR CONDE: Well, I will just put it another way.

MS RICHARDSON SC: Well maybe if I articulate the basis of my objection?

MR BELL SC: Well, I think that counsel assisting has withdrawn the question and is going to ask a different question, Ms Richardson.

5

MR CONDE: Mr Bradley, do you not accept that if Star Entertainment, being aware that there are allegations it considers to be misleading and there are allegations that it considers not to be misleading, runs the risk of issuing a misleading ASX announcement by only focusing on the first of those allegations, not the latter?

10

MS RICHARDSON SC: I object to the question. It has the same vice of the earlier question I objected to. In fairness --

15

MR BELL SC: What is that vice, Ms Richardson?

MS RICHARDSON SC: It is - in my submission, counsel assisting should point out the elements of this ASX release that support the premise that there's a focus on certain matters as opposed to others.

20

MR BELL SC: I think we can all read the media release. Mr Bradley can read the media release. It has been drawn to his attention that there were matters in the media reports which he says were not misleading. I think there's no unfairness in the question that was put. I will allow it.

25

MR CONDE: Perhaps, Mr Bradley, for your convenience, I will ask the question again. Do you accept that if Star Entertainment, being aware that there are allegations that it considers to be misleading and there are allegations that it considers not to be misleading, runs the risk of issuing a misleading ASX announcement by only focusing on the first of those allegations and not the latter?

30

MR BRADLEY: I can only say that it would have been misleading had we said or claimed that all allegations were misleading. I think we're simply making the point that there are assertions that we consider - or that it considers misleading.

35

MR CONDE: And that - if I might just use the same expression I used earlier. Is that not running the risk of cherry-picking because you're focusing on the allegations that are favourable to Star Entertainment, being the ones you don't consider to be misleading, without acknowledging the others?

40

MR BRADLEY: I think it's simply seeking to reflect the fact that we considered that some of the - of the assertions were misleading. I don't think I would interpret beyond that.

45

MR CONDE: Would you accept that a more fulsome way of stating Star's awareness at this time would be, if that sentence is going to be included about The Star being concerned by a number of assertions that it considers to be misleading,

to also include an acknowledgement that The Star acknowledges there are other allegations which it does not consider to be misleading?

5 **MR BRADLEY:** I think - I think it would be difficult to cherry-pick the allegations that are - which are not misleading as well. I'm not sure – I just don't - I think it was simply seeking to make a point that there were assertions which we considered to be misleading.

10 **MR CONDE:** Do you think, with the benefit of having considered the questions I've asked and a number of the materials I've taken you to, that first sentence of the second paragraph might better just to have been left out of this ASX announcement?

15 **MR BRADLEY:** I think - I think to have left no - no response to assertions we felt were misleading would be - would be not responding to it in a way which reflected the view that we had. I mean, it was important that it was known that there were some of the assertions which we considered to be misleading. I still think that was an important matter to - to make known.

20 **MR CONDE:** Which in particular of the media allegations did you consider to be misleading?

25 **MS RICHARDSON SC:** I object. In fairness to the witness, the article should be put to the witness. It's a three or four page - A4 page article that has not been put to the witness.

30 **MR CONDE:** Mr Bell, that's not right. There's a 60 Minutes episode. There's a whole transcript of that. There was media commentary and all the rest of it. And I'm happy to rephrase the question to restrict it to Mr Bradley's understanding.

MR BELL SC: Yes, I think - Mr Bradley, do you recall the substance of the allegations that were made against The Star in October last year?

35 **MR BRADLEY:** Not in fine detail, but - but I recall, yes, the broad substance. Yes.

MR BELL SC: Yes. I will allow the question.

40 **MR CONDE:** Mr Bradley, I will ask it in a general way. As best you can recall, which, if any, of the media allegations at this time did you consider to be misleading?

45 **MR BRADLEY:** The - the basis for that view is - is set out in the minutes of the meeting you previously referred me to, on the second page, I believe.

MR CONDE: I'm sorry. If I might just press the question, Mr Bradley. As best you can recall, which, if any, of the media allegations at this time did you consider to be misleading?

5 **MR BRADLEY:** Certainly the allegations around KPMG. The way in which other allegations were made which implied that we hadn't done customer due diligence and hadn't done - and had ignored red flags was considered to be misleading, and that's - that's outlined in the - in the minutes that I mention.

10 **MR CONDE:** And if we go then - if we can go back to those, exhibit H469. That's STA.3029.0002.0063. And if we can go to the next page of this document, 0064. Is this the material to which you're referring, Mr Bradley?

MR BRADLEY: Yes. It says in the second paragraph:

15 "A number of the questions appear to be positioning allegations that could be misleading, depending upon the context in which they are presented. For example -"

And there's the dot points.

20 **MR CONDE:** And so having had the benefit of refreshing your memory by reference to this document, as best you can recall, the allegations that you considered to be misleading, is it correct that they are matters relating to the KPMG reports, matters relating to the AML program and know your customer, and related such issues?

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

MR CONDE: Would you agree that at the time of approving this 11 October ASX release, Star Entertainment had not had an opportunity to investigate all of the media allegations?

30 **MR BRADLEY:** Not in relation to particular customers, no, I imagine. Yes.

MR CONDE: And is it correct that at this time, you were not aware of the full detail of a lot of the matters that we've been speaking about today, such as Salon 95, concerns around Suncity, China UnionPay cards and those matters?

MR BRADLEY: Yes.

40 **MR CONDE:** Would you agree, then, that it was aggressive to take issue and call out, as it were, only the media allegations that Star disputed at the time?

MR BRADLEY: I think, on reflection, that the wording could have been improved and in a way which could have moderated the view that there were - there were some allegations we knew had substance at the time.

45 **MR CONDE:** Do you recall approving an ASX release on 12 October 2021 which provided further information?

MR BRADLEY: On the following day, yes. There was a further release around KPMG, yes.

5 **MR CONDE:** If I might just ask that that be brought up. It's exhibit B3176, and that's STA.3411.0001.7109. Has that come up for you, Mr Bradley?

MR BRADLEY: Yes.

10 **MR CONDE:** Do you see under the first heading Summary, the first paragraph reads:

"Recent media reports have asserted that reports prepared by KPMG in 2018 were kept secret and not adequately acted on. Those assertions are incorrect."

15 **MR BRADLEY:** Yes.

MR CONDE: And do you see the fourth paragraph where it says at the beginning:

20 "Details of the review and resulting reports were shared with AML/CTF regulator, AUSTRAC."

MR BRADLEY: Yes.

25 **MR CONDE:** And if I can show you a document. I ask that you read it but not read it out. This is exhibit B1087, STA.3012.0001.1855. And if I could ask that you note the date of this document. Can you see that, Mr Bradley?

MR BRADLEY: Yes.

30 **MR CONDE:** And then if we can go over the page, please. I should have asked, Mr Bradley: on the preceding page, did you note the organisation from which the document originated? If we could go back a page, please, for the – for Mr Bradley's benefit.

35 **MR BRADLEY:** Yes.

MR CONDE: Yes.

MR BRADLEY: Yes.

40 **MR CONDE:** And then on the second page, do you see - if I could just ask that you note the words above the black box - the first black box. Have you noted those words?

45 **MR BRADLEY:** Yes.

MR CONDE: Now, if we can go to pinpoint 1858. And if I could ask that the - on 1858, that the first half of the page be enlarged, please. And may I ask that you note the second column.

5 **MR BRADLEY:** Yes.

MR CONDE: Have you noted that, Mr Bradley?

MR BRADLEY: Yes, I have. Yes.

10

MR CONDE: Okay. Having reviewed those documents, I will ask you a question. Were you told at the time of the 12 October ASX release that AUSTRAC had requested a copy of KPMG's part A report on 14 September 2018?

15 **MR BRADLEY:** No. I don't believe so.

MR CONDE: And if I can show you another document, exhibit B1102. Again, if I can ask you not to read from it. And, sorry, this is STA.3009.0009.0073. Do you see the date of this document, Mr Bradley?

20

MR BRADLEY: Yes.

MR CONDE: And if we can go, please, to pinpoint 0076. And I would ask that you note the second row. And for completeness, please note the third row.

25

MR BRADLEY: Yes.

MR CONDE: So at the time of approving the 12 October 2021 ASX release, is it correct that you were not told that on 5 October 2018, Star Entertainment had replied to AUSTRAC and refused to provide a copy, asserting legal professional privilege?

30

MR BRADLEY: I'm - I'm sorry. On - on the - is the question - you - you - you've said was I advised that - sorry. That's (indistinct).

35

MR CONDE: No, no. Mr Bradley, I will ask the question again because I --

MR BRADLEY: Thank you. Thank you. Sorry.

40 **MR CONDE:** At the time of the - around the time of approving the 12 October 2021 ASX release - at that time - were you told that Star Entertainment had replied to AUSTRAC on 5 October 2018 and refused to provide a copy of KPMG's part A report, asserting legal professional privilege?

45 **MR BRADLEY:** No.

MR CONDE: And is it correct that you were not told at the time of approving the 12 October 2021 ASX release that there had been correspondence between

AUSTRAC and Star Entertainment between - going to January 2020 on the question whether legal professional privilege applied?

5 **MR BRADLEY:** No, I don't recall being advised that. No.

MR CONDE: And if I can show you another document. And, again, it's a confidential one. I will ask you not to read it, please, aloud. It's exhibit B3204, and that's STA.3412.0009.2522. Do you see, Mr Bradley, the date of this document?

10 **MR BRADLEY:** Yes.

MR CONDE: And if we can go, please, to pinpoint 2525. And at the bottom of the page, if you can read the last paragraph.

15 **MR BRADLEY:** Yes.

MR CONDE: Now, turning your mind back to the time of the 12 October 2021 ASX release - at that time, around 12 October 2021, is it correct that you were not told that Star Entertainment provided a copy of KPMG's report to AUSTRAC on 20 January 2020?

MR BRADLEY: I don't recall if I was told the date that it was provided to - that a copy of - of the report was provided.

25 **MR CONDE:** As best you can recall, had you assumed that it had been provided without - well, it had been provided in an ordinary course of dealings with the regulator?

30 **MR BRADLEY:** I - I knew that the - the management action plan, with - with the relevant recommendations, had been provided to AUSTRAC. I knew that from the - from the review that occurred early 2019. But I - I wasn't aware that we hadn't provided the copy of the report at that time.

35 **MR CONDE:** And if we can go back to the ASX release of 12 October 2021, please. That's exhibit B3176, STA.3411.0001.7109. And - just on the first page, please. And do you recall, Mr Bradley, I asked you to note in particular the second paragraph about:

40 "Recent media reports have asserted that reports prepared by KPMG -"
And then also, in the fourth paragraph:

"Details of the review and resulting reports were shared with AUSTRAC."
45 Have you noted those paragraphs?

