



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**THURSDAY, 24 MARCH 2022
AT 10AM**

DAY 6

**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
PROF C. QIN appearing as the interpreter
MR B. WALKER SC appears with MR B. JONES as counsel for Mr Phillip
Dong Fang Lee**

**Star Witness
Mr Graeme Scott Stevens**

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

<THE HEARING RESUMED AT 10:01 AM

MR BELL SC: Yes, Ms Sharp. Who is the next witness?

5 **MS SHARP SC:** The next witness is Mr Phillip Dong Fang Lee, who will give his evidence through interpreter Professor Charles Qin.

MR BELL SC: Professor Qin, you are acting as interpreter today?

10 **THE INTERPRETER:** Yes, I am.

MR BELL SC: Yes. Would you prefer to take an oath or an affirmation?

15 **THE INTERPRETER:** Affirmation, please.

<CHARLES QIN, AFFIRMED TO INTERPRET

20 **MR BELL SC:** Ms Sharp, would you establish Professor Qin's expertise to act as interpreter today?

MS SHARP SC: Yes, I will, Mr Bell. Professor Qin, is it correct that you have been an interpreter of Mandarin into English and English into Mandarin for around 35 years?

25 **THE INTERPRETER:** Yes.

MS SHARP SC: And you are an NAATI accredited interpreter?

30 **THE INTERPRETER:** I am NAATI accredited and certified interpreter.

MS SHARP SC: And you have a level 5 certification?

THE INTERPRETER: Yes, I do.

35 **MS SHARP SC:** You have provided translations in court from Mandarin to English on multiple occasions?

THE INTERPRETER: Yes, I have been.

40 **MS SHARP SC:** You have provided a copy of your curriculum vitae to those assisting the tribunal?

THE INTERPRETER: Yes, I have.

45 **MS SHARP SC:** Could I bring up Professor Qin's curriculum vitae please, operator. I might come back to that document to give the operator the opportunity to bring it up for us. It's correct, isn't it, Professor Qin, that you were awarded an Order of Australia medal in 2016?

THE INTERPRETER: Yes, I was.

5 **MS SHARP SC:** And that was for service to international relations, particularly through translation and interpretation?

THE INTERPRETER: That's correct.

10 **MS SHARP SC:** You were educated at Yunnan University in China from 1983 to 1987?

THE INTERPRETER: That's correct.

15 **MS SHARP SC:** You received a Bachelor of Arts majoring in English?

THE INTERPRETER: That's correct.

20 **MS SHARP SC:** You then received a postgraduate diploma in 1992 from Deakin University in Melbourne?

THE INTERPRETER: That's correct.

MS SHARP SC: And that diploma was for interpreting and translation?

25 **THE INTERPRETER:** That's correct.

MS SHARP SC: Is it correct that in 2018 you won the AUSIT excellence award for interpreting?

30 **THE INTERPRETER:** That's correct.

MS SHARP SC: And what does AUSIT stand for, A-U-S-I-T?

35 **THE INTERPRETER:** AUSIT stands for the Australian Interpreters and Translators Institute.

MS SHARP SC: And is it right that that is the highest award for interpreting in Australia?

40 **THE INTERPRETER:** That's correct.

MS SHARP SC: You won that same award in 2013?

45 **THE INTERPRETER:** That's correct.

MS SHARP SC: You have an honorary fellowship with Monash University?

THE INTERPRETER: That's correct.

MS SHARP SC: And you are an adjunct fellow at Monash University, as well as the China Academy of Sciences University?

5 **THE INTERPRETER:** That's correct.

MS SHARP SC: You are also a visiting professor at Southeast University, Tianjin University, Foreign Studies University and Kunming University of Sciences and Technology?

10

THE INTERPRETER: That's correct.

MS SHARP SC: Is it correct that you are a senior practitioner at the Australian Institute of Interpreters and Translators?

15

THE INTERPRETER: That's correct.

MS SHARP SC: Is it correct that you have been engaged by Australian officials on official visits of President Xi Jinping to provide interpretation services?

20

THE INTERPRETER: That's correct.

MS SHARP SC: Who are some of the other public figures that you have interpreted for over the years?

25

THE INTERPRETER: For Australian Prime Ministers, from early days of John Howard and also the other Prime Ministers, including Turnbull, current Prime Minister Scott Morrison and Cabinet and many other - all Ministers at federal level and many premiers in Australia, working with the Chinese officials, China's leaders, starting from Jiang Zemin, Hu Jintao, Premier Wen Jiabao, Premier Li Keqiang - the current Premier - and also previous presidents of China and the US presidents, and Chinese - and some other presidents internationally.

30

MS SHARP SC: You have also provided interpretation services for the United Nations?

35

THE INTERPRETER: Yes, I have been.

MS SHARP SC: It's right, isn't it, that you an extremely experienced interpreter of Mandarin to English and English to Mandarin?

