



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**WEDNESDAY, 25 MAY 2022
AT 10:00 AM**

DAY 36

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

**Witness
JOHN ANTHONY O'NEILL**

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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 O'Neill, you remain bound by the oath you took on Monday.

5 **<JOHN ANTHONY O'NEILL, ON FORMER OATH**

MR O'NEILL: Yes, Mr Bell.

MR BELL SC: Yes, Ms Sharp.

10

<EXAMINATION BY MS SHARP SC:

15 **MS SHARP SC:** Operator, could you please bring up exhibit B at tab 1011, which is STA.5002.0004.1047. And can I draw your attention, Mr O'Neill, to the fact that these are minutes of the board meeting on 26 July 2018, and you're recorded as being present?

MR O'NEILL: Yes.

20 **MS SHARP SC:** Now, I will take you, please, to pinpoint 1049. And can you see an entry midway down the page - and I'll have it enlarged for you. Do you see it says:

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

25

MR O'NEILL: Yes.

MS SHARP SC: So you'll agree, I assume, that the report of May 2018 of the managing director was not provided to the directors until about July of 2018?

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35 **MR O'NEILL:** Ms Sharp, that may be right, unless - unless it was put up on the board portal beforehand. But I - I'm not sure. There have been occasions where there's - because the monthly report is obviously every month, and we don't necessarily have board meetings every month. So if there's a bit of a gap, we - we have put the managing director's report of that current month up on the board - on Diligent, on the board portal. That - that may be a relatively recent phenomenon. So I can't say with certainty whether that practice was in place back in May 2018.

MS SHARP SC: Well, these minutes actually say:

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"The board requested the monthly managing director and CEO reports to be added to BoardBook portal in -"

MR O'NEILL: Sorry. Sorry, Ms Sharp. Yes.

45

MS SHARP SC: Does that suggest to you at this time, the May 2018 report was not made available to the directors until about July of 2018?

MR O'NEILL: That appears to be the case, yes.

MS SHARP SC: And may we take it from the fact that there is no record of the directors asking questions in relation to the May 2018 managing director report
5 that no one at the board meeting did ask questions about that report?

MR O'NEILL: That appears to be the case.

MS SHARP SC: Could I take you to that May 2018 report, please, which is
10 exhibit B at tab 753. And this is STA.5002.0004.1678. And I'm showing you the report that was tabled at that July meeting. Could I take you to pinpoint 1696, which is about 20 pages in to this report. Now, could I draw your attention, please, Mr O'Neill - and I will have it highlighted - the third dot point at the top there that says:

15 "Salon 95 service desk."

MR O'NEILL: Yes.

20 **MS SHARP SC:** And you'll see it says:

"concerns emerged..."

I beg your pardon.

25 "In May -"

And that's 2018:

30 "Concerns emerged about certain activities undertaken at the junket service desk in Salon 95. At present functions at the service desk are limited pending the rollout of detailed processes for the junket representatives in that salon."

35 Now, by this time, one warning letter had been sent by Mr Hawkins to Suncity and there had been a series of cash transactions of concern occurring in Salon 95. Do you consider that what I'm showing you now was an adequate briefing to the board in relation to those matters?

40 **MR O'NEILL:** No, Ms Sharp.

MS SHARP SC: Are you able to say whether any - and I know it's a long time ago now, whether any of the directors at the July 2018 followed up on this information in any way during the meeting?

45 **MR O'NEILL:** As you've said, Ms Sharp, it was a long time ago. I really don't recall.

MS SHARP SC: Is it acceptable that this report about what is described in the vaguest of terms of certain activities is, in a sense, buried at page 20 of the managing director and CEO's report?

5 **MR O'NEILL:** Yes, Ms Sharp. It would have been preferable for it to have been elevated.

MS SHARP SC: Now --

10 **MR O'NEILL:** And I might add, Ms Sharp, that for identification purposes, Salon 95, I think, needed the extra descriptor of "Suncity private salon".

MS SHARP SC: Now, that was a report from May of 2018. Let me take you to a document from June 2019. I'll have exhibit G675 shown to you, which is
15 STA.3427.0018.3538. You can see - and I should indicate to you, Mr O'Neill, that the matters in blue shade are confidential. So please don't repeat those out loud. Only you can see them and I can see them and the lawyers can see them at the moment. This, you will see, is an information note for 5 June 2019 authored by Andrew McGregor, and you can see for yourself that it relates to Suncity.

20 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And you can see in the summary, it says:

25 "The purpose of this information note is to brief The Star's legal team."

So you can accept from me that the legal team, including Ms Martin, did see this document.

30 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And could I take you over the page, please.

MR O'NEILL: Ms Sharp, may I ask who Andrew McGregor is?

35 **MS SHARP SC:** He is a senior investigator who was reporting directly to Kevin Houlihan at that time.

MR O'NEILL: Thank you.

40 **MS SHARP SC:** And you can take it from me that Kevin Houlihan also saw this document at the time. Now, can you just read for yourself the material in blue shade. Are you able to see that?

45 **MR O'NEILL:** Yes. Yes, Ms Sharp.

MS SHARP SC: And I'll just take you to the next page. And could you look for yourself under the heading Postscript, please. And do you see it says:

"It appears that as newer people have moved into roles within Suncity Sydney that behaviours discouraged during last year's review period are returning."

5 **MR O'NEILL:** Yes.

MS SHARP SC: Now let me take you to another document, which is exhibit B at tab 1437, STA.3418.0011.0621. Again, that's exhibit B at tab 1437. Now I'm showing you an email from Ian Tomkins to Skye Arnott, copied to Graeme Stevens, dated 24 June 2019.

MR O'NEILL: Yes.

MS SHARP SC: And you will see it refers to footage of incidents in Salon 95.

15 **MR O'NEILL:** Yes.

MS SHARP SC: And could I just ask you to observe that incidents - that seven separate incidents are referred to.

20 **MR O'NEILL:** Yes.

MS SHARP SC: And you can see there are some words in blue shade - they're confidential - but you can see how the transactions are described.

25 **MR O'NEILL:** Yes.

MS SHARP SC: Now, are these - this document and the last one I took you to - documents that you have seen before now?

30 **MR O'NEILL:** Not that I recollect.

MS SHARP SC: Now, I won't take you to this, but I will tell you there's another document dated 22 July 2019, which is exhibit H at tab 226. It's an email from Greg Hawkins to Matthew Bekier advising that the Police Commissioner had excluded six people from The Star who were associated with Suncity. Now, taking that information and these two documents together, do you agree with me that what is occurring in Salon 95 in May and June of 2019 is clearly unacceptable?

40 **MR O'NEILL:** Yes.

MS SHARP SC: And are you aware that an audit was conducted by Mr Graeme Stevens on 23 May 2019 which concluded that Suncity was operating in a compliant manner in Salon 95?

45 **MR O'NEILL:** Ms Sharp, I became aware of that in the course of preparing to give my evidence and was shown - after I signed my witness statement, I was shown the Buchanan report which made mention of that.

MS SHARP SC: And are you aware that following all of these incidents that I've just drawn to your attention, that audit was not revised?

5 **MR O'NEILL:** That's my understanding.

MS SHARP SC: And do you agree that on the basis of the information I've taken you to this morning, the only acceptable action to take was to shut down Salon 95 and cease dealing with Suncity at that point?

10

MR O'NEILL: Yes, it should have been terminated summarily.

MS SHARP SC: And are you aware that when Suncity and The Star agreed that Suncity would cease operating in Salon 95, Suncity was given the casual use of a junket room in Salon 82?

15

MR O'NEILL: I only became aware of that, Ms Sharp, during the course of preparation to give evidence.

20 **MS SHARP SC:** And are you aware that once Suncity moved to Salon 82, no further risk assessment was conducted despite all of this information I've drawn to your attention this morning?

25 **MR O'NEILL:** Again, Ms Sharp, I only became aware of that in the course of preparation for my - for my evidence.

MS SHARP SC: And is it your view that moving Suncity to Salon 82 without conducting any further risk assessment was completely unacceptable?

30 **MR O'NEILL:** Yes.

MS SHARP SC: And it showed a complete disregard for very real risks of money laundering occurring in the casino, did it not?

35 **MR O'NEILL:** Yes.

MS SHARP SC: Could I take you, please, to exhibit B1375, which is STA.5003.0004.0778. And can you see that I am showing you minutes of a board risk and compliance committee dated 21 May 2019?

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MR O'NEILL: Yes.