MR BRADLEY: Yes.

MR CONDE: Having regard to the documents that I've taken you to, and the fact that there was more than a year between AUSTRAC's first request of 14 September 2018 and Star's provision of the report in January 2020, had you known of those facts at the time of settling this ASX release, do you think you would
5 have approved the text in this same form?

MR BRADLEY: I think it would have been better if we had recorded the date that it was - that the report was provided to AUSTRAC in the third paragraph.

10 **MR CONDE:** And would you agree --

MR BRADLEY: Sorry, the fourth paragraph.

15 **MR CONDE:** Would you agree, Mr Bradley, though, that what that fourth paragraph suggests is that the details of the review and the resulting reports were shared with the regulator in an ordinary and open way?

20 **MR BRADLEY:** I can see that the wording could - just assume that it was provided as a matter of course to them, which - clearly there - there was a delay in the actual provision of the report to - to - to the regulator.

MR CONDE: And is that because that accorded with your actual understanding at the time?

25 **MR BRADLEY:** No, I wasn't - I wasn't aware of the delay.

MR CONDE: No, no. I'm sorry, Mr Bradley. It was your understanding that the reports - the report had been provided in the ordinary course?

30 **MR BRADLEY:** As far as I was aware, yes.

35 **MR CONDE:** And - whereas the fact of there having been more than a year with disagreement as between AUSTRAC and Star Entertainment of the applicability or otherwise of legal professional privilege was not known to you and, therefore, was not reflected in the text of this announcement; is that correct?

40 **MR BRADLEY:** Well, that was not known to me because - I guess it's factual in the sense that it was shared with the regulator, which was the advice we were given at the time - at the time of this release.

MR CONDE: And as best you can recall, Mr Bradley, who gave that advice?

45 **MR BRADLEY:** I'm not sure precisely who gave the advice. I know there was legal review with this particular release. But I don't - I don't know who - where that - where that advice was sourced from.

MR CONDE: Mr Bradley, would you agree with the following evidence that your board colleague, Mr Sheppard, gave to this review on day 29? I will just read it. He said:

5 "Well, the board is ultimately responsible for these matters, even in
circumstances where it has put in place procedures for these things to be
elevated, even in circumstances where it is put in place a code of conduct
which requires things to be elevated. If these things don't ultimately work, the
board has to bear responsibility."

10

MS RICHARDSON SC: I think, in fairness to the witness, he should be told which matters Mr Sheppard was referring to.

MR CONDE: I withdraw the question --

15

MR BELL SC: I think that objection has force, Mr Conde.

MR CONDE: Mr Bell, I will withdraw the question. I will ask Mr Bradley. Do you agree that the board is ultimately responsible for all of the matters that I've taken you to today and even in circumstances where the board has put in place procedures that might call for matters to be elevated, where you've got your code of conduct and the like - at the end of the day, if these issues are not - if those procedures don't ultimately work, do you accept that the board has to bear responsibility?

25

MR HENRY SC: I object. All of the matters that have been taken - that the witness has been taken to today is just too general and imprecise.

MR CONDE: Okay. Mr Bell, I will ask the question again. Mr Bradley, on the issues of the casino within a casino; the cultural issues; failing to get the Hong Kong Jockey Club report; the extraordinary amount of money as buy-in from Mr Huang Xiangmo; the China UnionPay cards; the NAB query; knowing that the NAB responses were going through to the Bank of China; the KPMG reports; the statements to the Bank of China Macau branch; issues around residency and calculation of rebate duty; and the issues around the EEIS, Kuan Koi and payment channels - in light of all of that, do you accept that the board has to take responsibility?

35

MR BRADLEY: I think I've already stated the board bears a level of accountability when there have been a series of failures that - that have occurred. I can't go to the detail of individual matters. But the board does accept that, ultimately, it bears a level of accountability for matters that have been disclosed through the - through the review.

40

MR CONDE: And, Mr Bradley, do you have any further comments that you might wish to make on any of those issues that I've just mentioned?

45

MR BRADLEY: Well, I believe in - in - in cases where we've had a direct role, such as the KPMG review, I - I believe we did - diligently act upon that review and implement actions in response to the findings in a way which ensured that our AML program and our risk assessment framework was - was - was appropriate. I
5 think I - I would make that point in particular. It's difficult to understand why certain matters weren't disclosed and why that occurred, such as the China UnionPay matter, over such a long period of time where - where errors of - errors and - and the lack of ethical conduct. At the highest level, though, the board has a role in setting the - the - the culture of the organisation, and to the extent there has
10 been failures, then the board would bear some level of accountability, yes.

MR CONDE: Mr Bell, I have no further questions.

MR BELL SC: Mr Bradley, do you agree that there have been significant cultural
15 failures at Star Entertainment, disclosed by the evidence to this review, of which you are aware?

MR BRADLEY: Yes, Mr Bell.

MR BELL SC: And those are cultural failures for which the board must accept
20 significant responsibility; do you agree?

MR BRADLEY: Yes, Mr Bell.

MR BELL SC: And you personally must bear some responsibility for that;
25 correct?

MR BRADLEY: Yes.

MR BELL SC: And do you agree that the evidence, of which you are aware that
30 has been disclosed in this review, highlights respects in which material information which the board needed to know being withheld from it?

MR BRADLEY: Yes.

MR BELL SC: And do you agree that the Star Entertainment board had an
35 obligation to ensure that the organisation had systems and processes in place to get it the information it needed to perform its oversight and monitoring functions?

MR BRADLEY: Yes, we believed - sorry, I believed we had that responsibility,
40 and we believed we had indeed sought to make that - sought to make that happen. But clearly there have been failures.

MR BELL SC: Yes. And among other things, you know now that from 2013 to
45 2020, Star Entertainment had a payment channel involving the use of China UnionPay cards which provided funds of \$900 million to patrons?

MR BRADLEY: Yes.

MR BELL SC: And am I right in understanding that you weren't even aware that that payment channel existed until after it had ceased in 2021?

5 **MR BRADLEY:** We were aware that China UnionPay was a - was in use, but we weren't aware it was being used in the way in which it was being used.

MR BELL SC: Sorry. You were aware that China UnionPay was being used in the period 2013 to 2020, were you?

10

MR BRADLEY: Not - not in that whole period. We - there were references to China UnionPay as a - at different times. But we expected it was simply the use of a card which was similar to any debit card. It wasn't clear that it was used in the way it was for gambling.

15

MR BELL SC: And I certainly understand your evidence to be that you were not aware of the problems, if I can put it neutrally, with the use of the China UnionPay card which have emerged in this review?

20 **MR BRADLEY:** No, I was not.

MR BELL SC: And do you accept that the Star Entertainment board must bear significant responsibility for the fact that information which it needed was not provided to it?

25

MR BRADLEY: I accept that, ultimately, we - we bear that responsibility for - for the systems not allowing that to happen, yes.

MR BELL SC: And you must personally bear some responsibility for that; do you agree?

30

MR BRADLEY: Yes, I agree.

MR BELL SC: You've been a member of the board of Star Entertainment since 30 May 2013 you told me yesterday; is that right?

35

MR BRADLEY: Yes.

MR BELL SC: And do you accept that over the nine-year period that you've been a director of Star Entertainment, you should have asked more questions of management?

40

MR BRADLEY: With the benefit of hindsight, clearly that - I think that's a matter, although it's very hard to ask questions when you - you're not aware of certain matters.

45

MR BELL SC: But that is something you accept with the benefit of hindsight, is it?

MR BRADLEY: Yes, I believe - I do, yes.

5 **MR BELL SC:** I've seen some ASX releases from Star Entertainment which refer to an accelerated process of board renewal of Star Entertainment being underway; is that correct?

MR BRADLEY: Yes.

10 **MR BELL SC:** And do you support that process?

MR BRADLEY: Yes.

15 **MR BELL SC:** And what are your personal intentions, having been a member of the board for the last nine years?

20 **MR BRADLEY:** I expect that I won't remain on the board for - beyond - beyond a matter of months, beyond this review. I have a responsibility to ensure business continuity, and we're seeking to have a process by which new directors are selected. And they need to take time to go through the normal probity process. So we need to have a process of - of gradual change as we go through that process. But in my own case, it's clear to me that I - I will leave the board within the near term.

25 **MR BELL SC:** Yes. Yes. Ms Richardson, do you have any questions for Mr Bradley?

MS RICHARDSON SC: No. Thank you.

30 **MR BELL SC:** Mr Henry, is there anything arising?

MR HENRY SC: No. Thank you.

35 **MR BELL SC:** Mr Bradley, thank you for your evidence. The direction that I will make is that your examination is adjourned, but you won't be required to attend again unless you receive some notification from those assisting the review.

<THE WITNESS WAS RELEASED

40 **MR BELL SC:** Yes, Mr Conde. Who is the next witness, please?

MR CONDE: The next witness is Ms Pitkin.

45 **MR BELL SC:** Yes. I will now adjourn for five minutes to enable that to occur smoothly.

<THE HEARING ADJOURNED AT 2:48 PM

<THE HEARING RESUMED AT 2:54 PM

MR BELL SC: Yes, Mr Conde.

5 **MR CONDE:** Ms Pitkin, can you hear me?

MS PITKIN: I can, Mr Bell.

10 **MR BELL SC:** I'm sorry. You're calling Ms Pitkin, are you, Mr Conde?

MR CONDE: Sorry. I call Ms Pitkin.

MR BELL SC: Ms Pitkin, would you prefer to take an oath or affirmation?

15 **MS PITKIN:** An affirmation, please.

<SALLY ANNE MAJELLA PITKIN, AFFIRMED

20 **MR BELL SC:** Yes, Mr Conde.

<EXAMINATION BY MR CONDE:

MR CONDE: Ms Pitkin, may I ask you, please, to state your full name.

25 **MS PITKIN:** Sally Anne Majella Pitkin.

MR CONDE: And are you aware that your address has been made known on your behalf to the solicitors assisting Mr Bell's review?

30 **MS PITKIN:** I am.

MR CONDE: Have you been a director of The Star Entertainment Group Limited since 19 December 2014?

35 **MS PITKIN:** Yes.

MR CONDE: Are you a member of the audit committee?

40 **MS PITKIN:** I am.

MR CONDE: Are you a member of the risk, compliance and regulatory performance committee?

45 **MS PITKIN:** Yes, I am. Since 1 January this year.

MR CONDE: And are you a member of the remuneration, people and social responsibility committee?

MS PITKIN: Yes.

MR CONDE: It is correct that you have a bachelors and masters degree in law from the Queensland University of Technology and a PhD in governance from the
5 University of Queensland?

MS PITKIN: Yes.

MR CONDE: And it is correct that you're a former practising lawyer?
10

MS PITKIN: Yes.

MR CONDE: Were you a partner at Clayton Utz for 10 years from 1898 to 1999?