40

THE INTERPRETER: I'm experienced with 35 years experience.

MS SHARP SC: Could I take you to a document that you should have on the screen in front of you. Is that a copy - and I will just have the operator scroll through. Professor Qin, is this a copy of the CV that you provided to those assisting this review?

45

THE INTERPRETER: Yes.

MS SHARP SC: I tender that CV, Mr Bell.

5 **MR BELL SC:** Yes. Professor Qin's CV will become exhibit D.

MS SHARP SC: Professor Qin, Mr Lee, who will shortly give evidence, speaks the Nantong dialect in Mandarin. Do you regard yourself as qualified to interpret Mandarin in this dialect?

10

THE INTERPRETER: No. I should say that Mandarin is the national language of mainland China, and Nantong is one of the cities where there are quite a few different dialects in Nantong City alone. So I speak Mandarin very standard, received pronunciation of Mandarin, and Nantong is one of the cities in China

15

with many dialects.
MS SHARP SC: And are you capable of translating from Mandarin to English where the Nantong dialect is spoken?

20 **THE INTERPRETER:** I can't say. Only Mandarin to English, English to Mandarin. Nantong dialect - Nantong dialects - there are four or five dialects, so I don't speak any of those dialects. But people in mainland China, for national language, which is Mandarin.

25 **MS SHARP SC:** I have no further questions, Mr Bell.

MR BELL SC: Yes. Professor Qin, what are the features of the Nantong dialect, as you understand them? In what way is it different from official Mandarin?

30 **THE INTERPRETER:** Mr Bell, I can only give an analogy from English perspective because from the Chinese people who do not speak Chinese it's very hard to give examples. Sometimes the dialects in China is like Irish accent or Scottish accent. The grammar is the same, the words are the same, but pronunciation can be very different. Sometimes the wordings are different too.
35 However, educated people in China, particularly after the push of making everyone speak Mandarin in China from 1950s, almost everyone speaks Mandarin and also their own dialect if they have one.

40 **MR BELL SC:** And what experience have you had in court interpreting in Australia?

THE INTERPRETER: I have been doing interpreting in Australia in courts at all jurisdictions, from tribunals all the way to the High Court in the last - from 1993 onwards.

45

MR BELL SC: Yes. Ms Richardson, do you have any questions for Professor Qin?

MS RICHARDSON SC: Not at this stage, no.

MR BELL SC: Mr Walker, do you have any questions for Professor Qin?

5 **MR WALKER SC:** No, Mr Bell. Thank you.

10 **MR BELL SC:** Ms Richardson and Mr Walker, I'm satisfied that Professor Qin is qualified to act as interpreter for Mr Lee. On this occasion, I don't wish to have interruptions telling me that on your instructions the translation error has occurred in circumstances where the name, address and occupation of the person from whom you are taking instructions is not identified, that person's qualifications and experience are unknown and that person has not taken an oath or affirmation to tell the truth.

15 If, in due course, you consider that the transcript discloses a material transcription error, you may, of course, make a submission about that, accompanied by sworn evidence. And a recording of Mr Lee's evidence will be retained. Professor Qin, if Mr Lee proceeds to give a long answer to a question, you may ask him to pause at an appropriate point and translate his answer up to that point, letting us know that
20 Mr Lee has not yet finished his answer. Do you follow?

THE INTERPRETER: Thank you, Mr Bell. And also if I do not understand a certain word or certain pronunciation, I will let you and everyone know that I will seek clarification from him.

25 **MR BELL SC:** Yes. Thank you, Professor Qin.

<PHILLIP DONG FANG LEE, AFFIRMED

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

<EXAMINATION BY MS SHARP SC:

35 **MS SHARP SC:** Mr Lee, could you please state your full name.

MR LEE: Phillip Dong Fang Lee.

MS SHARP SC: What is your date of birth?

40 **MR LEE:** 9 September 1960.

MS SHARP SC: Your address is known to those assisting this review. You live in New South Wales, don't you?

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

MS SHARP SC: How many years have you lived at the same address?

MR LEE: Are you talking about my current address?

MS SHARP SC: Yes.

5 **MR LEE:** Around six years.

MS SHARP SC: How long have you lived in New South Wales?

10 **MR LEE:** More than 20 years.

MS SHARP SC: Do you speak English?

MR LEE: No.

15 **MS SHARP SC:** Do you read English?

MR LEE: No, I don't.

20 **MS SHARP SC:** What is your occupation?

MR LEE: I'm a business person.

MS SHARP SC: Are you an Australian citizen?

25 **MR LEE:** Yes.

MS SHARP SC: How long have you been an Australian citizen?

30 **MR LEE:** More than 20 years.

MS SHARP SC: Were you born in China?

MR LEE: Yes.

35 **MS SHARP SC:** How old were you when you stopped living in China?

