



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**TUESDAY, 22 MARCH 2022
AT 10AM**

DAY 4

**MS N. SHARP SC appears with MR C. CONDE, MS P. ABDIEL
and MR N. CONDYLIS as counsel assisting the Review
MS K. RICHARDSON SC appears with MR P. HOLMES
and MR D. WONG as counsel for The Star Pty Ltd
MR K. SCHURGOTT appears as counsel for Mr Paul McWilliams
MS PALANIAPPAN appears as counsel for Ms Tarnya O'Neil
MS SONIA TAME appears as counsel for Mr Alexander Graham
and Mr Jeff O'Sullivan**

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<THE HEARING COMMENCED AT 10:00 am

MR BELL SC: Mr McWilliams, you remain bound by the oath you gave yesterday.

5

<MICHAEL PAUL McWILLIAMS, ON FORMER OATH

MR McWILLIAMS: Yes.

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

<EXAMINATION BY MR CONDE:

15 **MR CONDE:** Thank you, Mr Bell. If I could ask that the part A KPMG report of 16 May 2018 be brought up. It's exhibit B794, and the document reference is STA.3001.0001.2750. At least on our screen, that's not coming up.

MR McWILLIAMS: Not here either.

20 **MR BELL SC:** No. I don't have it yet either, operator.

MR CONDE: Okay. Before we go into that report, Mr McWilliams, as best you can recall, please could you give Mr Bell a brief summary of the key conclusions, as you saw them, of KPMG in its two reports.

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30 **MR McWILLIAMS:** They found - the nature of the report is they look at a range of things, make a number of findings, rate those findings based on a level of severity. That was what KPMG did. They adopted the model that The Star used for assessing that level of severity or materiality. So across the two reports, the part A and the part B, there are a number of findings. On the part A, my memory is that there were two high-risk findings, two or three moderate rated findings, some lower rated findings and then a few other things where they looked but there was no finding at all, that there was no issue to raise. In - on the high rated findings, my recollection is that one of them related to the adequacy of the risk framework within the AML program, and I think the other might have related to transaction monitoring, but I wouldn't swear to that.

35

MR CONDE: Okay. If we can go, please, to page 3 of the part A report, the pinpoint reference is 2757. And do you see finding 2, Mr McWilliams?

40

MR McWILLIAMS: Yes.

MR CONDE: You can see that it says in the first line:

45 "SGR does not have an adequately documented ML/TF risk assessment methodology on which its ML/TF assessments have been performed."

And then in the second line:

5 "SGR applies a default customer ML/TF risk rating of low that has not been adequately explained or documented. The AML/CTF regulations require customers to be assessed for their ML/TF risks and it may be for SGR to demonstrate how its ML/TF risk assessment is effective if it applies default ratings, particularly default ratings of low ML/TF risk."

10 Now, just to be clear, does SGR mean The Star Entertainment Group Limited, on your reading, Mr McWilliams?

MR McWILLIAMS: Yes, that's the ASX ticker code for The Star Entertainment Group.

15 **MR CONDE:** And ML/TF is, I take it, a reference to money laundering/terrorism financing?

MR McWILLIAMS: That's correct.

20 **MR CONDE:** If I could ask you, please, to look at a third line in item 2. KPMG writes:

25 "We note that a customer brings a significant amount of money into the casino will not automatically be assessed as higher than low risk by SGR. In our view, these customers should be considered as potentially higher risk of being involved with the facilitation of ML/TF, which indicates that the customer ML/TF risk assessment could be improved."

MR McWILLIAMS: Yes.

30 **MR CONDE:** Now, is it correct, Mr McWilliams, on your understanding, that the issue which KPMG has identified here is that people could walk into Star Casino with what KPMG describes as a significant amount of money - and we will come to that amount in a moment, but they could walk in with a significant amount of money and they would not be flagged as potentially higher risk on account of
35 having that money?

MR McWILLIAMS: At the time of this report, that would be my reading of what they were saying.

40 **MR CONDE:** And so at the time of this report, for example, if someone were to walk in with \$200,000 in cash and someone else walks in with \$500 in cash, the person with \$200,000 is not being given a higher risk rating for that reason alone?

45 **MR McWILLIAMS:** That's my understanding, yes.

MR CONDE: And in terms of the amount, can we go forward, please, to page 13. The pinpoint reference is 2767. And I would ask that the last bullet point be brought up, please. Do you see, Mr McWilliams, the last bullet point it says:

5 "Through our interviews, we note that customers are not formally risk assessed based on the amount of money they bring into the casino and this is not documented as a ML/TF risk factor. The New South Wales AML administrator informed us that a customer who brings hundreds of thousands of Australian dollars in large sums of money would not automatically be classified as high risk (or critical risk in SGR's terms)."

10 Now, would you, Mr McWilliams, agree that people bringing in hundreds of thousands of dollars in cash does indeed raise concerns around money laundering and/or terrorism financing?

MR McWILLIAMS: Yes, I think that is a reasonable assumption.

15 **MR CONDE:** And as best you can recall, was it through KPMG's work that you first became aware of this practice at The Star?

MR McWILLIAMS: Yes.

20 **MR CONDE:** And if I can ask you, please, to look at footnote 20 on the same page, do you see it says:

25 "Although customers who bring in 100,000 plus in cash are referred to the AML administrator for consideration and the New South Wales AML administrator has advised that he would consider a customer bringing in 250,000 as potentially suspicious."

30 May I just put two propositions to you, Mr McWilliams, and I will ask if you agree with them. One is negative and one is positive. The negative proposition that I wish to put to you, Mr McWilliams, is that what KPMG is not saying here - they're not saying that everybody who walks into the casino with hundreds of thousands of dollars in cash is definitely a money launderer and/or a financier of terrorists. They are not saying that; do you agree?

35 **MR McWILLIAMS:** I agree with that.

40 **MR CONDE:** But the positive proposition I suggest what KPMG is saying is that if someone walks into the casino with hundreds of thousands of dollars in cash, they should attract more than a default low risk rating in relation to the risks of money laundering and terrorism financing. Do you agree with that?

MR McWILLIAMS: I agree with that.

45 **MR CONDE:** Do you recall your own reaction to KPMG's finding here that people bringing in hundreds of thousands of dollars in cash were not being given a higher risk rate?

MR McWILLIAMS: No, I don't recall my own reaction. I don't know whether I

was surprised or not. But it was the sort of thing that I wanted to find out as part of other issues that I could actually try and amend the program and establish a risk framework that was appropriate.

5 **MR CONDE:** Would you agree that what KPMG had identified here was a fundamental deficiency in Star Entertainment's management of risk at that time?

MR McWILLIAMS: Yes. I mean, that's quite strong language, but there was certainly deficiency in the risk management in the AML program at that time.

10

MR CONDE: If we can go back, please, to page 3 of this part A report. That's STA.3001.0001.2757. If we go in item 2 - still in item 2, the final paragraph. Do you see, Mr McWilliams, it says:

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"The risk assessment does not consider terrorism financing as required by the AML/CTF Rules and does not consider in sufficient detail the ML/TF risk posed by specific parts of the business, in particular where the ML/TF risk -"

And then over the page:

20

"May be higher."

So is it correct that, so far as you understand it, KPMG had identified here that Star Entertainment's risk assessment for AML/CTF did not consider the CTF part?

25

MR McWILLIAMS: At that time, that would be my understanding of what they're saying.

MR CONDE: And if we can go, please, to page - well, actually, just going back. Would you regard that as a fundamental deficiency in Star Entertainment's management of risk at that time?

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MR McWILLIAMS: Yes.

35 **MR CONDE:** And if we can go, please, to page 11 of this document, the pinpoint reference is 2765. Yes. Do you see about halfway down the page, the first bullet point, it says:

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"The risk assessment does not consider terrorism financing risk. GM compliance advised this is because terrorism financing would not generally be conducted through a casino. However, this assessment and the rationale has not been documented."

So first of all, who would you understand the reference to "GM compliance" to be referring to?

45

MR McWILLIAMS: That would be GM compliance and responsible gambling at the time, Micheil Brodie.

MR CONDE: And are you aware of any special training, study or experience which Mr Brodie might have had to allow him to give an authoritative view on how terrorism financing is generally conducted?

5

MR McWILLIAMS: No, I'm not aware of that, other than that his background was that he had been with the New South Wales regulator for a number of years before he joined the Star Entertainment Group.

10 **MR CONDE:** When you say "the regulator", is that ILGA, the authority?

MR McWILLIAMS: Yes.

15 **MR CONDE:** And would you agree that if The Star's risk assessment wasn't looking at terrorism financing at all, then The Star was just not going to know whether terrorism financing was being conducted through its casino?

20 **MR McWILLIAMS:** Yes, that's correct. But the overlay on that might be what was the global experience in other casinos around the use of casinos to finance terrorism.

MR CONDE: And what do you mean by that, Mr McWilliams?

25 **MR McWILLIAMS:** I mean, it's a broad statement that seems to be more specific than just The Star's casino. And so it could be read as saying that he may have knowledge on what he has read, that in other casinos there's not been evidence of them being used to finance terrorism. I don't know. I'm just trying to put the statement in context.

30 **MR CONDE:** Would you agree that the sort of reason or rationale which KPMG has identified here for Star's risk assessment not covering terrorism financing was reliant on one executive?

35 **MR McWILLIAMS:** Yes. It should have been documented and taken into account in the risk framework. I agree entirely with that.

40 **MR CONDE:** I think you've already agreed that - no, sorry, I withdraw that. Mr McWilliams, I wish - these reports obviously will speak for themselves and we don't have time to go through each and every page, but I do wish to take you to another example, please, this time from the part B report. If we can go, please, to page 3 of the part B report. That's exhibit B791, and the reference is STA.3001.0001.2809. Has that come up for you, Mr McWilliams?

45 **MR McWILLIAMS:** Yes, it has.

MR CONDE: In item 4, do you see the findings:

"There is no documented ML/TF risk assessment or risk assessment

5 methodology in relation to junkets. SGR obtains limited information on junket operators' source of funds or source of wealth. Due diligence on junket participants is limited, particularly in Queensland. No inquiries are made on the junket participants' source of wealth or funds. Junket participants did not undergo ECDD in Queensland, and ECDD was not conducted in a timely manner for junket participants in New South Wales."

First of all, Mr McWilliams, does ECDD mean enhanced customer due diligence?

10 **MR McWILLIAMS:** Yes.

MR CONDE: And is it correct, as best as you can recall, that junkets represented an important part of Star Entertainment's business at this time in 2018?

15 **MR McWILLIAMS:** Yes.

MR CONDE: What, if any, reaction would you have to this suggestion that I will put to you: that in the 2019 financial year, Star Entertainment's junket revenue represented about 12 per cent of its overall gross revenue?

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MR McWILLIAMS: I would say that's a significant component of the total revenue.

25 **MR CONDE:** And irrespective of the proportion of Star's business that was made up by junket revenue, would you agree that as the - at that time, the chief risk officer of Star Entertainment, junkets involved a large number of risks for you to work to identify and seek to reduce or eliminate?

30 **MR McWILLIAMS:** Yes.

30

MR CONDE: And would you agree with the suggestion that junkets involved at least three particular areas of risk - and I will just identify those. The first area of risk relates to the fact that junkets involve large amounts of money. Would you agree with that?

35

MR McWILLIAMS: Yes.

40 **MR CONDE:** And the second is the source of funds, because there's the junket operator and then sitting behind him or her there are junket participants, and it's not always easy to identify sources of funds for those participants. Would you agree with that?

MR McWILLIAMS: Yes.

45 **MR CONDE:** And then the third area of risk I would suggest is the risk of aggregation, in that the junket operator is pooling participants' funds. Is that a risk that you would agree with as well?

MR McWILLIAMS: That's my understanding, yes.

5 **MR CONDE:** And so do you recall your reaction to KPMG's finding here that there's just no documented ML/TF risk assessment or risk assessment methodology in relation to junkets?

10 **MR McWILLIAMS:** I was surprised to a degree but not because of my own assessment of the program and the risk framework that we had in there was that it was not adequate. So this, to some degree, validated concerns. But there is a severity or a seriousness about the nature of the findings in the way they are presented that certainly made me think of it as - as maybe higher than I had previously.

15 **MR CONDE:** And did you regard this finding as being a finding of a deficiency in The Star Entertainment Group's AML program?

MR McWILLIAMS: Yes.

20 **MR CONDE:** And if I can adopt the strong language you described it as earlier, would you regard it as a fundamental deficiency?

MR McWILLIAMS: Yes.

25 **MR CONDE:** Mr McWilliams, having received these two reports from KPMG on 16 May 2018, is it correct that the next step was for the reports to go to Star Entertainment's audit committee?

30 **MR McWILLIAMS:** Yes. They were prepared as part of an internal audit plan, which was approved by that committee. Ordinarily, the committee gets the executive summaries of these reports, with the full reports then being put up on the board portal for them to read at their leisure. So maybe not the full report that you are presenting here, but an executive summary would ordinarily have been included in the papers to the directors on the committee.

35 **MR CONDE:** And at this point, just to be clear, so far as you were aware, on 16 May 2018, were KPMG's reports final?

MR McWILLIAMS: Yes.

40 **MR CONDE:** Do you recall attending a Star Entertainment audit committee meeting on 23 May 2018?

MR McWILLIAMS: I thought it was 24 May 2018.

45 **MR CONDE:** Okay. Well, whether it was - it was on or about --

MR McWILLIAMS: I recall attending an audit committee meeting. We can establish the date later, but I think we're talking about the same one.

MR CONDE: Okay. So far as you were aware, were Mr Jeff O'Sullivan and/or Mr Alexander Graham from KPMG invited to attend that audit committee meeting?

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MR McWILLIAMS: I would amend the language there slightly. They were invited to be available to attend, so they were at our premises and in a waiting room. The chair of the audit committee knew that they would be waiting in the waiting room and available to be called into the meeting at the pleasure of the chair.

10

MR CONDE: And so far as you can recall, were they in fact invited in?

MR McWILLIAMS: No, they were not.

15

MR CONDE: So is it your recollection that an audit meet committing took place on about 23 or 24 May 2018; the two KPMG directors were sitting outside the meeting, available to be called in; and they were never called in?

MR McWILLIAMS: That's correct. There was one partner and one director, but they were never called in.

20

MR CONDE: Okay. And were those people Mr O'Sullivan and Mr Graham, to your recollection?

25

MR McWILLIAMS: Yes, they were.

MR CONDE: As best you can recall, who was present at the audit committee meeting on or about 23 or 24 May 2018?

30

MR McWILLIAMS: Okay. For the entirety of the meeting or for the relevant part of the discussion on this report?

MR CONDE: I'm sorry, Mr McWilliams. That's an important clarification. For the part of the meeting that dealt with KPMG's reports.

35

MR McWILLIAMS: Okay. Well, I believe most, if not all, of the non-executive directors were there. So John O'Neill, Sally Pitkin, Richard Sheppard, Katie Lahey, Zlatko Todorcevski, Gerard Bradley. The only director I'm not certain of was Ben Heap, whether he was there. I suspect he was, but I'm not certain of that. And then of the non - of the executives in the room, you had the CEO, Matt Bekier; you had the company secretary, Paula Martin; the chief financial officer, Chad Barton; the head of internal audit, Tarnya O'Neil; and myself.

40

MR CONDE: If I can ask you please, Mr McWilliams - please take your time to tell Mr Bell your recollections of what took place, what was said by whom, at the audit committee meeting on 23 or 24 May 2018 on this issue of the KPMG reports.

45

MR McWILLIAMS: I will struggle to remember verbatim. My overwhelming recollection is of the mood - sentiment in the room. It started with Mr Bekier arriving - I think he was the last into the room - and making a show of throwing on
5 to the table what I assumed to be this report - or the extract - the executive summary of this report and saying, "I haven't seen this." And then the discussion was along the lines of, as best I can recall, that it was unacceptable for the report to be prepared in this way, that it was wrong in some respects - material respects, but without getting into a lot of detail as to what was wrong. Now, there may have
10 been some discussion on that. But to me, I was more reacting to the tone and the heightened tension in the room.

MR CONDE: So is it correct - if I can just be clear, Mr McWilliams. You've told Mr Bell that KPMG's reports contained what you agree were, in some respects,
15 fundamental deficiencies in the program?

MR McWILLIAMS: Yes.

MR CONDE: You and others at Star had been given an opportunity, you will
20 recall yesterday your evidence, to review drafts of the reports and confirm factual accuracy?

MR McWILLIAMS: Yes.

MR CONDE: What was - do you recall your reaction to a suggestion that, in fact,
25 these reports were wrong in some way?

MR McWILLIAMS: Well, I do recall starting the meeting to give a summary of the background to it, that - that I had effectively asked that once this was on the
30 audit program, that I wanted a warts and all view of what the program was so that I could go about - as a relatively new executive in charge of the AML program, so that I could make sure it was in the best shape.

When it was put to us - so to Tarnya O'Neil and myself - that this was wrong,
35 without specifics and without having KPMG in the room, it was really hard to counter that. And it is natural, when it comes from the CEO, to think that if he says it's wrong, well, you wonder if you have missed something. But after the meeting, I became increasingly satisfied that there was nothing of a fundamental error in the report itself. There might have been a couple of tweaks to be made or
40 corrections for clarity, but in terms of immediate response at the meeting, you do wonder if there is, in fact, something materially wrong with the report, given the nature of the reaction.

MR CONDE: If I might just - still in the meeting, Mr McWilliams, you've
45 mentioned that - sorry, I think you mentioned that one of Mr Bekier's concerns was as to factual accuracy of the reports?

MR McWILLIAMS: Yes.

MR CONDE: Do you recall any particular factual inaccuracies that Mr Bekier might have identified at that time?

5 **MR McWILLIAMS:** My - my recollection is that it was a particular focus on this finding that's on the screen now around junkets. If I had to say is there one in particular that triggered an allergic reaction, it was this one. And that - without going into the detail of why it was wrong, I think there was even a suggestion that there were doubts about whether the Act extended in the way that KPMG were
10 implying to junkets. But we didn't get into that level of detail, to the best of my recollection.

MR CONDE: Do you recall asking Mr Bekier for a list of alleged factual errors in the reports?

15 **MR McWILLIAMS:** As part of - my recollection is that as part of progressing this in the meeting, it was suggested that we would meet separately outside the meeting with Mr Bekier and with KPMG in attendance to establish what he believed to be factual errors in the report and that we would, depending on what
20 they were, engage KPMG or extend their engagement to do further work to verify whether Mr Bekier was correct or whether this report as presented remained valid.

MR CONDE: And do you recall the substance of what, if anything, Mr O'Neill, the chair, might have said?

25 **MR McWILLIAMS:** My recollection of Mr O'Neill's contribution was that he found the tone - the style of language used in the report more offensive. I don't think he would hold himself out as being an AML expert. That's not a criticism. It was just the language was - is quite direct in this report and is suggestive of
30 obvious material deficiencies - fundamental deficiencies, to use your word - in aspects of the program, and I think he took exception to that style of language.

MR CONDE: Do you recall if anyone at the audit committee meeting asked about whether the KPMG reports had been finalised and whether it was too late for them
35 to be amended?

MR McWILLIAMS: Yes, I remember a question to that effect.

40 **MR CONDE:** And who was that?

MR McWILLIAMS: To the best of my recollection, it was Mr Sheppard.

MR CONDE: Is that Mr Richard Sheppard?

45 **MR McWILLIAMS:** Yes.

MR CONDE: And what, if anything, was your reaction to that suggestion?

MR McWILLIAMS: We just confirmed the report was final, that it was not open to being amended.

5 **MR CONDE:** 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 amended on the issue of fees for no service?

MR McWILLIAMS: Yes, I was certainly aware of that.

10 **MR CONDE:** And is it correct that you did not want to run the risk of similar criticism being levelled at you or anyone else at Star Entertainment?

MR McWILLIAMS: Yes.

15 **MR CONDE:** Do you recall whether legal professional privilege was discussed at the audit committee meeting?

20 **MR McWILLIAMS:** I can't recall. It certainly wasn't discussed in any detail. If it was mentioned, it was - it would have been only that privilege was being attached to the document as a note to the directors, but I don't think - there certainly wasn't a discussion that involved the directors about whether it was privileged or not.

25 **MR CONDE:** Is it correct that, so far as you can recall, your own view was that you did not think these reports were privileged?

MR McWILLIAMS: I'm not a lawyer, but my understanding of what privilege attaches to it didn't seem to meet that threshold. But that's - I'm not the best qualified person to answer that.

30 **MR CONDE:** If I - is it correct, though, that as far as you were concerned, KPMG's reports were commissioned as part of an internal audit plan?

MR McWILLIAMS: To my way of thinking, the - the sole purpose of bringing this document into existence was to give effect to an internal audit.

35

MR CONDE: Would you just excuse me.

40 **MR BELL SC:** While there's a break, Mr McWilliams, I just want to be clear about some things that you have said. You said - or my note is that you said that it was words to the effect were said in the meeting that the report was unacceptable and wrong in material respects. Is that correct?

45 **MR McWILLIAMS:** Yes. I may be paraphrasing, but that was certainly the nature of the language that was used.

MR BELL SC: And who --

MS RICHARDSON SC: Well, I do object - sorry, I do object to that. My note of

the evidence was the unacceptable reference is by reference to the - a process around the report, rather than a label on the report as a whole.

5 **MR BELL SC:** All right. Well, maybe my note is wrong, Ms Richardson. Let me ask you an open question then, Mr McWilliams. Was anything said to the effect - I withdraw that. Was anything said about or any criticism made at the meeting.

10 **MR McWILLIAMS:** I thought it was Mr Bekier making comments that it was wrong and Mr O'Neill taking exception to the language used in the report.

MR BELL SC: And to the best of your recollection, what was the substance of what Mr Bekier said about it?

15 **MR McWILLIAMS:** Just that it contained multiple errors, that KPMG didn't know what they were doing and - and that was the broad theme. I can't remember the specifics, but that was the highlight of - highlights of what he said.

20 **MR BELL SC:** And you referred to the mood of the meeting. Can you describe to me in your own words your recollection of the mood of the meeting?

25 **MR McWILLIAMS:** Very tense. It certainly felt like I was under a lot of pressure and that I could sense that Ms O'Neil - Tarnya O'Neil also felt we were being put under quite a lot of pressure for putting up a report that the directors took such exception to.

MR BELL SC: And do you recall who the chair of the audit committee meeting was that day?

30 **MR McWILLIAMS:** Yes, it was Zlatko Todorovski. It was his first meeting as chair of the audit committee.

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

35 **MR CONDE:** Mr McWilliams, I might have been under the same misapprehension as Mr Bell. In terms of the document that is on the screen now, item 4, isn't it correct that your recollection of what Mr Bekier said is that those matters in item 4 were wrong?

40 **MR McWILLIAMS:** Yes.

MR CONDE: As a factual matter, he disagreed with what is said there?

MR McWILLIAMS: That's my recollection.

45 **MR CONDE:** If I could ask you, please, now to be taken to document - I'm sorry, Mr McWilliams. Before I move on, when I was asking you some questions about legal professional privilege, I just need to clarify, is it your recollection that that was discussed, or were you speculating based on your general memory?

MR McWILLIAMS: I have no recollection at all of it being discussed in any detail. Where my memory is hazy is whether the group general counsel made a statement to the effect that it was a privileged document.

5

MR CONDE: Okay. Thank you. If I could move on now, please, to document STA.5001.0003.0818. This is exhibit B811. You will see it's a document styled Minutes of Meeting of the Audit Committee. Has that come up for you, Mr McWilliams?

10

MR McWILLIAMS: Yes, it has.

MR CONDE: Is this a document that you recall drafting or having any involvement in drafting?

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MR McWILLIAMS: I had no involvement in drafting this.

MR CONDE: Who, so far as you're aware, would have likely prepared these minutes?

20

MR McWILLIAMS: That would have been Paula Martin, the company secretary and group general counsel.

MR CONDE: Okay. If I might ask you, please, to look about two-thirds of the way - sorry, first of all, do you see the date at the top is 23 May?

25

MR McWILLIAMS: Yes, I am. I must confess, in my mind's eye, it was always the 24th. But if the minutes say it was the 23rd, then it was the 23rd.

MR CONDE: Okay. And in attendance - is it correct that you will see just above Notice and Quorum, there is reference to people from Ernst & Young. Who, do you recall, were they?

30

MR McWILLIAMS: So they are the external audit team. So they would have been there for a different part of the meeting.

35

MR CONDE: And at least as I can - I can't see anyone from KPMG identified there, and that --

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MR McWILLIAMS: That's correct.

MR CONDE: Yes. Okay. Do you see about two-thirds of the way down this page, next to the heading Internal Audit Status Update Part 1, Subject to Legal Professional Privilege --

45

MR McWILLIAMS: I'm sorry, you are going to have to scroll - thank you.