MS PITKIN: Yes.
15

MR CONDE: You're currently on the board of Link Group; is that correct?

MS PITKIN: Yes, Mr Conde.
20

MR CONDE: And are you the chair of Super Retail Group?

MS PITKIN: Yes.

MR CONDE: In terms of your experience in the gaming industry, were you a
25 director of Aristocrat Leisure Limited between 2004 and 2011?

MS PITKIN: Yes.

MR CONDE: Apart from Aristocrat and Star Entertainment, have you had any
30 other roles in the gaming industry?

MS PITKIN: I have. I was a director for, I think nine years, of Golden Casket
35 Lottery Corporation in Queensland; I was a director of ALH, which was taken
over by Woolworths; and a director of NLG.

MR CONDE: And have you had any training in relation to anti-money laundering
and counter-terrorism financing?

MS PITKIN: Yes, I have. I have had training through the company, board
40 presentations specifically to train the board on AML/CTF; I have had access to the
LMS system; and I have had access to resources through the AUSTRAC website.
And I have also attended previously the risk and compliance committee meetings,
as an observer, to learn more about AML/CTF.
45

MR CONDE: And is that experience through - sorry, that training through - when
you mention "the company", is that Star Entertainment, or were there other
companies through which you've had that training?

MS PITKIN: Primarily Star Entertainment.

5 **MR CONDE:** Do you recall writing an article which was published by the Australian Institute of Company Directors on 1 August 2016 called The Role of the Board in Corporate Culture?

MS PITKIN: I do.

10 **MR CONDE:** If I show you a document. It's INQ.012.005.0110.

MR BELL SC: Can you just give the operator that document ID again, please, Mr Conde.

15 **MR CONDE:** Yes, INQ.012.005.0110. That doesn't appear to be it. There we go. If I might suggest, with respect, Ms Pitkin, it's an extremely thoughtful and practical article. Have you had cause to re-read or at least remember this article recently?

20 **MS PITKIN:** I have re-read it recently.

MR CONDE: Do you agree with your statement in it that:

25 "Culture is the set of shared norms in the organisation, a consensus about what things mean and how things get done."

MS PITKIN: Yes.

30 **MR CONDE:** And do you agree that non-executive directors cannot leave the issue of organisational culture entirely to management?

MS PITKIN: Yes.

35 **MR CONDE:** And - I'm sorry, Ms Pitkin. You've said that you've read it recently. Why did you - do you recall why you read it recently?

40 **MS PITKIN:** Because a series of documents was provided by the review to King & Wood Mallesons, and that was sent on to the directors. And in that group of documents was this article.

MR CONDE: I see. And so at that time, do you recall re-reading the article?

MS PITKIN: Yes.

45 **MR CONDE:** And what, if any, reaction did you have on reading this article?

MS PITKIN: I reflected on how, at the time I wrote this article, this was a very contested issue, and I think the majority of ASX company directors did not see

that the board had a role in organisational culture. And I wrote this piece as a provocation in an endeavour to get a conversation started about what the board's role might look like. My thinking has evolved quite a lot since then as I have continued in my practice as a company director. I am still of the view that the board has an important role in relation to corporate culture.

But my view is, I think, fair to say, more nuanced now, in that, from the practice of directorship, I have realised that the board cannot be responsible or have oversight for every aspect of an organisation's culture. For example, in an organisation like Star, which has over 8000 people spread across three locations, there would literally be tens of subcultures and ways of doing things in the organisation. And I think the board has the role to set, through the values and the code of conduct, expectations around key things and then to monitor and strengthen the cultural dimensions that support that.

MR CONDE: And would you agree that the board must take ultimate responsibility for culture?

MR PITKIN: I think the board, because it sits at the apex of the organisational hierarchy, takes ultimate accountability for what happens in the organisation. That does not mean it's responsible for every aspect of culture.

MR CONDE: And if I might just ask you, please, to elaborate on that to Mr Bell, please, as the difference between accountability and responsibility, as you understand it.

MS PITKIN: So the board, because it does sit at the apex of the organisational hierarchy, is accountable at the end of the day for what happens in the organisation. But the board, of course, delegates the authority to run the organisation to the chief executive officer and makes sure that there's access to resources to do so. But the board puts in place the governance framework within which the CEO is to operate. So the board is accountable for if things go right and if things go wrong, but it's not the board that is implementing and operationalising many of the aspects of the governance framework.

MR BELL SC: I'm still not sure that I understand the nuanced difference between accountability and responsibility, as you see it.

MS PITKIN: I think, Mr Bell, by responsibility, I mean those charged with the doing. For the board, it's accountable because it - it - it certainly is responsible, in my view, to - to putting in place the governance framework that's going to support the vision, the values, of the organisation. And then the board has a range of responsibilities in relation to that governance framework, both formal and informal. And then, though, at the management level, there is a different set of responsibilities.

So in terms of the role of the board in organisational culture, I think the board does have a responsibility to set the behavioural expectations in the organisation. In the

case of Star, the board has done that through the code of conduct. And then it is the responsibility of the board to monitor how that code of conduct is put in place in the organisation. And the board does that through the formal mechanisms of the governance framework. It also does it through a range of informal mechanisms.

5

MR BELL SC: Yes, Mr Conde.

MR CONDE: Ms Pitkin, you mentioned that the board delegates the authority to run the organisation to the CEO. If I could just take - ask that INQ.003.005.0573 be brought up. And, Mr Bell, I might ask that this document be marked for identification. I don't believe it has an exhibit.

10

MR BELL SC: Yes. That will be MFI68.

MR CONDE: If we could go, please, to pinpoint 0608. And if 54 could be brought up. Would you agree, Ms Pitkin, that pursuant to this clause, the business of the company is managed by the board as provided for in paragraph (a), and then (b) provides the constitutional mechanism for what you mentioned, namely, that:

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20

"The board may, on the terms and conditions and with any restrictions as it determines, delegate to the managing director any of the powers exercisable by it and may at any time withdraw, suspend or vary any of those powers conferred on the managing director."

25

MS PITKIN: Yes.

MR CONDE: Would that bear upon your assessment of the board taking responsibility in the sense that the board does have that power of withdrawal, suspension or variation as noted there in paragraph - in clause 54(b)?

30

MS PITKIN: Yes.

35

MR CONDE: And in that regard, do you accept that although directors are entitled to delegate from time to time to management, and in particular to the managing director, directors must not defer to management?

MS PITKIN: I'm not sure what you mean by "defer to management", Mr Conde.

40

MR CONDE: Well, they must not yield to management.

MS PITKIN: The - the board must maintain its authority, in that management may want to do something; the board doesn't have to agree to that. Is that what you were getting at, Mr Conde?

45

MR CONDE: And I will also put it positively. Would you agree that directors should be challenging management and holding management to account as required? Do you agree with that?

MS PITKIN: Yes.

MR CONDE: Do you agree that a director, depending on the particular company and its business, may need to have an extra sensitivity to particular issues?

5

MS PITKIN: Yes.

MR CONDE: And what, to your mind, are the particular issues that arise for Star Entertainment as a casino business?

10

MS PITKIN: I think most importantly is that because it is a casino business, it has very specific obligations under the Casino Control Act, one of those being that Star has an obligation to conduct its business in a way to keep the casino free from criminal exploitation or influence; to make sure that the - that - sorry, gambling in the casino is conducted honestly; and also, in being mindful that there are some people adversely impacted by gambling, to do what it can to manage and minimise that risk.

15

MR CONDE: And in that last part of your answer, are you referring to the need for casino businesses to have responsible gambling policies and the like?

20

MS PITKIN: I am. And I think the - the - so that's obligations imposed under the Casino Control Act in terms of - in terms of criminal influence or criminal exploitation. I think there's another very important factor that distinguishes The Star as an organisation from other organisations, and that is that because of the nature of the services that Star offers - gambling - it has to meet obligations under the AML/CTF Act. I also think The Star is - is in a different position because, until quite recently, it operated as a monopoly.

25

MR CONDE: And if I might ask you to elaborate on that fact, Ms Pitkin. What do you consider to be noteworthy about Star's position as a monopoly?

30

MS PITKIN: Monopolies are not subject to the same competitive pressures as organisations where there's not an exclusive licence arrangement. And so I think that requires the organisation to be very mindful of that privilege and to seek to conduct its business in a way that does not inappropriately take advantage of that.

35

MR CONDE: At the time that you were invited to become a director of Star Entertainment, what of your skills and experience did you consider equipped you to be a director of Star Entertainment?

40

MS PITKIN: I thought I could bring to Star Entertainment capabilities in relation to - to business, to governance, to working in a regulated entity. Also experience as an ASX listed director. Subsets of that business experience extended into aspects of strategy development, risk management, compliance. I also could bring to the role my commitment; a commitment to be diligent; a commitment to the company and to do the best I could in the role. And I think I could also bring to the role my character; my deeply-held values, which are aligned to Star's code of

45

conduct; and my personal attributes; my ability to work with other people in the dynamics of a boardroom; my emotional intelligence; a range of other personal attributes.

5 **MR CONDE:** And do you feel that you have a good sense of what the right thing is in given situations?

10 **MS PITKIN:** I do. I think that there are a number of ethical issues which can be quite complex. It's often not a binary, and working through areas of grey can be challenging. But I feel I am well equipped to do that.

15 **MR CONDE:** And I take it you well and truly understand, as a director of Star Entertainment, you owe duties of care and diligence to the company and to exercise your powers in good faith and in the best interests of the company?

MS PITKIN: I do.

20 **MR CONDE:** Do you agree that Star Entertainment needs to ensure that the people it deals with are of good repute?

MS PITKIN: Yes.

MR CONDE: And --

25 **MS PITKIN:** Sorry, Mr Conde. Could I just clarify --

MR CONDE: Please.

30 **MS PITKIN:** -- something there? I understand that - the requirement for business associations to be with people or organisations of - of good repute. I'm not sure that the company is in a position to assess the reputation of every person who visits our properties or who enjoys our services.

35 **MR CONDE:** Well, I take it, though, by that statement, you don't mean to undermine the importance of know your customer type checks?

MS PITKIN: Not at all. No, not at all.

40 **MR CONDE:** So if I might just ask you to elaborate, please, on what you mean by not being in a position to assess the reputation of every person who visits the properties.

45 **MS PITKIN:** So there are hundreds of thousands of people who come to The Star properties to enjoy its services. In relation to gambling, The Star has very important responsibilities in relation to - under the AML and CTF Act, for example, in relation to customers who are bringing cash into the casino, who are gambling over particular thresholds. And it's very important that Star meets all of those obligations, Mr Conde. My - my comment was in reference to the - the many

hundreds of thousands of people who might come and enjoy a short time on the EGMs or participate in other activities at The Star properties.

5 **MR CONDE:** And so in that regard, Ms Pitkin, would you draw a distinction between the main gaming floor and the VIP areas of the properties where perhaps more is known about particular patrons and junkets?