MS SHARP SC: And you agree that you're recorded as being present at that meeting?

45

MR O'NEILL: Yes.

MS SHARP SC: So we may take it that you were present at that meeting?

MR O'NEILL: Yes, Ms Sharp.

5 **MS SHARP SC:** Can I just draw your attention a little further down the page. Operator, if we could scroll down, please. Do you see there's a reference on the left-hand side to:

"Risk and compliance report."

10 **MR O'NEILL:** Yes.

MS SHARP SC: And - if we go over the page. Sorry. And over the page again. And can you see on pinpoint 0781 there is an entry in the bottom right corner called:

15 "Regulatory matters update."

MR O'NEILL: Yes.

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

"The paper Regulatory Matters Update was taken as read."

25 **MR O'NEILL:** Yes.

MS SHARP SC: So we may take it that you were provided with a copy of that report at the time?

30 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And you would have read it at the time?

MR O'NEILL: Yes.

35 **MS SHARP SC:** Could I take you now to that paper, please, which is exhibit B at tab 1378, STA.5003.0004.0531. And do you see that's a regulatory matters update authored by Ms Paula Martin dated 21 May 2019?

40 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: Now, if I could take you over to pinpoint 0533, please. And do you see there's a dot point about a third of the way down that says:

45 "Regulatory reviews."

MR O'NEILL: Yes.

MS SHARP SC: And in that second dot point, it says:

"Salon 95 Suncity processes: no significant issues found. Suncity have been conducting all transactions through The Star's cage providing a much higher level of oversight."

5

MR O'NEILL: Yes.

10 **MS SHARP SC:** Now, that's a report dated 21 May 2019. That precedes, in time, the information report I showed to you this morning; the email from Ian Tomkins to Skye Arnott referring to the seven separate incidents; and the email from Mr Hawkins to Mr Bekier that noted the Police Commissioner had excluded from The Star six people associated with Suncity. This is - what I'm showing you now in this risk and compliance committee report is the very last briefing that the board was provided with prior to Suncity moving its operations to Salon 82 in August 15 2019. What comment do you have about the adequacy of the briefing to the board in relation to Suncity?

20 **MR O'NEILL:** So I take it, Ms Sharp, the - the statement here that Suncity have been conducting all transactions through The Star's cage providing a much higher level of oversight - I take it that statement is wrong.

25 **MS SHARP SC:** Well, I'm not asking you to form that assessment. I'm just drawing to your attention that this is the last information the board was provided about Suncity, and it was provided with none of the information I've just taken you to this morning.

MR O'NEILL: Well, to answer your question, Ms Sharp, it's inadequate, incomplete and insufficient.

30 **MS SHARP SC:** Now, I take it you're aware now that since 12 June 2019, a number of senior members of management have been in possession of the Hong Kong Jockey Club report about Alvin Chau and Suncity?

35 **MR O'NEILL:** Yes, in the course of preparation.

40 **MS SHARP SC:** And I'll show you, if I may, exhibit C at tab 78, which is STA.3427.0037.3869. And what I'm showing you, Mr O'Neill, is an email from Angus Buchanan, who the evidence discloses was one of the authors of this report, and he sent it to Ms Martin, Mr White and Mr Houlihan on 12 June 2019, and he attaches the Hong Kong Jockey Club report.

MR O'NEILL: Yes.

45 **MS SHARP SC:** So all of these members of senior management had the report from that time.

MR O'NEILL: Yes.

MS SHARP SC: In addition, Ms Arnott gave evidence that she received it some time in late 2019 - some time after June 2019.

MR O'NEILL: Yes.

5

MS SHARP SC: When was the first time you became aware of the existence of this report?

MR O'NEILL: In the course of preparing for my evidence.

10

MS SHARP SC: And just to be clear, were you aware of this report when you put on your statement on 4 February 2022?

MR O'NEILL: No.

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MS SHARP SC: Were you made aware that, in fact, Mr Houlihan and Mr Buchanan went to Hong Kong and visited with representatives of the Hong Kong Jockey Club and discussed this report?

20

MR O'NEILL: No.

MS SHARP SC: Have you read the report?

MR O'NEILL: No, I haven't.

25

MS SHARP SC: Have you been briefed on its contents?

MR O'NEILL: Broadly, yes.

30

MS SHARP SC: Is there some reason why you haven't read the report?

MR O'NEILL: I heard enough about it, in terms of being briefed, and didn't - having read Andrew Buchanan's reports, I didn't think it was necessary for me to read the report, given I was briefed on - on the basic significant matters of interest.

35

MS SHARP SC: Now, I appreciate that you haven't read the report, although you have been briefed on it. Do you agree with me that it raised extremely serious questions about the integrity and the suitability of Alvin Chau and Suncity?

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MR O'NEILL: Yes.

MS SHARP SC: And it clearly suggested he had connections with triads?

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MR O'NEILL: Yes, it did.

MS SHARP SC: Now, you can take it from me that a number of witnesses and a number of - sorry, I withdraw that. A number of members of senior management of Star Entertainment gave written statements to this review.

5 **MR O'NEILL:** Yes.

MS SHARP SC: And those members of senior management included Ms Martin, Mr Houlihan, Mr Buchanan and Ms Arnott.

10 **MR O'NEILL:** Yes.

MS SHARP SC: Now, the review did not ask any specific question about the Hong Kong Jockey Club report, but it did ask witnesses questions about activities in Salon 95 and for information about Alvin Chau. Not one of those witnesses
15 disclosed the existence of this report to the review. Do you agree with me that that is not a transparent approach to the regulator in the context of this review?

MR O'NEILL: Yes.

20 **MS SHARP SC:** And may we take it that had you been made aware when you prepared your statement on 4 February 2022 of the existence of the Hong Kong Jockey Club report, you would have taken a different approach in terms of what you said to this review about Suncity?

25 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: So it is the case that even though you, as the chair of Star Entertainment, was asked to provide a statement where you were asked specific questions about Suncity, no one within your organisation made you aware that the
30 organisation held this document?

MR O'NEILL: No, they didn't.

MS SHARP SC: And what reflection do you have about that, Mr O'Neill?
35

MR O'NEILL: Well, similar to comments I made earlier, Ms Sharp: extremely disappointed, lack of transparency, lack - lack - lack of openness. I'm - it may be, depending on the timing, that the excuse might be that anyone who had been called - anyone who had been called as a witness had been told not to discuss their
40 evidence with each other. That's a - that's - maybe - I don't know about the timing. I should have known about the Hong Kong Jockey Club report, and I didn't. And as I said earlier, I didn't even know who Angus Buchanan was, let alone the reports that he had done.

45 **MS SHARP SC:** And to be clear, you were specifically asked to comment on Mr Buchanan's reports in your statement, weren't you?

MR O'NEILL: Yes, I was.

MS SHARP SC: And even in that context, no one within your organisation made you aware of the report he had authored, being the Hong Kong Jockey Club report, and the fact that Star held a copy of it and had done since 12 June 2019?

5

MR O'NEILL: No, Ms Sharp.

MS SHARP SC: Do you agree with me that this indicates a continuing lack of transparency with regulators all the way up into this review?

10

MR O'NEILL: Yes, Ms Sharp.

MS SHARP SC: You're aware now, I take it, that the Independent Liquor and Gaming - I withdraw that. You're aware now that the New South Wales casino regulator asked questions in writing to Star Entertainment in July and August 2019 in relation to Suncity and Alvin Chau?

15

MR O'NEILL: Yes, I am.

MS SHARP SC: And have you had the opportunity to review a copy of the letters that the regulator sent to Star Entertainment at that time?

20

MR O'NEILL: I don't recollect that I have, Ms Sharp.

MS SHARP SC: And have you seen the letters of response authored under the hand of Mr Power to the casino regulator?

25

MR O'NEILL: I don't recollect whether I've seen that documentation, Ms Sharp.

MS SHARP SC: Have you been briefed on the nature of the response that Mr Power provided to the regulator in August and September of 2019?

30

MR O'NEILL: I don't believe so, Ms Sharp.

MS SHARP SC: So as it stands, you're not in a position to tell us whether you consider those responses to be highly misleading?

35

MR O'NEILL: No, Ms Sharp, I'm not.

MS SHARP SC: But I take it you would agree with me that if they were highly misleading and took a sharp and technical approach to answering the regulator's questions, that would be highly inappropriate conduct on the part of Star Entertainment?

40

MR O'NEILL: It would not be acceptable behaviour towards the regulator.