MR CONDE: Yes. It is just being brought up. It notes:

"This item was discussed with Mr Bekier, Ms O'Neil, Ms Martin and Mr Barton of the management team present."

5 Does that accord with your recollection?

MR McWILLIAMS: Yes, and I think it accords with what I described a few minutes ago.

10 **MR CONDE:** Yes. And at the bottom of the page 1, still on 0818, do you see it says:

"Under the Act, the company is required to have an AML/CTF program and to have that program independently reviewed."

15

I think you've said that that accords with your recollection?

MR McWILLIAMS: Yes.

20 **MR CONDE:** If we can go then to the top of page 2, the point reference is 0819. And I would ask you to be taken, please, to the third bullet point that says:

"KPMG were engaged to conduct the independent review reported in the paper to bring financial services/banking sector expertise to the review and prepare a report for the purposes of legal advice being provided on the company's compliance with the Act with respect to implementation of the program."

25

30 Is it not correct, Mr McWilliams, that, in fact, so far as you are aware, KPMG's engagement did not have anything to do with legal advice being given to The Star?

MR McWILLIAMS: No.

35 **MR CONDE:** I'm sorry. Is that correct?

MR McWILLIAMS: Sorry. Yes, your statement is correct. It was not for the purpose of giving legal advice.

40 **MR CONDE:** And if we go, then, to the third paragraph on page 2 --

MR BELL SC: Sorry. Just before you do, Mr Conde. Do you recall words to that effect being said at the meeting?

45 **MR McWILLIAMS:** No, I have no recollection of words to that effect being said, but nor have I no recollection to the effect that they weren't said.

MR CONDE: The third paragraph on that page, which begins, "It was noted", do

you see:

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

5

Is that first statement correct, to your recollection?

MR McWILLIAMS: Well, it's not clear as to who "management" is. My understanding is relevant management as far as the AML program was concerned, was me as the executive in charge of the program. And it was received as a final on 16 May, and I was fine with that.

10

MR CONDE: So - yes. And the next sentence:

"There are aspects of the content and bases for some opinions that may be contested by management."

15

Would you read that sentence in the same way, that if management is understood as you, then that's not correct?

20

MR McWILLIAMS: If management is understood as me, that is not correct. If management is understood as Mr Bekier, then that would seem to undermine the integrity of the audit function reporting into the auditor.

MR CONDE: And could I ask you, please, to explain that to Mr Bell.

25

MR McWILLIAMS: Well, the internal audit is meant to have an independent line of reporting directly to the audit committee. It is meant to be able to report on a without fear or favour basis and without interference from management, otherwise it loses its independence and effectiveness.

30

MR CONDE: And do you see in the fourth last paragraph - it's the paragraph beginning, "The committee noted". It's at the bottom of the page at the moment.

MR McWILLIAMS: Yes. I can see that.

35

MR CONDE: You will see the final sentence of that paragraph reads:

"In addition, some language in the summaries in the report is concerning in the limited context present."

40

Again, would you read that as subject to your earlier evidence, that you're the person responsible as chief risk officer for these areas - you were the person in management who had received final reports, and then any concerns or anything else as expressed in that sentence were concerns of Mr Bekier or others, as you recall, from the meeting?

45

MR McWILLIAMS: They were concerns of others. I had no concerns with the

language in the report.

MR CONDE: And then the next paragraph, which reads:

5 "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."

Is that statement correct?

10

MR McWILLIAMS: No. Well, they were not just extracts; they were the
executive summaries that were presented. And that the further work - I read that as
code for having an offline meeting after the committee with Mr Bekier and KPMG
and myself and Tarnya to address the specific matters that he thought was wrong
15 with the report.

MR CONDE: And was that - do you recall that being said in the meeting?

MR McWILLIAMS: It was agreed that we would do more work afterwards,
20 having regard to whatever Mr Bekier was able to set out as things that he believed
was wrong with the report. So I have no issue with that capturing the spirit of what
was said.

MR CONDE: Was it not the case - sorry, when it says "continuing work", just to
25 be clear, I think you've told Mr Bell that the reports were final in --

MR McWILLIAMS: Sorry. Okay. I agree with you. It wasn't continuing work in
relation to this report. It would be intended that if there were - was additional work
done, that it wouldn't be reflected in rewriting the reports that were presented.
30 They were final. That was acknowledged. That it would be presented in a separate
document.

MR CONDE: So any work by KPMG after this time was perhaps further or
35 additional work, not continuing?

MR McWILLIAMS: I believe it was under a separate engagement, but Ms
O'Neil would be able to confirm that.

MR CONDE: Okay. Do you - if I could ask that you be shown, please, an email
40 with some notes. I will take you first to the covering email. It's
KPMG.001.001.7857. And this is exhibit B935. I think Mr McWilliams - if the
operator could please just scroll down, you will see that on 12 July there's an email
from Ms Martin to Ms O'Neil, copied to you, which says:

45 "Please find attached the review notes as discussed."

And do you recall having a meeting on about 12 July 2018?

MR McWILLIAMS: Sorry, who are the parties to that meeting?

MR CONDE: Well, I suppose I'm asking you, from this email, but perhaps I should take you to the document.

5

MR McWILLIAMS: Yes. If I could see the top of the page, because that then gives me better context.

MR CONDE: Yes. If the operator - I will --

10

MR McWILLIAMS: Thank you. Yes. And I'm sure that I was involved in a meeting with Tarnya and Paula and Jeff and the KPMG team, but - so I have no reason to doubt that this relates to that meeting.

15 **MR CONDE:** If I could ask that the attachment be brought up. This is KPMG.001.001.7871, and this is exhibit C61.

MR McWILLIAMS: Yes.

20 **MR CONDE:** Do you recall seeing this document?

MR McWILLIAMS: I recall seeing the document. I wouldn't have any direct memory now of the specifics of it, but I remember seeing the document.

25 **MR CONDE:** What was the document, as best you can recall?

MR McWILLIAMS: That it was references to particular parts of the report where there were concerns about some of the language that's used on the factual statements.

30

MR CONDE: Do you recall who might have been the author of this document?

MR McWILLIAMS: I can't recall. I - it wasn't me. And anything beyond that would be just a guess.

35

MR CONDE: Okay. If I could now ask you to be taken to a letter dated 6 August 2018. It's KPMG.001.001.1779. Sorry, that's exhibit B1027. Has that come up for you, Mr McWilliams?

40 **MR McWILLIAMS:** Yes, it has.

MR CONDE: Do you recall receiving this letter?

45 **MR McWILLIAMS:** I recall seeing it after it was issued, but that was quite some time ago.

MR CONDE: And you will see that the letter is addressed to Ms Tarnya O'Neil?

MR McWILLIAMS: Yes.

MR CONDE: So when you say you recall seeing it, is it your recollection that you were forwarded this letter?

5

MR McWILLIAMS: It's my recollection I would have been forwarded a copy of this.

MR CONDE: Okay. If we can go, please, to page 2, which is pinpoint 1780, this is the - you will recall that I took you yesterday to footnote 2, and we discussed --

10

MR McWILLIAMS: Yes.

MR CONDE: You told Mr Bell that, as best you can recall, that was an accurate summary of interactions between KPMG and Star. If I could ask you, in the main body of this page, under the heading Overall Summary, do you see it says:

15

"KPMG can confirm -"

20 This is the second paragraph:

"KPMG can confirm that the findings and recommendations contained in both final reports remain valid."

25 **MR McWILLIAMS:** Yes.

MR CONDE: It is correct that, as best you can recall, Mr McWilliams, what KPMG did was confirm that the conclusions in their reports from May 2018 remain the same?

30

MR McWILLIAMS: Yes.

MR CONDE: And you will see between pages 2 and 3 - if these can be brought up side by side, please, the pinpoints are 1780 and 1781 - there are what are described as two key areas where Star Entertainment's management are said to have disagreed with KPMG. So this is just under - on that second page, I took you to that second line that says:

35

"KPMG can confirm -"

40

And then you will see the third line, it says:

"There are two key areas where SGR's management, subsequent to the issue of the final reports and KPMG's responses to the additional items for clarification, do not agree with the findings in the final reports."

45

Do you see the first is Junket Operators and Participants?

MR McWILLIAMS: Yes.

MR CONDE: And Star's contention seems to have been that its customers were junket operators, not the participants. Is that your recollection?

5

MR McWILLIAMS: Yes.

MR CONDE: And was it Mr Bekier who expressed that view?

10 **MR McWILLIAMS:** I think the stronger view on that was being pushed by Ms Martin - Paula Martin.

15 **MR CONDE:** Okay. And then the second issue identified on page 3 is Customers Who Bring Significant Amounts of Money into the Casino. And the contention seems to have been that people bringing significant amounts of money into the casino were not, for that reason alone, to be considered high risk. Do you recall members of Star management expressing that view?

20 **MR McWILLIAMS:** I have no specific recollection of it.

MR CONDE: Right. Would you --

MR McWILLIAMS: But I have no specific recollection to the contrary either.

25 **MR CONDE:** Okay. If I could ask you, please, to be taken to page 15 of this document, which is - the pinpoint reference is 1793. You will see there's a list of interviews/key meetings, and they involve six different people. And it appears from the date of interview column that there's overlap. Is that your - does that
30 accord with your recollection, that these were not - there were not meetings as between KPMG and individual members from Star, that sometimes the meetings had multiple people?

35 **MR McWILLIAMS:** I think certainly in relation to meetings with Matt Bekier and Paula Martin that that was the case. Whether that's true of all of the others - no, I'm pretty sure Zlatko would have been by himself. There's no overlap there. But I see that Matt and I and Paula all have the same date. So - but I can't have specific reference as to whether we were all in the same room at the same time or whether we had consecutive meetings. I just can't recall that.

40 **MR CONDE:** And so the - I'm sorry. The meetings you are mentioning involving Mr Bekier are 12 and 25 July 2018?

MR McWILLIAMS: Yes.

45 **MR CONDE:** And you're identified, along with Ms Martin, as attending those?

MR McWILLIAMS: Yes. I'm honestly - I can't remember whether they were the three of us in the room together or whether they were separate meetings on the

same day.

MR CONDE: And at least for the meetings that you attended, does this appendix correctly record meetings which took place?

5

MR McWILLIAMS: I have no reason to believe otherwise. I have certainly no specific recollection of any of these dates. But I accept, given the time this report was prepared, that it's an accurate summary.

10 **MR CONDE:** But it is correct, Mr McWilliams, that these meetings - these are the meetings which came after KPMG's reports in May but before this KPMG letter dated 6 August 2018?

15 **MR McWILLIAMS:** Yes, that's correct. Although, again, I confess in my mind's eye, I had recollection of an earlier meeting with certainly Matt Bekier that was closer to the date of the audit committee meeting.

MR CONDE: Did that meeting involve KPMG, to your recollection?

20 **MR McWILLIAMS:** Yes, it did.

MR CONDE: And the meetings that you recall taking place between the reports in May 2018 and this letter of 6 August 2018, is it correct that those meetings did not involve discussions about how best to implement KPMG's recommendations; they were all about the content of KPMG's reports?

25

MR McWILLIAMS: That is my recollection, yes.

MR CONDE: And ultimately --

30

MR BELL SC: Can I just clarify something, Mr McWilliams. At one point, you were taken to the minutes of the audit committee meeting on 23 May 2018 and you said that something there was code for an offline meeting with you, Mr Bekier and KPMG in relation to what he thought was wrong.

35

MR McWILLIAMS: Yes.

MR BELL SC: Have I got your evidence accurately?

40 **MR McWILLIAMS:** Yes.

MR BELL SC: And did that offline meeting occur?

45 **MR McWILLIAMS:** Yes, that's the meeting that I have just referred to. But I thought that that was at an earlier date than any of the ones that were suggested here, that it was more proximate to the date of the audit committee meeting.

MR BELL SC: Thank you. Can you give me your best recollection of that

meeting, please?

MR McWILLIAMS: Yes. Well, again, I found that quite a tense meeting. Mr Bekier wasn't at his best. We had organised - Ms Tarnya O'Neil and myself
5 had organised the meeting with Jeff O'Sullivan and one of his team to come in and listen to the specific concerns. But it proved to be a difficult meeting, that Matt was in what I would describe as a sulk, still. And it just presented as quite an unprofessional demeanour, having brought in people from outside to try and address these specific concerns.

10

MR BELL SC: You have conveyed your impressions of the meeting. What I would like to ask you is your best recollection of the substance of what was said.

MR McWILLIAMS: My best recollection is that we - when Matt came in - so
15 the other four of us were in the room first, Matt came in and we explained that the meeting was organised, following the audit committee, to try and get him to identify the specific concerns that he had so KPMG could either respond at the meeting or take notes and go away and do further work and present back. But my recollection is that Matt didn't actually engage that well in articulating what his
20 list - his list of issues were. That we agreed that, I think, Tarnya and I would report back to KPMG with specifics of what we thought his concerns were and then follow up separately with KPMG. That's my best recollection, and there was probably a lot more said than that, but I can't recall.

25 **MR BELL SC:** Yes. Thank you, Mr Conde.

MR CONDE: Mr McWilliams, still in this document, if we could go back, please, to page 2. It's KPMG.001.001.1780. It's the first full paragraph under the dot points. You will see it says:

30

"After the reports had been finalised, KPMG attended three meetings with SGR's management (which included the chief excessive officer, the chief risk officer and the group legal counsel) to clarify 22 specific aspects of the final reports (refer to appendix A). Other meetings were conducted by KPMG as
35 part of our process to respond to the areas for clarification."

Is the meeting you were telling Mr Bell about a moment ago one of those meetings perhaps?

40 **MR McWILLIAMS:** I don't know. It could be viewed as the start of a process to give effect to a separate engagement under which they would then come back and have those meetings that were listed. As I say, I thought that earlier meeting was to start that process and that it was closer to the audit committee, and that would explain why it's not listed. But I'm equally willing to admit that my memory might
45 just be faulty on the dates here.

MR CONDE: In the meeting that you do recall, whether it was one of the ones mentioned in this letter or an earlier one, as you've said - and you've told Mr - you

said to Mr Bell that Mr Bekier wasn't at his best. What in particular - what observations do you recall in that regard?

5 **MR McWILLIAMS:** It was - it's body language. It's a mood that just indicates a degree of unhappiness, a sense that he didn't think KPMG knew what they were talking about. I can't recall whether he said those words, but the overall demeanour was just one that caused a degree of tension in the room.

10 **MR CONDE:** Did you feel that it was a constructive attitude in relation to KPMG's reports?

MR McWILLIAMS: No.

15 **MR CONDE:** Would it be correct to say, Mr McWilliams, that after this process of having the reports in May 2018 and then through to - involving the various meetings and so on, through to this 6 August 2018 letter - so if we can sort of move on from then.

20 **MR McWILLIAMS:** Yes.

MR CONDE: Would it be correct to say that, as far as you're aware, Star Entertainment did set about adopting and implementing KPMG's recommendations?

25 **MR McWILLIAMS:** Yes.

MR CONDE: And in that regard, if I can show you a document from you to the risk and compliance committee dated 31 October 2018. This is STA.3403.0003.8378. That is exhibit - I will come to it - B1134. Towards - do you see towards the bottom of page 1, it's in the paragraph just above Program Amendments, the second last sentence. It says:

35 "All of the required action items due for completion by August 2018 have been completed."

And then:

"A detailed progress report is at appendix 1."

40 If I can now show you appendix 1. That is STA.3403.0003.8381, and this is exhibit B1135. So as best you can recall, Mr McWilliams, was this a document which Star maintained recording Star's progress as against KPMG's recommendations?

45 **MR McWILLIAMS:** Yes.

MR CONDE: And if I could ask the operator just to scroll through, please, you will see there are some in a sort of orange or pink sort of shade which are on track

or not yet commenced.

MR McWILLIAMS: Yes.

5 **MR CONDE:** But is it correct that at the time that you left Star Entertainment on 31 July 2019 - do you recall whether all of KPMG's recommendations had been implemented by that time?

10 **MR McWILLIAMS:** Yes, noting that some of those recommendations were going to require ongoing work.

MR CONDE: Yes.

15 **MR McWILLIAMS:** But my recollection is that all of the remediation actions that were agreed after that report had been implemented.

MR CONDE: Right. So is it correct that by the time of 31 July 2019 when you left, there might still have been things that were ongoing, but at that time you were not concerned about whether KPMG's recommendations would be implemented?

20 **MR McWILLIAMS:** Correct.

MR CONDE: One last matter I would like - I would like to ask that you look at a document, please, and I will ask you a question, but I'm not - it's a confidential document, so I don't wish to - I won't read out from it so that it's kept confidential, but you will be able to see it. The McWilliams is a letter dated 14 September 2018. It's STA.3012.0001.1855. Sorry, that's exhibit B1087. If you can just read the first two pages, please, Mr McWilliams.

30 **MR BELL SC:** To yourself.

MR McWILLIAMS: Yes.

35 **MR CONDE:** Sorry. Sorry. To yourself.

MR McWILLIAMS: I assumed that.

MR CONDE: Yes. As I said, it's a confidential document.

40 **MR McWILLIAMS:** I have finished with page 1.

MR CONDE: If the operator could please turn to page 2.

45 **MR McWILLIAMS:** Yes.

MR CONDE: And then if the next two pages - if you could have a look at those, please. So these are 1857 and 1858. 1857, if you could just - it's really just to note the heading. And then in particular, item 9 over the page, please, on 1858. Do you

see in particular the third column?

MR McWILLIAMS: Yes.

5 **MR CONDE:** So do you recall, Mr McWilliams, being aware that on about 14 September 2018, AUSTRAC requested a copy of the KPMG part A report?

MR McWILLIAMS: I have no specific recollection of that, but it doesn't surprise me.

10

MR CONDE: And if I can show you one last document. Again, it's a confidential one, so I won't be reading from it. It's exhibit B1102, and it is STA.3009.0009.0073. And again, if I could ask you please to read those - read this letter to yourself. First of all, page 1.

15

MR McWILLIAMS: Yes.

MR CONDE: And then page 2, please. That's 0074 pinpoint.

20 **MR McWILLIAMS:** Yes.

MR CONDE: And then the next two pages. Again, the first one, I just ask you to note the heading. That's on 0075. And then on page 0076, you will see item 9.

25 **MR McWILLIAMS:** Yes.

MR CONDE: Do you recall being aware that on about 5 October 2018, Star Entertainment refused to provide AUSTRAC with a copy of the KPMG part A report, asserting legal professional privilege?

30

MR McWILLIAMS: I have no specific recollection of the date, but I remember the point.

35 **MR CONDE:** And would you please tell Mr Bell, as best you can, your recollection of that. But again, I just reiterate, please do not refer to any documents.

40 **MR McWILLIAMS:** Sure. I think it comes back to the same point that was raised about the matters spoken to at the audit committee meeting. It was asserted that the document was privileged. My recollection and belief would be that Micheil Brodie and/or I would have spoken with Paula Martin about this and would have - that would have formed the basis for the response and the language that has been used there.

45 **MR CONDE:** Could I just have a moment. Mr Bell, those are my questions for this witness.

MR BELL SC: Yes. Thank you, Mr Conde. Ms Richardson.

5 **MS RICHARDSON SC:** Mr Bell, would you be minded to take the morning tea break now. I'm in a difficult position because we haven't seen a witness statement from Mr McWilliams. We had no foreknowledge of what he might say about a large range of Star employees and meetings and so on. I note that *Browne v Dunn* does not apply in this review, so that - it's not - I'm not proposing to put a series of things to Mr McWilliams challenging on certain things because we accept we have the opportunity to make those submissions. So the fact that I don't cross-examine him on things is obviously not to be taken as an acceptance of all of the evidence that has been given. I just don't have instructions at the moment. But I would be assisted if you were minded to take a short five-minute break now so I can consider my course.

15 **MR BELL SC:** Well, I might take the morning adjournment now for 15 minutes. So I will resume in 15 minutes. Thank you.

MS RICHARDSON SC: Thank you.

20 <**THE HEARING ADJOURNED AT 11:08 am**

<**THE HEARING RESUMED AT 11:22 am**

25 **MR BELL SC:** Ms Richardson, before you commence, you are correct, the rules of evidence don't apply in these hearings, but I would remind all counsel who are appearing in these public hearings that I did publish procedural guidelines on 17 February this year. Paragraph 24 provides that if I am:

30 "To be invited to disbelieve a witness, the material grounds upon which it is said that the evidence should be disbelieved should be put to the witness so that the witness may have an opportunity to offer an explanation."

Paragraph 25 provides that:

35 "Where it is to be contended that deliberately false evidence has been given, or that there has been a mistake on the part of the witness on a significant issue, the grounds of such contention must be put to the witness."

40 And I do expect all counsel appearing in these hearings to adhere to those guidelines. Ms Richardson.

45 **MS RICHARDSON SC:** Thank you. We - I accept that that was published in the guidelines. The position my client is in that a witness such as Mr McWilliams comes, we have no witness statement. We have no foreknowledge as to what he is going to say. So I'm actually unable - I will not be asking him any questions today, and I hope that I will not have to make an application to recall him as a witness. I'm actually not in a position, given the hours of evidence he has given about multiple Star employees over multiple documents and timeframes, to actually deal with that. It's just not something I can do spontaneously.

MR BELL SC: Yes. Well, you will need to make an application, but I will certainly take into account that you have had no forewarning of Mr McWilliams's evidence. So, Mr Conde, who is the next witness? I'm sorry. Mr Schurgott, do you
5 have any questions for Mr McWilliams?

MR SCHURGOTT: No, I don't, Mr Bell. Thank you.

MR BELL SC: Yes. Well, Mr McWilliams, thank you for your evidence. There is
10 a chance that you will be required to come back.

MR McWILLIAMS: Certainly.

MR BELL SC: So the direction that I will make is that your examination is
15 adjourned. Thank you for attending.

MR McWILLIAMS: All right. Thank you.

MR SCHURGOTT: Thank you, Mr Bell.
20

<THE WITNESS WAS RELEASED

MR BELL SC: Yes, Mr Conde.

MR CONDE: The next witness is Ms Tarnya O'Neil.
25

MR BELL SC: Ms O'Neil, are you legally represented?

MS O'NEIL: Yes, I am.
30

MS PALANIAPPAN: Yes. Mr Bell, my name is Palaniappan. I will spell that for the record, P-a-l-a-n-i-a-p-p-a-n. And I appear with leave granted on 11 March 2022, instructed by Mr Horton of Horton Lawyers.

MR BELL SC: Yes. Thank you. Now, Ms O'Neil, would you prefer to take an
35 oath or affirmation?

MS O'NEIL: Affirmation.

<TARNYA O'NEIL, AFFIRMED
40

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

<EXAMINATION BY MR CONDE:

MR CONDE: Ms O'Neil, so far as you are aware, is your business address known
45 to those assisting Mr Bell's review?

MS O'NEIL: Yes, it is.

MR CONDE: And are you attending today in answer to a summons issued to you by Mr Bell dated 17 February 2022?

5

MS O'NEIL: Yes, I am.

MS PALANIAPPAN: Mr Bell, if I might just interrupt Mr Conde at that point just to confirm, as others have done, and put on the record that for the purposes of section 17 of the Royal Commission Act, Ms O'Neil raises an objection but is here today giving evidence because she has been compelled to do so.

10

MR BELL SC: Yes, that is noted. Thank you.

15 **MS PALANIAPPAN:** Thank you.

MR CONDE: Mr Bell, I'm just informed that there's an issue with the live transcript, which I think is going to be looked into.

20 **MR BELL SC:** Would you like me to take an adjournment, or are you able to proceed?

MR CONDE: I'm able to proceed, but - I'm happy to proceed if everyone else is.

25 **MR BELL SC:** Well, unless there is any objection, I think we should press on.

MR CONDE: Hopefully it just fixes itself. Ms O'Neil, what is your present job?

30 **MS O'NEIL:** I am the executive general manager internal audit at Tabcorp Limited.

MR CONDE: And when did you start at Tabcorp?

35 **MS O'NEIL:** On 1 July 2019.

MR CONDE: What did you do before working at Tabcorp?

40 **MS O'NEIL:** I was the general manager, internal audit and assurance at The Star Entertainment Group.

MR CONDE: And is it correct that you had that role from September 2016 to June 2019?

45 **MS O'NEIL:** That's correct.

MR CONDE: Before The Star, is it correct that you worked in an audit role at AGL Energy between August 2012 and September 2016?

MS O'NEIL: Yes, it is.

MR CONDE: And before AGL, is it correct that you worked at Perpetual Limited in audit and compliance risk roles between June 2007 and October 2019?

5

MS O'NEIL: Yes, it is.

MR CONDE: Before Perpetual, is it correct that you worked at RBC as a risk manager between June 2006 and 2007?

10

MS O'NEIL: Yes.

MR CONDE: And before RBC, is it correct that you worked at TAL Australia as a senior internal auditor from January 2001 to March 2005?