MR LEE: 18 or 19 years.

40 **MS SHARP SC:** Do you hold a New South Wales driver's licence?

MR LEE: Yes, I do.

MS SHARP SC: How long have you held a New South Wales driver's licence?

45 **MR LEE:** More than 20 years.

MS SHARP SC: Do you hold a Medicare card?

MR LEE: Yes.

MS SHARP SC: How long have you held a Medicare card?

5 **MR LEE:** Around 20 years.

MS SHARP SC: Do you have an Australian passport?

MR LEE: Yes.

10

MS SHARP SC: Do you still have a copy of your Australian passport from 2014?

MR LEE: Yes.

15

MS SHARP SC: Do you own any properties in Australia?

MR LEE: Not under my name.

20

MS SHARP SC: Do - I withdraw that. Does your wife own any properties in Australia?

MR LEE: Yes.

25

MS SHARP SC: How many?

MR LEE: For residential properties, there are around five to six. For other assets, I haven't done a calculation so I can't give you an accurate answer.

30

MS SHARP SC: Is it correct that you have gambled at The Star Casino in Sydney for many years?

MR LEE: Very correct.

35

MS SHARP SC: For how many years?

MR LEE: More than 20 years.

40

MS SHARP SC: Have you had a diamond membership at The Star Casino in Sydney?

MR LEE: Yes.

MS SHARP SC: When did you obtain that membership?

45

MR LEE: I can't say accurately exactly when. I can't say for sure.

MS SHARP SC: Would it be around 2005?

MR LEE: Approximately.

MS SHARP SC: Is the diamond membership the highest level of VIP membership at The Star?

5

MR LEE: It should be.

MS SHARP SC: What are the games you gamble on at The Star Casino?

10 **MR LEE:** Mostly baccarat.

MS SHARP SC: Do you gamble at the main floor of The Star casino or in special rooms?

15 **MR LEE:** In special rooms. It is a VIP room to gamble.

MS SHARP SC: Can you say where those special rooms are located in the casino?

20 **MR LEE:** Level 3 in the casino. And also level 17.

MS SHARP SC: Is level 17 in the hotel related to the casino?

MR LEE: Correct.

25

MS SHARP SC: In 2014 and 2015, did you have a relationship manager at The Star Casino in Sydney?

MR LEE: Many relations managers.

30

MS SHARP SC: Can you please name them.

MR LEE: One was called Chen Rong. The second one was called Kevin. Other people, I do not know their names. They were providing services.

35

MS SHARP SC: Did you only deal with Star employees who spoke Mandarin when you gambled at The Star?

MR LEE: Correct.

40

MS SHARP SC: What services did the relationship managers provide to you?

MR LEE: Firstly, I was allocated to a special room so that I could play baccarat, and also my food service and also account settlement service.

45

MS SHARP SC: In the period from 2014 to 2020, did you have bank accounts in China?

MR LEE: Yes.

MS SHARP SC: Did you have China UnionPay cards attached to those bank accounts in China?

5

MR LEE: Yes.

MS SHARP SC: How many bank accounts in mainland China did you have with attached China UnionPay cards?

10

MR LEE: More than five.

MS SHARP SC: Could you please name some of the bank accounts you had in mainland China with China UnionPay cards attached to them.

15

THE INTERPRETER: Sorry. I need to clarify a word. Sorry, I was clarifying a word with Mr Lee and now - interpreting now.

MR LEE: I have UnionPay cards with China Construction Bank; ICBC, that's Industrial and Commercial Bank of China; Agricultural Bank of China; and China Communications Bank; and also China Merchant Bank.

20

MS SHARP SC: Did The Star Casino ever provide credit to you to gamble with?

25

MR LEE: Yes.

MS SHARP SC: When Star provided credit and you gambled and lost, how long did you have to pay the debt back?

30

MR LEE: Sometimes two weeks; sometimes one month.

MS SHARP SC: Were you permitted to take more than one month to pay back the debts?

35

MR LEE: Yes.

MS SHARP SC: On how many occasions?

MR LEE: I can't recall.

40

MS SHARP SC: On many occasions, or on less than five occasions?

MR LEE: I can't say for sure.

45

MS SHARP SC: Are you able to say whether it was on less than 10 occasions, or more than 10 occasions?

MR LEE: Now, I want to clarify your question. Are you talking about my

payment within 30 days, or more than 30 days?

MS SHARP SC: I am talking about your payments for more than 30 days.

5 **MR LEE:** There are not many times, almost none, but I can say there were once or twice, but very rarely.

MS SHARP SC: When you paid back debts to The Star, did you do so with a cheque?

10

MR LEE: Sometimes I paid with my Union card; sometimes I was using my own Australian local bank to pay.

15 **MS SHARP SC:** When you used your Australian local bank to pay, did you pay by cheque?

MR LEE: No, I was using banknotes.