45

MS SHARP SC: Now, could I take you, please, to a document - pardon me a moment. Could I take you to STA.5002.0003.3846. And this is exhibit B at tab

367. This is a board paper dated 25 May 2017 prepared by Matt Bekier and John Chong. The subject is International VIP Business Review Strategy Discussion.

5 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And given it was a paper prepared for the board, it is most likely that you read this paper at about the date it bears?

10 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: Could I take you, please, to pinpoint 3848. Do you see it's entitled Strategy Discussion 50-25-25 Vision Recap?

15 **MR O'NEILL:** Yes.

MS SHARP SC: And you will agree that it refers to China-sourced VIP patrons?

MR O'NEILL: Yes.

20 **MS SHARP SC:** And can I take you, please, to pinpoint 3849. And do you see it is stated there that:

"Currently, the international rebate team has 144.5 full-time equivalents."

25 **MR O'NEILL:** Yes.

MS SHARP SC: So you agree, do you, that in May 2017, the brief - I beg your pardon - the board was briefed on the fact that Star Entertainment had a very large number of employees within the international rebate team?

30 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And if I can just take you, please, to pinpoint 3850. You'll see that there is an outline of what's described as Recent Developments?

35 **MR O'NEILL:** Yes.

MS SHARP SC: And do you see one of those recent developments is Operation Chain Break?

40 **MR O'NEILL:** Yes.

MS SHARP SC: And if I can take you to pinpoint 3851. Do you see there's a strategy discussion, and it says Strategies 3 Underlying Principles? Do you see that?

45 **MR O'NEILL:** Yes.

MS SHARP SC: And do you see the third point is:

"Fish where the fishes are. The key waterholes are Macau, Singapore and Manila."

5

MR O'NEILL: Yes.

MS SHARP SC: So this was information made known to the board at this time?

10 **MR O'NEILL:** Yes, Ms Sharp.

MS SHARP SC: And lastly, could I take you to pinpoint 3854. And it's entitled - sorry, 3854. It's titled A New Role Junket Relations. And do you see the dot point there is:

15

"Our biggest revenue segment."

MR O'NEILL: Yes.

20 **MS SHARP SC:**

"75.7 per cent of our international rebate business."

MR O'NEILL: Yes.

25

MS SHARP SC:

"Dominated by 10 majors."

30 **MR O'NEILL:** Yes.

MS SHARP SC: And the third dot point there is:

"Create synergy with junkets, their partners, sub-agents."

35

MR O'NEILL: Yes. This is a fair while ago, Ms Sharp, but I do recall reading that.

40 **MS SHARP SC:** So you agree with me that in 2017, the board was briefed that a very significant part of its overall international rebate business revenue came from junkets?

45 **MR O'NEILL:** Yes, that is the case, Ms Sharp. If I could just add that I recall a part of this strategic update was in the context of a deteriorating geopolitical relationship between the Australian Government and the Chinese Government. Now, the ground was shifting and there was concern - I know, with my tourism hat on, there was concern about the tourism tap being turned off. Essentially, in a broader context, the company did not want to have all its eggs in one basket in

terms of the IRB business, namely, having all your eggs in the China basket. And - and there was - management were recommending a diversification strategy into other Asian markets, as set out, and also moving, as a diversification, more into the premium mass market - or the international premium mass market, rather than concentrating on just the junket business.

MS SHARP SC: But do you agree with me that the board was told that there was a large cohort of employees within the international rebate team in 2017?

10 **MR O'NEILL:** Yes, we were.

MS SHARP SC: And the board was aware, wasn't it, that that there was a large international rebate team in the years 2017, 2018 and 2019?

15 **MR O'NEILL:** Yes.

MS SHARP SC: Now, were you aware that Mr John Chong was the head of the international rebate business in 2017 and 2018?

20 **MR O'NEILL:** Yes, I was.

MS SHARP SC: And he reported directly to Mr Bekier until April 2018, didn't he?

25 **MR O'NEILL:** I can't be sure of the exact date, but I'm sure you're right, Ms Sharp.

MS SHARP SC: And then after that time, he reported directly to Mr Hawkins, didn't he?

30 **MR O'NEILL:** I believe so, Ms Sharp.

MS SHARP SC: Are you aware that he was terminated?

35 **MR O'NEILL:** Yes.

MS SHARP SC: And when were you made aware of that?

40 **MR O'NEILL:** At the time of the termination, thereabouts, give or - give or take. Mr Bekier, I think, informed me that that's what - that's what he was intending to do.

MS SHARP SC: And did you take any steps at all to make the rest of your board aware of that matter?

45 **MR O'NEILL:** I don't think it was my responsibility to inform the board of - of Mr Bekier's decision to terminate Mr Chong. That would have been a matter for Mr Bekier to report directly to the board on at our next board meeting.

MS SHARP SC: And did he report on that, to your knowledge?

MR O'NEILL: I don't recollect. The board papers would tell us that.

5

MS SHARP SC: Now, could I take you, please, to STA.3402.0007.3858. Now, I'm not suggesting you've seen this document before, but I want to draw your attention to some information contained in this document. It's exhibit J at tab 21. Can you see that it bears the date 9 March 2018?

10

MR O'NEILL: Yes. If it could be blown up a little, please? Yes. Yes.

MS SHARP SC: And it's entitled Summary of Events, International Rebate Business?

15

MR O'NEILL: Yes.

MS SHARP SC: And can I take your attention, please, to pinpoint 3860. Do you see there's an observation up the top that says:

20

"JC -"

That is, John Chong:

25

"Driving poor behaviour that further alienates sales from service/operations, could lead to toxic culture. Ignorance of company policy."

MR O'NEILL: Yes.

30

MS SHARP SC: Were any - what exactly did Mr Bekier tell you about the reason why Mr Chong was being terminated?

MR O'NEILL: I can't recall precisely the exact words. I can say I wasn't disappointed, Ms Sharp.

35

MS SHARP SC: And why – why was that?

40

MR O'NEILL: I - I didn't have a particularly high level of confidence in - in Mr Chong. And, you know, once removed - but Mr Chong's - you know, the visibility I had of him was largely at board meetings, and he - he was a poor - a very poor presenter and didn't exactly - I mean, there was the written papers, which you would presume were put together by - by Matt and - and others. But in front of the board, he was - he didn't - he certainly didn't fill me with a lot - a lot of confidence. And, you know, I have a recollection that Matt simply explained to me that it was time to move him on.

45

MS SHARP SC: Can I take your attention, please, to pinpoint 3863, just to the bottom of that document. Do you see right at the bottom there's a row that says:

"Termination list."

And it then states:

5

"There have been a number of terminations (36 in the last 12 months) in the international rebate team, 37 per cent turnover. These range from resignations, summary dismissals, performance terminations."

10 This is quite an extraordinary level of turnover, isn't it?

MR O'NEILL: Yes.

15 **MS SHARP SC:** And would you agree, based on your long experience in business, that percentage of turnover in such a small time in and of itself bespeaks a serious problem within that business unit?

20 **MR O'NEILL:** Certainly - within that business unit, that is a - in my experience, that's a very high turnover. In other - particularly in the hospitality space, you do see, you know, that - that level of turnover due to, you know, casual workers and itinerants and whatever. But that's a high turnover for that business.

25 **MS SHARP SC:** And did you have any awareness at this time, that is, in around March of 2019, that there was such a high - I beg your pardon - March 2018, that there was such a high level of turnover in the international rebate business?

MR O'NEILL: No, I didn't.

30 **MS SHARP SC:** Is that something you ought to have been made aware of, given you were the chair of the company?

35 **MR O'NEILL:** With the benefit of hindsight, Ms Sharp, yes, it's something that could have been called out, as you've pointed out. I haven't seen this document before. So I was comfortable that Mr Chong was being moved on. But some of the issues I'm reading now weren't called out to me.

40 **MS SHARP SC:** And I'll just take you back to another part of this document at pinpoint 3861 where an email is quoted. It's an email of Greg Hawkins. Now, it's down in the bottom of that page. If I could just have that entry blown up by the operator. This is an email from Greg Hawkins to Matt Bekier on 19 January 2018. And Mr Hawkins says in that dot point:

"The numbers are so strong it is implausible to castigate John Chong."