15

MS O'NEIL: Correct.

MR CONDE: In your role at Star Entertainment as general manager of internal audit and assurance, is it correct that you reported - sorry. Would you please tell Mr Bell who you reported to?

20

MS O'NEIL: I functionally reported to the audit committee and administratively to the chief risk officer.

25 **MR CONDE:** And who was the chief risk officer?

MS O'NEIL: Paul McWilliams.

MR CONDE: Ms O'Neil, what were your main responsibilities as general manager of internal audit and assurance?

30

MS O'NEIL: My responsibilities were to prepare annually an internal audit plan and then deliver that plan across the course of the following year.

35 **MR CONDE:** Is it correct that when you worked on internal audits each year, you would interview Star's general managers?

MS O'NEIL: Correct.

40 **MR CONDE:** And would you ask general managers if there were any particular matters that had come to their attention and/or were concerning them?

MS O'NEIL: Correct.

45 **MR CONDE:** I'm sorry. The feed just dropped out, but it seems to be back. Can you hear me, Ms O'Neil?

MS O'NEIL: Yes, I can.

MR CONDE: Thank you. Do you recall whether, through those interviews or otherwise, being made aware of a practice at The Star where customers were using China UnionPay cards to pay an invoice from a Star-related hotel and then that amount being used for the purposes of crediting the patron's front money account for gambling?

MS O'NEIL: I was not aware of that practice through the risk interviews.

MR CONDE: Do you recall if the results of your interviews were recorded in a document of some kind from year to year?

MS O'NEIL: Yes, they were.

MR CONDE: And please would you tell Mr Bell about what you recall that document was.

MS O'NEIL: Mr Bell, that document was an inherent risk questionnaire, and it covered not only risks but strategy, initiatives, change, CAPEX, OPEX, other reviews, risk and compliance, issues, and it was - so we captured a record of that and it was systematically filed as a reference to prepare the internal work plan.

MR CONDE: And, Ms O'Neil - so that was a questionnaire each year?

MS O'NEIL: Yes, it was.

MR CONDE: If I could now show you a letter dated 27 November 2017. The reference is KPMG.001.001.1047. Sorry, that is exhibit B488. Ms O'Neil, do you see this document?

MS O'NEIL: Yes, I can, Mr Conde, but it's so small --

MR CONDE: Yes. If that could be brought up, please.

MS O'NEIL: Thank you.

MR CONDE: Do you recall receiving an engagement letter from KPMG on or about 27 November 2017?

MS O'NEIL: Yes, I do.

MR CONDE: And if I could ask you please to be taken to - just under that section Scope, do you see it says:

"The purpose of the engagement is to assist you with."

And then there are a series of bullet points?

MS O'NEIL: Yes.

MR CONDE: And the first bullet point - when it says, "Assist TSEG," could I clarify, do you understand that to mean The Star Entertainment Group Limited?

5

MS O'NEIL: Yes, I do.

MR CONDE: And when it says:

10 "Assist TSEG with meeting requirements of an independent review as
 required by the Anti-Money Laundering and Counter-Terrorism Rules, part
 9.6."

What do you understand that to mean?

15

MS O'NEIL: There is a requirement under the rules that an independent review of the part A program is periodically undertaken by the designated service provider.

20 **MR CONDE:** And perhaps, then, I should clarify, Ms O'Neil. Is it correct that, to your understanding, Star Entertainment was a reporting entity as a provider of designated services under the Anti-Money Laundering and Counter-Terrorism Financing Act?

25 **MS O'NEIL:** Yes.

MR CONDE: And to your understanding, Star Entertainment was and indeed is obliged to have what is called under that Act the anti-money laundering and counter-terrorism financing program?

30 **MS O'NEIL:** Yes.

MR CONDE: And I think you said there's a - sorry. Is it correct that the program must have a part A and a part B?

35 **MS O'NEIL:** Yes.

MR CONDE: And so is it your understanding that this first bullet point relates to a review of part A as required by the rules?

40 **MS O'NEIL:** Yes.

MR CONDE: The second bullet point refers to a consideration of the design and operating effectiveness of the part B program. Do you see that?

45 **MS O'NEIL:** Yes, I do.

MR CONDE: And then there are some specific issues identified in the following bullet points. Do you see those?

MS O'NEIL: Yes.

5 **MR CONDE:** Would it be correct to say, Ms O'Neil, as far as you can recall, that this letter correctly records the purpose of KPMG's engagement on and from 27 November 2017?

MS O'NEIL: Yes, it does.

10 **MR CONDE:** And if I could ask you be taken, please, to page 8. That's KPMG 001.001.1054. It's the paragraph just above the heading "9 Terms". Do you see it says:

15 "It should be noted that this internal audit does not constitute legal advice, we cannot provide assurance that our findings will accord with those of the regulator (AUSTRAC)."

MS O'NEIL: Yes, I see it.

20 **MR CONDE:** And does that accord with your understanding of KPMG's role?

MS O'NEIL: Yes, it does.

25 **MR CONDE:** And further in that regard, if I could ask you to be taken to KPMG 001.001.1058. On the left-hand-side, clause 1.3. You will see:

"Our services exclude the provision of legal advice or services."

30 **MS O'NEIL:** Yes, I see it.

MR CONDE: And does that accord with your understanding of KPMG's role?

MS O'NEIL: Yes, it does.

35 **MR CONDE:** So, Ms O'Neil, would it be correct to say that, so far as you can recall, the purpose of KPMG's engagement did not involve legal advice being provided to Star Entertainment, whether by KPMG or by anyone else?

40 **MS O'NEIL:** Yes. That's correct.

MR CONDE: If I can show you a document - it's an email dated 13 April 2018. It's KPMG 001.001.3831. It is exhibit B733. It should be - yes, an email - it should be an email from Ms Maguire to you - no, I believe you are copied to the email.

45 **MS O'NEIL:** Yes, I'm cc'd on this email.

MR CONDE: Yes. If I can take you to the attachment. That's at KPMG.001.001.3832. That's exhibit B734. It should be a document styled

Summary of Independent Review Findings for Discussion. Do you see that?

MS O'NEIL: Yes, I do.

5 **MR CONDE:** Do you recall receiving this document or seeing this document?

MS O'NEIL: I don't recall.

10 **MR CONDE:** Are you confident - well, having had regard to the email I've taken you to, and if you assume that this is the attachment to that email, do you think it's likely that you would have seen it?

MS O'NEIL: Yes, I do.

15 **MR CONDE:** Perhaps if you don't recall the document, I would ask you in more general terms, Ms O'Neil. Do you recall the process as between yourself and others from Star Entertainment engaging with KPMG as to findings that KPMG were likely to make before finalising their reports?

20 **MS O'NEIL:** Yes, I do.

MR CONDE: And do you recall reviewing - or discussing findings from KPMG to consider whether there were any factual errors in them?

25 **MS O'NEIL:** Yes, I do.

MR CONDE: If I could point you to item 2 on this page 1 - so on this page and just item 2, do you see the second paragraph says:

30 "The risk assessment does not consider terrorism financing as required by the AML/CTF Rules and does not consider in sufficient detail the ML/TF risk posed by specific parts of the business, in particular where the ML/TF risk may be higher. Jurisdictional risk is not considered and some of the risk ratings applied appear to understate the level of ML/TF risk."

35

As best you can recall, did that finding carry through into KPMG's final analysis?

MS O'NEIL: To the best of my recollection, I believe it did.

40 **MR CONDE:** And so would it be correct that - just to use this as an example, is it your recollection that if KPMG had put a preliminary or proposed finding, you've had your discussions around it and then it's ended up in the final report, would it be correct for Mr Bell to infer from that that you and others at Star had not raised a factual inaccuracy with that analysis?

45

MS O'NEIL: Yes, it is.

MR CONDE: Perhaps, then, if we can go to the KPMG reports. The first one is

exhibit B794, and the reference is STA.3001.0001.2750. Do you recall receiving two reports from KPMG dated 16 May 2018?

MS O'NEIL: Yes, I do.

5

MR CONDE: And is it correct - just before I ask about these, is it correct that you had received drafts of these reports on about 3 May 2018 before they were finalised?

10 **MS O'NEIL:** I don't recollect the exact date. But, yes, I do recollect receiving a draft.

MR CONDE: And is it correct that you and other executives at Star had an opportunity to meet and discuss the draft reports with KPMG on about 14 May
15 2018?

MS O'NEIL: I don't recollect the exact date, but that would be reasonable.

MR CONDE: So as best you can recall, you recall receiving drafts of the reports
20 and having a meeting to discuss any factual inaccuracies before they were finalised on 16 May; is that correct?

MS O'NEIL: Yes.

25 **MR CONDE:** And from your perspective, these reports were independent; is that correct?

MS O'NEIL: Yes, they were.

30 **MR CONDE:** So is it right to understand that as that it's KPMG's analysis, not that of Star Entertainment?

MS O'NEIL: Correct.

35 **MR CONDE:** If I might ask you in general terms, Ms O'Neil, as best you can recall, please would you give Mr Bell a brief summary of the key conclusions, as you saw them, of KPMG in its two reports.

MS O'NEIL: The finding that I most remember is the one that was related to the
40 risk assessment methodology and approach associated with assessing money laundering and terrorism financing risks, including risks associated with customer typographies and, I guess, product typographies as well.

MR CONDE: And if I can ask that you be shown page 3. The pinpoint is 2757. If
45 I item 2 can be emphasised, please. Do you see it says, "SGR" - in the first line:

"SGR does not have an adequately documented ML/TF risk assessment methodology on which its ML/TF assessments have been performed."

And then:

5 "SGR applies a default customer ML/TF risk rating of low that has not been adequately explained or documented. The AML/CTF regulations require customers to be assessed for their ML/TF risks and it may be difficult for SGR to demonstrate how its ML/TF risk assessment is effective if it applies default ratings, particularly default ratings of low."

10 And is it correct that SGR is a reference to The Star Entertainment Group Limited, on your reading?

MS O'NEIL: Yes, that would be my understanding.

15 **MR CONDE:** And ML/TF is, I take it, a reference to money laundering/terrorism financing?

MS O'NEIL: That's my understanding.

20 **MR CONDE:** And - so then if I could ask you to look, please, at the third paragraph:

25 "We note that a customer who brings a significant amount of money into the casino will not automatically be assessed as higher than low risk by SGR. In our view, these customers should be considered as potentially higher risk of being involved with the facilitation of money laundering/terrorism financing, which indicates that the customer ML/TF risk assessment could be improved."

30 And to your understanding, Ms O'Neil, is it correct that the issue which KPMG has identified here is that people could walk into Star Casino with what KPMG has described as a significant amount of money - we will come to the amount in a moment - but they could walk in with that significant amount of money and they would not be flagged as a potentially higher risk on account of having that money?

35

MS O'NEIL: I believe that's what - the essence of what they were getting to.

MR CONDE: And if we go forward, please, to page 13. That's - the specific reference is 2767. It's the last bullet point that I would ask you to be shown, please:

40

45 "Through our interviews, we note that customers are not formally risk assessed based on the amount of money they bring into the casino and this is not documented as an ML/TF risk factor. The New South Wales AML administrator informed us that a customer who brings hundreds of thousands of Australian dollars in large sums of money would not automatically be classified as high risk (or critical risk in SGR's terms)."

Ms O'Neil, in your view, would you agree that people bringing in hundreds of thousands of dollars in cash does indeed raise concerns around money laundering and/or terrorism financing?

5 **MS O'NEIL:** I believe that it should raise cause for concern, yes.

MR CONDE: And as best you can recall, Ms O'Neil, was it through KPMG's work that you first became aware of this practice at The Star?

10 **MS O'NEIL:** Yes, it is.

MR CONDE: And if I could ask you to be shown, please, footnote 20 on this page. It says:

15 "Although customers who bring in 100,000 plus in cash are referred to the AML administrator for consideration and the New South Wales AML administrator has advised that he would consider a customer bringing in 250,000 as potentially suspicious."

20 So just to be clear: would you understand this analysis to be that if somebody walks in with \$200,000 in cash and someone else walks in with \$500 in cash, the person with 200,000 was not being given a higher risk rating for that reason alone?

25 **MS O'NEIL:** Certainly you would infer that, from that statement.

MR CONDE: Do you recall - I think you mentioned earlier when I asked you your general recollection of these reports, and was this the issue that you were referring to?

30 **MS O'NEIL:** Yes, it's one of them. I believe I called out not only the risk methodology but different typographies that associate with customer regions. So this would be one of them, so how funds get into the casino.

35 **MR CONDE:** Yes. Do you recall your own reaction to KPMG's finding here, that people bringing in hundreds of thousands of dollars in cash were not being given a higher risk rating?

40 **MS O'NEIL:** I don't recollect specifically, but I think I was more surprised to learn that by default we were rating customers as low.

MR CONDE: And would you regard what KPMG had identified here as a fundamental deficiency in Star Entertainment's management of risk at that time?

45 **MS O'NEIL:** I would think that's a reasonable assumption.

MR CONDE: If we can go back, please, to part 3 of this - sorry, page 3 of the part A report. It's STA dot - the operator is ahead of me. Still in item 2, the final paragraph, if that could be emphasised, please. Do you see, Ms O'Neil, it says:

5 "The risk assessment does not consider terrorism financing as required by the AML/CTF Rules and does not consider in sufficient detail the ML/TF risk posed by specific parts of the business, in particular whether ML/TF risk may be higher."

I'm sorry, the "may be higher" runs over the page. Did you see that, Ms O'Neil?

10 **MS O'NEIL:** Yes, I can.

MR CONDE: And is it correct that, so far as you understand it, KPMG had identified here that Star Entertainment's risk assessment for anti-money laundering/counter-terrorism financing did not consider counter-terrorism financing?

15 **MS O'NEIL:** Correct.

MR CONDE: And do you recall your reaction to that finding?

20 **MS O'NEIL:** Surprised.

MR CONDE: And would you regard that as a fundamental deficiency in the program?

25 **MS O'NEIL:** Yes, I would.

MR CONDE: And if we can go then to the reason for that. It's page 11. This is STA.3001.0001.2765. Do you - I think it's the first bullet point. Yes, the first bullet point under the heading ML/TF Risk Assessment. Do you see it says:

30 "The risk assessment does not consider terrorism financing risk. GM compliance advised this is because terrorism financing would not generally be conducted through a casino. However, this assessment and the rationale has not been documented."

35 First of all, Ms O'Neil, who, if anyone, would you read "GM compliance" as a reference to?

40 **MS O'NEIL:** I am assuming that that should read "GM compliance and responsible gambling".

MR CONDE: And do you recall who that - who had that role?

45 **MS O'NEIL:** The individual was Micheil Brodie.

MR CONDE: Are you aware of any special training, study or experience that Mr Brodie might have had to allow him to give an authoritative view on how terrorism financing is generally conducted?

MS O'NEIL: No, I'm not.

5 **MR CONDE:** Would you agree that if The Star's risk assessment was not looking at terrorism financing at all, then The Star would not be in a position to know whether terrorism financing was being conducted through its casino?

MS O'NEIL: I agree with that statement, yes.

10 **MR CONDE:** Do you recall, Ms O'Neil, at this time - so in May 2018 - the importance or otherwise of junkets to The Star's business at that time?

MS O'NEIL: Yes, it was an important part of The Star's business. Yes.

15 **MR CONDE:** If I can take you, please, to page 3 of the part B report. So this is exhibit B791, and the reference is STA.3001.0001.2809. If we can enlarge item 4, please. I will ask initially, Ms O'Neil, the expression "ECDD", what, if anything, does that mean to you?

20 **MS O'NEIL:** To me, enhanced customer due diligence.

MR CONDE: So if we look in this finding, do you see it says:

25 "There is no documented ML/TF risk assessment or risk assessment methodology in relation to junkets. SGR obtains limited information on junket operators' source of funds or source of wealth. Due diligence on junket participants is limited, particularly in Queensland. No inquiries are made on the junket participants' source of wealth or funds. Junket participants did not undergo ECDD in Queensland, and ECDD was not conducted in a timely
30 manner for junket participants in New South Wales."

Do you recall your reaction, if any, to this finding?

35 **MS O'NEIL:** I don't recall my reaction. No.

MR CONDE: But would you regard this as a fundamental deficiency in Star Entertainment's AML/CTF program at that time?

40 **MS O'NEIL:** Yes, I would.

MR CONDE: Ms O'Neil, do you recall attending a Star Entertainment audit committee meeting on about 23 May 2018?

45 **MS O'NEIL:** Yes, I did.

MR CONDE: So far as you are aware, were Mr Jeff O'Sullivan and/or Mr Alexander Graham from KPMG invited to attend that audit committee meeting?

MS O'NEIL: Yes, they were.

5 **MR CONDE:** And do you recall if Mr O'Sullivan and Mr Graham did, in fact, attend the meeting?

MS O'NEIL: No, they didn't.

10 **MR CONDE:** And may I ask you, please, to tell Mr Bell, what, if anything, you recall about their non-attendance.

15 **MS O'NEIL:** That that part of the agenda when we were talking about the internal audit status update - the first item related to this particular report. The chair of the audit committee was aware that KPMG would be in attendance in an anteroom and available to talk to the detail of the report, should the directors have any questions. But during the course of this particular agenda item, they were not invited by the chair or any other committee members to come in and talk to the report.

20 **MR CONDE:** Ms O'Neil, do you recall who the chair was who you are referring to?

MS O'NEIL: Zlatko Todorcevski.

25 **MR CONDE:** And is it correct, then, that so far as you recall, the people from KPMG, Mr O'Sullivan and Mr Graham, were outside the meeting, ready to speak to their reports but were never called in?

30 **MS O'NEIL:** That's correct.

MR CONDE: And at this point, so far as you were aware, did you regard the KPMG reports dated 16 May 2018 as final?

35 **MS O'NEIL:** Yes, they were.

MR CONDE: And so - and I think you've mentioned to Mr Bell earlier that they were independent. Is it correct that the people from KPMG stood ready to give explanation of their independent analysis if and as required by the audit committee?

40 **MS O'NEIL:** Yes, they were.

45 **MR CONDE:** If I could ask you, as best you can recall, Ms O'Neil, who was present at the audit committee meeting on or about 23 May 2018?

MS O'NEIL: Are you referring to the agenda item relating to my report, Mr Conde?

MR CONDE: Yes, I am, Ms O'Neil.

5 **MS O'NEIL:** From memory, the CEO, Mr Bekier; the chairman of the board, Mr O'Neill; group general counsel, company secretary, Ms Martin; group CFO, Mr Barton; chief risk officer, Mr McWilliams; myself; and the audit committee - constituent audit committee members.

10 **MR CONDE:** And I'm sorry to tax your memory, but do you recall who they were, Ms O'Neil?

MS O'NEIL: Zlatko Todorcevski, Richard - Richard Sheppard, Sally Pitkin - I'm sorry, that's all I can remember.

15 **MR CONDE:** And if I could ask you, Ms O'Neil, please, to take your time to tell Mr Bell what your recollections are of what took place, what was said by whom, doing your best, at the audit committee meeting on 23 May 2018 in relation to the KPMG reports.

20 **MS O'NEIL:** To the best of my recollection, the internal audit status update commenced with the AML/CTF report and Ms Martin, in her capacity as group general counsel, commenced the high-level introduction to this particular engagement. And that was then followed up by the chief risk officer, Mr McWilliams, who provided some further very high-level details around the findings in that report. During that discussion - during that overview, I recollect
25 that Mr Bekier commented that that it was the first time that he had seen the report and had some concerns about the factual accuracy of some elements of it. And that was reinforced, to the best of my recollection, by Ms Martin as well. The conversation then proceeded along the lines of taking those concerns offline, which I took to mean that the chief risk officer, myself and Ms Martin would
30 regroup outside of the meeting and obtain - provide specific information pertaining to what their concerns were.

MR CONDE: And in terms of factual inaccuracies, do you recall the substance of what Mr Bekier said was factually inaccurate?
35

MS O'NEIL: I don't - my recollection is I don't believe specifics were articulated in that meeting. It was a general observation that was made. There may have been mention of references to junkets, but I don't believe that specific examples were called out in relation to the report.
40

MR CONDE: In fact, the document that we still have on the screen has item 4 emphasised. As best you can recall, are these the findings that you think Mr Bekier might have been saying were wrong?

45 **MS O'NEIL:** I don't know what was in Mr Bekier's mind, but junkets are not only referenced here but are in other parts of the report. So it could have been anything to do with junkets - any aspect of junkets, not just this particular finding.

MR CONDE: And so is it correct that when you mentioned taking concerns offline, that alleged or contended factual errors would be reduced to a list of some kind and explored with KPMG?

5 **MS O'NEIL:** Correct.

MR CONDE: If I might just ask you: do you recall any impressions that you had as to the tone of the audit committee meeting in relation to the KPMG reports?

10 **MS O'NEIL:** My personal view was I thought it was quite sombre, and personally I - I was surprised regarding the comments about - relating to factual inaccuracies in the report being raised in that forum. And notwithstanding the very short timeframe between finalisation of the report and that meeting, you know, I felt that that conversation could have been had earlier.

15

MR CONDE: And is that - when you mention the timeframe, I think the reports are dated 16 May 2018, and the audit committee meeting is 23 May.

MS O'NEIL: Yes.

20

MR CONDE: Do you recall papers being distributed ahead of that audit committee meeting?

25 **MS O'NEIL:** I don't recall the date, but they would have - they would have been distributed to directors at a timeframe before the meeting. Yes.

MR CONDE: Do you recall anybody at the audit committee meeting asking about whether the KPMG reports had been finalised and whether it was too late for them to be amended?

30

MS O'NEIL: I don't recollect that.

MR CONDE: Do you recall whether legal professional privilege was discussed at the audit committee meeting?

35

MS O'NEIL: No. It - it wasn't. I think it was assumed by the manner in which the report outcomes were presented to the committee.

40 **MR CONDE:** And if I might just ask you to elaborate on that, please, Ms O'Neil. When you mentioned the manner that they were presented, who was that by and what, if anything, do you recall was said?

45 **MS O'NEIL:** I think because Ms Martin actually provided the introduction to the background to the engagement, the directors possibly would have construed that that engagement had some sort of privilege attaching to it. If not the engagement, the report at least.

MR CONDE: Is it correct that, so far as you can recall, your own view was that

the KPMG reports were not privileged?

MS O'NEIL: That's correct.

5 **MR CONDE:** Do you recall what, if anything, Mr John O'Neill said in the audit committee meeting?

MS O'NEIL: I don't recollect what Mr O'Neill said, no.

10 **MR CONDE:** And if I can then show you, please, a document, which is exhibit B811. This is STA.5001.0003.0818. It should be a document styled Minutes of Meeting of the Audit Committee. Do you see that, Ms O'Neil?

MS O'NEIL: Yes, I do.

15

MR CONDE: And is this a document that you recall drafting or having any involvement in drafting?

MS O'NEIL: I had no involvement in drafting or preparing this - these minutes.

20

MR CONDE: Who, so far as you are aware, do you think would likely have prepared these minutes?

MS O'NEIL: The Star's company secretary, Ms Martin.

25

MR CONDE: Ms Paula Martin?

MS O'NEIL: Yes.

30 **MR CONDE:** If I might ask you, please, to be taken to the last bullet point on this first page. It says:

"Under the Act, the company is required to have an AML/CTF program and to have that program independently reviewed."

35

Does that accord with your recollection of the at least part of the purpose of involving KPMG?

MS O'NEIL: Yes.

40

MR CONDE: And if I can then ask you, please, to be shown the third bullet point on the next page. So this is on page 0819, page 2, the bullet point there:

"KPMG were engaged to conduct the independent review reported in the paper to bring financial services/banking sector expertise to the review and prepare a report for the purposes of legal advice being provided to the company's compliance with the Act with respect to implementation of the program."

45

Does that - is that statement correct, in your view?

5 **MS O'NEIL:** It is correct, with the exception of the words "legal advice".

MR CONDE: And why is that? Why are those words not correct?

10 **MS O'NEIL:** It is inconsistent with the engagement letter which we had previously reviewed where it is clear legal advice is not one of the purposes of this engagement.

15 **MR CONDE:** Is it also correct that, so far as you recall, your engagement of KPMG was - if I could put some positive and negative propositions to you. Is it correct that your engagement was for the purpose of, in general terms, an internal audit?

MS O'NEIL: Yes.

20 **MR CONDE:** And at that time - you can take it from me that the engagement letter I took you to was dated 27 November 2017. At that time, you were not - you did not understand that KPMG's analysis would be provided to any lawyer, whether Ms Martin or anyone else, for the purposes of Star Entertainment obtaining legal advice?

25 **MS O'NEIL:** That's correct.

MR CONDE: Still in these minutes, the document at page 0819 that is in front you, in the sentence that - there's a paragraph that begins, "It was noted". Yes, the operator is bringing that up. It says:

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

35 Just on that first sentence, would you regard that sentence as correct?

MS O'NEIL: I don't understand who "management" is, and certainly the report had been finalised and it was not under further review.