MS PITKIN: I would.

10 **MR CONDE:** Would you agree that boards should not have to search through substantial amounts of information to seek out references to material risks and, instead, management should be required to tell directors where to look?

MS PITKIN: Yes.

15

MR CONDE: And in that regard, without being too informal about it, ideas of needle in a haystack or needing to pull a thread - in a sense, the board shouldn't be in that position; would you agree?

20 **MS PITKIN:** I agree with - I agree.

MR CONDE: Do you agree that if a board is not challenging management, that may be a sign of the board not operating effectively?

25 **MS PITKIN:** Yes.

MR CONDE: Would you agree that if management - if a management team becomes accustomed to not being challenged on important matters, that could create a problem for the company's culture?

30

MS PITKIN: It could.

35 **MR CONDE:** Do you agree that, depending on the seriousness of a given issue or situation at Star Entertainment, the board's role could involve withdrawing or limiting a delegation to the managing director and the executive team and taking control of a particular matter?

MS PITKIN: Yes.

40 **MR CONDE:** And would you agree that, ultimately, it is the board that decides the nature and extent of the risks that Star Entertainment is prepared to take to meet its objectives?

MS PITKIN: Yes.

45

MR CONDE: Do you agree that one of the key roles of the board is to monitor the adequacy of the company's risk management framework to satisfy itself that the company is operating with due regard to the risk appetite set by the board?

MS PITKIN: Yes.

5 **MR CONDE:** Would you agree that the board of Star Entertainment must instill, and seek to reinforce, a culture of the company acting lawfully, ethically and responsibly?

MS PITKIN: Yes.

10 **MR CONDE:** And do you understand that that, in turn, links to a question of suitability?

MS PITKIN: I do.

15 **MR CONDE:** Would you agree that directors should be curious?

MS PITKIN: Yes.

20 **MR CONDE:** And do you agree that good corporate governance will include maintaining and safeguarding accurate corporate records and reports?

MS PITKIN: Yes.

25 **MR CONDE:** And would you agree that two particular core guiding principles in Star Entertainment's code of conduct are extremely important, namely, "we comply with the law" and "we are ethical"?

MS PITKIN: Yes.

30 **MR CONDE:** If I might show you exhibit D7. That's STA.3008.0023.8145. Do you see this is The Star Entertainment's code of conduct?

MS PITKIN: Yes, Mr Conde.

35 **MR CONDE:** And if we can go, please, to pinpoint 8150.

MS PITKIN: Mr Conde, could the operator please just enlargen that a little bit? I'm just having --

40 **MR CONDE:** Yes. And I will try to remember always to ask for that for you, Ms Pitkin. If we could go further up the page, please. There's an - yes. Do you see, Ms Pitkin, at the top of the screen, it says:

45 "Our employees are expected to."

And then there's a series of bullet points. And I would just draw your attention to the last bullet point. Do you see it says:

"Provide complete, honest and accurate information to any regulator who lawfully requests information."

5 **MS PITKIN:** Yes.

MR CONDE: And does that accord with your expectation?

MS PITKIN: It does. And it's also reflected in the compliance policy.

10 **MR CONDE:** And would you agree that the concept of "do the right thing" forms an important part of Star Entertainment's values?

MS PITKIN: I do.

15 **MR CONDE:** And what does the concept of "do the right thing" mean to you?

MS PITKIN: It means to act lawfully and - and ethically. And even if it's - even if it's difficult to do, that's what you must do.

20 **MR CONDE:** Are you concerned that as this concept is rolled out within the organisation, at least some of Star Entertainment's employees might not appreciate what "do the right thing" means?

25 **MS PITKIN:** That was a very interesting observation in the PwC risk culture report that was very helpful, in that they said that it might mean different things to different people. And so more work was needed by us, as an organisation, to help people really understand what that was going to mean to them in their day-to-day job.

30 **MR CONDE:** And you mentioned the PwC January - PwC paper. If I could ask that be it brought up, the January 2022 one. It's exhibit 3451. That's STA.3018.0002.0024. Do you see just on this cover page, under the month - if it could be enlarged under January 2022. Do you see, Ms Pitkin, it says:

35 "Privileged and confidential. Prepared for the purpose of legal advice."

MS PITKIN: Yes, I see that.

40 **MR CONDE:** Does that accord with your understanding of the purpose of this report?

MS PITKIN: No.

45 **MR CONDE:** And do you have any comment on that being included on the front page of this document?

MS PITKIN: I think it was included because the report was commissioned through the lawyers, but it's a report that's a very useful report for the board.

It's - and management. It's not my understanding that it would have been prepared for the purpose of legal advice. The board was committed to having a review done of particularly the risk and compliance culture within the organisation. This report was provided. It doesn't strike me as a privileged and confidential - a privileged document. It's certainly confidential.

MR CONDE: Are you aware that, as a listed company, Star Entertainment has an obligation of continuous disclosure under the Corporations Act and ASX Listing Rules?

MS PITKIN: Yes.

MR CONDE: And what, to your understanding, is Star Entertainment required to do under its obligation of continuous disclosure?

MS PITKIN: Star is obliged to advise the market of anything that could have a material impact on the market for the trading in Star shares.

MR CONDE: Do you agree that releases to the ASX are important documents?

MS PITKIN: I do.

MR CONDE: And do you agree that directors of a listed company must take care to ensure that the company's ASX releases are accurate and not misleading?

MS PITKIN: Yes.

MR CONDE: Would you agree that part of ensuring that an ASX release is not misleading is to take care around not just what is included but also that important or relevant information is not excluded?

MS PITKIN: I think the release needs to provide an accurate picture.

MR CONDE: And would you agree that that can be - I suppose, to simplify my earlier question or make it clearer, would you agree that that imperative of making ASX releases accurate involves having regard not just to what is included but also excluded?

MS PITKIN: Yes.

MR CONDE: Are you aware that there is a legal requirement under the Corporations Act for minutes of directors' meetings to be kept?

MS PITKIN: Yes.

MR CONDE: And are you aware that minutes are evidence of what has taken place in a board meeting, unless the contrary can be proved?

MS PITKIN: Yes.

5 **MR CONDE:** And do you agree that it's important for board and committee minutes to provide a full and true account of the relevant meeting to which they relate?

MS PITKIN: Yes.

10 **MR CONDE:** As a member of Star Entertainment's audit committee, it is correct that internal audits commissioned by or on behalf of the audit committee should, in your view, report without fear or favour and without interference from management?

15 **MS PITKIN:** Yes.

MR CONDE: And is it correct that such audits commissioned by or on behalf of the audit committee should report directly in to the audit committee?

20 **MS PITKIN:** Yes.

MR CONDE: Do you understand that to operate a casino in New South Wales and Queensland, it is necessary to hold a casino licence?

25 **MS PITKIN:** I do.

MR CONDE: And you're aware, I take it, that Star Entertainment holds licences for its properties in Sydney, Brisbane and the Gold Coast?

30 **MS PITKIN:** Yes, I do.

MR CONDE: And do you understand that you are a close associate of the licensee in Sydney, The Star Pty Ltd, as someone who exercises control over that entity as the director of its ultimate holding company, Star Entertainment?

35 **MS PITKIN:** Yes.

MR CONDE: And do you understand that to be a close associate, you need to be of good repute having regard to character, honesty and integrity?

40 **MS PITKIN:** Yes.

MR CONDE: Would you agree that part of having good character, honesty and integrity involves avoiding engaging in sharp business practices?

45 **MS PITKIN:** Do you mean unethical or unlawful business practices, Mr Conde?

MR CONDE: By "sharp" I mean unscrupulous or dishonest.

MS PITKIN: I agree, then.

5 **MR CONDE:** Do you know who the - I'm sorry. I withdraw that. Are you aware that there's an obligation for The Star not to have dealings with people who have undesirable or unsatisfactory financial sources?

10 **MS PITKIN:** I'm aware that Star needs to make sure its business associations are with people of - of good repute, and under the AML/CTF regime that Star has obligations in relation to sources of wealth and sources of funds for particular groups of patrons.

MR CONDE: Are you aware that, generally, The Star mustn't lend money to patrons save for cheque cashing facilities or CCFs?

15 **MS PITKIN:** And, Mr Conde, when - when you say "The Star", you mean the licensee? The licensee, The Star Pty Ltd, cannot provide credit other than through the use of a cheque cashing facility?

20 **MR CONDE:** As a general rule.

MS PITKIN: Apologies. Sorry?

MR CONDE: As a general rule.

25 **MS PITKIN:** Yes, the licensee cannot do that.

MR CONDE: And what if - I sense some hesitation in your answer then, Ms Pitkin. Were there qualifications that were coming to your mind at the time?

30 **MS PITKIN:** No. I was just wondering whether you meant every controlled entity in the group, or whether you were referring to the licensee in terms of providing a credit for gambling services, which is - my apologies if that's what you meant, and I'm agreeing with you.

35 **MR CONDE:** No, no. It might be the curse of legal training. I appreciate that you have - The Star operates in both Queensland and New South Wales, and there will be different regimes. Is that your understanding?

40 **MS PITKIN:** Yes. There is some differences in the regimes, yes.

MR CONDE: But as between the two, as a commercial matter, would you agree that Star Entertainment's casino licences underpin Star Entertainment's business?

45 **MS PITKIN:** Yes.

MR CONDE: And would you agree that the fundamental earnings prospects are underpinned by the licences Star Entertainment holds?

MS PITKIN: Yes.

5 **MR CONDE:** Would you agree, then, that in terms of Star Entertainment's existing business at least, one or if not the most important priorities for Star Entertainment and its subsidiaries is to be suitable for the purposes of holding its casino licences for its Sydney, Brisbane and Gold Coast properties?

MS PITKIN: Yes.

10 **MR CONDE:** Mr Bell, I see the time. I was about to move on to another topic, so --

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

15 **<THE HEARING ADJOURNED AT 3:28 PM**

<THE HEARING RESUMED AT 3:46 PM

20 **MR CONDE:** Ms Pitkin, would you agree that directors should ensure their organisation has systems and processes to get them the right information needed to perform their oversight and monitoring functions?

MS PITKIN: Yes.

25 **MR CONDE:** Is it correct that you and your colleagues on the Star Entertainment board have been closely following developments from these public hearings of Mr Bell's review?

30 **MS PITKIN:** There have been a daily briefings, for those who could attend, to hear about the daily hearing - about the public hearings.

35 **MR CONDE:** And so if I might, then, ask you some questions about some developments from public hearings of this review. What, if any, reaction did you have to the evidence on day 5 of this public hearing from Angus Buchanan in relation to the Suncity Salon 95 room, that it appeared to him, at least on occasions in 2018, that an organisation with links to the triads had been running a casino within a casino?