45 Now, what does that say to you about the priorities of the chief casino control officer?

MR O'NEILL: I - Ms Sharp, I can't put myself in Greg Hawkins's head, but - and - and - and my own, you know, personal observations of - of the IRB hierarchy and the people working in it, it's certainly a - it's certainly - for want of a better word, it's a very different world and it - and it employs very different
5 people. And - and it's not a world I'm particularly familiar with and wasn't all that comfortable with in terms of some of the personalities, but that's - that's possibly just me. Look, I think reading - reading it on its face, the numbers are so strong it's implausible to castigate Mr Chong, I think the use of the word "implausible" is probably not correct. If - if - if John Chong's behaviour needed - if he needed to be
10 reprimanded for behaviour that was unacceptable, the numbers shouldn't have got in the way.

MS SHARP SC: Reflecting on it now, Mr O'Neill, was there a culture where, at least so far as the international rebate business was concerned, revenue took
15 priority to all else, including compliance?

MR O'NEILL: Look, with the benefit of hindsight, Ms Sharp, that could well have been the case.

MS SHARP SC: And you're aware that after John Chong left, Marcus Lim became the president of the international VIP sales team?

MR O'NEILL: I do.

MS SHARP SC: And he was in that position from April 2018 until 24 January 2021?

MR O'NEILL: Yes.

MS SHARP SC: Were you made aware, either in 2018 or 2019, or at any time thereafter, that very serious allegations were being investigated against Mr Lim?

MR O'NEILL: No.

MS SHARP SC: Do you have any comment on the fact that the board of directors was not made aware of the very serious allegations that were being investigated by Mr Houlihan into Mr Lim?

MR O'NEILL: Should have been - should have been elevated as a - you know, a
40 very senior person in the organisation. You know, it was an investigation that either directly from - directly from Mr Bekier or directly from the risk and compliance and legal team, we should have been made aware.

MS SHARP SC: And was the board made aware that Mr Simon Lim, who was
45 the vice president of international rebate business - that he was alleged to have embezzled about \$13 million from a junket?

MR BELL SC: I think you mean Simon Kim, Ms Sharp.

MS SHARP SC: I thought I said Simon Kim. I'm sorry. I did mean that.

5 **MR O'NEILL:** I became aware of that during the course of preparation for my evidence.

MS SHARP SC: But that was - so we may take it from that that you weren't aware at the time that he was terminated that that allegation had been made?

10 **MR O'NEILL:** No, I don't recall being told.

MS SHARP SC: And you weren't made aware that, in fact, he had disappeared?

15 **MR O'NEILL:** Not that I can recall.

MS SHARP SC: Now, it's correct, isn't it, that in 2018, the board was briefed on a proposal to reinvigorate EEIS?

20 **MR O'NEILL:** I believe so, yes.

MS SHARP SC: And the board was told that it was intended to use EEIS to remit funds?

25 **MR O'NEILL:** It's a while ago, Ms Sharp. I - I don't clearly remember what the recommendation was.

MS SHARP SC: And do you agree the board was told that it was intended to have EEIS loan money to high-value patrons?

30 **MR O'NEILL:** Yes. As I think I gave in evidence yesterday, Ms Sharp, but I don't - don't pretend to be an expert in - in the way these accounts are set up. But my recollection was that it was set up on a legal basis, the purpose of which was to make loans and remit funds to Australia, and that the arrangements had been registered with the regulator in Hong Kong and with AUSTRAC.

35 **MS SHARP SC:** Could I just take you to exhibit B at tab 699, which is STA.5002.0004.0764. Now, you can take it from me that the minutes of the 22 March 2018 board of directors show that this paper was presented. Those minutes may be found in exhibit B tab 701. There's no need for me to take you to that.
40 What I'm showing you here is a paper prepared by John Chong, dated 22 March 2018, entitled International Rebate Business EEIS/MMS Project Status Report?

MR O'NEILL: Yes.

45 **MS SHARP SC:** And we may take it that you read that at about the time of the date of the document?

MR O'NEILL: I would have read it.

MS SHARP SC: Can I take you to the heading Background.

MR O'NEILL: It will just need to be blown up, Ms Sharp. Thank you.

5

MS SHARP SC: And do you see it says that the EEIS initiative:

"Was intended to address the following key issues."

10 And dot point 1 is:

"Potential closure of Macau bank accounts used to remit funds."

MR O'NEILL: Yes.

15

MS SHARP SC: And what was the problem of the Macau bank accounts being closed?

MR O'NEILL: I don't have a clear recollection, Ms Sharp.

20

MS SHARP SC: Well, did you understand, Mr O'Neill, that the Macau bank accounts had been used to deposit very large amounts of cash by patrons of Star Entertainment casinos?

25 **MR O'NEILL:** Yes, I'm aware of that now.

MS SHARP SC: And isn't it right that the problem of the Macau bank accounts being shut was that The Star was having problems assisting its patrons move large amount of cash out of Macau and into the casinos in Australia?

30

MR O'NEILL: Yes.

MS SHARP SC: Shouldn't that in itself have been an alert to the board of directors that there might be money laundering issues?

35

MR O'NEILL: With the benefit of hindsight, Ms Sharp, that may well have been the case. But this was the business recommending - the management team recommending to us, and they were telling us what the problems were they were encountering. And they were looking for, in our view, legitimate ways of continuing to do the business and finding ways to move patrons' funds in - into to Australia to enable those patrons to gamble. So I - I don't think we had a high level of awareness of the risk of money laundering, perhaps. But perhaps we should have.

40

45 **MS SHARP SC:** Well, it's right, isn't it, that the board was briefed on the fact that the Chinese Government was clamping down on the movement of funds out of China?

MR O'NEILL: Yes.

MS SHARP SC: And it's right, isn't it, that the board was told that the Macau Government was clamping down on the movement of funds from Macau to
5 overseas casinos?

MR O'NEILL: Yes.

MS SHARP SC: And it's right, isn't it, that the board was told that there was a
10 problem moving money into the Australian casinos because the Macau bank accounts, where large volumes of cash were being accepted, were being shut down?

MR O'NEILL: Yes.

MS SHARP SC: And the board was also told, wasn't it, that there were challenges
15 because, internationally, money laundering regulations were being tightened?

MR O'NEILL: Yes.

MS SHARP SC: Wasn't it the responsibility of the board to interrogate senior
20 management to ensure that the proposals being brought to the board by senior management were not inconsistent with money laundering obligations on the part of the three casinos?

MR O'NEILL: Look, with the benefit of hindsight, Ms Sharp, that is a
25 proposition that's difficult not to accept. In terms of the best of my recollection around the setting up of EEIS (Hong Kong), there was interrogation about the - the manner in which it was being set up, the purpose for which it was being used,
30 what attendant regulatory protections were put in - put in place. But - but, you know, I now realise, sitting here today, that there - there were attendant risks attached to the EEIS (Hong Kong) account around its vulnerability to be used not for the purpose for which it was intended.

MS SHARP SC: And could I take your attention, please, Mr O'Neill, to what is
35 expressly stated in this document in the part we have highlighted. It says:

"The new structure will respond to these issues by."

40 Second dot point:

"Establishing EEI Services as a licensed money lender and licensed
remittance agent thus changing the nature of the payments from customers to
45 being repayments of loans in Hong Kong from repayment of gambling debts in Australia."

MR O'NEILL: Yes, I read that, Ms Sharp.

MS SHARP SC: Isn't the board expressly being told here that the new structure will obscure the nature of the transactions?

5 **MR O'NEILL:** As I said, Ms Sharp, to the best of my recollection, the board gained comfort that the account had been registered with the Hong Kong regulator and with AUSTRAC, and I think to this day is still registered with AUSTRAC. It's not an excuse, Ms Sharp, but there should have been a higher level of awareness and interrogation from the board at that time. But the manner in which it was described to us, the purpose for which it was set up and the legal advice that was
10 given was that it was legitimate. As it turns out, it was used for purposes for which it was not intended.

MS SHARP SC: Well, the statement I've just taken you to was a red flag for an attentive board, wasn't it, that management was proposing to introduce a structure
15 that obscured the movement of funds?

MS RICHARDSON SC: Well, I object to the premise of that question.

20 **MR BELL SC:** Well, I think if you want to --

MS RICHARDSON SC: The witness has - sorry.

MR BELL SC: I was going to say, if you want to press that objection, I think it should be done in private mode in the absence of Mr O'Neill.
25

MS RICHARDSON SC: I'm happy to --

MR BELL SC: Operator, can you take us into private mode.

30 <THE HEARING IN PUBLIC SESSION ADJOURNED AT 11:00 AM

<THE HEARING IN PRIVATE SESSION RESUMED AT 11:00 AM

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

MR BELL SC: Yes, Ms Sharp.