40 **MR BELL SC:** Operator, could we go back to the earlier reference on that page to "legal advice", please. Yes. Ms O'Neil, do you recall something to that effect being said at the meeting?

MS O'NEIL: No, I don't, Mr Bell.

45 **MR BELL SC:** And is it the case you don't have a recollection either way, or do you have an affirmative recollection that it was not said?

MS O'NEIL: I don't have a recollection either way, Mr Bell.

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

5 **MR CONDE:** If we can go back to the paragraph that's highlighted, please. Is it correct, Ms O'Neil, that - you mentioned that it depends on how "management" is defined, that if "management" is meant to mean Mr McWilliams and/or yourself, then that's wrong?

10 **MS O'NEIL:** Correct.

MR CONDE: But if "management" is defined to mean someone like Mr Bekier, then it may be more likely to be correct?

15 **MS O'NEIL:** Correct.

MR CONDE: But your understanding of the reports was that they had been finalised by the time of this meeting?

20 **MS O'NEIL:** Yes, they had.

MR CONDE: The next sentence, which is still in that highlighted box, you will see it says:

25 "There are aspects of the content and bases for some opinions that may be contested by management, however the compliance team's initial focus has been on developing an action plan in response to the recommendations in the report, starting with the high rated items."

30 Again, does the use of "management" in that sentence affect your understanding of the correctness of that sentence?

MS O'NEIL: It's ambiguous.

35 **MR CONDE:** So, again, if management is understood as Mr McWilliams and yourself, then your understanding is that there is no content or basis for opinion that is being contested. But if it's understood as others, then it might be?

MS O'NEIL: That's correct.

40 **MR CONDE:** And again, do you recall anyone specifically identifying aspects of the content and/or bases for opinions that were contested by them in the audit committee meeting?

45 **MS O'NEIL:** No specifics.

MR CONDE: Similarly, if I could ask you about the - it's two paragraphs on. It's in the paragraph beginning, "The committee noted." If I could just ask the operator to bring that up. The last - or indeed if that whole paragraph could be emphasised.

If I could just ask you about the last sentence, Ms O'Neil. It says:

"In addition, some language in the summaries in the report is concerning in the limited context presented."

5

Do you recall if anyone in the meeting identified what - or identified language in the summaries that was concerning to them?

MS O'NEIL: I don't have a recollection of that.

10

MR CONDE: And if I could ask you, please, to be shown the following paragraph, which says:

"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."

15

I think, consistent with your earlier answers, would you regard that as ambiguous?

MS O'NEIL: Yes, I would.

20

MR CONDE: And if I could just unpack a few parts of that. When it mentions "continuing work with KPMG" - I've asked you a number of times if those reports were final, in your view. So would "continuing work" be better used as new work or something like that?

25

MS O'NEIL: "Continuing work" incorrectly characterises the state of our contractual relationship at the time of this meeting, which was they had delivered the work product on the back of the engagement letter. That was the end of our relationship in terms of this engagement.

30

MR CONDE: And so any work with KPMG after the date of its final reports was new work, to your understanding?

MS O'NEIL: Yes.

35

MR CONDE: If I could now show you, please, an email and some notes. These are - the covering email is KPMG.001.001.7857, and that is exhibit B935. Ms O'Neil, do you recall a meeting on or about 12 July 2018 and being sent from Ms Martin some notes?

40

MS O'NEIL: I don't recall the date, no.

MR CONDE: If I can show you the attachment. It's exhibit C61 and, sorry, the reference is KPMG.001.001.7871. Do you recall this document?

45

MS O'NEIL: Yes, I do, but not the detail.

MR CONDE: If I were - I think earlier you mentioned that concerns might be taken offline from the audit committee meeting and reducing concerns to some form of list or written document. Is this, as best you can recall, the form of list - or a form of list that was provided in that context?

5

MS O'NEIL: To the best of my recollection, I do recall seeing this, and this is the list of concerns regarding the accuracy of the report.

MR CONDE: Do you recall, Ms O'Neil, who was the author of this document?

10

MS O'NEIL: To the best of my knowledge, it was my understanding that group general counsel, Ms Martin, would collate concerns around the factual accuracy Matt Bekier and herself.

MR CONDE: And so is it correct that too, as best you can recall, this document encompassed concerns expressed by multiple executives at Star Entertainment, at least Mr Bekier and Ms Martin?

MS O'NEIL: My recollection is these references here are a product of concerns that Ms Martin and Mr Bekier had. If there were other executives who had concerns, I was not aware of that.

MR CONDE: If I can - do you recall, then, there being a series of meetings as between members of Star Entertainment's executive team and KPMG to discuss the content of KPMG's reports?

25

MS O'NEIL: Yes, there were.

MR CONDE: And as best you can recall, did that process culminate in a letter from KPMG dated 6 August 2018 where KPMG responded in detail to all of the concerns that had been raised?

30

MS O'NEIL: I do not recollect the date. But, yes, a formal letter was issued, I believe, to me in the first instance from KPMG, setting out a response to these concerns.

35

MR CONDE: And if I could ask that you be shown, please, a document, KPMG.001.001.1779. This is exhibit B1027. Has that come up for you, Ms O'Neil?

40

MS O'NEIL: Yes, it has.

MR CONDE: And do you recall receiving this letter?

MS O'NEIL: Yes, I do.

45

MR CONDE: If I could ask you, please, to be shown the next page, 1780. So if we can look, first of all, at the top bullet point which says:

"KPMG 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."

5

Now, does that accord with your recollection?

MS O'NEIL: Yes, it does.

10 **MR CONDE:** And who are each of those people? I understand the chief risk officer you have mentioned is Paul McWilliams. And who are the other two?

15 **MS O'NEIL:** The general manager compliance and responsible gambling is Mr Micheil Brodie, and the compliance manager would be a reference to Ms Skye Arnott.

MR CONDE: And if I could ask you to be shown, please, that footnote 2 that is on that page. It needs to be enlarged. You see it says:

20 "On 3 May 2018, KPMG issued the draft reports to confirm factual accuracy and to obtain management actions."

And then the next sentence:

25 "On 14 May, KPMG met with the general manager compliance and responsible gambling, the chief risk officer and the compliance manager. The findings in both reports were validated for factual accuracy and agreed. No issues were raised at that meeting as to the factual accuracy of the reports."

30 And then:

"Following this meeting, the general manager compliance and responsible gambling provided Star Entertainment's management actions."

35 Ms O'Neil, does that accord with your recollection of interactions between Star Entertainment executives and KPMG before finalisation of the reports on 16 May 2018?

MS O'NEIL: Yes, it does.

40

MR CONDE: And you're not named in those footnotes. So if I might just ask if you recall why that accords with your recollection?

45 **MS O'NEIL:** I believe, if my memory serves me correctly, I would have received a draft version of the report, and email correspondence would be able to confirm that I distributed the draft report to the chief risk officer (CRO), the general manager compliance and responsible gambling, and the compliance manager, so that we could commence the - their review process.

MR CONDE: And is it correct, Ms O'Neil, that in general terms, you were KPMG's point of contact at Star Entertainment?

5 **MS O'NEIL:** Yes, I was.

MR CONDE: And this letter is addressed to you. You can take it from me the engagement letter was addressed to you. Is that all consistent with your recollection of being Star's point of contact for KPMG?

10

MS O'NEIL: Yes, it is.

MR CONDE: And - where are we up to? Still on that page 2, if we can go back up underneath the bullet points - sorry, to the top of this page 2. It's 1780. Yes. Do you see, Ms O'Neil, the first paragraph after the bullet points says:

15

"After the reports had been finalised, KPMG attended three meetings with SGR's management (which included the chief executive officer, the chief risk officer and the group legal counsel) to clarify 22 specific aspects of the final reports."

20

And then the next sentence:

"Other meetings were conducted by KPMG as part of our process to respond to the areas for clarification."

25

Is that consistent with your recollection of events after finalisation of the reports?

MS O'NEIL: Yes, it is.

30

MR CONDE: And again, you're not named there. It is correct that you attended at least some of those meetings, as best you can recall?

MS O'NEIL: Yes, I did.

35

MR CONDE: And do you recall attending a meeting involving Mr Bekier, Mr McWilliams and the KPMG points of contact, Mr O'Sullivan and Mr Graham?

MS O'NEIL: If you're referring to a meeting after the audit committee --

40

MR CONDE: Yes.

MS O'NEIL: Yes, I did.

45 **MR CONDE:** And may I ask you, please, to tell Mr Bell what, if anything, you can recall of that meeting.

MS O'NEIL: So the purpose of that meeting was to enable - was to enable

Mr Bekier to articulate his concerns for the factual accuracy of the report, and that meeting principally was with KPMG there in the room, to be able to respond to that - to hear his concerns and to respond, and also to work out a way forward.

5 **MR CONDE:** And as best you can recall, what, if any, concerns did Mr Bekier raise?

10 **MS O'NEIL:** Again, it's so long ago, it - something around junkets, but I do remember walking out of that meeting not being absolutely clear what his concerns were.

MR CONDE: How would you describe the tone of that meeting?

15 **MS O'NEIL:** Tense.

MR CONDE: And if I might ask you, please, to elaborate on that, Ms O'Neil.

20 **MS O'NEIL:** I was an observer at that meeting, so I actually didn't participate in any of the conversation, but I think it was more the body language of Mr Bekier during the course of that discussion between himself and KPMG.

MR CONDE: And what, if anything, do you recall the KPMG partners saying?

25 **MS O'NEIL:** I don't remember in detail. But I think, for them, it was about trying to get a clear sense of what his concerns were so that they walked away knowing what they needed to do to give him comfort that the report was factually accurate.

30 **MR CONDE:** Do you recall coming out of that meeting being concerned that the KPMG reports were factually inaccurate?

MS O'NEIL: No, I - I felt comfortable.

MR CONDE: You felt comfortable as to the accuracy of the reports?

35 **MS O'NEIL:** Based on that - the discussion in that meeting at that time.

40 **MR CONDE:** And did it concern you, Ms O'Neil, that - at this point, you're the point of contact for KPMG; they have undertaken an independent analysis; they have identified some fundamental deficiencies in the AML program; and at least at this time, the response is one of arguing with the content of those reports. Did that reaction - what, if any, reaction did you have to that response?

45 **MS O'NEIL:** Look, I - I don't recollect except to the extent that if - if - whilst the report had been finalised, if senior management had concerns, then we needed to address it, and we needed to address it in a way that protected the independence of KPMG and the report that they had finalised. That was my primary concern, was to address that.

MR CONDE: And is it correct that, as best you can recall, KPMG did confirm all of the findings and recommendations in its initial reports?

5 **MS O'NEIL:** To the best of my recollection, they did, and there were no changes to the finalised report.

MR CONDE: In fact, we have - I think we have still got page 2 up with pinpoint 1780. Yes. If I could ask you, please, to be taken - under that heading Overall Summary, do you see the second paragraph? If that could be enlarged, please. It says:

10

"KPMG can confirm that the findings and recommendations contained in both final reports remain valid."

15 **MS O'NEIL:** I can see that.

MR CONDE: And that accords with your recollection?

20 **MS O'NEIL:** Yes, it does.

MR CONDE: And so if I can just confirm, please - if we could go back to page 1 of this document, which is pinpoint 1779, you will see the date about a third of the way down - a quarter of the way down the page, 6 August 2018. Is it correct that on this date, and by this letter, KPMG have responded in detail, as you recall, to all concerns raised with them, and they have confirmed their earlier analysis?

25

MS O'NEIL: Yes, it is.

30 **MR CONDE:** And to confirm, as between 16 May 2018 and the date of this letter, 6 August 2018, is it correct that all of the interactions, as you can remember them, as between Star Entertainment and KPMG, involved senior executives at Star seeking to debate or argue with KPMG's earlier analysis?

35 **MS RICHARDSON SC:** I object to that question. It's improper in its form. It's asking this witness as to what other Star executives were doing over a three-month period. It cannot be put in that rolled-up basis. She can only give evidence as to what she observed herself in relation to particular executives; it cannot be put propositionally in the way it has been done, in my submission.

40 **MR BELL SC:** Mr Conde?

MR CONDE: Mr Bell, in fact, the question is "as you can remember". It was entirely as to Ms O'Neil's recollection, and that's all that I - I accept that's all she can give evidence of.

45

MR BELL SC: Well, perhaps could ask the question again and make that very clear.

MR CONDE: Yes. Ms O'Neil, only as you remember and from the interactions or observations you had, what was the nature - I will ask this in an open way. What was the nature of the interactions as between Star and KPMG between 16 May 2018 and 6 August 2018?

5

MS O'NEIL: In the context of the meetings that I attended with KPMG - and when you use the term "Star executives", again, my - my knowledge only pertains to Matt Bekier and Paula Martin. As I have previously expressed, the meeting with Matt Bekier - I walked out of that meeting not having a clear understanding of what his issues were. And a meeting that I attended and also observed where Paula Martin met with KPMG, Ms Martin was articulate around the concerns that she had pertaining to the report, and she mentioned that she had reference to some legal advice that The Star had sought - independent legal advice - to support her position. And at that meeting, it was agreed that she would look for that legal advice and then pick that up with KPMG in the context of resolving what she perceived as inconsistencies in the report.

MR CONDE: As best you can recall, Ms O'Neil, after this letter dated 6 August 2018, did you and others, to your knowledge, at Star Entertainment, set about implementing KPMG's recommendations?

MS O'NEIL: Prior - prior to this letter and subsequent to the May audit committee meeting, I had met with the chief risk officer, Paul McWilliams, to ascertain that the remediation activities in the report that had been finalised on 16 May would be worked on consistently from that point forward because there were due dates that had been articulated in that report. And he confirmed it was his intention, notwithstanding that there was, you know, further - a second engagement going on in the background, that he would continue to work on the remediation activities. I think you inferred that I was associated with the implementation of the recommendations. Just to be clear, I don't own those recommendations or any business processes; I oversee that they are closed out in a timely manner and appropriately.

MR CONDE: Thank you, Ms O'Neil. Mr Bell, I don't have any further questions.

35

MR BELL SC: Ms O'Neil, why did you leave your employment with Star Entertainment?

MS O'NEIL: In October of 2018, I was approached by a head-hunting firm under a non-disclosure agreement. That happened to be Tabcorp, and the role on offer was an executive general manager position, a much bigger team, and it - it was a very appealing role.

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

45

<EXAMINATION BY MS RICHARDSON SC:

MS RICHARDSON SC: Thank you. Ms O'Neil, you have just given evidence

that your evidence is that as soon as the KPMG report was finalised on 16 May 2018, work commenced at The Star internally to commence doing the work that KPMG had recommended for remediation; is that correct?

5 **MS O'NEIL:** Yes, it is.

MS RICHARDSON SC: And you were aware that work was being undertaken internally by The Star as soon as that report was received; is that correct?

10 **MS O'NEIL:** Yes, it is.

MS RICHARDSON SC: You were asked about a meeting that occurred, that you were an observer at, where Mr Bekier, Ms Martin, Mr McWilliams and Jeff O'Sullivan of KPMG were present. Do you recall that?

15

MS O'NEIL: I don't believe that I confirmed that it was a group meeting. They were individual meetings.

20 **MS RICHARDSON SC:** Well, do you recall a meeting - sorry, it was a telephone call. I apologise. A telephone call with Mr Bekier, Paula Martin, Tarnya O'Neil - sorry, yourself, Tarnya O'Neil, and Jeff O'Sullivan were present on the call where the part A and part B AML reviews were discussed. Do you recall that?

25 **MS O'NEIL:** I don't recall.

MS RICHARDSON SC: But you would accept that if there are external file notes recording that you were present on a call, that it's likely that you were present on such a call?

30 **MS O'NEIL:** Yes, I would. I would rely on them rather than my memory.

MS RICHARDSON SC: Thank you. Those are my questions. Thank you.

35 **MR BELL SC:** Yes. Thank you. Yes, Ms Palaniappan. Do you have any questions?

MS PALANIAPPAN: Nothing arising. Thank you, Mr Bell.

40 **MR BELL SC:** Thank you, Ms O'Neil. The formal direction I will make is that your hearing will be adjourned, but you won't be required unless those assisting the review get in touch with you. Thank you very much.

MS O'NEIL: Thank you, Mr Bell.

45 **<THE WITNESS WAS RELEASED**

MR BELL SC: Who's the next witness, Mr Conde?

MR CONDE: The next witness is Mr Graham.

MR BELL SC: Is Mr Graham in the virtual hearing room? Is that you, Mr Graham? Mr Graham, I think you must be on mute. I can't hear you.

5

MR GRAHAM: Can you hear me now?

MR BELL SC: Yes, I can. Do you have a legal representative?

10 **MR GRAHAM:** I do, yes.

MR BELL SC: And is that person in the virtual hearing room?

MR GRAHAM: I believe so.

15

MR BELL SC: At the moment, I can't see that person.

MR CONDE: It might be Ms Tame.

20 **MR BELL SC:** Ms Tame. Are you there, Ms Tame? I might just adjourn for a couple of minutes, Mr Graham, to make sure that your legal representative is in the virtual hearing room. I will adjourn for a couple of minutes.

25 **MR BELL SC:** Yes. Thank you. Ms Tame, you are appearing with leave for Mr Graham?

MS TAME: That's right. Thank you, Mr Bell. And I note that Mr Graham is appearing under compulsion pursuant to the summons that was issued to him and has the protections afforded by section 17 of the Royal Commissions Act.

30

MR BELL SC: Yes, that is noted. Do you wish to swear an oath or affirmation, Mr Graham?

MR GRAHAM: An affirmation.

35

<ALEXANDER GRAHAM, AFFIRMED

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

40 **<EXAMINATION BY MR CONDE:**

MR CONDE: Mr Graham, so far as you are aware, is your business address known to those assisting the Bell Review?

45 **MR GRAHAM:** I believe so.

MR CONDE: And you are attending today in answer to a summons issued to you by Mr Bell dated 17 February 2022?

MR GRAHAM: That's correct.

MR CONDE: Are you a partner of KPMG?

5

MR GRAHAM: Yes, I am.

MR CONDE: Is it correct you have been a partner since July 2021?

10 **MR GRAHAM:** That's correct.

MR CONDE: Before that time, were you a director of KPMG from July 2012 to June 2021?

15 **MR GRAHAM:** I think it would have been from maybe 2014 to 2021.

MR CONDE: I see. And, I'm sorry, is it correct that you were an associate director before then?

20 **MR GRAHAM:** That's correct, yes.

MR CONDE: And before that time - we don't need to go too far back, but is it correct you were a senior manager at Ernst & Young?

25 **MR GRAHAM:** That's correct, yes.

MR CONDE: Mr Graham, do you understand that Mr Bell's review has sought evidence from you today on account of KPMG's engagement by The Star Entertainment Group Limited in and from 2017?

30

MR GRAHAM: Yes, I do.

MR CONDE: Do you recall signing and sending an engagement letter to Ms Tarnya O'Neil at Star Entertainment on about 17 November 2017?

35

MR GRAHAM: Yes, I do.

MR CONDE: Do you recall that you worked with Mr Jeff O'Sullivan of KPMG as part of that engagement?

40

MR GRAHAM: Yes.

MR CONDE: In terms of your respective roles, would it be correct to describe Mr O'Sullivan as having an internal audit relationship with The Star?

45

MR GRAHAM: That's what I recall.

MR CONDE: And for your role, would it be correct to say that you have subject

matter expertise in AML/CTF and you performed a specific review on those matters?

MR GRAHAM: That's correct.

5

MR CONDE: May I just ask you, please, to give a short overview of your AML expertise to Mr Bell, please.

MR GRAHAM: I have been working, I guess, as - in the field of anti-money laundering/counter-terrorism financing for about 20 years. In consulting, about 15 years. And I have performed many independent reviews.

MR CONDE: Is it correct that, to your understanding, Star Entertainment was, and is, a reporting entity as a provider of designated services under the Anti-Money Laundering and Counter-Terrorism Financing Act of 2006?

MR GRAHAM: Yes.

MR CONDE: And is it correct that, to your understanding, Star Entertainment must have what's called under the Act an anti-money laundering and counter-terrorism financing program?

MR GRAHAM: Yes.

MR CONDE: And is it correct that the program must have a part A and a part B?

MR GRAHAM: Yes.

MR CONDE: May I ask you, please, to tell Mr Bell about what the nature of the part A and part B is.

MR GRAHAM: Sure. The nature of a part A program is for a reporting entity to identify, manage and mitigate money laundering risk for that reporting entity. So in essence, containing a risk assessment and then also a number of prescribed controls. That's the part A program. The part B program essentially is the identification and verification requirements for customers of which The Star provides designated services for.

MR CONDE: Is it correct, Mr Graham, that part 9.6 of the rules required that at least the part A program be reviewed regularly?

MR GRAHAM: That's correct.

MR CONDE: If I can ask you to be shown, please, exhibit B488. That's KPMG.001.001.1047. Do you see under the heading 1, Scope, it says:

"The purpose of the engagement is to assist you with."

And then there are three primary bullet points?

MR GRAHAM: Yes.

5 **MR CONDE:** And the third one has some - what I describe as sort of sub-bullet points. Do you see that, Mr Graham?

MR GRAHAM: Yes.

10 **MR CONDE:** So in terms of that first bullet point, when it says:

"Assist TSEG with meeting the requirements of an independent review as required by the Anti-Money Laundering and Counter-Terrorism Financing Rules part 9.6."

15

Is that correctly to be understood as a reference to the review of the part A program?

MR GRAHAM: That's correct.

20

MR CONDE: And you see the second bullet point mentions considering the design and operating effectiveness of the part B program. Do you see that?

MR GRAHAM: Yes.

25

MR CONDE: And then there are specific issues identified in that third bullet point. So far as you're aware, does this correctly record the scope of your engagement?

30 **MR GRAHAM:** Yes.

MR CONDE: And to put it in sort of lay terms, would it be correct to say that the first bullet point is part A, the second is part B and then the third is some specific issues that were raised with KPMG?

35

MR GRAHAM: Yes.

40 **MR CONDE:** If we can go, please, to page 8, which is - the pinpoint is 1054. Do you see, Mr Graham, just above the heading 9. Terms - this might be enlarged for you, but it says:

"It should be noted that this internal audit does not constitute legal advice, we cannot provide assurance that our findings will accord with those of the regulator (AUSTRAC)."

45

Do you see that?

MR GRAHAM: Yes.

MR CONDE: Does that accord with your recollection of the nature of KPMG's engagement?

5 **MR GRAHAM:** Yes.

MR CONDE: And is that standard form language in a KPMG engagement letter of this kind?

10 **MR GRAHAM:** Yes.

MR CONDE: Similarly, if I could ask that you be shown the first page to the attachment letter. It's KPMG.001.001.1058. Sorry, 1058, please. If you could be shown clause 1.3. It's on the left-hand-side. It says:

15

"Our services exclude the provision of legal advice or services."

Do you see that?

20 **MR GRAHAM:** Yes.

MR CONDE: And again, does that accord with your recollection of KPMG's engagement?

25 **MR GRAHAM:** Yes.

MR CONDE: And is that standard form language, as best as you can recall?

MR GRAHAM: Yes.

30

MR CONDE: Is it correct that, so far as you can recall, at this time of KPMG's engagement on 27 November 2017, there was no suggestion to you that KPMG's engagement was in a context of legal advice being given to Star Entertainment?

35 **MR GRAHAM:** That's correct.

MR CONDE: Okay. In terms of the process then, may I ask you, Mr Graham, please, to tell Mr Bell, in general terms, about the work you did leading up to finalisation of your reports.

40

MR GRAHAM: Sorry. Could you be more specific with the question? Was that in connection with after the signing of the engagement letter or through the process?

45 **MR CONDE:** Yes. So in general terms, if I could ask you, please, to tell Mr Bell about what took place after this engagement letter has gone across to the client and then how - what was involved in undertaking the engagement.

MR GRAHAM: Sure. So essentially, we performed the work, we validated the findings with Star's management, we obtained management responses and finalised the report.

5 **MR CONDE:** And at the time that you first started reviewing and analysing Star Entertainment's AML/CTF program, would you describe it at that time as mature?

MR GRAHAM: No.

10 **MR CONDE:** And why is that?

MR GRAHAM: It wasn't clear that management knew what documents really constituted, I guess, key components of the AML program and - and had a good understanding of what those documents were.

15

MR CONDE: Do you recall preparing some preliminary findings, in the context of your engagement, and sharing those with Star Entertainment?

MR GRAHAM: I recall, yes. Not specifically a date.

20

MR CONDE: If I can show you an email. It's KPMG.001.001.3831, and this is exhibit B733. Do you see - it should be an email from Ms Maguire to Mr Brodie and Ms Arnott, copied to, among other people, yourself, dated 13 April 2018. Do you see that?