40 **MS PITKIN:** Mr Conde, I don't have the detail of Mr Buchanan's evidence. I certainly have the benefit of papers that were sent to me to review in preparation to give evidence to the review.

MR CONDE: And are you aware of that issue?

45 **MS PITKIN:** Yes, I'm certainly aware of Suncity and Salon 95.

MR CONDE: And what, if any, reaction have you had to that?

MS PITKIN: Concerned that there were suspicious cash transactions happening within that fixed room, when my understanding was that all cash transactions for all junkets would be done through the cage - The Star's cage, and that all AML/CTF procedures would be followed.

5

MR CONDE: As best you can recall, when did you first become aware of the issue of cash being exchanged for chips by Suncity staff in Salon 95?

MS PITKIN: When I was given papers to review in preparation to appear.

10

MR CONDE: Were you not aware at any earlier time?

MS PITKIN: Mr Conde, I was given all of the papers, I think about 10 April, and I was aware - I'm just trying to remember the sequence of events. If there was evidence given in public hearings that there had been suspicious cash transactions, I would have been made aware of that through the daily briefings.

15

MR CONDE: And do you recall your reaction on learning of that information?

MS PITKIN: Yes. Very concerned. What was happening in Salon 95 was not meeting our obligations under the AML/CTF Act and was a breach of our obligations, as I understand them, as the licence holder, in that all gambling services - only Star Pty Ltd is licensed to provide gambling services, and exchanging cash for chips by a junket operator - it was in breach of those licence conditions.

20

25

MR CONDE: And would you agree that that goes to the very heart of The Star's business?

30

MS PITKIN: Indeed. Yes.

MR CONDE: And would you agree that that conduct, if true, was not the conduct of a casino business with good character, honesty and integrity?

35

MS PITKIN: Yes. I would agree.

MR CONDE: If I can show you a document. It's exhibit F65. That's STA.3417.0078.6717. I don't think that has come up for me. I'm not sure - has it come up for you, Ms Pitkin?

40

MS PITKIN: No, it hasn't, Mr Conde.

MR CONDE: I will just read it again. It's exhibit F65, STA.3417.0078.6717. Do you see, Ms Pitkin, there's an email from Mr Stevens to an address at liquorandgaming.nsw.gov.au?

45

MS PITKIN: Yes.

MR CONDE: And it's an email dated 12 October 2017 at 12.17 pm?

MS PITKIN: Yes.

5 **MR CONDE:** And if - do you see in the first paragraph of the email, Mr Stevens writes:

10 "The Star is proposing to make some minor changes to the junket operator's office located in the Rivers gaming Salon 95. 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."

MS PITKIN: Yes.

15 **MR CONDE:** And then the same comment appears in a submission document that I will take you to. It's exhibit F74, STA.3417.0078.6726. And do you see the heading Reason for Submission? If we could - I ask that be enlarged, please.

20 **MS PITKIN:** Thank you, Mr Conde. Yes, I see that.

MR CONDE: And do you see it says:

25 "To enable junket operators who use Salon 95 to provide better service for the junket participants, The Star proposes to open a service window into the wall of the junket operator's office."

MS PITKIN: Yes.

30 **MR CONDE:** Now, Mr Stevens told Mr Bell on day 7 of these hearings that at the time he sent this, he knew it was contemplated that players would be providing funds to Suncity in the room; he knew had not included that additional information in the submission; and, accordingly, he knowingly misled the regulator. What, if any, reaction do you have to that?

35 **MS PITKIN:** That that's inappropriate conduct.

MR CONDE: Would you agree that it's more than that; it's unethical?

40 **MS PITKIN:** Yes.

MR CONDE: Would you agree that it is devastating for the confidence that the regulator can have in The Star Pty Ltd when a senior compliance executive knowingly misled them?

45 **MS PITKIN:** I would agree.

MR CONDE: I want to show you another document, exhibit B496, and that's STA.5002.0003.0370. Do you see it's a document styled Cheque Cashing Facility

Process from Mr Bekier, Mr Barton and Mr Chong for the board meeting of 6 December 2017?

MS PITKIN: Yes.

5

MR CONDE: And if we can go, please, to pinpoint 0386. And do you see up the top, it says Cheque Cashing Facility Process FY17 Top 20 Junket Summary?

MS PITKIN: Yes.

10

MR CONDE: And so if I can ask that the second row be enlarged, please. First of all, if - thank you. Yes. Do you see, first of all, the operator has highlighted "Chau, Cheok Wa (Suncity)" as the CCF holder?

15

MS PITKIN: Yes.

MR CONDE: And so with the benefit of having seen this document, and to the best of your recollection, Ms Pitkin, would it be correct to say that Suncity was the second top junket partner or patron for The Star at this time?

20

MS PITKIN: I'm sorry, Mr Conde. I can't tell from that extract that's - that's come up. I would need to look at the whole list.

MR CONDE: Yes. If we can zoom out, please.

25

MS PITKIN: Yes. I can see from the column - the Cash Turnover column at The Star Sydney that Suncity would be the second largest of our junket operators.

30

MR CONDE: And then if I can ask that the commentary section of that row 2 be enlarged for Ms Pitkin, please. Do you see that the second sentence:

"Fixed room in Salon 95 (Rivers) expected to be completed by 1 January 2018 in order to further cement and secure business."

35

MS PITKIN: Yes.

MR CONDE: And as best you can recall, did anybody at this time in December 2017 inform you or your board colleagues of an intention for this fixed room in Salon 95 to be a place where cash could be exchanged for gaming chips?

40

MS PITKIN: I have no recollection of being told that.

MR CONDE: And would you agree that that is something that ought to have been raised with the board?

45

MS PITKIN: Yes.

MR CONDE: Are you disappointed that it was not?

MS PITKIN: Yes.

5 **MR CONDE:** And do you recall earlier I asked you questions about how the board shouldn't have to pull on a thread or look for a needle in a haystack?

MS PITKIN: Yes.

10 **MR CONDE:** And would you agree that this is one of those times where there is a somewhat vague reference to developments that ought to have been more properly explained to the board?

15 **MS PITKIN:** Well - sorry, Mr Conde. This is in FY17. So this is the year before the matter that you referred to earlier. But there is nothing in that text which would cause me any concern.

MR CONDE: I will just get the dates because I think I should be clear about those with you, Ms Pitkin. The submission that Mr Stevens sent was on 12 October 2017. And --

20

MS PITKIN: Yes.

25 **MR CONDE:** -- at that time, he knew that it was contemplated that players would be providing funds to Suncity. He gave evidence that he knew he had not included that additional information in the submission and, accordingly, he knowingly misled the regulator. And this document is dated - is for the board meeting of 6 December 2017. So it came after that.

30 **MS PITKIN:** Yes, I agree. That's - there should have been information to the board on that issue.

MR CONDE: And if management had that intention, then would you agree that that second sentence is just woefully inadequate in informing the board about developments?

35

MS PITKIN: Yes.

40 **MR CONDE:** If can I show you a document, please, exhibit C49. It's STA.3427.0018.3096. And if we can go to the bottom of this page, there's an email dated 14 May 2018 from Mr Andrew McGregor. Yes. And then if I could ask that the text from the next page be enlarged as well so that - yes. If that email could be brought up for Ms Pitkin, please.

45 **MS PITKIN:** I'm sorry, Mr Conde. I've now only got an Excel - that - we might be - I will endeavour - if we could just put the two pages side by side, I will just get a little closer to read them. Would that be appropriate, Mr Conde?

MR CONDE: I think the operator has achieved --

MS PITKIN: Yes. Indeed.

5 **MR CONDE:** Thank you. So do you see there's an email from - it's dated 14 May 2018 from Mr Andrew McGregor, and he sent that to Mr Power, Mr Houlihan and Ms Judd?

MS PITKIN: Yes.

10 **MR CONDE:** And I just ask you to read the second-last paragraph beginning, "Today's activities."

MS PITKIN: Yes.

15 **MR CONDE:** And so this is - being in May 2018, this is some five months after that earlier document I took you to in the board --

MS PITKIN: Yes.

20 **MR CONDE:** -- and, again, comes after the communication to the regulator. Would you agree that what Mr McGregor is doing in this email is the right thing, in that he is articulating his concerns and, to use his words, he's calling it out early?

25 **MS PITKIN:** Yes.

MR CONDE: And the next day, on 15 May 2018, Mr Power sent an email to Mr Hawkins, who then forwarded that email to Mr Bekier. So I will ask that that be brought up. That's B790, STA.3411.0010.3560. And if I could just ask that that be enlarged, please. Perhaps it's easiest to begin by noting that the dates - do you see, Ms Pitkin, Mr Power's email is dated 15 May?

MS PITKIN: Yes.

35 **MR CONDE:** That's sent to Mr Hawkins. And then the day after, Mr Hawkins has sent that to Mr Bekier. And he says:

"FYI as discussed."

40 **MS PITKIN:** Yes.

MR CONDE: So if we can scroll down into Mr Power's email. And do you see, at the beginning, he introduces the email by saying he has:

45 "Now been briefed on conduct occurring in Pit 95 (the salon the subject of an exclusivity arrangement with the Iek junket group) -"

And you can take it from me that that's a reference to Suncity. But do you see under Legal and Regulatory Risks, he writes - this is Mr Power - that:

5 "The junket group's conduct has exposed The Star to an unacceptable level of risk and constitutes a breach of the agreement, of applicable laws or otherwise amounts to casino operations."

And:

10 "In particular -"

And he notes there:

15 "(1) cash for chip (and vice versa) transactions; (2) withdrawal of cash (terms unknown)."

And then he says:

20 "Equally, concerns are also held around reporting requirements; source of funds; retention of documents; reports by other junket groups of large quantities of cash."

And then if I could ask the operator just to bring up that last paragraph. Sorry, the one beginning "finally". Do you see, Ms Pitkin, it says:

25 "Finally, there is also a suggestion that one of the junket's staff was an excluded patron."

30 **MS PITKIN:** Yes.

MR CONDE: Do you recall ever seeing this email?

MS PITKIN: No.

35 **MR CONDE:** And is today the first time that you've seen this email, so far as you recall?

40 **MS PITKIN:** No, it - it - it was in the bundle of materials that was sent to me in April this year.

MR CONDE: I see. So is it correct that you saw this email in preparation for these hearings but had not seen it - certainly not at the time?

45 **MS PITKIN:** That's correct.

MR CONDE: And would you have expected to have had these matters brought to your attention as a member of the board on or about 15 or 16 May 2018?

MS PITKIN: Yes.

MR CONDE: And why is that, Ms Pitkin?

5 **MS PITKIN:** Because this is a material compliance issue, as Mr Power has said in his email. There are breaches of the law happening and breaches of the casino licence.

10 **MR CONDE:** And so would you agree that this is of the absolute utmost seriousness, warranting the board's attention?

MS PITKIN: Yes.