20 **MS SHARP SC:** Do you mean a cheque?

MR LEE: I rarely used my own personal cheque. I was using bank's promissory note from the bank. I was using that, issued by the bank, to pay my debt.

25 **MS SHARP SC:** And which bank was that?

MR LEE: Commonwealth Bank of Australia.

MS SHARP SC: And when you used a cheque, from which bank was that?

30 **MR LEE:** I can't recall. Very rarely. I rarely used a cheque.

MS SHARP SC: When you did use a cheque, did you write it from your cheque book?

35 **MR LEE:** No. I was using bank's note - bank's cheque. Because The Star employee Chen Rong was providing excellent service, this person - Chen Rong - accompanied me to the bank and talking to the bank because he or she speaks English.

40 **THE INTERPRETER:** Sorry, Mr Bell. In Chinese, the word "he" or "she" is the same word. So I can't tell whether Chen Rong - this person is a male or a female.

MR BELL SC: Yes. Thank you.

45 **MS SHARP SC:** Is Chen Rong male or female?

MR LEE: A male.

MS SHARP SC: And which bank would Chen Rong accompany you to?

MR LEE: One was the Commonwealth Bank of Australia, one was the National Bank, but others I can't recall.

5

MS SHARP SC: Was the National Bank known as National Australia Bank?

MR LEE: Correct.

10 **MS SHARP SC:** Did you also have a bank account with the United Overseas Bank in Singapore?

15 **THE INTERPRETER:** Mr Bell, or Ms Sharp, I need to search this word whether - because the word "united bank", I did a word for word translation. He said there is a 'da hua' bank. I wonder if that's a - the same bank. They have different names in Chinese and in English.

20 **MR BELL SC:** Ms Sharp, perhaps you could ask him whether he had a bank account in Singapore and the circumstances in which he came to have it.

MS SHARP SC: Yes. Did you have a bank account in Singapore?

MR LEE: Yes.

25 **MS SHARP SC:** Did you sometimes pay money from that bank account to Star Casino?

MR LEE: No.

30 **MR BELL SC:** What was the name of the bank with which you had an account in Singapore?

MR LEE: It's called (speaks Mandarin) bank in Chinese.

35 **THE INTERPRETER:** Mr Bell, I just searched and - 'da hau' bank in Chinese language, and in English is called UOB.

MR BELL SC: Thank you.

40 **MS SHARP SC:** Did you have - I withdraw that. Was the bank account you had in Singapore sometimes called UOB?

MR LEE: I think so.

45 **MS SHARP SC:** In what circumstances did you come to establish a bank account in Singapore?

MR LEE: That was quite a long time ago - a long time ago that I set up my bank

account in Singapore.

5 **MS SHARP SC:** And did the establishment of that bank account in Singapore have anything to do with how you paid for gambling at The Star Casino?

MR LEE: All depends on the timing. If you talk about now and 2014 and '15, it was not.

10 **MS SHARP SC:** When did you establish the Singapore bank account?

MR LEE: Very early.

MS SHARP SC: Was it before 2014?

15 **MR LEE:** Correct.

MR BELL SC: Did anyone at The Star suggest that you open that bank account in Singapore?

20 **MR LEE:** Very correct.

MR BELL SC: Ms Sharp.

25 **MS SHARP SC:** Who was that?

MR LEE: That was employee - manager - service manager in Star City after Chen Rong left, and it was Angela Chen.

30 **MS SHARP SC:** To confirm, was this after 2015?

MR LEE: To be more precise, to be more accurate, it should be in fact a lot later after 2015.

35 **MR BELL SC:** Were you given any explanation by The Star as to why you should open a bank account in Singapore?

40 **MR LEE:** The explanation to me was that they would need an overseas cheque to be placed in their place and as that period of time of a month to repay the - repay the money.

MS SHARP SC: Where did they say the cheque had to be placed?

THE INTERPRETER: I was asking to pause just now.

45 **MR LEE:** It would be a blank cheque, and I was asked to sign the blank cheque and to hand it back to them, and they would handle the rest of the procedure. And then it would be okay for me to get an amount of money of around \$5 million. And with that amount of money, I could gamble in casino. And if I lost, I have one

month to pay back.

MS SHARP SC: So did you hand the blank cheque over when you obtained credit from The Star Casino?

5

MR LEE: Correct.

MS SHARP SC: Did anyone from The Star explain to you why you needed a cheque from your Singapore bank account rather than your Australian bank accounts?

10

MR LEE: Yes. Yes, they did explain to me. And I asked them that, in fact, "My National Bank cheque in your place is quite good, isn't it?" And I was told that's no - not good, and the casino has rules changed.

15

MS SHARP SC: Did they explain why your cheque from your Australian bank account was not good?

MR LEE: I do not know, and probably Star City's gaming rules stipulate like that and I do not know why.