25

MR GRAHAM: Yes.

MR CONDE: And it says:

30 "Please see attached our summary of findings which we would like to discuss."

So if I might ask that you be shown the attachment. That is KPMG.001.001.3832, and that's exhibit B734. Has it come up on your screen, Mr Graham, a document styled Summary of Independent Review Findings for Discussion?

35

MR GRAHAM: Yes.

MR CONDE: And just to clarify, your review was independent, was it not?

40

MR GRAHAM: That's correct.

MR CONDE: So when the document says "findings for discussion", what was meant by that, so far as you understand?

45

MR GRAHAM: So these were our draft observations, and we wanted to validate that with some of the key stakeholders and - and understand if there's any other documents or any other facts that we weren't aware of.

5 **MR CONDE:** So would it be correct to say that from KPMG's perspective, at least as you understood it, when this document says "findings for discussion", the analysis itself was not up for discussion, but you were keen to check for factual accuracy?

MR GRAHAM: Correct.

10 **MR CONDE:** And would it be correct to say that KPMG had a number of interactions of this kind in the lead-up to finalisation of your reports to ensure factual accuracy?

MR GRAHAM: Yes.

15 **MR CONDE:** Mr Graham, do you recall finalising and issuing two reports on 16 May 2018, comprising KPMG's independent review of the part A and part B AML/CTF program?

20 **MR GRAHAM:** Yes.

MR CONDE: Mr Bell, I note the time, but this is a new topic, so perhaps I might ask that you take the luncheon adjournment a few minutes early and --

25 **MR BELL SC:** Yes.

MR CONDE: Yes.

MR BELL SC: Yes. I will adjourn now until 2 pm.

30 **<THE HEARING ADJOURNED AT 12:57 pm**

<THE HEARING RESUMED AT 2:00 PM

35 **MR BELL SC:** Mr Conde.

MR CONDE: Mr Graham, do you recall before the lunch adjournment I asked if you recalled finalising and issuing two reports to Star on the part A and part B of their AML/CTF program on 16 May 2018? Mr Graham, I believe you might be on mute.

40 **MR GRAHAM:** Can you hear me now?

MR CONDE: Yes.

45 **MR GRAHAM:** Hello?

MR BELL SC: Yes. We can hear you, Mr Graham. Mr Conde, why don't you ask the question again.

MR CONDE: Mr Graham, do you recall before the luncheon adjournment you confirmed that you recalled finalising and issuing two reports to Star Entertainment on parts A and B of their AML/CTF program dated 16 May 2018?

5

MR GRAHAM: Yes, I do.

MR CONDE: And if I could ask that we go to that, please. So the first one is exhibit B794. The number is STA.3001.0001.2750. Thank you to the operator. So if we could go, please, to page 3 of the report, item 2, in the part A summary. That's STA.3001.0001.2757. And - yes, if we can go to item 2. Do you see there, Mr Graham, in the first paragraph it says, "SGR" - just pausing there, do you understand that to mean Star Entertainment?

10
15 **MR GRAHAM:** Yes, I do. But could I maybe just make the point that this is quite small on my screen, so it would be great if we could enlarge this a little bit.

MR CONDE: Of course.

20 **MR GRAHAM:** Thank you.

MR CONDE: If I could ask the operator, please, to enlarge item 2. So do you see it says:

25 "SGR does not have an adequately documented ML/TF risk assessment methodology on which its ML/TF assessments have been performed."

And then in the second line:

30 "SGR applies a default customer ML/TF risk rating of low that has not been adequately explained or documented. The AML/CTF regulations require customers to be assessed for their ML/TF risks and it may be difficult for SGR to demonstrate how its ML/TF risk assessment is effective if it applies default ratings, particularly default ratings of low ML/TF risk."

35

Is it correct that ML/TF, to your understanding, is money laundering/terrorism financing?

MR GRAHAM: Yes.

40

MR CONDE: AML/CTF is anti-money laundering/counter-terrorism?

MR GRAHAM: That's correct.

45 **MR CONDE:** Do you see the third line:

"We note that a customer who brings a significant amount of money into the casino will not automatically be assessed as higher than low risk by SGR. In

our view, these customers should be considered as potentially higher risk of being involved with the facilitation of ML/TF, which indicates that the customer ML/TF risk assessment could be improved."

5 Is it correct, Mr Graham, that the issue KPMG has identified here is that people could walk into The Star Casino with what KPMG has described as a significant amount of money and would not be flagged as potentially higher risk on account of having that money?

10 **MR GRAHAM:** That's correct.

MR CONDE: And so if we can go forward, please, to page 13. This is at pinpoint 2767. The last bullet point, if I could ask that that be enlarged for Mr Graham, please. Do you see it says:

15

"Through our interviews, we note that customers are not formally risk assessed based on the amount of money they bring into the casino and this is not documented as a ML/TF risk factor. The New South Wales AML administrator informed us that a customer who brings hundreds of thousands of Australian dollars in large sums of money would not automatically be classified as high risk (or critical risk in SGR's terms)."

20

Is that a serious finding in your experience, Mr Graham?

25 **MR GRAHAM:** Yes, it is.

MR CONDE: Would you describe this as a deficiency identified by KPMG?

MR GRAHAM: Yes.

30

MR CONDE: And if I could ask that you - you will see in that box, there's a footnote 20. But if I could ask that you be shown footnote 20, please. It's at the bottom of that page. If the operator could enlarge it. And you will see it says:

35

"Although customers who bring in 100,000 plus in cash are referred to the AML administrator for consideration and the New South Wales AML administrator has advised that he would consider a customer bringing in 250,000 as potentially suspicious."

40 So is it correct, Mr Graham, that the issue KPMG is identifying here is not to say that any and everyone who walks into the casino with hundreds of thousands of dollars in cash is a money launderer and/or terrorist financier, but they should attract something more than a default low risk rating?

45 **MR GRAHAM:** That's correct.

MR CONDE: And would you agree that it was a very serious problem that Star Entertainment only attributed a low risk rating to such people?

MR GRAHAM: Yes.

5 **MR CONDE:** If we can go back, please, to page 3 of this report. This is STA.3001.0001.2757. Still in item 2, but it's the last paragraph and it does go over the page just briefly. Do you see - I don't know if that's large enough for you, Mr Graham. It says:

10 "The risk assessment does not consider terrorism financing as required by the AML/CTF Rules and does not consider in sufficient detail the ML/TF risk posed by specific parts of the business, in particular where the ML/TF risk may be higher."

15 Can you see that, Mr Graham?

MR GRAHAM: Yes, I can.

20 **MR CONDE:** And is it correct that, so far as you understand it, KPMG had identified that Star Entertainment's AML/CTF risk assessment did not consider terrorism financing?

MR GRAHAM: That's correct.

25 **MR CONDE:** So AML/CTF, there was no CTF?

MR GRAHAM: Correct.

30 **MR CONDE:** And may I ask you, please, to be taken to page 11 of this document. It's STA.3001.0001.2765. It's about halfway down the page, the first bullet point. Do you see it says:

35 "The risk assessment does not consider terrorism financing risk. GM compliance advised this is because terrorism financing would not generally be conducted through a casino."

Now, do you recall who the GM compliance was, as referred to in that statement?

MR GRAHAM: Yes.

40 **MR CONDE:** And who was it?

MR GRAHAM: That was Micheil Brodie.

45 **MR CONDE:** And are you aware of any training, study or experience which Mr Brodie might have which would allow him to give an authoritative view about how terrorists tend to conduct their financing operations?

MR GRAHAM: No, I was not.

MR CONDE: And would it be correct to read KPMG's analysis here as being the reason Star's risk assessment wasn't considering terrorism financing was because, on the say-so of Mr Brodie, terrorists don't tend to conduct their financing operations through casinos?
5

MS TAME: I object. The document here speaks for itself. And how it's to be read, Mr Bell, you are capable of doing that without the witness speculating in this respect.
10

MR BELL SC: Mr Conde?

MR CONDE: Mr Bell, I would like - I do think the review can be assisted by the - I'm unsure if there's an interruption in chambers. Sorry. Mr Bell, in my submission, Mr Graham's understanding of this issue is relevant to the review.
15

MR BELL SC: Yes. Ms Tame, it's Mr Graham's report. I think he should be allowed to explain the matters that led to his opinion. You can proceed, Mr Conde.

MR CONDE: So, Mr Graham, is it correct - would it be correct to read KPMG's analysis here, on your understanding, as being the reason that Star's risk assessment wasn't considering terrorism financing was because, on the say-so of Mr Brodie, terrorists don't tend to conduct their financing operations through casinos?
20
25

MR GRAHAM: Not necessarily.

MR CONDE: And why is that, Mr Graham?

MR GRAHAM: Well, I think there would have been a number of people - sorry, there was a number of people involved at The Star on their risk assessment, not just Mr Brodie.
30

MR CONDE: Okay. Would you agree that no such other people are referred to in this passage that I've just taken you to?
35

MR GRAHAM: I would agree, yes.

MR CONDE: And if I could just refer you to that last sentence, it says:
40

"This assessment and the rationale has been not been documented."

So whether it's from Mr Brodie or anyone else, there's no documentation of the rationale. Is that a correct understanding, in your view?
45

MR GRAHAM: Yes.

MR CONDE: Still in this part A document, can we please go to page 5. It's

STA.3001.0001.2759.

MR BELL SC: Sorry. Could we just go back to that document again for a moment, please.

5

MR CONDE: That was 2765, I believe.

MR BELL SC: Just the part that was just highlighted a moment ago about the counter-terrorism financing.

10

MR CONDE: For the operator, that was page 11, STA.3001.0001.2765, and it was the first bullet point.

MR BELL SC: Yes. Mr Graham, your report says that the counter-terrorism financing risk assessment and rationale had not been documented. Did you regard that as satisfactory?

15

MR GRAHAM: No.

MR BELL SC: And why not?

20

MR GRAHAM: Because the Act requires both the assessment of money laundering risk and terrorism financing risk. Regardless of whether The Star's view is that it might be low risk, then I would expect that that would have been documented and rationalised.

25

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

MR CONDE: If we can go, please, to page 5, STA.3001.0001.2759. And it's item 10, if that could be enlarged, please. Do you see it says that:

30

"The manual transaction monitoring process is inconsistently applied between the two reporting entities. The Queensland AML administrator reviews a number of reports in addition to those reviewed by the New South Wales AML administrator. The effectiveness of the automated transaction monitoring system is limited."

35

I might ask you, Mr Graham, to elaborate please on that aspect of your findings.

MR GRAHAM: Would you like me to elaborate on the manual aspect or the transaction monitoring aspect - sorry, the automated transaction monitoring aspect first?

40

MR CONDE: Either, as you see fit.

45

MR GRAHAM: Okay. Well, we thought the transaction monitoring program was limited because it only had in scope customers which were rated medium and high risk, which basically was about 6000 customers. There was approximately

200,000 customers who had accounts, and approximately 18 million customers who frequented The Star in any given year. So the fact that we were dealing with a - I guess, a transaction monitoring program that looked only at a very small specific number of customers was one aspect of it being limited.

5

The second aspect of it being limited was in connection with the detection scenarios that was actually implemented and also the scope of where it was actually applied. So the transaction monitoring rules, I think they may have been five or six. They were very focused on traditional financial services, which was just not appropriate for a casino. So given the scope of customers it applied to and given the scope of scenarios, that's why we considered it to be limited.

10

MR CONDE: Mr Graham, to what extent, if any, are you able to recall was there any automated transaction monitoring of bank accounts at Star Entertainment?

15

MR GRAHAM: I don't believe there was any.

MR CONDE: And just to be precise, in terms of The Star having patron accounts - and by that expression "patron accounts", I mean accounts at The Star into which patrons can deposit funds - is it correct that there was no transaction monitoring by The Star of its patron accounts, as best you can recall?

20

MR GRAHAM: That's correct.

25 **MR CONDE:** Was that a concern to you?

MR GRAHAM: It was a concern that they didn't have transaction monitoring across many things, not specifically patron accounts.

30 **MR CONDE:** And how would you expect a mature AML/CTF program to monitor patron bank accounts?

MR GRAHAM: I think a mature AML program would have a - an adequate risk assessment which would have identified, using international and local sources, typologies and ways that accounts could be used for money laundering and terrorism financing. That would be the first part. The second part, then, would be around implementing transaction monitoring over those accounts, preferably in a - in an automated manner, but recognising sometimes that transaction monitoring programs have got technical kind of limitations and, therefore, using human intelligence for people to look over those to identify things that maybe the system can't.

35

40

MR CONDE: Mr Graham, if I ask you about what you understand the word "junkets" to mean, is that an expression which you understand?

45

MR GRAHAM: Yes.

MR CONDE: What is a junket?

MR GRAHAM: A junket, from what I understand, is a - an operator of a - a group of individuals who come over from another country - or high net worth individuals to participate in high-value gaming.

5

MR CONDE: And what, if any, are the risks, as you see them, involved in junkets?

MR GRAHAM: Well, the fact that these individuals are - deal with high values of money is - is one risk. The second risk is understanding that a normal person wouldn't have significant amounts of money, trying to understand the source of wealth and source of funds, making sure it's come from legitimate sources. And probably the third thing is around aggregation of money all together, not really understanding whose money belongs to which participant.

15

MR CONDE: If we can go, please, to the part B report, in item 4. The reference is STA.3001.0001.2802. That's exhibit B791. And then - sorry - page 3 of that, which is 2809 please. So we see the findings in item 4:

20

"There is no documented ML/TF risk assessment or risk assessment methodology in relation to junkets. SGR obtains limited information on junket operators' source of funds or source of wealth. Due diligence on junket participants is limited, particularly in Queensland. No inquiries are made on the junket participants' source of wealth or funds. Junket participants did not undergo ECDD in Queensland, and ECDD was not conducted in a timely manner for junket participants in New South Wales."

25

Would you agree, Mr Graham, that these are all fundamental problems in Star Entertainment's AML/CTF program at that time?

30

MR GRAHAM: Yes.

MR CONDE: And in terms of these reports, which we've looked at briefly, but as has been pointed out, speak for themselves, as you regarded them on 16 May 2018, were those reports in final form?

35

MR GRAHAM: Yes, they were.

MR CONDE: And do you recall being invited to attend a Star Entertainment audit committee meeting on about 23 May 2018?

40

MR GRAHAM: I don't recall the specific date, but I recall being called to an audit committee meeting, yes.

MR CONDE: And is it correct that you did not, in fact, attend that meeting?

45

MR GRAHAM: Correct.

MR CONDE: Is it correct that, in fact, you waited outside and were never called in?

MR GRAHAM: That's correct.

5

MR CONDE: And is it correct that, so far as you recall, you were ready to attend that meeting and to answer questions, if and as required, in relation to the KPMG reports?

10 **MR GRAHAM:** Yes.

MR CONDE: If I can show you a document. It's STA.5001.0003.0818, and this is exhibit B811. It should - what should come up on your screen, Mr Graham, is Minutes of Meeting of the Audit Committee dated Wednesday, 23 May 2018. Has that come up in front of you?

15

MR GRAHAM: It has but it's small. If we could enlarge it if we need to.

MR CONDE: Will do. So in terms of - the operator has just got that list there of In Attendance, and you will see you are not there. If I could just ask that you be shown the bottom of page 1, please. It says:

20

"Under the Act, the company is required to have an AML/CTF program and to have that program independently reviewed."

25

Does that accord with your understanding of the requirement under the rules?

MR GRAHAM: Not necessarily.

30 **MR CONDE:** Please - may I trouble you to tell Mr Bell why that's the case?

MR GRAHAM: There is a requirement to have an AML program under the Act. The Act then refers to the AML Rules, which includes a requirement to do an independent review.

35

MR CONDE: Yes. Now, if I can be asked that you be shown the next page, please. It's 0819.

MR BELL SC: I think you can resume, Mr Conde.

40

MR CONDE: Mr Graham, the third bullet point that's there on the screen - we're still on page 0819 - do you see it says:

45

"KPMG were engaged to conduct the independent review reported in the paper to bring financial services/banking sector expertise to the review and prepare a report for the purposes of legal advice being provided on the company's compliance with the Act with respect to implementation of the program."

Does that accord with your understanding of KPMG's engagement?

5 **MR GRAHAM:** Sorry. Could you maybe make the page a little bit bigger, if that's okay?

MR CONDE: It's the third bullet point on that screen:

10 "KPMG were engaged to conduct."

And if I could ask you to read that, Mr Graham, and let me know when you have.

MR GRAHAM: Yes, I have.

15 **MR CONDE:** Does that accord with your understanding of KPMG's engagement?

MR GRAHAM: Partially.

20 **MR CONDE:** In which respect does it, and in which respect does it not?

MR GRAHAM: Well, I - I recall that we were asked to bring our knowledge around financial services and banking. We were not required - or were not requested to perform the review for legal advice.

25 **MR CONDE:** And in the third paragraph down of this page, Mr Graham, you will see, hopefully, it's the paragraph beginning, "It was noted that the detailed." Yes, it's that paragraph. If that could just be enlarged for Mr Graham, please. It says - do you see the second sentence? It says:

30 "There are aspects of the content and bases for some opinions that may be contested by management."

Do you see that?

35 **MR GRAHAM:** Yes.

MR CONDE: And is it correct that, so far as you were aware, by this time, Star Entertainment's management had already been given the opportunity to contest any of your assessments that they might have wanted to?
40

MR GRAHAM: Yes.

MR CONDE: Is it correct that, so far as you were aware, as at 23 May 2018, there was no further work required of KPMG at that time?
45

MR GRAHAM: Correct.

MR CONDE: After these reports were issued, Mr Graham, is it correct that you

had a series of meetings with executives from Star Entertainment to discuss KPMG's reports?

MR GRAHAM: Yes.

5

MR CONDE: What was the first such meeting that you recall attending?

MR GRAHAM: The first meeting, I believe, was with Ms Martin.

10 **MR CONDE:** And please would you tell Mr Bell, as best you can recall, what was said at that meeting?

15 **MR GRAHAM:** There have been some challenges, and there were three specific issues that - I - I don't recall if it was Paula or whether it was Star's management didn't agree with, and wanted us to do more work to confirm those.

MR CONDE: At that time, did Ms Martin identify the specific concerns?

MR GRAHAM: Yes.

20

MR CONDE: And what, as best you can recall, were the concerns identified by Ms Martin?

25 **MR GRAHAM:** One was in connection with the risk assessment, so I - I believe Ms Martin thought there was more documentation for a risk assessment that we may not have considered; the second was around referring to part of the transaction monitoring program as manual; and the third was in connection with, I believe, junkets.

30 **MR CONDE:** How would you describe the attitude of Ms Martin in that first meeting?

MR GRAHAM: I would say neutral.

35 **MR CONDE:** And if I might ask you, please, to elaborate on what you mean by "neutral".

MR GRAHAM: Well - sorry, just to clarify. I said "neutral", not "mutual".

40 **MR CONDE:** Yes, the transcript has picked up "neutral".

45 **MR GRAHAM:** Fantastic. So I understood that there had been some challenges after the reports had been finalised, and we went to meet Ms Martin as she had the details of the issues which were being contested. And we met and we went through the three issues to understand, you know, what they were and why they - why they thought they were issues. So in that regard, I would say that was a neutral conversation on the basis that it - on the basis that, you know, issues had potentially been identified and we were working through a process to clarify and

revalidate those.

MR CONDE: And do you recall the next meeting that you had, Mr Graham?

5 **MR GRAHAM:** I believe we had a - maybe another meeting with Paula. I'm not sure if it was the next meeting, or if the next meeting was a meeting with the CEO.

10 **MR CONDE:** So is it correct that, whether it was the second or third such meeting chronologically, around this time - this is after the audit committee meeting - you recall attending a meeting involving the CEO, Mr Bekier?

MR GRAHAM: Yes.

15 **MR CONDE:** As best you can recall, who was at that meeting?

MR GRAHAM: Matt Bekier, being the CEO; Paul - Paul McWilliams; myself; Jeff O'Sullivan; and I believe Paula Martin was there. Maybe Tarnya O'Neil.

20 **MR CONDE:** And please if you can take your time, Mr Graham, to tell Mr Bell, as best you can recall, what was said at that meeting involving the people you have just identified.

25 **MR GRAHAM:** I recall the CEO turning over pages, pointing to things, saying, "This is wrong," turning the page, "That is wrong", you know, doing that for a sustained period of time. And we tried to understand what the specific points of where the CEO believed was wrong, and we just weren't getting the details. I do recall there was two, maybe three, specific areas that the CEO did stop on and - and talked us through. The first one was in connection with disagreeing with the ratings of the report, particularly for the high rated findings.

30 The second was in connection with disagreeing with statements that we had made around customers bringing large sums of money should be considered to be higher risk. And I believe the third point was in connection with not feeling that the - sorry, not - something around the resource profile - the comment that we had
35 in the report around the resource profile of Star not being adequate. So that's what I recall at that meeting - sorry, as being said.

40 **MR CONDE:** And how would you describe the attitudes of those present at the meeting, as best you can recall?

MR GRAHAM: I - I believe the attitude of Paul McWilliams and Paula Martin - I don't recall them displaying an attitude. I think they were sat to the side of Mr Bekier and - and were listening. So I wouldn't be able to pass comment on the attitude there. With Mr Bekier, he was hostile towards myself and Jeff.

45 **MR CONDE:** And when you say "hostile", what do you mean by that, Mr Graham?

MR GRAHAM: Well, when me and Jeff walked into the room, I recall we weren't greeted. There was no eye contact. You know, we weren't - we just sat down. Mr Bekier was sat down, turning the pages of the report, essentially berating us for the whole entire time of that meeting.

5

MR CONDE: When you say "berating", is that when you said earlier, "This is wrong, that's wrong" - was that the content of his berating?

MR GRAHAM: That's correct, yes.

10

MR CONDE: And do you recall whether you asked Mr Bekier in particular for particulars of his concerns or his assertions of what was wrong?

MR GRAHAM: Yes.

15

MR CONDE: And what was the nature of those interactions, as best you can recall?

MR GRAHAM: Well, I recall that me and Jeff were asking around the specifics and recognising that there might be some factual inaccuracy if there was new information that hasn't been presented. So we were trying to understand what the basis of the - of the comments were from Mr Bekier so we could then take those away and re-look at those again.

20

MR CONDE: And what was the outcome of this meeting, as best you can recall, Mr Graham?

25

MR GRAHAM: The outcome of the meeting was that - I believe that we were going to meet Paula Martin, and she - she was going to give us the specific issues which were being discussed in that meeting - sorry, the specific issues which were being pointed out in that meeting.

30

MR CONDE: When you say she would give them to you, would she reduce them to a written document of some kind?

35

MR GRAHAM: Yes.

MR CONDE: And so was that the outcome of the meeting earlier that you have referred to?

40

MR GRAHAM: That was the meeting after the meeting with Matt Bekier, yes.

MR CONDE: Mr Graham, were you surprised at the CEO of Star Entertainment contending that there were factual errors in your reports?

45

MR GRAHAM: Yes.

MR CONDE: And why were you surprised?

MR GRAHAM: Because we had already gone through a comprehensive process to validate the findings, and I would expect a CEO to have an appreciation of maybe the findings that we had raised.

5

MR CONDE: If I can show you a document dated 19 June 2018. This is exhibit B896, and it's - the reference is STA.3403.0002.0683. I might ask the operator just to scroll to the bottom, please, so that Mr Graham can see it. Do you see it's an email from Mr O'Sullivan to Mr McWilliams, Mr Brodie and Ms Martin, and you are copied to it. If the operator could go back to the top, please.

10

MR GRAHAM: Yes.

MR CONDE: And do you recall seeing this email?

15

MR GRAHAM: I don't recall seeing this specific email.

MR CONDE: And in reading it now, is it - do you see in (1)(a) it says:

20

"MB to provide a copy of the compliance and business risk assessment."

Reading it now, would you understand that to be Micheil Brodie or Matt Bekier or somebody else?

25

MR GRAHAM: Reading now, I would recall this to be Matt Bekier - sorry, not Matt - sorry. Apologies. Micheil Brodie.

30

MR CONDE: Right. So is this - I think you've said you don't recall this email, but does this accord with your general recollection of the sort of engagement that proceeded to occur as between Star Entertainment and KPMG at this time, relevant to the KPMG reports of May 2018?

MR GRAHAM: Can we maybe - can you maybe show the full email, if that's okay. I can see two - yes, perfect.

35

MR CONDE: If I can just ask the operator to slowly scroll for you, Mr Graham.

MR GRAHAM: I believe so, yes.

40

MR BELL SC: Mr Graham, apart from yourself, this email was also copied to Judy Maguire. What was her role?

MR GRAHAM: So Judy was my lead associate director. She was active in - in a lot of the engagement.