40 **MS SHARP SC:** Mr O'Neill, in circumstances where the board had been told that the mainland Chinese Government was cracking down on the movement of funds out of that jurisdiction, where it was told that the Macau Government was cracking down on the movement of funds from Macau to international casinos and where the board was told that the Macau bank accounts which had been used to remit
45 funds by patrons to The Star's casinos - in that context, wasn't the statement, "The new structure will respond to these issues by establishing EEIS and changing the nature of the payments from customers to being repayment of loans in Hong Kong from repayment of gambling debts in Australia," a red flag that a transaction

structure was being established which would obscure the nature of the transactions?

5 **MR O'NEILL:** That did not occur, certainly to me, at that time in that - in that way, Ms Sharp.

MS SHARP SC: Do you agree that it ought to have occurred to an inquisitive and curious board?

10 **MR O'NEILL:** Well, I can't remember each and every word of the discussion at that time a few years ago. But, you know, I - at the risk of repeating myself, my own interrogation was: is this perfectly legal? Is it proper? Is it prudent? And clearly the last subject was profitability. I recall receiving assurances as - as to its
15 legality, as to its, you know, intended purpose, and that there was safeguards in place through the registration with the Hong Kong - Hong Kong regulator as well as AUSTRAC. If - if the extent of my own interrogation was not sufficient, I regret that.

20 **MS SHARP SC:** Could I take you, please, to exhibit B at 1570. And I'm not suggesting you've seen this document before, but this is a memorandum from Oliver White to Greg Hawkins and Paula Martin dated 20 August 2019, and it concerns EEIS. Can I take your attention, please, to the following entry under the heading Current Arrangements. It states:

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

And then if I draw your attention to subparagraph (c), there's a reference to Regal Crown Trading, which is:

30 "A licensed money lender -"

I beg your pardon:

35 "A money service operator in Hong Kong (approved for currency exchange and remittance services). Regal Crown also offers services in relation to remittance and currency exchange for cash payments received in Macau."

And then over the page, it states:

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

And then a little further down, there's - operator, if we can scroll down to the second Roman number. It says:

45 "KK/Silver Express."

And it says:

"After May 2018, the arrangement with KK -"

And that's Kuan Koi:

5

"Appears to have continued in an amended form, with the assistance of licensed money service operators in Hong Kong."

10 Now, what Mr White is calling out here is the fact that money service businesses, that is, third-party remitters, are depositing funds into the EEIS bank accounts in Australia. And I'll take you now down to a heading on this same page called Associated Risks. And I will have that enlarged for you. And do you see it says:

15 "A formal risk assessment of the processes in subsection (c) - "

They're the two remitters I just took you to:

20 "Has not been undertaken, but the following legal and other risks should be considered: (a) the arrangements outlined above intrinsically carry a higher AML/CTF risk, as the funds being used to repay amounts owing to The Star are originating from our patrons as cash."

And then (b):

25 "The arrangements outlined in subsection (c)(ii) have a further risk because (I) we have no visibility of where the payments to -"

That's Kuan Koi:

30 "Are going, including whether these are paid to Silver Express."

Now, you will agree with me, won't you, that Mr White is calling out very serious money laundering risks in relation to the arrangements to remit funds to Australia?

35 **MR O'NEILL:** Yes. Well, I haven't seen this paper before, Ms Sharp. But the language is fairly plain.

40 **MS SHARP SC:** And do you agree that this seems quite inconsistent with a commitment to minimising the risks of money laundering by a casino?

MR O'NEILL: Given it's the first time I've seen it - you know, one sentence says:

45 "Any involvement by Star in the process in relation to the cash increases the level of risk for The Star, which will need to be addressed through the introduction of appropriate controls."

It doesn't go on to say whether those appropriate controls were introduced or not.

MS SHARP SC: Well, Mr O'Neill, you can take it from me that they were not introduced. In fact, let me show you another document. Could I call up, please, exhibit B2077, which is STA.3105.0012.2775. And do you see this is an email from Skye Arnott to Tanya Arthur at NAB?

5

MR O'NEILL: Yes.

MS SHARP SC: And she, at this time, you can take from me, is the AML/CTF compliance officer at Star Entertainment.

10

MR O'NEILL: Yes.

MS SHARP SC: Now, can I take you - and please understand from me that - well, I'll show you. What NAB has asked for - if I take you to the second dot point:

15

"Could EEIS please provide an explanation as to why most funds transfers to its accounts with NAB originate from overseas money service businesses?"

MR O'NEILL: Sorry. What was that one, Ms Sharp?

20

MS SHARP SC: The dot point - I will have it highlighted for you. NAB has asked:

25

"Could EEIS please provide an explanation as to why most funds transfers to its accounts with NAB originate from overseas money service businesses?"

And Ms Arnott, then the AML/CTF compliance officer for Star Entertainment, says:

30

"The majority of funds that are transferred into the EEIS account relate to the payment of debts for The Star."

And then a little further down says:

35

"The Star conducts due diligence on the customer who is responsible for repaying the debt but does rely on the money service business to conduct the required due diligence on the payee."

In fact, in the context, I think that should be "the payor".

40

MR O'NEILL: Yes.

MS SHARP SC: So does this raise any concerns for you from a money laundering perspective, that the casino is relying on a third-party money service business in an overseas jurisdiction to conduct due diligence in terms of the payments moving into The Star's accounts via EEIS?

45

MR O'NEILL: Well, as I said, Ms Sharp, it's the first time I've seen this document as well. But it does - it does, to my mind, create a genuinely higher level of risk.

5 **MS SHARP SC:** Well, I suggest to you that both of these documents that you say you've never seen before throw very - or cast very serious doubt upon the commitment to a culture of compliance with money laundering and counter-terrorism financing obligations at Star Entertainment. What do you say to that?

10 **MR O'NEILL:** Well, Ms Sharp, I can only repeat the evidence I've given earlier, that in our risk and compliance function, we have not been anywhere near as good as we should have been. I've spoken about the upgrades that are needed, both in systems, people and competencies, and this is an example of where we've come up short.

15 **MS SHARP SC:** And at this very time, Mr O'Neill, KPMG has called out the problems with Star Entertainment's AML and CTF program and, at this very same time, various officers of Star Entertainment are redrafting the AML and CTF program, and yet the attitude displayed in these two documents I've taken you to is the attitude of senior members of Star Entertainment who are responsible for administering the AML/CTF program. What does that say about a culture of compliance?

20 **MR O'NEILL:** Well, less than what you've just presented me with, Ms Sharp, and it doesn't cast a favourable light on our culture of compliance at all.

25 **MS SHARP SC:** And let me throw something else into the mix, Mr O'Neill. Are you aware now that employees of Star Entertainment gave to the Bank of China in Macau various letters suggesting a fake source of funds for cash deposits made into those bank accounts?

30 **MR O'NEILL:** Yes, in the course of preparing for this hearing I've been made aware of that. And to the best of my knowledge, there is an ongoing investigation into that matter.

35 **MS SHARP SC:** And do you agree, Mr O'Neill, that just where the risks of money laundering and counter-terrorism financing are the highest, there was no culture of compliance at Star Entertainment with the money laundering and counter-terrorism financing requirements?

40 **MS RICHARDSON SC:** Well, I object to that question. I object.

45 **MR BELL SC:** What's the objection, Ms Richardson?

MS RICHARDSON SC: I think I should deal with this in the absence of the witness.

MR BELL SC: Yes. All right. Can we go into private mode, please, operator, in the absence of Mr O'Neill.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 11:15 AM

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<THE HEARING IN PRIVATE SESSION RESUMED AT 11:15 AM

<THE HEARING IN PRIVATE SESSION ADJOURNED AT 11:16 AM

10 **<THE HEARING IN PUBLIC SESSION RESUMED AT 11:16 AM**

MR BELL SC: Yes, Ms Sharp.

15 **MS SHARP SC:** Do you agree with me, Mr O'Neill, that just where the risks of money laundering and counter-terrorism financing are at their highest, there are serious indications that senior members of - I withdraw that. I will start again. Do you agree with me, Mr O'Neill, that just where the risks of money laundering and counter-terrorism financing are the highest, there are serious indications that there was no culture of compliance when it came to managing overseas patron bank
20 accounts?

MS RICHARDSON SC: I object to that question, on the same basis.

25 **MR BELL SC:** Yes. I think you need to rephrase that question, somewhat, Ms Sharp.