20

MS SHARP SC: How did you deposit money into your Singapore bank account?

MR LEE: For my Singapore account, they do not require me to deposit money.

25

MS SHARP SC: How did you make money go into your Singapore bank account?

MR LEE: As I explained to you just now, it was the gaming rules from The Star City. They did not require me to deposit money to Singapore account.

30

MS SHARP SC: Did you ever deposit money into the Singapore account?

MR LEE: Yes.

35

MS SHARP SC: How did you do that?

MR LEE: Normally through remittance, but that was a long time ago.

40

MS SHARP SC: Did your Singapore bank account accept cash deposits?

MR LEE: Yes.

MS SHARP SC: Did you ever cause cash deposits to be made into your Singapore bank account?

45

MR LEE: In my memory, yes.

MS SHARP SC: How frequently did you cause cash deposits to be made in your Singapore bank account in the period 2014 to 2020?

5 **MR LEE:** I'm sorry. I think the timing you gave me was wrong because if you are asking me 2014 to 2015, there is no cash deposits into the account.

MS SHARP SC: When were there cash deposits into the account?

10 **MR LEE:** 2018.

MS SHARP SC: Did you go to Singapore to make those cash deposits?

MR LEE: Yes.

15 **MS SHARP SC:** Were cash deposits sometimes made into the Singapore bank account without you being in Singapore?

20 **MR LEE:** That's not possible because it's quite stringent rules in Singapore. They would ask you where your money came from, and you need to provide evidence to show where your money came from.

MS SHARP SC: Who at The Star Casino helped you arrange credit to gamble?

25 **MR LEE:** Which year, again? If you are talking about all the time, normally it was Chen Rong, Kevin and Angela, those employees who speak Chinese and who provided service for me and to arrange the credit.

MS SHARP SC: Who was it in 2014 and 2015?

30 **MR LEE:** That was Chen Rong and Kevin. They were the main people.

MS SHARP SC: Have you ever used China UnionPay cards to obtain funds to gamble at The Star?

35 **MR LEE:** Yes.

MS SHARP SC: Can you please describe the process for doing that.

40 **MR LEE:** Okay. Chen Rong told me that I could use the UnionPay cards to be swiped so as to pay the debts that I owed to the casino.

THE INTERPRETER: Sorry. I was asking him to pause.

45 **MR LEE:** Generally speaking, the process starts like this. There is a room on the first floor, and it's a small room, and there is a POS card machine. And I would sit on a couch, and Chen Rong brought over the machine and swiped the card and then asked me to sign. So once that's been signed, I was taken back to level 3, a special room. And 10 minutes later, I was given chips to gamble. Sometimes I was

sitting at my table and my card was handed to them who provided services, and they take the card away and came back for me to sign. Once I signed that, I would have chips to gamble.

5 When I swiped my card for the first time, I provided my driver licence and they would photocopy my driver licence. That was only for the first time. After that, I do not need to provide my driver licence again. And every time when I swipe my card - in fact, after I swipe my card, normally I do it in the ground floor or at my table once the card is swiped, and it was okay to gamble.

10 **MR BELL SC:** When you say "at my table", do you mean at the table where were you playing baccarat?

MR LEE: Correct.

15 **MS SHARP SC:** And on those occasions, was your China UnionPay card taken away from you outside the room?

MR LEE: Yes.

20 **MS SHARP SC:** So the China UnionPay card was not swiped in front of you on those occasions?

MR LEE: Correct.

25 **MR BELL SC:** Did this occur on many occasions?

MR LEE: Yes.

30 **MS SHARP SC:** Did you use your China UnionPay card at the casino in 2014 and 2015?

MR LEE: I don't understand your question because when I use my UnionPay card, I always use it in the casino.

35 **MS SHARP SC:** I was trying to understand the years in which you used the UnionPay card at the casino. What was the first year you started using your China UnionPay card?

40 **MR LEE:** I'm terribly sorry to say that I can't recall exactly. I think it must have been before 2014, but I can't tell you exact timing.

MS SHARP SC: When - do you accept that you used your China UnionPay card to purchase gambling chips at the casino?

45 **MR LEE:** Yes.

MS SHARP SC: Were you provided receipts when your China UnionPay card

was used for this purpose?

MR LEE: Yes.

5 **MS SHARP SC:** What did the receipts say?

MR LEE: Sorry - I'm terribly sorry because the receipts were in English. I can't say.

10 **MS SHARP SC:** At the time you used your China UnionPay card to purchase gambling chips, did you stay at the hotel associated with the casino?

MR LEE: No.

15 **MR BELL SC:** Where were you staying when using China UnionPay cards at the casino?

MR LEE: I was staying at home. It was possible that the casino gave me some accommodation vouchers, but I did not stay and I gave those vouchers to my
20 friends.