45

MR CONDE: If I could show you - the next document is KPMG.001.001.7857, and this is tab - sorry, exhibit B935. You can take it from me, Mr Graham, that this email has an attachment, and I will show you the attachment shortly. But do

you recall - if I could ask the operator, please, to go to the bottom of this page and then to scroll up, please. And just pausing there. Do you recall, Mr Graham, receiving notes from Star on or about 13 July 2018 which articulated concerns in relation to the KPMG reports?

5

MR GRAHAM: Yes.

MR CONDE: And if I could ask you, please, to be shown KPMG.001.001.7871. This is exhibit C61. Do you recall seeing this document, Mr Graham?

10

MR GRAHAM: Yes.

MR CONDE: And what is your recollection of this document?

15 **MR GRAHAM:** My recollection is this is a document that was produced by Ms Martin in connection with 19 points which were raised in the meeting by the CEO, and these are the - these are the points that were being contested.

20 **MR CONDE:** Right. And is it correct that KPMG considered each of these 19 points?

MR GRAHAM: Yes.

25 **MR CONDE:** And is it correct that on 6 August 2018 you issued a response letter which addressed these and other matters?

MR GRAHAM: Yes.

30 **MR CONDE:** If I could ask that you be taken to that, please. It's KPMG.001.001.1779, and this is exhibit B1027. Has that come up on your screen, Mr Graham?

MR GRAHAM: It has.

35 **MR CONDE:** Do you recall this letter?

MR GRAHAM: Yes.

40 **MR CONDE:** And if I could just ask you, please, to - actually, it's just at the very bottom of the page as currently appears. You will see it says:

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

45 And then it starts to go into bullet point form. Do you see that?

MR GRAHAM: Yes.

MR CONDE: And then if I could the operator, please, to go to the next page, which is pinpoint 1780. If we can go up to the top bullet point, do you see it says:

5 "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."

10 Mr Graham, who are those references to - the chief risk officer, general manager compliance, etcetera, and compliance manager - as best you can recall?

MR GRAHAM: The chief risk officer was Paul McWilliams; the general manager of compliance and responsible gambling was Micheil Brodie; and the compliance manager was Skye Arnott.

15 **MR CONDE:** And there's a footnote 2 which is given there. And if we could then go to the bottom of the page to pull up footnote 2, please. Do you see it mentions KPMG issuing draft reports on 3 May, and then in the next paragraph it mentions meeting with those same three people on 14 May. And in the - it says:

20 "The findings in both reports were validated for factual accuracy and agreed. No issues were raised at that meeting as to the factual accuracy of the reports."

25 I take it that that letter accords with your recollection, Mr Graham?

MR GRAHAM: That's correct.

30 **MR CONDE:** If we can go back into the body of the letter, please. It says - under the bullet points up the top of - sorry, page 2, up the top. This is 1780. You will see it says:

35 "After the reports had been finalised, KPMG attended three meetings with SGR's management (which included the CEO, CRO and group legal counsel) to clarify 22 specific aspects of the final reports (refer to appendix A). Other meetings were conducted by KPMG as part of our process to respond to the areas for clarification."

40 So is this letter recording, as best you can recall, the meetings that you were telling Mr Bell about earlier?

MR GRAHAM: That's correct, yes.

45 **MR CONDE:** And if we can then go down, there's - on this same page, there's a heading Overall Summary. Do you see the second paragraph:

"KPMG can confirm that the findings and recommendations contained in both final reports remain valid."

MR GRAHAM: Yes, I can see that.

MR CONDE: Yes. And as you understand it, that is a correct statement as at 6 August 2018?

5

MR GRAHAM: Yes.

MR CONDE: And if we can go, please, to page 15, which is KPMG.001.001.1793. Do you see there's a summary of Interviews/Key Meetings?

10

MR GRAHAM: Yes.

MR CONDE: Do you recall attending those meetings?

15

MR GRAHAM: I recall attending some.

MR CONDE: Would it be correct to say that in the meetings that you attended, the discussion was in relation to the content of KPMG's reports and not in relation to the implementation of any of the recommendations?

20

MR GRAHAM: Yes.

MR CONDE: Did you attend the meetings with Mr Bekier and/or Ms Martin?

25

MR GRAHAM: I attended one of those meetings with Mr Bekier, not the other. I attended at least two, maybe three, meetings with Paula.

MR CONDE: And I just wish to tick off, Mr Graham, you've - just running through the items there, you've told Mr Bell about meetings, as you recall them, involving Ms Martin, Mr McWilliams, Mr Bekier. Do you recall attending any meetings or any meeting, singular, involving Mr White?

30

MR GRAHAM: Yes.

35

MR CONDE: And what, if anything, do you recall of that meeting?

MR GRAHAM: Well, that meeting was held as a request of one of Paula's three items around junkets. So we met with Oliver White to clarify and confirm our understanding.

40

MR CONDE: Was it Mr White - sorry. In that meeting with Mr White, as best you can recall, did he contend that Star's obligations in relation to AML extended to junket operators, not participants?

45

MR GRAHAM: No, he didn't.

MR CONDE: What, if anything, do you recall Mr White contended in his meeting - your meeting with him?

MR GRAHAM: I don't recall he contended any of our findings; he just provided more information.

5 **MR CONDE:** Right. Do you recall attending a meeting with Mr Henry?

MR GRAHAM: No, I don't.

10 **MR CONDE:** And finally - I am going to struggle with the pronunciation for the gentleman in item 6. May I ask you, do you recall attending a meeting with that person?

MR GRAHAM: Yes.

15 **MR CONDE:** And first of all, you may be able to assist Mr Bell, Mr Graham, as to how to pronounce the name.

MR GRAHAM: Zlatko Todorcevski, from what I understand.

20 **MR CONDE:** And what, if anything, do you recall from your meeting with him?

MR GRAHAM: Well, I think there had been a previous meeting with - with Matt Bekier to talk about the - I guess, the additional clarifications that we've validated. So the meeting with Zlatko, I think, it was - I think - sorry, I recall that Jeff went through, line by line, items that were in the - or that we covered in the letter. And then at the end of the meeting, I recall that Zlatko apologised to both me and Jeff.

MR CONDE: And if you could please tell Mr Bell in further detail what you recall of that apology.

30

MR GRAHAM: I recall Zlatko apologising for the way that both me and Jeff had been treated and also acknowledged that it is time to move forward.

MR CONDE: When you say "treated", do you recall treated by whom?

35

MR GRAHAM: He didn't specify, and we didn't ask.

MR CONDE: Who, if anyone, did you think he was referring to at the time?

40 **MS RICHARDSON SC:** Well, I object to that. That's purely speculative.

MR BELL SC: I reject that question, Mr Conde.

45 **MR CONDE:** If we can go back, please, to page 2 of that letter. This is pinpoint 1780. Do you see - underneath the last sentence I took you to - it's the third paragraph. It says:

"There are two key areas where SGR's management, subsequent to the

issuance of the final reports and KPMG's responses to the additional items for clarification, we do not agree with the findings in the final reports."

5 The first, you will see, is Junket Operators and Participants. Is it correct, Mr Graham, as best you can recall, that Star's contention was that its customers for AML/CTF purposes were junket operators and not participants?

10 **MR GRAHAM:** I can't see the image. It's a little bit small. If you could make that a bit bigger. Yes, that's correct.

MR CONDE: And is it correct that KPMG did not agree with that contention?

MR GRAHAM: That's correct.

15 **MR CONDE:** And then if we can go over the page, please, to 1781, the heading the 2. Consumers Who Bring Significant Amounts of Money Into the Casino. Is it correct that Star Entertainment's contention, as you recall, was that if a person walks into the casino with a very large amount of money, that in and of itself doesn't raise any special concern regarding money laundering?

20 **MR GRAHAM:** That's correct.

MR CONDE: And is it correct that KPMG did not accept that contention?

25 **MR GRAHAM:** Yes.

MR CONDE: Up until - Mr Graham, up until the time of finalising KPMG's reports in May 2018, would you describe - how would you describe Star Entertainment as a client?

30 **MR GRAHAM:** Sorry. Can I clarify. Up until we issued the reports?

MR CONDE: Yes.

35 **MR GRAHAM:** I would describe them as a - I think they - they obviously commissioned this review, and I - I believe that they were open and willing to identify the level of risk and see where they could make improvements. So I would describe them as cooperative. I would also say that they - in some respects, some information was not necessarily forthcoming, but I would put that down to
40 the limited number of resources that they had. But I would say, you know, that would have been my view.

MR CONDE: And after the reports in May 2018, how would you describe Star Entertainment as a client?

45 **MR GRAHAM:** Challenging.

MR CONDE: And please tell Mr Bell why you found Star Entertainment

challenging.

5 **MR GRAHAM:** We finalised reports, and obviously there were a number of issues which were raised, and - and there was a lot of challenge provided by, obviously, a number of people on those issues. I've never been in a situation where we finalised reports and we have had to re-look at issues again.

10 **MR CONDE:** The - I just have one last area - topic to cover with you, Mr Graham. As part of your review, do you recall the entity or business EEI Services being referred to?

MR GRAHAM: No, I don't.

15 **MR CONDE:** If I can show you a document. It's CORRO.001.001.0364, and this is exhibit B3466. I would ask you to assume, please, Mr Graham, that this is a list of Star-related bank accounts. And I should also note for the review's purposes that there is blue shading in this document, but that is not blue shading, as I understand it, relating to confidentiality. This was the template of the correspondence.

20 **MR BELL SC:** Probably best if you don't identify account numbers and things of that nature, Mr Conde.

25 **MR CONDE:** No. I wasn't proposing to, Mr Bell. But, Mr Graham, do you see that on the first page there's a heading 1, Existing Accounts?

MR GRAHAM: Yes.

30 **MR CONDE:** And then if I could ask the operator to scroll down, please. On the left-hand-side, there should be an entry for National Australia Bank. Do you see that?

MR GRAHAM: Yes.

35 **MR CONDE:** Now, if you could please be taken to page 13 of this, which - the pinpoint reference is 0376. Do you see the first entry there, Account Holder - there's an entity, EEI Services (Hong Kong) Limited?

40 **MR GRAHAM:** Yes.

MR CONDE: And do you see it identifies a number of accounts?

MR GRAHAM: Yes.

45 **MR CONDE:** Is it correct that you don't recall being aware of these accounts under the name - sorry, you don't recall being aware of these accounts as part of your review?

MR GRAHAM: That's correct.

5 **MR CONDE:** And likewise, at the bottom of that same page, you will see that there's a - for the bank, it says Bank of China (Hong Kong) Limited and then EEI Services (Hong Kong) Limited, and there are some accounts given there. And again, is it correct that you don't recall being aware of these accounts under the name EEI Services (Hong Kong) Limited?

10 **MR GRAHAM:** That's correct.

MR CONDE: And if you can be taken, please, to the following page. You will see there's a heading Closed Accounts. And there are then entries for the Bank of China Macau branch, and at the bottom of the page EEI Services (Hong Kong) Limited. And again, is it correct that you don't recall being aware of these
15 accounts?

MR GRAHAM: That's correct.

20 **MR CONDE:** And finally, on the next page - sorry, the pinpoint reference is 0378 - the bank is Banco Well Link, SA. Again, you will see EEI Services (Macau) Limited. Is it correct that you don't recall being aware of this entity or these accounts from your review?

25 **MR GRAHAM:** That's correct.

MS RICHARDSON SC: Well, I object to that. This account was opened after the KPMG did its work. I can't see the relevance.

30 **MR CONDE:** I'm sorry, Mr Bell. I accept that those accounts post-dated the KPMG engagement.

MR BELL SC: All right. Well, let's move on.

35 **MR CONDE:** Those are my questions, Mr Bell.

MR BELL SC: Yes, Ms Richardson.

<EXAMINATION BY MS RICHARDSON SC:

40 **MS RICHARDSON SC:** Could the following document be brought up please, exhibit B1008. Do you see there, Mr Graham, an email sent from you to other persons within KPMG on 15 July 2018?

45 **MR GRAHAM:** Sorry, 15 July or 25 July?

MS RICHARDSON SC: Sorry. 25 July 2018.

MR GRAHAM: Yes.

MS RICHARDSON SC: Do you recall sending that email?

MR GRAHAM: Yes.

5

MS RICHARDSON SC: Is that an accurate description of the meetings that you had - very recently had with the CEO, Mr Bekier, and the chair of the audit committee?

10 **MR GRAHAM:** It's accurate for we, not necessarily accurate for me.

MS RICHARDSON SC: Well, do you accept that you wrote in that email:

15 "They've now accepted that it's time to look forward and focus on fixing this up."

MR GRAHAM: Yes.

20 **MS RICHARDSON SC:** That was accurate when you wrote it, was it?

MR GRAHAM: Yes.

25 **MS RICHARDSON SC:** So are we to take it that from at least the 25th of - sorry, I will go back a step. You recall that a number of meetings were held on 24 and 25 July 2018 between members of KPMG and senior executives of Star? You've given evidence about those?

MR GRAHAM: Yes.

30 **MS RICHARDSON SC:** Including - and are they the meetings that you are referring to in your email when you describe them as "positive meetings"?

MR GRAHAM: Not all of them, no.

35 **MS RICHARDSON SC:** Well, do you accept that it was accurate when you wrote that you had had several positive meetings with the CEO, Matt Bekier, and the chair of the audit committee?

40 **MR GRAHAM:** Not me - not just me, but KPMG. Yes.

MS RICHARDSON SC: So were you putting that forward as, in effect, a KPMG position, that KPMG has had several positive meetings with the CEO, Matt Bekier, and the chair of the audit committee? Is that what you intended to convey?

45 **MR GRAHAM:** Two meetings.

MS RICHARDSON SC: Well, did you intend to convey that we - being we, KPMG - have had two positive meetings with the CEO, Matt Bekier, and the chair

of the audit committee?

MR GRAHAM: Correct.

5 **MS RICHARDSON SC:** And was the view of - the view that you expressed was that after those two positive meetings, they've accepted that it's time to look forward and focus on fixing this up?

MR GRAHAM: Yes.

10

MS RICHARDSON SC: Do you recall writing that?

MR GRAHAM: Yes.

15 **MS RICHARDSON SC:** And was that an accurate statement when you wrote it?

MR GRAHAM: That was an accurate statement, yes.

20 **MS RICHARDSON SC:** And - so it's the case, isn't it, that from 25 July 2018 onwards, your understanding was the focus of the CEO and the chair of the audit committee of Star was that they would be focused on fixing up the deficiencies that you had identified in your report? Is that correct?

MR GRAHAM: Not necessarily.

25

MS RICHARDSON SC: Well, you've written in your email that their focus was on fixing things up. That was accurate when you wrote it, wasn't it?

MR GRAHAM: Yes.

30

MS RICHARDSON SC: So is it the case that that accurately conveyed your view at the time, that the CEO and the chair of the audit committee were focused on fixing this up from 25 July onwards; is that correct?

35 **MR GRAHAM:** I can confirm that for the chair of the audit committee because I was present at that meeting, and Jeff was present at the previous meeting with Matt that I wasn't present at. My understanding was that they had agreed that it was time to move forward and fix things up, so yes.

40 **MS RICHARDSON SC:** So is it the case, to be accurate, you had that view based on your meeting with the chair of the audit committee, that he was focused on fixing things, and that Jeff O'Sullivan's view, because he had had a meeting with Mr Bekier, was that he was also focused on fixing things from that point onwards; is that correct?

45

MR GRAHAM: That's correct.

MS RICHARDSON SC: And that was your understanding at the time?

MR GRAHAM: Yes.

5 **MS RICHARDSON SC:** Based on the meeting that you had had including Mr Bekier and the meeting that Mr O'Sullivan had had with the chair of the audit committee; correct?

MR GRAHAM: No.

10 **MR BELL SC:** Other way around - sorry, Ms Richardson.

MR GRAHAM: Yes.

15 **MS RICHARDSON SC:** Sorry.

MR BELL SC: I think you might have got it the wrong way round.

MS RICHARDSON SC: The other way around is correct?

20 **MR GRAHAM:** That's correct. I was present at the meeting with the chair of the audit committee, together with Jeff, and I understand that Jeff was present in the meeting beforehand with Matt which I wasn't present at.

25 **MS RICHARDSON SC:** So the position is that between yourself and Mr O'Sullivan, being the two senior people from KPMG, that together the position was that both Mr Bekier and Mr Todorcevski, the chair of the audit committee, were focused on fixing things up from 25 July 2018 onwards; correct?

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

MS RICHARDSON SC: Thank you. Those are my questions.

35 **MR BELL SC:** Ms Tame - thank you, Ms Richardson. Do you have any questions, Ms Tame?

MS TAME: No, Mr Bell. Thank you.

40 **MR BELL SC:** Thank you. Well, thank you for attending to give evidence, Mr Graham. I appreciate it was under compulsion, but thank you nonetheless.

MR CONDE: Mr Bell --

45 **MR BELL SC:** The direction I will make is that your examination will be adjourned, but you won't be required again unless you receive some notification about that.

MR CONDE: Mr Bell, I'm sorry, but there was one matter arising.

MR BELL SC: I do apologise. By all means, go ahead.

MR CONDE: Mr Graham, in answer to Ms Richardson's questions, you said, "Accurate for we, not accurate for me." What did you mean by that?

5

MR GRAHAM: I didn't have any positive meetings with the CEO. I had a positive meeting with the chair of the audit committee. And I think the context is probably important, given the fact we had been through a very challenging situation with a lot of challenge under extreme pressure on the 22 issues which we had worked through.

10

MR CONDE: And you were asked, Mr Graham, about the second paragraph of that email, but not the third. Do you have any comment in relation to that?

15

MR GRAHAM: Yes.

MR CONDE: What is that?

MR GRAHAM: The comment is I said to my team - because my team was obviously waiting to see what the responses had been with the meetings. The comment refers to "really appreciate your assistance with this", being my team. "Well - a job well done with a challenging client." So I think it was recognising the fact that the KPMG team had worked really hard to work through these issues under such challenging environment with a challenging client.

20

25

MR CONDE: Thank you, Mr Bell. No further questions.

MR BELL SC: All right. Mr Graham, your hearing is adjourned. Thank you very much.

30

<THE WITNESS WAS RELEASED

MR BELL SC: Who is the next witness, Mr Conde?

35

MR CONDE: Jeff O'Sullivan.

MR BELL SC: Is Mr O'Sullivan present in the virtual hearing room?

OPERATOR: This is the operator. Mr O'Sullivan should be joining shortly.

40

MR BELL SC: Mr O'Sullivan, are you able to move the camera a bit closer so we can see you more clearly?

MR O'SULLIVAN: Yes. I will just attend to that, Mr Bell.

45

MR BELL SC: Thank you. And while that is happening, Ms Tame, you are representing Mr O'Sullivan?

MS TAME: Yes. Thank you, Mr Bell. I appear with leave on behalf of Mr O'Sullivan, and also note for the record that he is appearing under compulsion pursuant to a summons issued to him and on the basis that he will have the protections afforded by section 17 of the Royal Commissions Act.

5

MR BELL SC: Yes, that is noted.

MS TAME: Thank you.

10 **MR BELL SC:** Yes, Mr O'Sullivan. Would you prefer to take an oath or an affirmation?

MR O'SULLIVAN: An oath, please.

15 <**JEFF O'SULLIVAN, SWORN**

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

<**EXAMINATION BY MR CONDE:**

20

MR CONDE: Mr O'Sullivan, so far as you're aware, is your business address known to those assisting Mr Bell's review?

MR O'SULLIVAN: As far as I'm aware, yes.

25

MR CONDE: And are you attending today in answer to a summons issued to you by Mr Bell dated 17 February 2022?

MR O'SULLIVAN: Yes, that's correct.

30

MR CONDE: Are you a partner of KPMG?

MR O'SULLIVAN: Yes, I am.

35 **MR CONDE:** Is it correct that in 2017 and 2018 were you a director of internal audit at KPMG?

MR O'SULLIVAN: That was correct until 1 July 2018 when I was admitted to the partnership.

40

MR CONDE: And do you understand, Mr O'Sullivan, that Mr Bell's review has sought evidence from you today on account of KPMG's engagement by the Star Entertainment Group Limited in and from 2017?

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

MR CONDE: If I might ask that exhibit B488 be brought up. This is KPMG.001.001.1047. Do you recognise this document, Mr O'Sullivan?

MR O'SULLIVAN: Yes, I do.

MR CONDE: What is it?

5

MR O'SULLIVAN: It is KPMG's engagement letter to conduct an independent review of The Star Entertainment Group's part A and part B AML and CTF program.

10 **MR CONDE:** And was that the purpose of KPMG's engagement, as best you can recall, Mr O'Sullivan?

MR O'SULLIVAN: Yes.

15 **MR CONDE:** Is it correct that, to your understanding, under the rules - and by that, I mean the Anti-Money Laundering and Counter-Terrorism Financing Rules - part A of Star Entertainment's AML program must be regularly reviewed?

MR O'SULLIVAN: Yes.

20

MR CONDE: And at the time of this engagement, do you recall any mention of KPMG being engaged for the purpose of providing analysis to Star Entertainment in a wider context of Star Entertainment receiving legal advice?

25 **MR O'SULLIVAN:** I do not recall us being engaged for that purpose.

MR CONDE: After you were engaged, Mr O'Sullivan - I'm sorry. This letter, Mr O'Sullivan, at page 10 - that's pinpoint 1056. If that could just be brought up, please. Do you see this letter is signed by both yourself and Mr Alexander Graham?

30

MR O'SULLIVAN: Yes, I see that.

MR CONDE: Is it correct for Mr Bell to understand that in terms of your respective roles, that Mr Graham was the subject matter expert in relation to AML/CTF and you were the internal audit contact for Star Entertainment?

35

MR O'SULLIVAN: Yes, that's correct.

40 **MR CONDE:** After you were engaged, may I ask you, please, to tell Mr Bell about the general process that you undertook to perform KPMG's engagement.

MR O'SULLIVAN: On signing of the engagement letter, we subsequently met with Ms Tarnya O'Neil, the general manager of internal audit and assurance, to agree a project plan to execute the engagement. We then went about executing the engagement, which - which comprised of - pardon me - requesting documentation, reviewing documentation, conducting interviews and what we call walkthroughs, performing testing. We then gathered our results, produced preliminary findings

45

for validation with management, draft reports, and then issued final reports.

MR CONDE: You mentioned draft reports. Do you recall KPMG issuing draft reports on or about 3 May 2018?

5

MR O'SULLIVAN: I do, yes.

MR CONDE: And do you recall that on or about 14 May 2018, KPMG met with executives from Star Entertainment to discuss the factual accuracy of the reports before they were finalised?

10

MR O'SULLIVAN: Yes. I was aware my colleagues met executives from Star, yes.

MR CONDE: In general terms, what, if anything, do you recall as being the major issues which emerged from KPMG's review?

15

MR O'SULLIVAN: The major issues, as I recall them, related to the AML and counter-terrorism risk assessment process; the quality of the AML monitoring activities, in particular automated and manual monitoring; and also the risk assessment activities over junkets.

20

MR CONDE: Would you say that at that time, to your understanding - and by this, I meant before finalisation of KPMG's reports - would you say that The Star's AML/CTF program was mature?

25

MR O'SULLIVAN: I would not say that.

MR CONDE: And may I ask you, please, to tell Mr Bell why that is the case.

30

MR O'SULLIVAN: I would have expected a mature AML program to have in place a comprehensive AML and counter-terrorism financing risk assessment methodology and risk assessment. Our engagement found that not to be the case. Moreover, a more substantive transaction monitoring process, which I have alluded to earlier, and risk assessment activities over junkets, in addition to several other matters which are set out in the final reports.

35

MR CONDE: Mr O'Sullivan, you mentioned final reports. Is it correct that, as far as you were aware, KPMG's reports dated 16 May 2018 were final?

40

MR O'SULLIVAN: Yes, that's correct.

MR CONDE: And is it correct that, in your view, KPMG's analysis was independent?

45

MR O'SULLIVAN: Yes.

MR CONDE: And in particular, as part of that independence, KPMG would not

be engaging in any kind of re-write process of these reports once finalised?

MR O'SULLIVAN: That is correct.

5 **MR CONDE:** Is it correct that, to your understanding, after issuing these reports, KPMG stood ready to explain them to Star Entertainment, if and as required?

MR O'SULLIVAN: Yes, that's correct.

10 **MR CONDE:** Do you recall being invited to attend a Star Entertainment audit committee meeting on about 23 May 2018?

MR O'SULLIVAN: Yes.

15 **MR CONDE:** And is it correct that you did not attend that meeting?

MR O'SULLIVAN: That's correct. I did not attend.

20 **MR CONDE:** May I show you a document. It's STA.5001.0003.0818. That's exhibit B811. And if I could ask you to be shown the second page, which is pinpoint 0819. The third bullet point - do you see it says:

25 "KPMG were engaged to conduct the independent review reported in the paper to bring financial services/banking sector expertise to the review and prepare a report for the purposes of legal advice being provided on the company's compliance with the Act with respect to implementation of the program."