30 **MS SHARP SC:** Insofar as staff members were prepared to give to the Bank of China fake source of funds letters, the AML/CTF compliance officer was prepared to outsource to an overseas money service business the obligation to conduct due diligence on people paying money into its bank accounts and senior lawyers within The Star were prepared to accept deposits into EEIS accounts of money service businesses notwithstanding their doubts about the lawfulness of their business models, does that indicate to you that there is a problem in terms of an absence of compliance with AML and CTF regulations at The Star?
35

40 **MR O'NEILL:** Well, Ms Sharp, yesterday I referenced a PwC risk and compliance culture report which, amongst other things, identified that on - on a number of compliance issues, we were reasonably good, but we were poor in risk identification. And the higher you go up the risk curve - and you're quite correct. You know, this is a very risky business. The IRB space, it does have attendant - a very attendant AML/CTF risk. And as I've already conceded, our identification of risks was not up to scratch and the attendant safeguards were not adequately put in place, and that is regrettable.

45 **MS SHARP SC:** I'm just wondering if you could attend to my question, please, Mr O'Neill. What do those matters I've just taken you to say to you about whether or not there was a culture of compliance with AML and CTF requirements?

MR O'NEILL: It was not as good as it should have been, Ms Sharp.

MS SHARP SC: It was appalling, wasn't it?

5 **MR O'NEILL:** It was not meeting the standards of today.

MS SHARP SC: It was way short in terms of the standards that applied in 2019, wasn't it?

10 **MR O'NEILL:** It was not acceptable, Ms Sharp.

MS SHARP SC: It was completely unacceptable, wasn't it?

MR O'NEILL: It was not acceptable, Ms Sharp.

15

MS SHARP SC: It was unacceptable, wasn't it?

MS RICHARDSON SC: The witness has already accepted that proposition.

20 **MR BELL SC:** Yes. I think we all understand Mr O'Neill's evidence on this issue, Ms Sharp.

MS SHARP SC: Can I now take you, please, to Ms Robyn McKern's first report, which you indicated that you had read. And can I take you, please, to page 16 of that report. I'll just get the document number. It's INQ.018.001.0001. And if we could go to page 16, please, operator. Now, there's a heading there, Mr O'Neill, that says Overseas Payment Channels Including China UnionPay and EEIS Loans. Could I draw your attention to the second dot point in the right-hand column, which states:

30

"Both the CUP process and the EEIS loan arrangements involved complex, but precise, processes and documentation which obscured the simple underlying transaction of shifting funds from offshore to the casino."

35 And then the next dot point:

"Such processes involved procedures and/or creation of documents or records to create a facade to satisfy legal, regulatory or contractual requirements which did not reflect the substance of true circumstances of the transaction."

40

Based upon what you know today, do you accept those findings?

MR O'NEILL: Which paragraph were you reading from again, Ms Sharp?

45 **MS SHARP SC:** I'll have it highlighted by the operator. It's the right-hand column. It's the second and third dot points. The first dot point commences, "Both the CUP process and the EEIS loan arrangements."

MS RICHARDSON SC: In my submission, my learned friend should break it into EEIS and CUP. There's a large amount of information rolling up disparate subject matters.

5 **MR BELL SC:** Yes. That would be probably more helpful to me, Ms Sharp, if you approached it in that way.

10 **MS SHARP SC:** Certainly, Mr Bell. Do you accept Ms McKern's finding that the CUP process involved complex, but precise, processes and documentation which obscured the simple underlying transaction of shifting funds from offshore to the casino?

MR O'NEILL: Yes.

15 **MS SHARP SC:** And do you accept that the EEIS loan arrangement involved complex, but precise, processes and documentation which obscured the simple underlying transaction of shifting funds from offshore to the casino?

MR O'NEILL: Yes.

20 **MS SHARP SC:** And do you accept that both of those processes together involved procedures and/or creation of documents or records to create a facade to satisfy legal, regulatory or contractual requirements which did not reflect the substance of true circumstances of the transaction?

25 **MR O'NEILL:** Yes.

MS RICHARDSON SC: Again, in my submission - the direction has been given to break it up into each subject matter, which has not, in fact, been adhered to.

30 **MR BELL SC:** Well, it would probably help me just to understand whether Mr O'Neill accepts your proposition separately in relation to both of those issues, Ms Sharp.

35 **MS SHARP SC:** I will do it again. Thank you, Mr Bell. Do you accept --

MR O'NEILL: And - sorry, Ms Sharp. Could you go back to the - the - the full page? So I can see the left and the right.

40 **MS SHARP SC:** And do you accept that the CUP process involved procedures and/or the creation of documents or records to create a facade to satisfy legal, regulatory or contractual requirements which did not reflect the substance of true circumstances of the transaction?

45 **MR O'NEILL:** This is specifically with CUP?

MS SHARP SC: Yes.

MR O'NEILL: Yes.

5 **MS SHARP SC:** And do you accept, in relation to the EEIS loan arrangements, that those processes involved procedures and/or creation of documents or records to create a facade to satisfy legal, regulatory or contractual requirements which did not reflect the substance of true circumstances of the transactions?

10 **MR O'NEILL:** Well, Ms Sharp, in - in - on the left-hand side of Ms McKern's document, she says - indicates The Star was - the promotion of CUP and EEIS:

15 "The Star was prepared to engage in window dressing so as to navigate potential legal, regulatory or contractual obstacles. Whilst we have no evidence of these practices involving actual money laundering, we are of the opinion they put The Star at grave risk of failing to mitigate, manage and report the risk of money laundering or CF and/or potentially being complicit in enabling the placement, layering and integration of illicit funds. Further, these risks are heightened by our conclusions in regard to The Star's lack of curiosity and rigour in relation to patron's source of wealth and funds."

20 So I think - now I've had the chance to read the totality of the document, you know, there's no evidence that these practices involved actual money laundering, but they did put us at grave risk.

25 **MS SHARP SC:** So you accept precisely what you've just read out to us, do you?

MR O'NEILL: Yes, I do.

30 **MS SHARP SC:** Now, I was wondering if I could show you some evidence that Ms Pitkin gave to this review and seek your comment on that, please, Mr O'Neill. If I could take you, please, to day 33, to page 3638. And just right down the bottom of there, if we could go to line 42. And Ms Pitkin told this review that the three areas that she had identified is, firstly:

35 "Why was there indifference by senior leaders to legal and ethical standards."
First of all, do you accept that there was indifference by some senior leaders to legal and ethical standards?

40 **MR O'NEILL:** By some, yes.

MS SHARP SC: And what Ms Pitkin says - if I can take you down to the following page - is that:

45 "I think -"
That's Ms Pitkin:

"That the indifference has come about because of a failure to understand the harm that comes from money laundering."

Do you agree with that observation?

5

MR O'NEILL: It's - it could be phrased another way, that there was indifference or has come about because of a failure to understand their obligations under the AML/CTF legislation. There was a lack of appreciation of - of - of a - of the requirement of - of a - of complying with the law and also the spirit of the law.

10 And I'm not sure that - I think - you know, I haven't seen it in the context. I didn't turn my mind to the harm that comes from money laundering. I mean, money laundering, CTF financing, in our business, is a risk that has not been managed at all well and it is a - it's unacceptable, as I said.

15 **MR BELL SC:** I think Ms Pitkin is making that point. But it seems to me that she is also making a somewhat different though related point, was that everyone in the organisation, she says, from the board all the way through, needs to hear the stories of the harm that comes from money laundering. Would you --

20 **MR O'NEILL:** Yes.

MR BELL SC: -- make any comment on that?

25 **MR O'NEILL:** I agree with that, Mr Bell. It - it is - it is scourge on society and - and, from a personal point of view, it's - I'm aware of the significant harm and damage it does. So I agree with Ms Pitkin.

MR BELL SC: Yes.

30 **MS SHARP SC:** And I'll have that taken down now. Mr O'Neill, in view of the various failures in the risk management framework and all that you know now about CUP, including the misleading of the banks, all that you know now about what happened in Salon 95, all that you know now about the operation of patron bank accounts, including giving fake source of funds letters to the Bank of China,
35 and the ongoing lack of transparency with regulators that continued all the way into this review, what are your reflections on why this has gone so badly wrong?

MR O'NEILL: How long do we have?

40 **MR BELL SC:** As long as you need, Mr O'Neill.