MS SHARP SC: How did you become aware that the China UnionPay card could be used at The Star Casino?

25 **MR LEE:** It was Chen Rong who told me.

MS SHARP SC: And what did he tell you?

MR LEE: He said to me that I was, in fact, lost and I was quite anxious. He said,
30 "Don't be anxious. Do you have a China UnionPay card? If you do, in fact, you can use China UnionPay card to pay the debt."

MS SHARP SC: And when you say "lost", do you mean lost at the casino?

35 **MR LEE:** Correct.

MS SHARP SC: Were you happy when you found out you could use the China UnionPay card at the casino?

40 **MR LEE:** Of course. I was very happy.

MS SHARP SC: And why was that?

MR LEE: Because I do not have money in Australia. In China, I could borrow
45 money in RMB. And so if I won, certainly that's good opportunity. However, if I lost, I could repay. Because in China, I have friends who I know them well and I could borrow in RMB. And in Australia, it's very hard to get and borrow money.

MS SHARP SC: So was a reason you were happy you could use your China UnionPay card that you could move money out of your bank accounts in China?

5 **MR LEE:** No, that's not the case. The reason I was happy was that, one thing, I could win money and - win money from the casino because I'm enjoying gambling. And also if I lost at the time, I - I can repay the debt. And that was why I was happy. Because for those many years, I have lost so much money and I wanted to have the opportunity to win back. And to be able to use China Union card gave me the opportunity to have access to RMB, and I can have opportunity
10 to - to win back.

MS SHARP SC: Were there any limit - I withdraw that. When you first started using China UnionPay cards at Star Casino, was there any limit on how much money you could take from that card on any day?

15 **MR LEE:** When I first start to use the China Union card, there was no limit. I was not told there was any limit when I was using the card.

MS SHARP SC: When you first started using the card, is it correct that you
20 withdrew from the card many millions of dollars some days?

MR LEE: Yes.

MS SHARP SC: Were limits placed on the amount of money you could debit
25 from the China UnionPay card over time at The Star?

MR LEE: No.

MS SHARP SC: Did anyone from The Star ever warn you that you were taking
30 out too much money from the China UnionPay card to use at the casino?

MR LEE: No. No. No, no one told me that. At the later stage, I was told and - I was told that there was some limit and I could not swipe card like that.

35 **MS SHARP SC:** And when were you told that?

MR LEE: So it was in 2018 - or after 2017, the limit was imposed.

MS SHARP SC: And what limit was imposed?

40 **MR LEE:** It was either two million or three million. I cannot recall exactly. At once, I was swiping and it did not go through.

MS SHARP SC: Was that limit of two million or three million dollars per day or
45 some other time?

MR LEE: One day.

MS SHARP SC: Can I show you a document, please. I will call up STA.3014.0002.1932, which is exhibit B, tab 73.

5 **THE INTERPRETER:** Did you say - what's the tab number again, sorry, Ms Sharp?

MS SHARP SC: 73.

10 **THE INTERPRETER:** Sorry?

MS SHARP SC: Tab 73. Mr Lee, could you please show the camera the document you are holding?

15 **MR LEE:** To the camera? Is that this one?

MS SHARP SC: Yes. Is that a document with a Chinese translation on it?

MR LEE: Correct.

20 **MS SHARP SC:** Could I please call up that document on the screen. It is STA.3014.0002.1932 underscore. Mr Lee, is the document that I am showing you on the screen the same as the first page of the document you are holding?

25 **MR LEE:** Correct. The same.

MS SHARP SC: How many pages are there on the document you are holding?

MR LEE: Five pages.

30 **MS SHARP SC:** What is the number in the top right-hand corner of the last page?

MR LEE: Top right-hand number - are you talking about the number of the interpreter's stamp, or on the document itself? There is a number here.

35 **MS SHARP SC:** The number at the top of the last page of the document.

MR LEE: You mean here?

40 **MS SHARP SC:** In fact, it's the one on the other side of the page. I might approach that a different way, Mr Bell, and you've seen what the document is.

MR BELL SC: Yes.

45 **MS SHARP SC:** Mr Lee, have you read this document carefully before giving evidence today? Mr Bell --

THE INTERPRETER: Sorry. Let me finish what he said.

MR LEE: I'm sorry. Please allow me to explain. For this document, in fact, it was in English in the first place. In the [REDACTED], when I saw the English document and I thought it was an application to the casino for my line of credit, either five million, three million or two million. But when I was presented with this Chinese document, I realised that I haven't seen it before.

MR BELL SC: Sorry. Can I just be clear, please, Mr Lee. Is the Chinese document you're referring to the document which has the digits 1932 in the top right-hand corner?

MR LEE: Correct. Correct. Correct. Correct. Very sorry --

MR BELL SC: And just for the record, Ms Sharp - sorry. I'm sorry. Please translate.

THE INTERPRETER: Sorry, Mr Bell.