Do you see that, Mr O'Sullivan?

30

MR O'SULLIVAN: Yes, I do.

MR CONDE: And does that accord with your understanding of KPMG's engagement?

35

MR O'SULLIVAN: It partially accords with my understanding of the engagement.

40 **MR CONDE:** In what way, Mr O'Sullivan, does it accord, and in what way does it not?

MR O'SULLIVAN: It does not accord to me with the words "for the purposes of legal advice".

45 **MR CONDE:** Thank you. Do you recall having, after - after the issue of your final reports and after this audit committee meeting which you did not attend - but after 23 May 2018, do you recall a series of meetings with executives from Star Entertainment to discuss KPMG's reports?

MR O'SULLIVAN: Yes, I do.

5 **MR CONDE:** And if we could go to an email, please. It is STA.3403.0002.0683.
This is exhibit B896. I'm not sure - can you see that email, Mr O'Sullivan?

MR O'SULLIVAN: Yes, I can.

10 **MR CONDE:** Being an email from yourself to Mr McWilliams, Mr Brodie and
Ms Martin?

MR O'SULLIVAN: Yes.

15 **MR CONDE:** Do you recall writing this email?

MR O'SULLIVAN: I do, yes.

20 **MR CONDE:** The email mentions a meeting in the morning. What, if anything,
do you recall of that meeting?

25 **MR O'SULLIVAN:** The meeting was held to provide feedback to myself on
report - on the final reports, and there were three particular matters, from memory,
that were provided to us: the first was in relation to the risk assessment process;
the second was in relation to whether we had met with legal counsel with respect
to junkets; and the third, from memory, was with respect to aspects of our
observation - observations around transaction monitoring.

30 **MR CONDE:** Among those meetings, do you recall attending a meeting with
Mr Graham, Mr Bekier, Mr McWilliams, and Ms O'Neil?

MR O'SULLIVAN: Yes. I remember meeting with the CEO, Ms Martin and Mr
McWilliams, yes.

35 **MR CONDE:** And as best you can recall, Mr O'Sullivan, may I trouble you,
please, to tell Mr Bell what, if anything, you recall of that meeting.

40 **MR O'SULLIVAN:** So that meeting occurred after my meeting with Ms Martin,
Mr Brodie and Mr McWilliams on 19 June, and the purpose of that meeting was
for Mr Bekier, the CEO, to provide us with feedback on the final reports that we
had issued.

MR CONDE: And as best you can, can you identify - can you tell Mr Bell the
substance of what was said by Mr Bekier at that meeting.

45 **MR O'SULLIVAN:** Mr Bekier had physical copies of the final reports in front of
him, and he undertook a page turn of those reports in front of Mr Graham, my
colleague, and myself, providing feedback and observations on the reports as he
turned the pages.

MR CONDE: Was that feedback and were those observations in a - of a nature that you could address in the meeting at that time?

5 **MR O'SULLIVAN:** I recall the observations were of a general nature in relation to language usage in the reports. Mr Bekier made several references to not agreeing with elements of the reports. That was the nature of his feedback.

10 **MR CONDE:** Do you recall if there was any outcome of this meeting, as best as you can recall?

15 **MR O'SULLIVAN:** Yes. The outcome of the meeting was that a more specific list of Mr Bekier's feedback would be provided to Mr Graham and myself in order to determine next steps from the meeting. I did not receive sufficient clarity in that meeting as to the specific areas Mr Bekier was concerned of.

20 **MR CONDE:** If I could ask that you be shown, please, KPMG.001.001.7857. That's exhibit B935. This is a - if I could ask the operator to scroll down, please. You might see, Mr O'Sullivan, there's an email from Ms Martin to Ms O'Neil, copied to Mr McWilliams, dated 12 July 2018. And then if the operator could scroll up, please, you will see this was forwarded to yourself and Mr Graham on 13 July 2018. Do you recall this email?

25 **MR O'SULLIVAN:** Yes, I recall the email.

MR CONDE: If I can ask that you be shown the attachment. That's exhibit C61. That's KPMG.001.001.7871. Do you recall this document?

30 **MR O'SULLIVAN:** Yes, I do.

MR CONDE: And what, so far as you can recall, is the nature of this document?

35 **MR O'SULLIVAN:** This document is a summary of the feedback that Mr Bekier provided us the day prior when Mr Graham and myself met with him.

MR CONDE: And if I could ask that you be shown, please, KPMG.001.001.1779. This is exhibit B1027. Do you recall this document?

40 **MR O'SULLIVAN:** Yes, I do.

MR CONDE: What is it, Mr O'Sullivan?

45 **MR O'SULLIVAN:** It is a letter from myself and my colleague, Mr Graham, summarising the results of additional work we undertook to respond to the areas of clarification raised by Star management in relation to the final reports.

MR CONDE: Mr O'Sullivan, would it be correct at a general level to say that this letter addressed, so far as you are aware, every issue that had been raised with

KPMG after the reports in May 2018?

MR O'SULLIVAN: Yes.

5 **MR CONDE:** And is it correct that, so far as you understand it, KPMG's response was to confirm that its original findings remained valid?

MR O'SULLIVAN: That's correct, yes.

10 **MR CONDE:** Mr O'Sullivan, as part of your review, do you recall the entity or business EEI Services being referred to?

MR O'SULLIVAN: I do not.

15 **MR CONDE:** Thank you. Those are my questions, Mr Bell.

MR BELL SC: Yes, Ms Richardson.

<EXAMINATION BY MS RICHARDSON SC:

20

MS RICHARDSON SC: Thank you. Mr O'Sullivan, do you recall that you prepared a file note after meetings that had been held between KPMG and executives at Star on 24 and 25 July 2018?

25 **MR O'SULLIVAN:** I prepare file notes. You would need to direct me specifically for me to confirm that that was the case.

MS RICHARDSON SC: Certainly. Could exhibit B1013 be brought up, please.

30 **MR O'SULLIVAN:** I see that, yes.

MS RICHARDSON SC: Does that remind you that that was a file note that you prepared?

35 **MR O'SULLIVAN:** Yes, I wrote that file note.

MS RICHARDSON SC: Thank you. And we see up the top written there is a meeting on 24 July. Do you see that?

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

MS RICHARDSON SC: You attended that meeting, amongst others?

MR O'SULLIVAN: Yes.

45

MS RICHARDSON SC: And then down the bottom, we see a meeting on Wednesday, the 25th, was, sorry, a telephone call between various people, including yourself?

MR O'SULLIVAN: Yes, I can see that.

5 **MS RICHARDSON SC:** And if we could go to the third page of this document, please. You see there a further meeting called on 25 July 2017. Do you see that?

MR O'SULLIVAN: Yes.

10 **MS RICHARDSON SC:** And you knew Zlatko Todorcevski to be the non-executive director and chair of the audit committee; correct?

MR O'SULLIVAN: Yes.

15 **MS RICHARDSON SC:** He was present, along with Paula Martin and Paul McWilliams and Tarnya O'Neil from Star; is that correct?

MR O'SULLIVAN: That is my recollection, yes.

20 **MS RICHARDSON SC:** And is it the case - if we go down to - if we could scroll down, please, to the third bullet point. It says "ZT". That's Zlatko Todorcevski, is it?

MR O'SULLIVAN: Yes.

25 **MS RICHARDSON SC:** "Asked for clarification on those points"; correct?

MR O'SULLIVAN: That is correct, yes.

30 **MS RICHARDSON SC:** And then in the point under that:

"ZT noted that the board was very keen to ensure TSEG had an appropriate AML framework in place and welcomed the findings and recommendations."

35 Do you recall --

MR O'SULLIVAN: That is correct, yes.

MS RICHARDSON SC: And did that accurately reflect your view at the time?

40 **MR O'SULLIVAN:** Yes, I recorded it as such.

MS RICHARDSON SC: And you have added in some more sentences that there was some concern a few months earlier at the main meeting that the reports had come out of nowhere. Do you see that?

45

MR O'SULLIVAN: Yes, I see that.

MS RICHARDSON SC: Was it your understanding that the position of

Mr Todorcevski, the chair of the board audit committee, was that the board welcomed the findings and recommendations of KPMG? Was that your understanding conveyed to you by Mr Todorcevski at that meeting?

5 **MR O'SULLIVAN:** It was my understanding that the board welcomed the findings. Yes.

MS RICHARDSON SC: And the recommendations; correct?

10 **MR O'SULLIVAN:** Yes. That was based on the statement that Mr Todorcevski made to me during that meeting.

MS RICHARDSON SC: And you accepted that statement he made to you; correct?

15 **MR O'SULLIVAN:** I had no reason not to accept it.

MS RICHARDSON SC: Thank you. And we see in the bullet point down below, it says "JOS". That's yourself; correct?

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

MS RICHARDSON SC: "Responded as follows". And then we have a series of bullet points. If we could go to the top of the next page, please. Sorry. Is there any way we can traverse both pages? It might be difficult. Thank you. Do you see the first two bullet points are talking about recent actions by AUSTRAC and AUSTRAC's active interest in the activities of casinos with a focus on junkets. That was the context in which you were writing these points; correct?

30 **MR O'SULLIVAN:** Correct.

MS RICHARDSON SC: And then we see at the top of the next page, "SGR". Who were you referring to with "SGR"?

35 **MR O'SULLIVAN:** SGR was, in this context, the chief risk officer and general manager of internal audit and assurance with whom - to whom we were engaged.

MS RICHARDSON SC: But weren't you referring generally to Star as an entity when you are referring to "SGR"?

40 **MR O'SULLIVAN:** In the context of the first bullet at the top of that page, yes.

MS RICHARDSON SC: You said:

45 "SGR has been proactive in this regard with group internal audit and assurance engaging KPMG."

MR O'SULLIVAN: Yes.

MS RICHARDSON SC: And then you expressed that:

5 "Throughout the reviews, SGR's management demonstrated a strong appetite and commitment to the ongoing review and the enhancement of SGR's AML/CTF program."

MR O'SULLIVAN: Yes.

10 **MS RICHARDSON SC:** Do you recall writing that?

MR O'SULLIVAN: I recall writing that, yes.

15 **MS RICHARDSON SC:** And did that accurately reflect your view at the time that SGR's management had a strong appetite and commitment to the enhancement of its AML/CTF program?

20 **MR O'SULLIVAN:** Certainly the management that we were closely interacting with, that being primarily Paul McWilliams, the chief risk officer, had a very strong appetite and commitment to the ongoing enhancement of The Star's AML and counter-terrorism program.

25 **MS RICHARDSON SC:** Well, I want to suggest to you it went beyond Mr McWilliams because you've chosen to describe it as "SGR's management demonstrated a strong appetite". Do you accept that you were describing SGR's management as having that strong appetite in respect of its AML/CTF program?

30 **MR O'SULLIVAN:** I would say that following the conclusion of the additional work undertaken to respond to areas of clarification, management demonstrated a strong appetite and commitment for the ongoing enhancement of the program. Yes.

35 **MS RICHARDSON SC:** And so it's the case, isn't it - so when you say "following the conclusion of the additional work", that was additional work that took place after the final reports were issued; is that correct?

MR O'SULLIVAN: Yes.

40 **MS RICHARDSON SC:** And is it the case that the meetings you were describing in this file note on 24 and 25 July of 2017 - you describe them as 2017. I think that really should be 2018 in the context. Do you accept - perhaps if we could look back at the full document, please. The meetings are described as having taken place in 2017. Do you accept those dates must be 2018, given the context?

45 **MR O'SULLIVAN:** Yes. You've pointed out a typo on my behalf.

MS RICHARDSON SC: So I think for each of the meetings, they're described as happening in 2017, but it must be 2018 given what had transpired; correct?

MR O'SULLIVAN: Yes, that's correct. That's clearly a typo.

5 **MS RICHARDSON SC:** And you had had meetings with both - over the 24 and 25 July that you are describing in this file note, you had had meetings with - or a telephone call with various Star management, including Mr Bekier; correct?

MR O'SULLIVAN: Yes.

10 **MS RICHARDSON SC:** And you had also been on a meeting call where the chair of the audit committee, Zlatko Todorcevski, was present; correct?

MR O'SULLIVAN: Yes.

15 **MS RICHARDSON SC:** And was it your view, after the conclusion of those meetings, that management of Star was looking forward and would be focused on fixing up the deficiencies that had been identified in KPMG's report?

20 **MR O'SULLIVAN:** It was my understanding there was focus on developing an action plan to address the recommendations from the reports. Yes.

MS RICHARDSON SC: Did that reflect the fact that Mr Todorcevski had informed you that the board welcomed the findings and recommendations of KPMG?

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

MS RICHARDSON SC: And so you understand an action plan was being developed in order to action and implement all of those recommendations; correct?

35 **MR O'SULLIVAN:** It was my understanding that an action plan had already been developed following the issue of our final reports in mid-May, and that action plan continued following the completion of the additional work, summarised in my letter to Ms O'Neil on 6 August.

40 **MS RICHARDSON SC:** So is it your understanding that the - your reports were issued on 16 May, that an action plan was developed and commenced implementation from as early as 16 May when the reports were issued; is that correct?

45 **MR O'SULLIVAN:** My recollection is an action plan was developed post issue of the reports on 16 May. Whether that was 16 May or not, I don't know the specific date.

MS RICHARDSON SC: But it was your understanding that it was soon after 16 May that an action plan was developed by Star to implement the recommendations?

MR O'SULLIVAN: Yes.

MS RICHARDSON SC: Thank you. Those are my questions.

5

MR BELL SC: Ms Tame?

MS TAME: No questions. Thank you, Mr Bell.

10 **MR BELL SC:** Mr Conde, anything arising?

MR CONDE: Yes, just one question. Mr O'Sullivan, you were asked about the development of an action plan and your awareness of it. Who, so far as you are aware, developed that action plan?

15

MR O'SULLIVAN: Mr McWilliams, the chief risk officer, and Mr Micheil Brodie, the general manager of compliance and responsible gambling.

MR CONDE: No further questions.

20

MR BELL SC: Yes. Thank you very much for attending, Mr O'Sullivan. The formal direction I will make is that your examination will be adjourned, but you won't be required again unless you hear from those assisting the review. Thank you very much.

25

MR O'SULLIVAN: Thank you.

<THE WITNESS WAS RELEASED

30 **MR BELL SC:** Mr Conde, who is the next witness?

MR CONDE: Mr Bell, I believe the next witness is Mr Buchanan, who Ms Sharp will be taking. But in any event, I believe we are eight minutes overdue the afternoon adjournment. So I would ask that we adjourn.

35

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

MS RICHARDSON SC: Sorry, Mr Bell. Could I raise one matter because it might be something that those assisting you and yourself may wish to consider over the break. Just in relation to Mr Buchanan, I just raise this - I don't know whether it will be an issue. It will depend on the documents shown to Mr Buchanan. But, Mr Bell, you made a ruling on 11 March this year about confidentiality, and one of the categories --

45 **MR BELL SC:** Is this an application you would prefer to make in private mode, Ms Richardson?

MS RICHARDSON SC: It may be, on reflection. So I will take that on board.

Thank you.

MR BELL SC: Yes. All right. Well, I will now adjourn for 15 minutes.

5 **MS RICHARDSON SC:** Thank you.

<THE HEARING ADJOURNED AT 3:39 pm

<THE HEARING RESUMED IN PUBLIC MODE 4:07 pm

10

MR BELL SC: Mr Buchanan, would you prefer to take an oath or an affirmation?

MR BUCHANAN: Oath, please.

15 **<ARCHIBALD ANGUS BUCHANAN, SWORN**

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

20 **MS RICHARDSON SC:** Sorry. Can I raise one matter. I think Mr Buchanan has just a single correction he wishes to make to his witness statement.

MR BELL SC: Yes.

25 **MR BUCHANAN:** Yes. Indeed. If I could direct you to - sorry.

MR BELL SC: Yes, Mr Buchanan. Is there a correction you want to make?

MR BUCHANAN: There is.

30 **MR BELL SC:** And what is that?

MR BUCHANAN: If I could take you to paragraph 54, I believe, in my statement.

35 **MR BELL SC:** Yes.

40 **MR BUCHANAN:** I said that a third-party provider report had been commissioned. It transpires, when I checked back, we hadn't actually sent that report out due to COVID, and that was an error - I got mixed up with one of the other reports that we completed. So in that instance, we didn't actually receive a report.

MS SHARP SC: I'm sorry. Which paragraph was that correcting?

45 **MR BUCHANAN:** I'm sorry. It's 54(c).

MR BELL SC: Yes. Thank you for that, Mr Buchanan. Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

MS SHARP SC: Mr Buchanan, could you tell us your full name, please?

5 **MR BUCHANAN:** Archibald Angus Buchanan.

MS SHARP SC: And your address is known to us assisting the review?

10 **MR BUCHANAN:** That's correct.

MS SHARP SC: You made a statement for the purpose of this review on 4 February 2022?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: Are the contents of that statement true and correct?

MR BUCHANAN: They are.

20 **MS SHARP SC:** You are presently employed by Star Entertainment Group?

MR BUCHANAN: I am.

25 **MS SHARP SC:** You are the group manager of due diligence and intelligence?

MR BUCHANAN: That's correct.

MS SHARP SC: Your role is a group role. What does that mean?

30 **MR BUCHANAN:** That means that with all due diligence related matters pertaining to the AML and CTF body of work that the business conducts, I'm responsible for doing that across all properties.

35 **MS SHARP SC:** Does that mean in relation to the three casinos within the portfolio of Star Entertainment Group?

MR BUCHANAN: Indeed. That's correct.

40 **MS SHARP SC:** Is it correct that you report to Kevin Houlihan, the general manager of financial crime and investigations?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** And that has been the case since you commenced your employment with the Star Entertainment Group?

MR BUCHANAN: Initially, I reported to Paula Martin, the chief risk and legal officer.

MS SHARP SC: Just to clarify: you commenced your employment in May of 2019?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: And when did you cease reporting to Ms Martin and commence reporting to Mr Houlihan?

10 **MR BUCHANAN:** Officially, that would have been 1 November 2021 when I changed role from due diligence program manager to group manager due diligence and intelligence.

15 **MS SHARP SC:** And what exactly did your reporting role to Ms Martin consist of prior to November 2021?

MR BUCHANAN: Initially, it was more - that was the reporting line. But in reality, my reporting was predominantly to Kevin Houlihan.

20 **MS SHARP SC:** Would you check in with Ms Martin from time to time while your reporting role was to her?

MR BUCHANAN: That's correct. Especially I did my initial report, that I conducted a review. That was predominantly when I interacted with Ms Martin.

25 **MS SHARP SC:** Sorry. What is your report you're referring to there?

MR BUCHANAN: That was an initial review of the due diligence procedures and methodologies that I conducted shortly after joining The Star.

30 **MS SHARP SC:** Aside from that report, did you regularly check in with Ms Martin while you directly reported to her?

35 **MR BUCHANAN:** As I say, I changed over to Kevin Houlihan shortly after - after joining.

MS SHARP SC: Sorry. I had understood you to indicate that you started directly reporting to Mr Houlihan in November 2021?

40 **MR BUCHANAN:** Yes, that was officially under the new structure. But in practical terms, I was reporting to Kevin Houlihan reasonably shortly after I commenced with the business.

45 **MS SHARP SC:** Although your formal reporting line did not change until November 2021 - and I'm interested in that period from May 2019 to November 2021. During that period, did you check in with Ms Martin from time to time?

MR BUCHANAN: I did.

MS SHARP SC: How frequently did you do that?

5 **MR BUCHANAN:** Depending on what we discussed various topics or what we were looking at at any time, there was no set - no set format. As I said, most of the interaction was with Mr Houlihan.

10 **MS SHARP SC:** Can you estimate how frequently you reported in to Ms Martin, in the sense of checking in with her?

MR BUCHANAN: On a - on a weekly basis we would be definitely discussing various topics, but not always on an official basis.

15 **MS SHARP SC:** So it is fair to say that you spoke with her on a weekly basis about the activities you were then engaged in?

MR BUCHANAN: Usually, yes.

20 **MS SHARP SC:** Now, who - and if this has changed in the time that you have been employed with Star Entertainment, please let me know. But who reports to you?

25 **MR BUCHANAN:** Michelle Chiu - she is based in Hong Kong - and Sabrina Yi, who is based in Sydney.

MS SHARP SC: Have there been any other people who have reported to you during the period since we have been employed by Star Entertainment?

30 **MR BUCHANAN:** No, that has been the - the two - the two analysts who have reported to me.

35 **MS SHARP SC:** I think you indicate in your statement that a third team member will be commencing. Is that something that has yet happened, or is it yet to commence?

MR BUCHANAN: That's - that has - well, they have - they have gone on maternity leave, the particular individual, and they went straight to maternity leave. So we are going to - they haven't as yet commenced.

40 **MS SHARP SC:** And where are you based? What city?

MR BUCHANAN: Brisbane.

45 **MS SHARP SC:** How frequently do you travel to Sydney for your work?

MR BUCHANAN: Very infrequently.

MS SHARP SC: Have you travelled to other countries for the purpose of your

work with Star Entertainment?

MR BUCHANAN: I travelled to Hong Kong on one occasion.

5 **MS SHARP SC:** And when was that?

MR BUCHANAN: That was July 2019, I believe.

10 **MS SHARP SC:** Have you travelled to any other overseas destinations for your purposes of work at Star Entertainment?

MR BUCHANAN: During that trip, we also went to Macau and there was - no other travel.

15 **MS SHARP SC:** Now, when you commenced at Star Entertainment, it's correct, isn't it, that you were the due diligence program manager?

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** And that was when you did report directly to Ms Martin?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** What is the difference between that role and your current role?

MR BUCHANAN: When I was initially employed, it was more conducting reviews of the methodologies and project work, whereas now I manage the day-to-day due diligence work pertaining to the AML counter-terrorism (indistinct) work.

30 **MS SHARP SC:** Is it fair to say that your current role is a promotion?

MR BUCHANAN: Yes.

35 **MS SHARP SC:** Could I just ask you some questions about your prior experience. Is it correct that from August 2015 to August 2018 you were employed by the Hong Kong Jockey Club?

40 **MR BUCHANAN:** That's correct.

MS SHARP SC: And that was based in Singapore, was it - I beg your pardon - in Hong Kong?

45 **MR BUCHANAN:** In Hong Kong, yes.

MS SHARP SC: And were you firstly employed as the executive manager of due diligence and research?

MR BUCHANAN: That's correct.

MS SHARP SC: And you were then employed as the executive manager of anti-bribery and integrity assurance?

5

MR BUCHANAN: That's correct.

MS SHARP SC: In that first position, as the executive manager of due diligence and research, how many people were in your team?

10

MR BUCHANAN: Approximately 20, 22.

MS SHARP SC: And what about in the second position?

15 **MR BUCHANAN:** There would be approximately about 11 or 12.

MS SHARP SC: And when, in time, did you move to that second position?

20 **MR BUCHANAN:** I managed both portfolios for some time. So it would be 2017, I think, when I took over the - the - I dropped the due diligence body of work, I think, in 2017.

25 **MS SHARP SC:** And then is it correct that from March 2007 to July 2015 you were employed by the Australian Crime Commission as an executive-level case manager?

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** And before that, from March 2005 to March 2007, you were employed by the South Australian Police?

MR BUCHANAN: That's correct.

35 **MS SHARP SC:** What were you employed as by the South Australian Police?

MR BUCHANAN: Police officer. I was constable and detective constable.

40 **MS SHARP SC:** And prior to that, from December 1993 to March 2005, you were employed by the Strathclyde Police in Scotland as a detective constable and then detective sergeant?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** And in June 1992 to December 1993, were you employed by the Scottish Prison Service?

MR BUCHANAN: That's correct.

MS SHARP SC: And is it right that from July 1988 to November 1991 you were employed by the Royal Hong Kong Police as an inspector, acting detective, senior inspector?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: Do you speak any Chinese?

10 **MR BUCHANAN:** I speak Cantonese.

MS SHARP SC: Without any doubt, it's right that you are a very experienced investigator?

15 **MR BUCHANAN:** I've had a lot of experience investigating, yes.

MS SHARP SC: Have you received any training in anti-money laundering and counter-terrorism finance?

20 **MR BUCHANAN:** I have.

MS SHARP SC: Could you outline your training for us, please.

25 **MR BUCHANAN:** I received training when I was in the Australian Crime Commission. I underwent the Australian Federal Police course in - in money laundering. I underwent some money laundering training also when I was in Special Branch in Strathclyde Police.

30 **MS SHARP SC:** Have you received any training since you joined Star Entertainment Group?

MR BUCHANAN: I have received internal training and also passed the ACAMS exam as well.

35 **MS SHARP SC:** And could you just explain what ACAMS is, please.

MR BUCHANAN: Well, it's the money laundering association, which is a world-recognised body in money laundering investigation, etcetera.