15 **MR CONDE:** And would you agree that also, in all likelihood, it would have warranted informing the regulator?

MS PITKIN: Yes. Yes, the regulator - both regulators - the gaming regulator and AUSTRAC.

20 **MR CONDE:** Noting that this information was provided by Mr Power to Mr Hawkins, and then from Mr Hawkins to Mr Bekier, would you agree that the information at this time was known by the most senior executive in Mr Bekier and a very senior executive in Mr Hawkins?

25 **MS PITKIN:** Yes.

MR CONDE: And would you agree that what Mr Bekier and/or Mr Hawkins should have done - and had the authority to do - was to direct that Salon 95 be shut down immediately?

30

MS PITKIN: Yes.

MR CONDE: If you had been forwarded this email in May 2018, and you had thus seen the information provided in full here by Mr Power, what, if any, reaction do you think you would have had to that information?

35

MS PITKIN: I think I would have insisted that the services in Salon 95 be suspended immediately, that the regulators be advised immediately and there to be an investigation into how this had happened. And the investigation would have then been broadened into whether Suncity Group was an appropriate entity to be associated with.

40

MR CONDE: And is that - if I might suggest, that sort of response that you've just articulated is very much one along the lines of the board - if not withdrawing a delegation to management, it's at the very least a case of the board taking charge of this issue and ensuring that it is addressed. Would you agree?

45

MS PITKIN: Yes. The board can issue the instruction to management to do the things that I've just outlined.

5 **MR CONDE:** Yes. If I might take you, then, to what you were told, Ms Pitkin. We need to go first to the minutes of a board meeting dated 26 July 2018. And this is STA.5002.0004.1047, and that's exhibit B1011. Do you see that you were present at this meeting?

10 **MS PITKIN:** Yes.

MR CONDE: And do you also see that Mr Bekier and Mr Hawkins were at this meeting as well?

15 **MS PITKIN:** Yes.

MR CONDE: And if we go to pinpoint 1049 of these minutes, please. And halfway down the page, do you see there's a row - if I might just ask that it be enlarged, please:

20 "Managing director and CEO report, May 2018 and June 2018."

MS PITKIN: Yes.

25 **MR CONDE:** And do you see that the May 2018 report was taken as read?

MS PITKIN: Yes.

30 **MR CONDE:** And do you see the minutes record that Mr Bekier spoke to the key points of the papers, and then next paragraph:

"The board discussed and noted the business update."

35 So far as you can recall, Ms Pitkin, is it correct that there was no discussion of Salon 95 at this time?

MS PITKIN: That's correct.

40 **MR CONDE:** And if we then go to the board paper that was taken as read. That is exhibit B753, STA.5002.0004.1675. And if we can then go to pinpoint 1696, please. And the third entry - the third bullet point - if Salon 95 Service Desk could be enlarged. If I might ask, Ms Pitkin, that you read that and then I will ask you some questions.

45 **MS PITKIN:** Yes, I've read that, Mr Conde. And, Mr Conde, I just missed when the document was coming up - could the operator just scroll up so I can see where in this report this has appeared? It's probably the page before, I'm sorry.

MR CONDE: Yes. It's page 2, I think - no.

MS PITKIN: Yes, there - sorry. Yes, I just saw it. Thank you. Thank you, Mr Conde.

5 **MR CONDE:** Sorry, it's page 22.

MS PITKIN: Yes. Thank you. The pages are now side by side. That's very helpful. Thank you.

10 **MR CONDE:** Yes. So it's in the section Projects and Commercial Matters, Sydney. And as you rightly point out, Ms Pitkin, it's pages 21 and 22.

MS PITKIN: Yes. Thank you.

15 **MR CONDE:** Well, first of all, as for the text of that entry, Salon 95 Service Desk that you read earlier, Ms Pitkin, would you agree that that is just totally inadequate in describing the developments?

MS PITKIN: Yes.

20

MR CONDE: And would you agree that the language - things like "concerns emerged", "certain activities" - it was - there was no mention of what has been undertaken by whom?

25 **MS PITKIN:** That's correct.

MR CONDE: And do you feel that the issue was withheld or, in fact, hidden from the board?

30 **MS PITKIN:** Yes.

MR CONDE: And is that a result both of the language used and also the location of this entry in this report?

35 **MS PITKIN:** Yes. A material compliance issue, you would think, would have been called out in plain language in the next section, Regulatory Matters. I would also expect it not to wait until the July board meeting and to be in a - in a May managing director's report. It should have been brought to the attention of the board immediately.

40

MR CONDE: Yes. Is it correct that the board can have unscheduled - or, sorry, scheduled meetings, but out of the ordinary cycle, depending on the seriousness of a given issue?

45 **MS PITKIN:** Yes.

MR CONDE: And, indeed, that occurred when there were serious allegations in relation to Crown in 2019 and in relation to Star itself in 2021?

MS PITKIN: Yes. Around that time, we did have additional board meetings.

5 **MR CONDE:** And so, in fact, would it be your view, Ms Pitkin, that this issue, as recorded in that 15 May 2018 email that I took you to earlier, would have warranted such a meeting?

MS PITKIN: Yes.

10 **MR CONDE:** And looking at that now, and knowing what you do, do you feel misled?

MS PITKIN: Yes.

15 **MR CONDE:** Would you agree that it was just inadequate for Star's most senior management to present an important issue like this - an unlicensed casino - to the board in this way?

MS PITKIN: Yes.

20 **MR CONDE:** And is it correct that, as best you can recall, when this paper was taken as read, neither you nor any other member of the board asked of Mr Bekier, "Well, you know, what does this mean?"

25 **MS PITKIN:** I don't have a recollection of anyone asking, "What does this mean?" That paragraph doesn't raise any red flags to me. And this is in July, and the very - at the July meeting. At the very next month, in the August audit committee meeting, Mr Hawkins was providing a compliance assurance, through the chief risk officer, that there were no material compliance issues, either in the
30 international business or in the Sydney casino.

MR CONDE: So in light of that - those matters, Ms Pitkin, would it be correct to say that this is not an area where you feel the board failed to challenge management because you couldn't know?

35 **MS PITKIN:** I agree with that.

MR CONDE: But nonetheless, you would accept that the board has to take responsibility?

40 **MS PITKIN:** I accept that the board takes accountability, but --

MR CONDE: And do you find it annoying, looking back at this, to think that in that July - even in that July 2018 board meeting, even though it was some months
45 after the conduct and so forth, you were - you and your colleagues on the board were in a room with at least two other people - Mr Bekier and Mr Hawkins - who knew the concerns that Mr Power had identified in relation to Salon 95, and yet that information did not come out?

MS PITKIN: I find it more than disappointing, Mr Conde. It's very distressing.

5 **MR CONDE:** And may I ask you, please, to elaborate on that in your - to Mr Bell.

10 **MS PITKIN:** The board must put in place robust - a robust governance framework. There needs, though, to be a relationship of trust between management and the board. And the board relies upon management to be open and complete in the information that it provides to the board. Otherwise, the board cannot assess what's happening in the business, cannot monitor appropriately, cannot make the right decisions. For the most senior leadership to hide issues from a board, it undermines the very foundation of the governance framework.

15 **MR CONDE:** If I can show you a document, Ms Pitkin. That is STA.34 --

20 **MR BELL SC:** Sorry, Mr Conde, just before we leave this document. Do you not accept, Ms Pitkin, that directors who were curious and were cognisant of their obligations to challenge management shouldn't have asked what these certain activities were, what these concerns were?

25 **MS PITKIN:** No, Mr Bell. My reading of this would have been that the service desk, which is there to help VIPs with high demands on boat tours around Sydney Harbour or flights to the zoo, weren't somehow being appropriately looked after. There was nothing to indicate to me in this that it related in any way to the provision of gambling services. This - there - there were two reports within hundreds of pages of board papers. I would have read the papers. That would not have flagged any concern to me.

30 **MR BELL SC:** You mentioned earlier that there needs to be a relationship of trust between management and the board.

MS PITKIN: Yes.

35 **MR BELL SC:** Looking back on it now, do you think you were too trusting of management?

40 **MS PITKIN:** The events speak for themselves. Clearly, the trust that the board placed in the CEO and the executive leadership team has been - has been breached. With the benefit of hindsight, you could say you shouldn't have trusted them. I didn't have any indications that we - we couldn't trust them, particularly when executives like Mr Hawkins appeared to be happy to give attestations that there were no material compliance issues, literally one month after this board meeting.

45

I don't - I mean, I have thought, Mr Bell, about what - what needs to be done for the future. I'm sure you would like to talk about that at some point, but I have actually thought about this in the context of a casino operation, and that the

obligations of a casino operator are so significant that there needs to be an additional, external and independent assurance mechanism which is effectively going to be checking the work of management in these core areas. Before these matters came before you, Mr Bell, I would not have thought that was necessary, given the many, many elements in the governance framework to receive information, the assurance procedures. But my view on that now has changed.

MR BELL SC: Well, seeing as you've raised it, perhaps we can explore that now. I raised with your colleague, Mr Heap, whether - in view of the fact that your board has a wider remit, looking after three casinos in two states and no doubt other significant matters, whether there might be merit in having independent directors on the board of the casino licensee itself, that is, Star Pty Ltd. Do you have a view about that?

MS PITKIN: The - the directors on the parent company are different to the directors on the licensee entities. The directors - the directors of the licensee entities are the CEO and the CFO. So we've already got that level of independence. I think what I'm - my thinking is, though, that an additional assurance mechanism on these critical elements of being a casino licence holder needs to happen independent of management and with the board commissioning a series of rolling investigations where an independent external party, with full access to personnel and all data, reviews the activities of management.

MR BELL SC: Yes. Well, I appreciate that the individuals on the board of the licensee are different from the individuals on the board of the holding company. But present arrangements are - excluding interim arrangements, are that the members of the board of The Star Pty Ltd are executives of Star Entertainment; correct?

MS PITKIN: Yes.

MR BELL SC: And when I referred to "independence", I meant having independent directors on the board of The Star Pty Ltd, other than merely executives of The Star Entertainment Group. Do you see any merit in that approach?

MS PITKIN: Thank you, Mr Bell. I'm sorry. I misunderstood your question. Yes, I think there would be some merit in considering that as part of the governance framework.

MR BELL SC: Another option, rather than having independent directors, would be to have a compliance committee of The Star Pty Ltd with independent members whose focus was exclusively on the New South Wales licensee and ensuring compliance with its obligations. Do you also see merit in that possibility?

MS PITKIN: Yes. I think that's actually very similar, Mr Bell, to my idea of having that other external assurance mechanism. There would be a number of

ways you could implement that, but I think we're both talking about the same objective.

MR BELL SC: Yes. Yes, Mr Conde.