45 **MR O'NEILL:** And thank you for the question, Ms Sharp. And I was going to address these comments, Mr Bell, anyway, but it gives me - it gives me the opportunity. Look, sitting here today and hearing, you know, all that you've just said about the - the recognised failures and the - the admissions that have been made and - and the misses and the disregard for regulators, the - the lack of transparency - and I'm not being defensive when I say, well, it was largely

contained in that IRB VIP space. And it - it - it wasn't, by any stretch of rivers - rivers of gold, part of the business for us.

5 But it had - as we know now, it had massive attendant risks attached to it. Yes, it had profitability that would be a little bit of the icing on the cake in terms of the underlying domestic business, but we simply were not equipped and did not take enough care and attention and diligence to provide the safeguards that go hand in glove in playing in that market. It's - it's not a - when you - when you go to Macau - and - and you - as we did a couple of times, you walk away sort of
10 wondering how this all works. But I think that's part of the - part of the issue. You - you know, you have to dig a lot deeper to understand how it works.

And - and I think we were responding to changes in circumstances driven by the Chinese Government. You know, they - they were abundantly clear about their
15 crackdown. And - and we were attempting - the management team was attempting to find other ways of getting gamblers - you know, putting gamblers' money into Australia. And I don't want to take up too much time on stories, but at the time of the China arrests - and I was - I happened to be in Hong Kong when it happened for a joint venture meeting, and Matt Bekier was joining me the next day. But
20 that's when the news broke.

So Matt asked me to have a drink with John Chong, who was super nervous because we had - we had people in China that we had to get out. So there was a duty of care being exercised. But Matt said, "Look, can you just sort of settle him
25 down, have a drink with him, calm the nerves." It was an insightful conversation because, you know, one of the things that stuck out for me when I was asking him, "Well, is there anything that, you know, Crown were doing that we might have been doing the same?" And he made the comment that they were marketing directly to customers and trying to avoid the junkets.

30 But they had imaginative ways of getting money out of China. So they would market to the customer or to the junket and say, "Come to Melbourne. You know, we'll put you on the jet. You know, we'll, you know, fly you into Melbourne, put you up in a palatial suite. " And the gamer would say, "Yes, but what about my
35 money? How do I get my money there?" And the answer I was given at the time was, "They were using the underground banking system." And, you know, whilst being a former banker, I had no idea what a reference to the underground banking system, you know, meant. And I still don't.

40 But it really is - the key question in - in that framework was, okay, it's okay to get - you can fly - you can fly the gamer in, either individually or as part of a junket, but how do you get their money in? And, you know, with the cheque cashing facility, that was, you know, relatively straightforward. But, you know, as it turns out, the other - the other, in some ways, well-intentioned business
45 objectives of saying, "Well, how do we keep this business going?" And whether it's EEIS or CUP, you know, that - that - that's how the money was coming in. And there were attendant risks attached to it that there weren't enough what I call

safeguards and reporting upwards of, you know, hey, this - we've got to ring an alarm bell here. This is not - this is not kosher, you know.

5 So on the broader question of a less than transparent relationship with the regulator, I - I have reflected upon it a lot and, as I said, I don't want to, you know, spend too much time, but I think it's good for - I'd like to just download to Mr Bell that I think the - in the days, over many years, when casino licences were issued, they tended to be issued just to - you know, state by state, city by city. And jurisdictionally, you know, when - when our predecessor was set up, it was a
10 standalone casino, the only casino in New South Wales and Sydney. A monopoly. And it was regulated by the New South Wales regulator.

15 But then over time, vaulted on - well firstly Tabcorp acquired the casinos, then there was the demerger. But Star Entertainment is a group of three casinos: Sydney, Gold Coast and Brisbane. OLGR regulate us in Queensland with those two casinos, and ILGA regulates us here. Crown ended up with the same issue. Started off with just Crown Melbourne. They acquired Burswood and then that became, you know, a two-property, and now they're going to be opening Crown Sydney, a three-property arrangement with three different regulators, you know, a
20 WA regulator, a Victorian regulator and ILGA here.

25 And - I've been through two section 31 reviews. The first one I wasn't chairman in 2011. The second one I was chairman. And on neither occasion was the board of Star Entertainment involved in the section 31 review. It was a review of the licensee. It was a review of Star Sydney. And this is all with the wisdom of hindsight, that it - and it's particularly borne out by this suitability review, you know, is - and as I said, a cathartic moment, but, you know, you - you can't waste a moment like this. There has to be significant good to come out of it.

30 And one of the suggestions, ideas, I've had is that we - we - we used to look at Crown. We looked at Crown all the time, you know, probably too much. And we saw the Crown Resorts board up here and then they had a board for Crown Melbourne and a full board for - for Perth, and they had a lot of directors on them. And we used to think and say, "Well, why have they done that?" You know,
35 really, we're Star Entertainment, the group board, and we - we run our casinos. And - and The Star Sydney board is - is really - is really Matt Bekier and Harry Theodore. You know, we're responsible for it.

40 But - and hence when the section 31 review has been done, you know, we've felt quite remote from it. We've actually followed it and then got through it, charged our glasses, "We've got through another section - another suitability review." And I think there's a communication breakdown, and that has caused, you know, us - Star Entertainment - to be too remote from the regulator. And I'm not saying - it's not the regulator's fault. There's a - you know, there's a conversation
45 about the regulated - that's us - and the regulator.

And, you know - and Patricia Bergin's recommendations are terrific and the setting up of the ICC - you know, it's ludicrous to think that ILGA, you know,

could - could oversee - monitor every pub and club in New South Wales and two casinos. And - and in our submission to Patricia Bergin, our advocacy for the ICC was genuine and - and reflects all that I'm saying. For a large publicly listed company to be better regulated is a bonus for investors. Investors tell me how important it is for us to give them the assurance that we're well regulated.

That doesn't diminish for a moment the requirement - very heavy requirement for self-regulation. I ran a bank when the financial markets became deregulated, and 16 new banking licences were issued, and, you know, sort of joy to the world, you know. But the banks were let off the leash, and a lot of the controls that were in place - we became unfettered. I don't want to make a long story even longer. The upshot of that was chaotic for the banks, and - and a great number of failures and collapses of banks, and a very dark recession in the early 90s.

Out of that came APRA because the Reserve Bank's mandate for monetary policy, fiscal policy - you know, you name all the things that are under the Banking Act. They couldn't have the prudential supervision role as well. So APRA was created to supervise the banks. And - and that's what ICC for New South Wales will do. But it's - I'm back to the remoteness that has, unfortunately, been created. And I think ways of overcoming it could be - and I won't be around to make these decisions - that we should populate the board of Star Sydney with directors from the board of Star Entertainment. And we should do the same in Queensland.

And - and we should be far more engaged with - with - with high-level meetings with the regulator. You know, I know Philip Crawford well. He's a good man. When I first went to see him when he was appointed as chairman of ILGA, in July just after he was appointed - and I knew him, you know, a little bit from legal circles. But I mentioned to him that we would like to have, you know, regular contact, and with the previous ILGA board, we at least had a board to board meeting once a year. And Phillip's genuine response was, "Well, you know, look, I would love to have a cup of coffee with you, you know, regularly, but, you know, I can just deal with Greg Hawkins and Andrew Power because they're the people - they're the people who are running Star Sydney."

And it really wasn't until the middle of last year - June last year that we started high-level meetings with the subcommittee of ILGA, chaired by Steve Parbery, who looked after Star, and, you know, Matt Bekier and Greg Hawkins, our team. And that - that - that - if that sort of arrangement, I think, had been in place - and none of this is an excuse for our failings, but there's got to be a - a better framework by us and the regulator that brings us together, not to be best mates, but to be working together with a common purpose which - which will suit the State of New South Wales and, indeed, Queensland.

And, you know, there's a raft of things happening, Mr Bell - I could go through them all - you know, from the clean out of the board and management. And, you know, we've been reluctant to hook up to the central management system for poker machines. We've now agreed to do that. Our - our harm minimisation and responsible gaming practices have been held up to the daylight and independent

third parties looking at those. You know, the list of - the list of bad - you know, bad patrons identified in the Bergin Inquiry, they've all been excluded. There's a raft of work happening, and it will be - it will be a better company courtesy of this inquiry and review.

5

Can I just finish on suitability because I - it's certainly hit me that we haven't placed enough importance on suitability, not enough recognition - because I think, you know, while we passed that section 31 review, we passed the next one, and now the - the real substance of suitability around good repute, character, honesty, integrity is - that has to be inculcated. The primacy of suitability has to be inculcated into the corporate framework of Star Entertainment and its properties. You know, instead of having to go searching for it - what does "suitability" mean - it should be - the primacy of suitability should be there for everyone to see.