40 **MS SHARP SC:** And when did you undergo that ACAMS training?

MR BUCHANAN: I completed the examination in the beginning of - 1 November, I believe it was, 2021.

45 **MS SHARP SC:** Are you familiar with the Australian anti-money laundering legal framework?

MR BUCHANAN: I am.

MS SHARP SC: Could you describe your level of familiarity with that framework?

5 **MR BUCHANAN:** Certainly enough to understand the obligations of Star Entertainment Group's dealing with money laundering matters.

MS SHARP SC: And you are familiar with the concept of a reporting entity?

10 **MR BUCHANAN:** I am indeed.

MS SHARP SC: You are familiar with the concept of a designated service?

MR BUCHANAN: I am.

15 **MS SHARP SC:** You are familiar with the concept of know your customer?

MR BUCHANAN: I am.

20 **MS SHARP SC:** And you're familiar with the concept of enhanced customer due diligence?

MR BUCHANAN: I am.

25 **MS SHARP SC:** And you're familiar with the concept of transaction monitoring?

MR BUCHANAN: I am.

30 **MS SHARP SC:** Is it right that the Australian anti-money laundering and counter-terrorism financing system is a risk-based system?

MR BUCHANAN: It is indeed.

MS SHARP SC: And what does that mean?

35 **MR BUCHANAN:** Well - well, when you're dealing with a customer and you put into place various risk-based methodologies when engaging in or providing a designated service when it relates to Star.

40 **MS SHARP SC:** Does it mean that you need to accurately identify risks?

MR BUCHANAN: Identify and assess risks. That's correct.

45 **MS SHARP SC:** And does it mean that you have to impose controls that are commensurate with the level of risk presented?

MR BUCHANAN: That's correct.

MS SHARP SC: Can you tell me, please, Mr Buchanan, at Star Entertainment

Group, to what end are its due diligence processes directed?

MR BUCHANAN: Sorry, can you repeat that?

5 **MS SHARP SC:** Yes. At Star Entertainment Group, to what end are due diligence processes directed?

MR BUCHANAN: Well, directed to identify and assess potential risk from our patrons - customers.

10

MS SHARP SC: And what sort of risks are you looking for?

MR BUCHANAN: Money laundering, financial crime.

15 **MS SHARP SC:** Are you also looking for what I might describe as integrity risks?

MR BUCHANAN: Yes, that's correct.

20 **MS SHARP SC:** So, are you looking to see whether the persons with whom Star Entertainment deals are people of integrity and good character and honesty?

MR BUCHANAN: That's certainly part of it, yes.

25 **MS SHARP SC:** And can you confirm: is that one of the questions to which Star Entertainment's due diligence processes are directed?

MR BUCHANAN: Well, it's one of a number of questions, yes. You would take that into consideration, I agree.

30

MS SHARP SC: Now, have you got a copy of your statement with you, Mr Buchanan?

MR BUCHANAN: I do.

35

MS SHARP SC: Could I take you, please, to paragraph 17 of your statement. For the operator, that is INQ.002.004.0001. This is exhibit A, tab 83. Now, you say in your statement at paragraph 17 that it was in June 2019 you were tasked with conducting a review of existing ECDD and OCDD processes. Could you explain what those acronyms stand for, please.

40

MR BUCHANAN: ECDD is enhanced customer due diligence, and OCDD is ongoing customer due diligence.

45 **MS SHARP SC:** So were you - are these concepts which are used in the anti-money laundering and counter-terrorism financing framework?

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** Were you just reviewing these due diligence processes for that framework, or were you also reviewing those processes for the purpose of determining if the people or entities with which Star dealt were people of integrity, good character and honesty?

10 **MR BUCHANAN:** Well, it was reviewing the methodologies with respect to how we were implementing the ECDD and OCDD at that time on patrons and to see if the methods that we were using could be improved and uplifted.

MS SHARP SC: And I just wanted to confirm the answer to my question. Were you looking at those processes for the purpose of anti-money laundering or for assessing the character and integrity of the persons with whom you dealt, or what?

15 **MR BUCHANAN:** Anti-money laundering, predominantly. Yes.

20 **MS SHARP SC:** Now, should we understand from paragraphs 15 to - I withdraw that. Should we understand from paragraph 13 of your statement, and 18 of your statement, which is confidential - so I won't read that out - that the key changes to these due diligence processes were implemented in around April 2021?

MR BUCHANAN: They were formally introduced at that time, yes. Albeit we trialed them up until that time.

25 **MS SHARP SC:** And it's right, isn't it, that from paragraphs 13 to 26 of your statement, you outline in quite some detail what the changes were to Star Entertainment's due diligence processes?

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

MS SHARP SC: Can I take you, please, to paragraph 23, subparagraph (b).

MR BUCHANAN: Yes.

35 **MS SHARP SC:** You here say that all --

40 **MS RICHARDSON SC:** I'm sorry to interrupt. This is the subject of a confidentiality claim. I'm just getting the redacted version. Could we just pause for one second.

MR BELL SC: Ms Richardson, while you are waiting for that, my copy doesn't indicate that paragraph 23(b) is the subject for a claim for confidentiality.

45 **MS RICHARDSON SC:** I apologise. I accept that. There are a number of claims --

MR BELL SC: Yes.

MS RICHARDSON SC: I'm sure Ms Sharp is working off the version with the claims and will be sensitive about what she reads out.

5 **MR BELL SC:** So, Ms Sharp, you are focusing on 23(b), are you?

MS SHARP SC: Yes. I don't propose to go to any confidential information.

MR BELL SC: Yes. Thank you.

10 **MS RICHARDSON SC:** I'm grateful.

MS SHARP SC: So just concentrating on paragraph 23(b), Mr Buchanan, you there say that all - I will just paraphrase - due diligence reviews are then referred by the group manager due diligence and intelligence. Is that you?

15 **MR BUCHANAN:** It is indeed. Reviewed by, not referred. Reviewed.

MS SHARP SC: Should we understand, from paragraph 23(b), that one consequence of your review is that a person may be issued with a group-wide withdrawal of licence?

20 **MR BUCHANAN:** That's correct. The - sorry, the recommendation would go to the compliance officer, yes.

25 **MS SHARP SC:** So you don't have the decision-making power when it comes to withdrawing a licence?

MR BUCHANAN: That is correct. I would make a recommendation.

30 **MS SHARP SC:** And, sorry, which person do you make the recommendation to?

MR BUCHANAN: That's to the compliance officer.

MS SHARP SC: And who is that?

35 **MR BUCHANAN:** Skye Arnott.

MS SHARP SC: Has that always been the case while you've been at Star Entertainment?

40 **MR BUCHANAN:** No. That - I only - that started when I - with the introduction of TrackVia in April 2021.

MS SHARP SC: So prior to that, did you have the responsibility of reviewing all of the due diligence reviews?

45 **MR BUCHANAN:** No, I did not.

MS SHARP SC: Prior to that, who was the person who made the decision as to whether to issue a withdrawal of licence?

5 **MR BUCHANAN:** I think that still sat with the compliance officer at that time.

MS SHARP SC: Now, you can withdraw a licence for an individual, but you can't do that for a corporate entity, can you?

10 **MR BUCHANAN:** That's correct. It's individually based.

MS SHARP SC: So what is the comparable sanction of a withdrawal of licence when it comes to a corporate entity?

15 **MR BUCHANAN:** Actually, I don't know. We haven't - I haven't come across that in my time since I've been here.

MS SHARP SC: Well, some of the junkets with which Star dealt were connected to corporate entities, weren't they?

20 **MR BUCHANAN:** That's correct. We would - in that instance, what we have had in my time, we have excluded or issued a group-wide WOL to the junket operator, which didn't, in essence, exclude the junket.

25 **MS SHARP SC:** Well, does it exclude the person who stands behind - I withdraw that. Does it exclude the person or the entity that stands behind the junket operator as the junket financier?

MR BUCHANAN: No. As I say, that hasn't happened in my time, so I'm not sure.

30 **MS SHARP SC:** So in your time at Star, there has never been a situation where consideration has been given to excluding the person or entity you consider to be the financial backer of a junket?

35 **MR BUCHANAN:** Not in my time. In my time, we have excluded junket operators that operated the junkets, but not the entities.

40 **MS SHARP SC:** It's right, isn't it, that often in relation to junkets, The Star Entertainment grants the cheque cashing facility to the junket financier, rather than the junket operator?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** So if a decision is going to be made to cease involvement with a junket financier, who is the person who now would make that decision, or would it depend?

MR BUCHANAN: I think it would depend, but I think it may be recommended by the compliance officer, which was the entity - if it was the entity we're talking

about.

MS SHARP SC: And that is Ms Arnott, it is?

5 **MR BUCHANAN:** Yes.

MS SHARP SC: And who would Ms Arnott make her recommendation to?

10 **MR BUCHANAN:** Possibly the chief legal and risk officer and other members of senior management.

MS SHARP SC: So is it the case that you simply don't know who Ms Arnott would be making her recommendation to?

15 **MR BUCHANAN:** I'm not sure. As I say, it hasn't happened in my time, so I'm not sure.

MS SHARP SC: The answer is you simply don't know?

20 **MR BUCHANAN:** I don't know.

MS SHARP SC: And what about prior to April 2021? Do you understand who had the decision-making authority to prohibit dealings with the financial backer of a junket?

25 **MR BUCHANAN:** I still think it would be the same as my - my - my previous answer. I think that would probably commence from the - from the compliance officer.

30 **MS SHARP SC:** But you said that now Ms Arnott would have to make a recommendation to somebody, but you didn't know who?

MR BUCHANAN: As - well, as - yes, that's correct.

35 **MS SHARP SC:** So is it the case that in the period prior to April 2021, you don't know who would make the ultimate decision as to whether to cease dealing with a financier of a junket?

40 **MR BUCHANAN:** No, I'm not sure. As I say, it hasn't happened since I've been with The Star, to my knowledge.

MS SHARP SC: Now, in all your experience with due diligence, do you agree that a due diligence process is only as good as the decisions that are made under it?

45 **MR BUCHANAN:** Yes. And the information that's collated as part of the process, yes.

MS SHARP SC: And that is to say that if the results of due diligence investigations are ignored by decision-makers, it really does not matter how good the due diligence process is?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: It's correct, isn't it, that at least since 2011, Sydney - I beg your pardon, Star Entertainment Group has had a relationship with Suncity?

10 **MR BUCHANAN:** That's correct.

MS SHARP SC: In the course of your employment with Star Entertainment Group, your review of records established that it is known within Star Entertainment that the financial backer of Suncity is Alvin Chau?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: And is it fair to say that in dealing with Suncity, representatives of Star Entertainment knew they were dealing with Alvin Chau?

20 **MR BUCHANAN:** That's correct.

MS SHARP SC: Alvin Chau is also known as Cheok Wa Chau.

25 **MR BUCHANAN:** Chau Cheok Wa. That's correct, yes.

MS SHARP SC: It's right that at Star Entertainment, a number of junket operators are connected with Alvin Chau?

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

MS SHARP SC: And one of those is Iek Kit Lon?

35 **MR BUCHANAN:** That's correct.

MS SHARP SC: That's I-e-k, K-i-t, L-o-n?

MR BUCHANAN: That's correct.

40 **MS SHARP SC:** And another junket operator connected with Alvin Chau has been Ricky Tong Sio Peng?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** And it's right, isn't it, that Star Entertainment has granted various cheque cashing facilities to Alvin Chau in respect of these junket operators?

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** So even though those two gentlemen I've referred to are the junket operators, the person to whom Star Entertainment has granted credit under a cheque cashing facility is Alvin Chau?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And it is right, isn't it, that in February 2018, the board of Star Entertainment granted an \$80 million cheque cashing facility to Alvin Chau?

MR BUCHANAN: That's correct.

15 **MS SHARP SC:** And it's right, isn't it, that in 2018, what I will call the Suncity junket was either the first or second largest junket with which Star Entertainment Group dealt by reference to turnover?

20 **MR BUCHANAN:** I'm not sure about that. As I say, I wasn't here at that time, so I couldn't answer that question.

MS SHARP SC: I might put it a different way. It's right that the Suncity junket has been one of the biggest sources of turnover for Star Entertainment in at least the three years until Star ceased dealing with junkets?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: Is it right that in terms of conducting due diligence on the Suncity junket, Star conducted due diligence on the junket operators?

30 **MR BUCHANAN:** On the operators and also Mr Chau as well.

MS SHARP SC: But in terms of conducting the due diligence, the focus was on the operators?

35 **MR BUCHANAN:** Not necessarily. Prior to commencing the business relationship with Mr Chau, due diligence was conducted on Mr Chau.

MS SHARP SC: Was that at --

40 **MR BUCHANAN:** Prior to - sorry.

MS SHARP SC: No. Please. I cut across you.

45 **MR BUCHANAN:** No. I was going to say prior to 2011, due diligence was conducted on Mr Chau.

MS SHARP SC: But it's correct, isn't it, that at some point Star Entertainment Group entered into an arrangement with the Suncity junket by which it was to

have an exclusive gaming salon at what became known as Salon 95.

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** And this was colloquially known as the Suncity Room at Star Entertainment?

MR BUCHANAN: I believe it was.

10 **MS SHARP SC:** Can you tell us exactly when Salon 95 was opened for the purpose of the exclusive use of the Suncity junket?

MR BUCHANAN: I would have to - I can't remember off the top of my head. I would have to refer to the paperwork.

15

MS SHARP SC: Does it sound right that it was in about February of 2018?

MR BUCHANAN: It sounds about right, yes.

20 **MS SHARP SC:** Is it right that Salon 95 was located in an area of the Darling Hotel called Rivers?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** So this salon was not in the casino itself?

MR BUCHANAN: No.

MS SHARP SC: Have you yourself attended at Salon 95?

30

MR BUCHANAN: Not whilst it was functional. After - after that (indistinct).

MS SHARP SC: And when was it that you attended Salon 95?

35 **MR BUCHANAN:** I can't recall actually, to be honest. I think it would be shortly after I joined. I think it had just closed - I think it had just closed when I - when I went.

MS SHARP SC: Well, you attended - you commenced in May 2019, didn't you?

40

MR BUCHANAN: That is correct. Yes.

MS SHARP SC: It is right, isn't it, that Suncity was still - I withdraw that, that Salon 95 was still being made available for the exclusive use by the Suncity until August?

45

MR BUCHANAN: That's correct.

MS SHARP SC: So did you go into Salon 95 while it was still being operated at the Suncity Room?

5 **MR BUCHANAN:** I remember I did go in, but I'm wondering - it was - it was empty when I went in. So there was - there was no activity at all when I was there. I was just shown around.

MS SHARP SC: And how many times have you been into that salon?

10 **MR BUCHANAN:** I believe only once.

MS SHARP SC: You may or may not be able to assist me with the next question. I wanted to show you a plan of Salon 95, if I could. Could I please bring up STA.3023.001.0628. And, Mr Bell, this will be going onto the list that will
15 become exhibit D. I understand it has been served on the interested parties. Could I have it marked for identification, please?

MR BELL SC: Yes. Well, for now it will be MFI5, plan of Star City Sydney.

20 **MS SHARP SC:** I will read it out again for the operator: STA.3023.0001.0628. Now, you obviously won't be able to look at something this small, Mr Buchanan. Could I ask the operator to please enlarge the right-hand side of this diagram. Thank you. We will leave it at that point. Now, just to orientate you, Mr
25 Buchanan, I'm showing you a plan which indicates a balcony, on the right-hand side, and then, on the left-hand-side, some gaming tables, and in the middle, a room with a door and, above that, a desk with two seats.

MR BUCHANAN: Sorry, but I - I don't have visibility. I don't see the - the - the drawing or the map.

30

MS SHARP SC: Can I ask if the operator can show this document to Mr Buchanan, please. Has anything come up for you, Mr Buchanan?

MR BUCHANAN: Not as yet. No.

35

MS SHARP SC: Operator, could you give us an update, please.

OPERATOR: Hi, this is the operator. It might just be Mr Buchanan that cannot see currently. We will be chasing that up. Thank you.

40

MR BELL SC: Yes. I can see it on my screen.

MS RICHARDSON SC: We can see it on our screen.

45 **MR BUCHANAN:** Okay. Thank you. I have it now.

MS SHARP SC: Now, if I could direct your attention to the right-hand side of the document. Just to assist you with your navigation, you will see a plan which

depicts a balcony on the right-hand side of the document. Do you see that?

MR BUCHANAN: I do indeed.

5 **MS SHARP SC:** And then as we move towards the left, once you come inside from the balcony, towards the bottom of the page, you can see a small room with a desk in it and a door?

MR BUCHANAN: I see that.

10

MS SHARP SC: And above that, you can see a desk?

MR BUCHANAN: Correct.

15 **MS SHARP SC:** And as you move further to the left, you see three gaming tables?

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** Are you in a position to indicate whether this plan corresponds with your inspection of Salon 95?

MR BUCHANAN: Yes, that's my recollection as - as - as best I can remember. Yes, that's how it was set up.

25

MS SHARP SC: Have you seen any CCTV footage from inside Salon 95?

MR BUCHANAN: No, I haven't.

30 **MS SHARP SC:** So you've never viewed any CCTV footage from Salon 95?

MR BUCHANAN: No. I haven't.

35 **MS SHARP SC:** Operator, you can take down the document now. Mr Buchanan, can I show you another document, please, which is STA.3427.0037.3869, and this is in exhibit C at part 78. Do you see this is an email from you dated 12 June 2019?

MR BUCHANAN: I do.

40

MS SHARP SC: And it is sent to Paula Martin, Oliver White and Kevin Houlihan?

MR BUCHANAN: That's correct.

45

MS SHARP SC: And this says that it attaches what is described as an HKJC Suncity report?

MR BUCHANAN: That's correct.

MS SHARP SC: Do you remember seeing this email?

5 **MR BUCHANAN:** I do.

MS SHARP SC: Now, parts of this email are confidential, so I'm not going to read all of this email out to you. But do you agree that what you were doing in this email was forwarding to Ms Martin, Mr White and Mr Houlihan a copy of an
10 intelligence report that was compiled while you worked at the Hong Kong Jockey Club?

MR BUCHANAN: Well, the rationale for that was demonstrated --

15 **MS SHARP SC:** No, I'm just asking you if that accords with your recollection.

MR BUCHANAN: Yes, certainly. Yes.

MS SHARP SC: Now, if you will just listen to my questions. You say in the
20 email that it is a report of "my intelligence team". Does that mean you had some involvement in preparing that report?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** What was your involvement in preparing that report?

MR BUCHANAN: The report had been ongoing for quite some time, and it was my team that collated it.

30 **MS SHARP SC:** Sorry, I missed what you just said. Could you repeat that, please?

MR BUCHANAN: My team collated the report.

35 **MS SHARP SC:** And does that mean that your team investigated the matters and wrote the report?

MR BUCHANAN: Yes. It had been ongoing for quite some time before I
40 commenced with the jockey club, and we concluded the report during my tenure.

MS SHARP SC: Well, the report is dated April 2018, isn't it?

MR BUCHANAN: That's correct. That's when we completed it.

45 **MS SHARP SC:** And you were working at the jockey club at that time, were you?

MR BUCHANAN: That's correct.

MS SHARP SC: What was your role, exactly, in relation to that report?

5 **MR BUCHANAN:** I was executive manager in anti-bribery and integrity assurance at the time.

MS SHARP SC: So what was your role in relation to this particular report?

10 **MR BUCHANAN:** As I said, my team prepared it, and I oversaw the preparation of it.

MS SHARP SC: And how did you oversee the preparation of it?

15 **MR BUCHANAN:** Proofread it prior to sending it to senior management.

MS SHARP SC: Did you conduct any investigations for the purpose of it?

20 **MR BUCHANAN:** That was more intelligence based. It was more reading over it and making sure that everything was correct and written accordingly.

MS SHARP SC: And did you make sure everything was correct?

MR BUCHANAN: As best as I could, yes.

25 **MS SHARP SC:** And did you sign off on it?

MR BUCHANAN: I did.

30 **MS SHARP SC:** And did you sign off on it because you believed its contents were true and correct?

MR BUCHANAN: Yes, I did.

35 **MS SHARP SC:** And do you agree that it was a very comprehensive report?

MR BUCHANAN: I believe it was.

40 **MS SHARP SC:** And at the time you signed off on it, is it right that you did not doubt the accuracy of that report?

MR BUCHANAN: No, I did not.

MS SHARP SC: So to be clear, you agreed it was an accurate report?

45 **MR BUCHANAN:** I do, as best as you could when you are doing an intelligence report. Yes.

MS SHARP SC: And this report, it was for the purpose of the Hong Kong Jockey

Club considering whether to ban Alvin Chau and Suncity, wasn't it?

5 **MR BUCHANAN:** Well, I don't feel as if I can speak too much as to - to the jockey club as to what the intent was. But certainly there were some concerns, yes.

MS SHARP SC: Well, I do want you to speak, to the extent you can, about what you understood the purpose of the report to be. So please tell us what that purpose was, to the best --

10 **MR BUCHANAN:** Well, I think in - I think in simple terms I can say that the Hong Kong Jockey Club's remit is to protect the integrity of racing in Hong Kong, and this was one step or one measure that was undertaken to do that.

15 **MS SHARP SC:** And it's right, isn't it, that after receiving this report, the Hong Kong Jockey Club did ban Alvin Chau and Suncity?

MR BUCHANAN: I'm not sure if that's correct. I don't know if - they weren't banned as a result of that report.

20 **MS SHARP SC:** I didn't - I just asked you whether that occurred later in time than your report.

25 **MS RICHARDSON SC:** Well, I object to that. The way the question was put, "And it's right, isn't it, that after receiving this report." It should be made clear: is it a just a temporal chronological proposition, or is it causation in the sense of "based on this report", which I understand the witness to have rejected.

30 **MR BELL SC:** Yes, Ms Sharp. I'm a little bit confused myself. Perhaps you could ask the question again.

MS SHARP SC: I will take it step by step. At the time of this report, which is dated April 2018, you were the executive manager of anti-bribery and integrity assurance at Hong Kong Jockey Club?

35 **MR BUCHANAN:** That's correct.

MS SHARP SC: That was a position of significant seniority within the Hong Kong Jockey Club?

40 **MR BUCHANAN:** Well, within the security and integrity department, yes.

MS SHARP SC: Is it your evidence that you don't understand the purpose for which this report was produced which you signed off on?

45 **MR BUCHANAN:** No, I understand it was to protect the integrity of racing in Hong Kong. That was the rationale for providing the report (indistinct).

MS SHARP SC: And did you understand that for the purpose of protecting the

integrity of racing in Hong Kong, the Hong Kong Jockey Club was considering whether or not it ought to ban Alvin Chau and Suncity from the club?

5 **MR BUCHANAN:** They weren't banned as a result of the report.

MS SHARP SC: Well, what was the purpose of preparing this report, please, Mr Buchanan?

10 **MR BUCHANAN:** To highlight - well, as I say, that is a Hong Kong Jockey Club report. I'm not sure if I'm comfortable speaking on behalf of the Hong Kong Jockey Club.

MS SHARP SC: Well, you felt comfortable --

15 **MS RICHARDSON SC:** Sorry, I just have an objection. There's also been - the confidentiality of this report has been upheld. So we are in open session, to the extent to which questions - or the witness may not be aware that he should not be answering questions in open session that reveal the contents of the report.

20 **MR BELL SC:** Can I just ask you this, Mr Buchanan. You may not know the answer, but do you know what action, if any, the Hong Kong Jockey Club took in relation to Mr Chau after this report was delivered?

25 **MR BUCHANAN:** I don't know if any additional action would have been taken as a result of the report.

MR BELL SC: What do you mean by "additional action"?

30 **MR BUCHANAN:** It was - the Hong Kong Jockey Club were already aware of Mr Chau and Suncity, and I think this was just putting everything together to confirm what was already suspicions or concerns.

35 **MR BELL SC:** Do you know whether at any point in time the Hong Kong Jockey Club ceased dealing with Mr Chau?

MR BUCHANAN: I don't know if there ever was a relationship whereby the Hong Kong Jockey Club was dealing with Mr Chau.

40 **MR BELL SC:** I see. Yes, Ms Sharp.

MS SHARP SC: Mr Bell, I must say - I'm having it checked at the moment, but I don't understand that any confidentiality order has been made over the report which is attached to this email. My instructions are there's no confidentiality order which is --

45 **MR BELL SC:** Well, I think - given the time, Ms Sharp, I think we should perhaps leave this topic until tomorrow. And if there's any application that Star Entertainment wish to make overnight, they can do so. Is there anything else that

you want to go on for the moment, or would you prefer to adjourn now?

MS SHARP SC: If we could adjourn now, that would be the best course. Thank you.

5

MR BELL SC: All right. I will adjourn until 10 am tomorrow morning. Thank you.

<THE HEARING ADJOURNED AT 4:56 pm