5

MR CONDE: If I could ask that exhibit C79 be brought up. And this is paragraph 111 of the document. It's STA.3427 - there we go. The pinpoint I wish to go to is STA.3427.0037.3894. And if just that page could be brought up, please. And if we could enlarge 111 and then the text underneath as well, please, which - being - in particular the date. Thank you. So, Ms Pitkin, are you aware of the Hong Kong Jockey Club report of April 2018 that has been referred to in these hearings and in the media?

10

MS PITKIN: Yes.

15

MR CONDE: And what I've asked be brought up is the - I think it's the final paragraph of that report, and it's - you will see that it's dated April 2018?

MS PITKIN: Yes.

20

MR CONDE: And are you aware that Mr Angus Buchanan commenced employment at The Star in May 2019?

MS PITKIN: I couldn't tell you when Mr Buchanan started at The Star, Mr Conde.

25

MR CONDE: If you can assume from me that he --

MS PITKIN: Yes.

30

MR CONDE: Well, he gave evidence that he started at Star Entertainment in May 2019. And he gave evidence that his opinion, both in April 2018 and continuing until his time - and, indeed, beyond. But at his time when he came into the Star Entertainment organisation in May 2019, his opinion was the same as recorded in this paragraph 111 of the Hong Kong Jockey Club's April 2018 report. So may I ask you just to read that paragraph 111.

35

MS PITKIN: Mr Conde, could I just clarify something. Was Mr Buchanan the author of this report that you have on the screen now?

40

MR CONDE: I will show you a document that will explain his involvement.

MS PITKIN: Thank you.

MR CONDE: But he was involved, as I understand it. But I will defer to the precise language that he uses.

45

MS PITKIN: Thank you.

MR CONDE: But if I could just ask that you read, please, paragraph 111.

MS PITKIN: Yes.

5

MR CONDE: Do you agree that conclusions of tangible criminal as well as reputational risks associated with Suncity are extremely serious conclusions for the team at the Hong Kong Jockey Club to have reached?

10 **MS PITKIN:** Yes.

MR CONDE: And have you read the Hong Kong Jockey Club report?

MS PITKIN: I have, as part of preparation for this hearing.

15

MR CONDE: Was that the first time, so far as you're aware, that you became aware of the report or its contents?

20 **MS PITKIN:** Apart from references in the media, that was the first time I became aware of its contents.

MR CONDE: And are you aware of - well, do you understand that Mr Bekier gave evidence that the report is, in his view, a very good report which assembles a lot of evidence to paint a picture of somebody we shouldn't be doing business with?

25

MS PITKIN: I wasn't aware that that's what Mr Bekier said.

MR CONDE: Would you agree with that assessment?

30

MS PITKIN: Yes. Having read the report, yes.

MR CONDE: And would you agree that if the board had received either a copy of the Hong Kong Jockey Club's report or at least a thorough briefing on its contents, the board should have stopped doing business with Suncity and Alvin Chau?

35

MS PITKIN: Yes.

MR CONDE: Now, if I take you to exhibit C78, which is STA.3427.0037.3869. And, Ms Pitkin, I just ask you - you will see that there's some text in blue - that you not read any of that text out loud. By all means look at it, but if you just not read it out loud, please.

40

MS PITKIN: I understand.

45

MR CONDE: But do you see that this is an email dated 12 June 2019 from Angus Buchanan?

MS PITKIN: Yes.

MR CONDE: And he sent that to Paula Martin, Oliver White and Kevin Houlihan?

5

MS PITKIN: Yes.

MR CONDE: And do you see he says:

10 "Please find attached a copy of the 2018 Suncity report my intelligence team compiled whilst I was with the Hong Kong Jockey Club."

MS PITKIN: Yes.

15 **MR CONDE:** And so if you could assume, on the back of that, that Mr Buchanan worked in the intelligence team and appears to have had a kind of leadership role?

MS PITKIN: Yes.

20 **MR CONDE:** Do you see the second paragraph:

"It is a comprehensive report and was prepared due to the potential threat Suncity posed/poses to the integrity of racing in Hong Kong."

25 **MS PITKIN:** Yes.

MR CONDE: And then the next paragraph:

"I suspect certain aspects of the report may be of interest to The Star."

30

MS PITKIN: Yes.

MR CONDE: And do you agree that in June 2019, concerns about Suncity raising tangible criminal as well as reputational risks would have been of interest to you as a director of Star Entertainment?

35

MS PITKIN: Yes.

MR CONDE: And why would it have been of interest to you?

40

MS PITKIN: Because it's indicating that Suncity is involved in criminal activities, and we're doing business with them, as a business associate, allowing them to run a junket operations in the casino.

45 **MR CONDE:** Now, I'm noting the final paragraph of this email where Mr Buchanan says:

"Given the confidentiality of the report, we would appreciate it if the document is not distributed."

5 Would you have expected the substance of the report to have been raised with the board?

MS PITKIN: Yes. There would have been a way to raise that information such that confidentiality of the report was not breached, if that's what Mr Buchanan was - was concerned about.

10 **MR CONDE:** And so far as - and is it correct that Ms Martin attended all board meetings that you can recall?

MS PITKIN: Yes.

15 **MR CONDE:** And so would you have expected that she would have found an opportunity at some point to raise this matter with the board?

MS PITKIN: Yes.

20 **MR CONDE:** Now, this is June 2019. The next month, were you aware of the 60 Minutes Crown Unmasked program that was broadcast on 28 July 2019, along with reports in the Sydney Morning Herald and Age?

25 **MS PITKIN:** Yes.

MR CONDE: Do you recall watching the 60 Minutes program at the time?

30 **MS PITKIN:** Yes. It would have been either when it was aired or - or very close to it and - yes.

MR CONDE: Were you aware that it referred to a secret report by one of the world's largest bookmakers, the Hong Kong Jockey Club?

35 **MS PITKIN:** Yes.

MR CONDE: And at that point, did you - did it occur to you to ask your colleagues on the board and/or management whether Star could obtain a copy of that report?

40 **MS PITKIN:** No. It didn't.

MR CONDE: If I might ask that STA.5002.0005.1494 be brought up, please. And, Mr Bell, this is exhibit H237. Do you see that what has come up are the minutes of meetings of directors dated Wednesday, 7 August 2019?

45 **MS PITKIN:** Yes.

MR CONDE: And you attended, as did Ms Martin, and, so far as I can tell, all of your board colleagues?

MS PITKIN: Yes.

5

MR CONDE: And if we can scroll down, please. And then - sorry, over to 1495. It's the next page. Do you see there's - from about a half to two-thirds of the way down the page, there's an entry for:

10 "Crown Resorts Limited, allegations and recent media."

MS PITKIN: Yes.

15 **MR CONDE:** And is it correct - would it be correct to summarise the developments of the board at this time that the board noted the allegations and media relating to Crown and asked management to keep the board briefed on all significant regulatory correspondence and to prepare a paper?

MS PITKIN: Yes.

20

MR CONDE: And as best you can recall, was the question raised, in substance, of, "Is any of the conduct revealed here occurring at Star?"

25 **MS PITKIN:** Mr Conde, is there a further part to that discussion in the minutes on the following page, or was that the end of the discussion?

MR CONDE: It does continue. If I might just ask the operator to go to the next page, please. Yes. Just at the top.

30 **MS PITKIN:** Thank you. Mr Conde, I cannot recall whether it was at this meeting or a subsequent meeting. So this meeting was on 7 August, and there was another meeting on 15 August. But there was a very detailed discussion about the allegations that had been raised in relation to that program, including in relation to Suncity. There was - I think two months later, then there was further media,
35 including Mr Wilkie's release of CCTV footage, and there were further meetings of the board around that time. I don't have an exact timeline in my mind, so I can't tell you at which meeting. But I have a very clear recollection of the board hearing from Mr Hawkins in detail on, particularly, allegations around the fixed room and Suncity at Crown.

40

MR CONDE: And doing your best - and I appreciate the qualifications you've mentioned, Ms Pitkin, about which meeting it was at. But may I ask you to tell Mr Bell, as best you can, what your clear recollection is of what Mr Hawkins said.

45 **MS PITKIN:** So the board was very concerned to understand whether what appeared in that CCTV footage, which was cash in a fixed room in exchange for chips - was that happening at Star? And the board was assured a number of things: firstly, that it wasn't; secondly, that that couldn't happen at Star because all cash

transactions occurred at The Star cage and all of the junket players - AML and CTF procedures under our program were followed.

5 And I recall Mr Hawkins talking to the differences in the regulatory regimes between Victoria and Sydney. I also recall Mr Hawkins saying that this wasn't a reflection on Suncity as a whole and that it was most likely, you know, not only the differences in the regulatory regime where cash transactions could happen in a salon in Crown, but also that if anything had been done in breach of the Crown licence, it was most likely an inappropriate junket representative rather than it
10 being a reflection on Suncity as a group.

MR CONDE: And so would you agree that there is evidence that has emerged through these public hearings that is the exact opposite of those assurances that you've just told Mr Bell about?

15 **MS PITKIN:** Yes.

MR CONDE: And I think you used the word "distressing" earlier to describe your reaction. Does that apply equally here?

20 **MS PITKIN:** Yes.

MR CONDE: Again, do you feel that you were misled?

25 **MS PITKIN:** Yes.

MR CONDE: And do you feel that conduct was hidden from you and board colleagues?

30 **MS PITKIN:** Yes.

MR CONDE: If we can go to the minutes of the 15 August 2019 board meeting. That's exhibit B1542, STA.5002.0005.1428. Do you see, Ms Pitkin - if we can enlarge at the top - that this was a meeting which you attended?

35 **MS PITKIN:** Yes.

MR CONDE: And, again, so too did Ms Martin, Mr Hawkins, and I think all your board colleagues?

40 **MS PITKIN:** Yes, Mr Conde.

MR CONDE: Now, if we can scroll down, please, and then - yes. If we can go over the page, please, to pinpoint 1431. And at top of the page, do you see, Ms Pitkin, it says that Ms Martin spoke to communications received from the regulators and the approach to required responses?

45 **MS PITKIN:** Yes.

MR CONDE: And I'm sorry - if we can go back a page to the bottom, I think I've passed over an entry. Yes. Do you see at the bottom, Ms Pitkin, there's an entry for:

5

"Crown Resorts Limited, media and related matters."

MS PITKIN: Yes.

10 **MR CONDE:** And there's a paper that was tabled? And then it says Mr Hawkins introduced the paper and spoke in detail. So far as you recall, Ms Pitkin, with the benefit of having seen this document, do you think it is likely that it was at this meeting that you received the assurances to which you've referred earlier?

15 **MS PITKIN:** Mr Conde, I can't be completely sure whether it was at this meeting or - or a subsequent meeting because - because of the CCTV footage that I think was - was that October 2017? I'm sorry. I can't be sure of the precise timing. But I can recall one - well, one of my colleagues just expressing such concern about the
20 Aldi shopping bag full of cash being put on the desk and being exchanged for chips. I just have this very vivid memory of how - how upset my colleague was. So it could - and then a very detailed conversation about why that could not happen at Star and the differences and - so it could have been at that meeting.