MR LEE: I'm sorry for last time because this time, when I saw it is Chinese document, I realised that I haven't seen it before. This is the first time I saw.

MR BELL SC: Yes. Thank you. Ms Sharp, is the document that ends in the digits point 1932 - is that an exhibit?

MS SHARP SC: The English version of it is. That is in exhibit B at tab 73. What I would like to do is have marked for identification the Chinese translation, and I see it has the same number on it, but I am instructed that it will be re-stamped with the same number but an underscore at the end of the number.

MR BELL SC: All right. I will mark for identification 9 the Chinese translation of the document STA.3014.0002.1932. Thank you.

MS SHARP SC: Now, please just tell me yes or no: have you read this Chinese translation carefully before giving your evidence today?

MR LEE: Yes, I did.

MS SHARP SC: I will now ask you some questions about these documents. On your screen, the English version will appear on the left-hand side and the Chinese translation will appear on the right-hand side.

MR LEE: Yes.

MS SHARP SC: In the English version of the document, can you see your signature anywhere on that document?

MR LEE: At the bottom section.

MS SHARP SC: Is it right that your signature appears in the left-hand side in a

box under - I withdraw that - in a box which is above another small box?

MR LEE: Correct.

5 **MS SHARP SC:** Do you see that this document translated into Mandarin says that the date is 6 April 2015?

MR LEE: Correct.

10 **MS SHARP SC:** Do you see that this document translated into Mandarin says cheque cashing limit change from \$12.3 million to \$23.3 million?

MR LEE: Correct.

15 **MS SHARP SC:** Did you ever have a credit limit from The Star Casino of \$12.3 million?

MR LEE: No, I'm sorry, I don't.

20 **MS SHARP SC:** Did you ever ask, in April 2015, to increase your credit limit to \$23.3 million?

MR LEE: No.

25 **MS SHARP SC:** Can I please take you to the second page of the document in Mandarin, which ends with the number 1933 at the top.

MR LEE: Yes. Yes, I can see it.

30 **MS SHARP SC:** Operator, could you please bring up the second page of the English version, which ends in pinpoint 1933. Mr Lee, can you see that in the top right-hand side of this document it says, "China Construction Bank"?

MR LEE: Yes, I can.

35

MS SHARP SC: And can you see that underneath that, it says:

"Pay to the order of Star Proprietary Limited."

40 **MR LEE:** Yes, I can.

MS SHARP SC: And on the right-hand side of that document at the top, can you see that it says:

45 "Cheque Number: 482172."

MR LEE: Yes, I can.

MS SHARP SC: And can you see under that, it says:

"Fifty-three million six hundred and eighty-nine thousand nine hundred Chinese yuan."

5

MR LEE: Yes, I can.

MS SHARP SC: On the English version of the document, can you see your signature?

10

MR LEE: Yes, I can.

MS SHARP SC: Did you ever have a cheque book with China Construction Bank?

15

MR LEE: I'm very sorry. I never had one.

MS SHARP SC: Did you ever have promissory notes written from China Construction Bank?

20

MR LEE: No.

MR BELL SC: Mr Lee, you've told me that you had a bank account in China with the China Construction Bank which had a China UnionPay card attached to it. Is that correct?

25

MR LEE: Correct.

MR BELL SC: And did you have a cheque account with the China Construction Bank?

30

MR LEE: I've never applied for one.

MR BELL SC: Yes, Ms Sharp.

35

MS SHARP SC: Before - I withdraw that. Could I take you to the next page, please, Mr Lee, which --

MR BELL SC: Sorry. Before you do, Ms Sharp, should that be marked for identification?

40

MS SHARP SC: I'm sorry, Mr Bell. I had intended to have marked the whole number of documents. I should have indicated that more specifically for the transcript. I will do now. What I had intended to have marked was the Chinese translation for the whole of exhibit B, tab 73. That ends in the number 1939. And my instructions are that when it is translated, it will end in the number 1939_T.

45

MR BELL SC: Thank you. So MFI9 will be the Mandarin translations of exhibit

B73.

MS SHARP SC: Mr Lee, could I take you, please, to the Mandarin translation which ends in the number 1934.

5

MR LEE: Yes, I can see.

MS SHARP SC: Operator, could you please bring up the English version of this document, which is ending in 1934. Mr Lee, do you see that your name is written on this document ending 1934?

10

MR LEE: Yes, I can.

MS SHARP SC: Mr Lee, do you see on the Mandarin version of this document, it says that on 6 April 2015 a number of debit transactions occurred on a China UnionPay card?

15

MR LEE: Yes, I can.

MS SHARP SC: And can you see that the first of those debit transactions is for AUD\$200,000?

20

MR LEE: Yes, I can.

MS SHARP SC: And do you see that on that same day, there are 12 different debit transactions for AUD\$900,000 each?