15 And that will help drive culture, you know, because if you say, okay, what's our culture about? Our culture is about suitability. What does suitability mean? It means you've got to be of good repute. The people you deal with have to be of good repute. They have to have good character, they have to be honest and they have to have integrity. Now, if you're sitting in a gatekeeper position and that's what's driving, you know, let you in or don't let you in - you know, we have 11 million a people a year, pre COVID, coming through our doors in Sydney. 11 million. So it's not - it's not all bad, but I think inculcating the primacy of suitability into the corporate framework is a must. And besides "do the right thing", you could add to that "do not hide anything". Do not hide anything. So sorry about the long-winded response, Ms Sharp.

25
MS SHARP SC: Thank you very much, Mr O'Neill. Can I ask you one follow-up question based on all of this. The evidence has demonstrated that a number of senior managers engaged in unethical conduct and were prepared to court the risk of contravening the regulatory framework. Do you think the lure of the rivers of gold was just too great, and how do you think more can be done to embed a culture of compliance within the organisation?

35
MR O'NEILL: Look, I can't be precise on the rivers of gold proposition. I think it fell, again with the benefit of hindsight, more into the category that everyone was doing it. You know - and this is not a criticism of the banks. You know, it's not so much the case now, but in - in my day, there was quite a lemming-like behaviour by banks. You know, one bank did it, all banks did it. And there was - you know, I think there was a notion that if you wanted to be a real casino, then you had to play in the IRB space. I mean, I'm not excluding the fact that there were an appetite to make, you know, bonuses and - and get paid more money. But, you know, I think it was - you know, that's what everyone was doing.

45 In terms of the cultural question, it is - as I said, the amount of work that needs to be done - and similar to what came out of CBA APRA. You know, we - we - you know - and the collegiate - collegiate, collaborative culture I've tried to cultivate needs to bring with it an inherent and undeniable capacity to challenge, test, interrogate and avoid the risk that you trust people too much. And I think having a

risk champion, again - you know, the - the APRA material about, "Don't tell me. Don't tell me, show me." You know, I have, with reflection, thought about the Suncity room. Salon 95 gives me nightmares. But maybe as a board, we should have just walked out of the boardroom and gone down to Salon 95 and had a look.
5 Instead of being told or not told about, you know, Salon 95, we could have just simply gone and looked at it. So I think, you know, it's a complex - it's a straightforward question you've asked me Ms Sharp, but it's a very complex answer.

10 **MS SHARP SC:** Mr Bell, I have no further questions. There is one matter I have to raise in private session.

MR BELL SC: Yes. Mr O'Neill, another matter that Ms Pitkin raised as a matter which she thought had led to the problems, was that the company was responding
15 to the competitive threat from Crown operating in the VIP space in Sydney, and she said that she thought this had led to the VIP business having the loudest voice and people in the second line of defence in legal and compliance either being silenced or complicit. Do you have any observations on that matter?

20 **MR O'NEILL:** Thanks, Mr Bell. And, look, in - in large part, I agree with the thrust of Sally Pitkin's observations. The only additional observation is that the - the threat of Crown coming into Sydney, which would make Sydney the only city with two casinos, a decision taken by the New South Wales Government,
25 which they were entitled to take and we had the famous battle for Sydney, as they called it, that - that - that physical presence from - by Crown across the water and us, I don't think it's that big a deal, in that our licence is a universal licence. And, for example, we have exclusivity on slots on poker machines until 2041.

And Crown Sydney - and we've yet to see what it looks like - what the economics
30 are once it starts operating. It's - it was called a VIP-only licence, which is a bit of a misnomer. It's a restricted gaming licence, restricted to table games. And so the - that head-to-head competition between us and Crown is in the table game space largely. But Sally is right about the competition between us and Crown was in the VIP space, but - but offshore. And - and it was - it was the bringing in of
35 customers. So it wasn't - it wasn't necessarily - I mean, we've made a lot of improvements at Pyrmont preparing for Crown's arrival. It's called, you know Crown readiness. We built the Sovereign Room for \$250 million.

40 But that was really about our - our valuable domestic customers. Like a lot of places, we had platinum members, gold, silver, whatever. And we've been more worried about losing those sort of platinum members to - to - to Crown. And they're not - they're not necessarily what you call high rollers, but they are really very, very profitable customers because they come every day and - and they - they're reliable. So I think - but, you know, I - I think the - the head-to-head
45 with Crown, which didn't do us - them or us any favours, was in the IRB space.

MR BELL SC: You also referred earlier to the possibility that the Star Entertainment board was too remote from the operations of the casino in Sydney.

MR O'NEILL: Yes.

5 **MR BELL SC:** A matter that I've raised with some of your colleagues is whether the casino operator in Sydney, whoever that is, they should either have a majority of independent directors itself or, if not, a compliance committee comprised of a majority of independent people who are focused solely on compliance with the New South Wales legislation. Do you have any comments on that?

10 **MR O'NEILL:** Mr Bell, are we talking about the composition of the board of Star Entertainment or of Star Sydney?

15 **MR BELL SC:** I'm focusing on Star Sydney. Obviously there's a majority of independent directors on the board of Star Entertainment, but at present Star Sydney's board are executives of Star Entertainment. And what I've suggested to some of your colleagues is that in order to ensure that there is closer attention being paid to the compliance requirements in New South Wales, that there either be a majority of independent directors on the board of the licensee in Sydney or, alternatively, an independent compliance committee which is focusing on the
20 compliance objectives in New South Wales.

MR O'NEILL: I think the latter is a good suggestion. I think you could populate the board of Star Sydney with, you know, two or three directors from the - the
25 main board. And - and you could add - add to that two entirely independent compliance specialists or - or a dedicated risk and compliance, you know, committee for Star Sydney specifically. Because I think that's the - the theme of elevating to a real level of primacy suitability, and inculcating that has to be done at the coalface. And I think that by saying, okay, here is the licensee, Star Sydney. There's A, B and C who are also on the main board, but here are the others that are
30 completely independent. And - and - and more as you suggested, an independent compliance committee of people who really know their stuff in this space, you know.

35 And with respect to the new ICC, that's - that's where the rubber hits the road. It's one thing to set up the framework; it's how you populate it. And - and, you know, the skills and experience and a lot of my learnings from this review are that this is not for the faint-hearted. You know, you really have to have people whose background training, insights, are at the highest level because, you know, money laundering - money laundering as a risk is not going to go away. I mean, we're out
40 of the junket business, closed CUP, closed offshore bank accounts, you know - but, you know, you can't legislate - legislate against crime or against criminals, I should say. But I think that latter option of yours, Mr Bell, is one that would work.

45 **MR BELL SC:** Yes. And in terms of your personal situation, you've indicated that you're resigning shortly as the executive chairman. Are you also proposing to leave the board at that time as well?

MR O'NEILL: Yes, Mr Bell. My - my last day is on Tuesday. So I'm stepping down as the - literally the acting CEO and - and stepping down as the - from the board altogether.

5 **MR BELL SC:** Yes. Yes.

MR O'NEILL: Mr Heap will take over as the acting - or the interim chairman. And Mr Geoff Hogg, who has run our Queensland properties for a long time, will step in as the acting CEO.

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MR BELL SC: Yes. Ms Richardson, are there any questions arising in public mode?

MS RICHARDSON SC: No.

15

MR BELL SC: Yes. What I will do now is I will take a 15-minute adjournment, and when we return we will deal with the questions that Ms Sharp has in private mode. I will now adjourn for 15 minutes.

20 **<THE HEARING ADJOURNED AT 12:03 PM**

<THE HEARING IN PRIVATE SESSION RESUMED AT 12:18 PM

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

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

MR BELL SC: Yes, Ms Sharp. Does that conclude the testimonial evidence at these public hearings?

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MS SHARP SC: Yes, it does, Mr Bell.

MR BELL SC: Yes. Thank you. Mr O'Neill, the direction I will make is that your examination is adjourned, but it's most unlikely you will be required to attend to give further evidence. I will now adjourn until 10 am on Tuesday, 31 May for closing submissions from counsel assisting. I now adjourn.

35

MR O'NEILL: Thank you.

40 **<THE WITNESS WAS RELEASED**

<THE HEARING ADJOURNED AT 12:20 PM UNTIL TUESDAY, 31 MAY 2022 FOR CLOSING SUBMISSIONS