25 **MR CONDE:** Do you recall who that colleague was?

MS PITKIN: That was Katie Lahey.

MR CONDE: And have you seen the footage that was played to this review of cash being brought into Salon 95?
30

MS PITKIN: I haven't.

MR CONDE: And is there any reason why you have not?

35 **MS PITKIN:** It - it wasn't in the bundle of the 20 lever-arch folders that I was sent to review.

MR CONDE: Do you understand that there was such footage played to Mr Bell?

40 **MS PITKIN:** Yes. Yes, I was told.

MR CONDE: And in light of what you've just mentioned about Ms Lahey's reaction, as you recall it, to the footage, and accepting that there's such footage in respect of a Star property --
45

MS PITKIN: Yes.

MR CONDE: -- is that just bewildering?

MS PITKIN: I know the word "distressing" is becoming overused, but it - it's distressing.

5 **MR CONDE:** If can I show you the board paper that was - the one that - in this emphasised text up the top, it says the paper was tabled. I will take you to that. So this is exhibit B1538, STA.5002.0005.2241. And do you recall reading this paper, Ms Pitkin?

10 **MS PITKIN:** It - it was my usual practice to read all the board papers, Mr Conde. So I am thinking I would have read it at the time for that board meeting.

MR CONDE: So just to clarify: you don't have a specific recollection of having read this, but it was your practice to read all material, and you've got no reason to doubt that you did so on this occasion?

15

MS PITKIN: That's right.

MR CONDE: If we were to - if we can go, please, to page 2242 - just the next page. And there are two things I just wish to draw to your attention here, Ms Pitkin. The first is in that top Summary section, do you see there's a paragraph that begins, "Attachment 1"? It's mentioning that:

20

25 "Attachment 1 lists the main allegations made in the Nine Media against Crown -"

And so forth?

MS PITKIN: Yes, Mr Conde.

30

MR CONDE: And then further down that page, there's a reference to attachments 3 and 4, which are requests from Liquor and Gaming - no, this is back on pinpoint 2241. I'm sorry, operator. It's the earlier page, I believe. Yes. There we go. Do you see that it notes Contact From the Regulators and that:

35

"Liquor and Gaming have written to The Star."

MS PITKIN: Yes.

40 **MR CONDE:** So if we can go to that. Attachment 1 is from pinpoint 2245. And if the bottom of this page could be enlarged, along with the top of the next page, please. So the - sorry. Thank you. So if you recall, this is a summary of the allegations, and one of the summary points here is that:

45 "Crown was wilfully blind to the criminal activity of key business partners. Particularly junket operators."

And that included:

"Claims related to Hong Kong Jockey Club ban on Suncity."

5 Do you recall this question of the Hong Kong Jockey Club ban on Suncity arising in your discussions at the time?

MS PITKIN: I don't have a specific recollection of that, Mr Conde. No.

10 **MR CONDE:** Is it correct that, so far as you can recall, nobody raised the question, "Well, what does the Hong Kong Jockey Club know that we don't?"

MS PITKIN: I think the questioning was more, "Have - have we done detailed diligence ourselves, and what does that reveal?"

15 **MR CONDE:** And would that detailed diligence include, in your expectation, having regard to what, if anything, the Hong Kong Jockey Club might know?

20 **MS PITKIN:** If that could be - if that could be obtained, my expectation was that a range of sources, including obvious ones that had been named in the media, would be investigated.

MR CONDE: And so having regard, then, back to the fact that that report was within the organisation from 12 June 2019, is that a source of great frustration?

25 **MS PITKIN:** Yes. The - the company had a range of - the company had that report; it had evidence of suspicious cash transactions in the room in breach of the agreement with the junket operator; and it had access to a number of sources of information. And it failed to compile those in a way that could inform a decision not to deal with Suncity.

30

MR CONDE: And do you find it frustrating, looking back at this, to think that in that 15 August 2019 board meeting, Ms Martin was there in attendance and had received a copy of the report on 12 June 2019 and had discussed it with Mr Buchanan that month?

35

MS PITKIN: Yes.

40 **MR CONDE:** I think, in the time available, I will deal with a further topic. If we can go, please, to a document - it has been marked for identification. It's STA.3402.0007.3857. Do you see that this is an email from Ms Lee to Ms Martin dated 11 March 2018?

MS PITKIN: Yes.

45 **MR CONDE:** And the subject is:

"My notes on recent events relating to JC and IRB."

MS PITKIN: Yes.

MR CONDE: And if you can take it from me that "JC" is a reference to John Chong.

5

MS PITKIN: Yes.

MR CONDE: And are you aware who John Chong is, or was at that time?

10 **MS PITKIN:** Yes. He was a senior executive in the international business.

MR CONDE: Okay. And is it correct that Kim Lee is the chief people and performance officer?

15 **MS PITKIN:** Yes.

MR CONDE: If we can go, then, to the first attachment to this email. So if you just note that this is from Ms Lee to Ms Martin, and she has attached her notes. And if I can take you to that first attachment. That's STA.3402.0007.3858. While
20 that is being brought up, Mr Bell, as an administrative matter, the last document that I asked be marked for identification, which was I think the constitution.

MR BELL SC: Yes.

25 **MR CONDE:** That, in fact, is H413. So if I can - but instead, I do have an MFI to replace it.

MR BELL SC: That will no longer be MFI68 in those circumstances.

30 **MR CONDE:** And if MFI68 could be the article of Ms Pitkin that I showed her earlier, which is INQ.012.005.0110.

MR BELL SC: Yes. That will be MFI68.

35 **MR CONDE:** Do you see in this document, Ms Pitkin - it's dated 9 March 2018, and it says Summary of Events IRB?

MS PITKIN: Yes.

40 **MR CONDE:** And have you seen this document, so far as you're aware?

MS PITKIN: No. I - I haven't seen it. Sorry, Mr Conde.

MR CONDE: It's correct - I should distinguish. You said you don't recall
45 receiving it in or about March 2018?

MS PITKIN: I - I don't recall receiving it then or ever. I've never seen this document.

MR CONDE: But it's possible it might have been in the 20 lever-arch folders that you received, somewhere?

5 **MS PITKIN:** It's - it's possible.

MR CONDE: So I just wish to draw that clarification. But certainly around this time, this did not come to your attention, so far as you're aware?

10 **MS PITKIN:** That's correct.

MR CONDE: And do you see that there's a table, and it being a summary, the format is that there's an entry in black text, there's then writing in red and then in bold down the bottom it says "observation" and there is a sort of conclusion. And do you see, for example, the first one - the observation is:

"Poor leadership and understanding of process."

20 **MS PITKIN:** Yes.

MR CONDE: And then the next one:

"Commercial capability gap."

25 **MS PITKIN:** Yes.

MR CONDE: And if we can go, please, to - I think it's 3860, so another page on. There's a conclusion there from Ms Lee at the top that says:

30 "Observation: JC driving poor behaviour that further alienates sales from service operations could lead to toxic culture. Ignorance of company policy."

MS PITKIN: Yes.

35 **MR CONDE:** Do you agree that an opinion reached by your chief people and performance officer of potential toxic culture is a serious one to be reached by Ms Lee at that time?

40 **MS PITKIN:** Yes. I note she is saying "could lead to toxic culture". That reads to me as if something needs to be done about this or else this is going to be a problem.

MR CONDE: Yes. And if we can go then to 3861, please. Do you see the observation is:

45 "Intimidating behaviour from a senior leader towards a junior member of HR."

Do you see that, Ms Pitkin?

MS PITKIN: Yes, Mr Conde. And am I right to assume that's intimidating behaviour from Mr Chong to a junior member of HR?

5

MR CONDE: I believe so.

MS PITKIN: Yes. Thank you.

10 **MR CONDE:** And then - yes. Pinpoint 3863, please. And this is one where - if I could impose on the operator, please, to enlarge the bottom of this page and the top of the next page. Thank you. Do you see there that Ms Lee raises the concern that:

15 "There have been a number of terminations in the IRB team. 37 per cent turnover."

Sorry:

20 "36 terminations in the last 12 months."

The reasons are identified there. And then it says:

25 "This number is excessive given the size of the team, 97 employees in total in team."

MS PITKIN: Yes.

MR CONDE: And:

30

"A number of employees were allowed to resign post a breach of policy depending on the seriousness. Breakdown below does not reflect the number of employees terminated for breach of policy."

35 And then there's a sort of summary there?

MS PITKIN: Yes.

40 **MR CONDE:** Do you recall a question about an excessive number of terminations within the IRB team being raised with the board in or about this time?

MS PITKIN: No.

45 **MR CONDE:** And then if I can quickly show you what you were told. This is exhibit B822, STA.5002.0004.1038. These are the board minutes of 24 May 2018. Do you see that, Ms Pitkin?

MS PITKIN: Yes.

5 **MR CONDE:** And then we can go to pinpoint 1043, please. It's the second row. It's towards the top. It says that the March 2018 paper was taken as read. Do you see that?

MS PITKIN: Yes.

10 **MR CONDE:** And then I will go to that document. It's MFI66. That's STA.5002.0004.1244. And then if we can go to pinpoint 1265. And so this is another page 22 entry. If the operator could just show Ms Pitkin the bottom of it, please. Yes. Do you see it's page 22?

15 **MS PITKIN:** Yes. Thank you, Mr Conde.

MR CONDE: Yes. And then under the heading Human Resources, Talent Acquisition, do you see there's an entry:

20 "John Chong, president international marketing, redundancy."

MS PITKIN: Yes.

25 **MR CONDE:** And so there's no reference, would you agree, to a concern about an excessive number of terminations in the IRB team?

MS PITKIN: I agree.

30 **MR CONDE:** No concern referred to there about a potential of leading to toxic culture?

MS PITKIN: Yes.

35 **MR CONDE:** And is it correct that, so far as you can recall, those issues were not otherwise raised in discussion or at the time?

MS PITKIN: I - I have no recollection of issues to do with Mr Chong like that being raised.

40 **MR CONDE:** And would you have expected such issues to have been raised with the board at this time?

MS PITKIN: Yes. Mr Chong was, if I - sorry - recall correctly, was a direct report to the CEO.

45 **MR CONDE:** And so would you agree that the circumstances of his departure, including concerns around toxic culture and excessive terminations in that team, should have been brought to the board's attention in a much more prominent way than what appears here on page 22 with the simple entry:

"John Chong, redundancy."

MS PITKIN: Yes.

5

MR CONDE: Mr Bell, I see the time.

MR BELL SC: Yes. I will now adjourn until 10 am tomorrow.

10 **<THE HEARING ADJOURNED AT 5:00 PM**