25

MR LEE: Yes.

MS SHARP SC: And you can take it from me that the total number of debit transactions on this page is AUD\$11 million.

30

MR LEE: Yes.

MS SHARP SC: Is it correct that on 6 April 2015, you debited your China UnionPay card for \$11 million to purchase chips or pay back a casino debt at The Star Casino?

35

MR LEE: Correct.

MS SHARP SC: Looking at the English version of this document, was that document provided to you when you made these debit transactions on 6 April 2015?

40

MR LEE: You are talking about the document I'm looking at?

45

MS SHARP SC: Yes, the English version of the document that you can see on the screen.

MR LEE: No. I haven't seen this. This is the first time I saw it.

5 **MS SHARP SC:** Can you see in the middle of the page on the Mandarin version, it says:

"Room number: 9098."

10 **MR LEE:** You are talking about English version? I can see the Chinese version, 9098, but I can't see English.

MS SHARP SC: Yes. Could I ask Mr Lee to look at the Chinese version on the page ending 1934.

15 **MR LEE:** Yes, I can see the Chinese version.

MS SHARP SC: And in the Chinese version, in the box in the top right-hand side, does Mr Lee see "room 9098"?

20 **MR LEE:** Yes, I can.

MS SHARP SC: Next to that, can Mr Lee see:

"Arrival: 3 April 2015."

25 **MR LEE:** Yes, I can.

MS SHARP SC: And next to that, can you see:

30 "Departure: 30 April 2015."

MR LEE: Yes, I can.

35 **MS SHARP SC:** Did you stay at Astral Tower and Residences for 27 days in April 2015?

MR LEE: No, I haven't.

40 **MR BELL SC:** Did you stay there on any of those days, Mr Lee?

MR LEE: No. It is possible that my friends might have stayed in this business suite, but not myself. I haven't.

45 **MS SHARP SC:** Could I take you, please, to the Chinese document at the page ending with the number 1937. And, operator, could I bring that up on the screen and the English version at 1937.

MR LEE: Yes, I can see. I can see.

MS SHARP SC: Do you see that at the top of the document in the box, it says "EFTPOS"?

5 **MR LEE:** Yes, I can.

MS SHARP SC: And do you see a little further down the document, it says:

"Date/time, 6 April 2015."

10

MR LEE: Yes, I can.

MS SHARP SC: And the time is 2235?

15 **MR LEE:** Yes. Yes, I can.

MS SHARP SC: And do you see further down, it says "CUP"?

MR LEE: Yes. CUP I can see.

20

MS SHARP SC: And do you see further down, it says:

"Purchase, \$900,000. "

25 **MR LEE:** Yes, I can see.

MS SHARP SC: And if you could look to the English version of the document, can you recognise your signature on that document?

30 **MR LEE:** Yes, I can.

MS SHARP SC: And if I take you to the next page of the Mandarin version ending 1938, do you agree that these are Mandarin translations of the same kind of document I have just asked you about?

35

MR LEE: Yes.

MS SHARP SC: Do you agree that these are all Mandarin translations of EFTPOS receipts for debits made using your China UnionPay card?

40

MR LEE: Correct.

MS SHARP SC: And do you see that each of the four documents translated into Mandarin have the date 6 April 2015?

45

MR LEE: Correct.

MS SHARP SC: And do you see that the first document in the top right-hand

corner of the page has the time 2243?

MR LEE: Yes.

5 **MS SHARP SC:** And do you see the second document at the top on the right-hand side of the page has a time of 2244?

MR LEE: Yes, I can see.

10 **MS SHARP SC:** And the document in the bottom left-hand side of the page has the date 2245?

MR LEE: Yes, I can see.

15 **MS SHARP SC:** And the document in the bottom right-hand side of the page says 2242?

MR LEE: Yes, I can.

20 **MS SHARP SC:** Now, in the English version, which has six receipts, can you see that there are timestamps for 2243, 2244, 2245 and 2242?

MR LEE: Yes, I can.

25 **MS SHARP SC:** And on those particular receipts in the English version, do you recognise your signature?

THE INTERPRETER: I'm sorry. I need to ask him to repeat.

30 **MR LEE:** They are all my signatures. They are - I can see they are my signatures.

MS SHARP SC: So is it right that on at least one occasion at Star, you swiped your China UnionPay card on multiple occasions in very close proximity to each other for debiting \$900,000 at a time?

35

MR LEE: Correct.

MS SHARP SC: Mr Bell, I see the time.

40 **MR BELL SC:** Yes. I will take the morning adjournment for 15 minutes. Thank you.

<THE HEARING ADJOURNED AT 11:38 am

45 **<THE HEARING RESUMED AT 11:53 am**

MR BELL SC: Mr Jones, you are now appearing for Mr Lee; is that correct?

MR JONES: That's right, Mr Bell.

MR BELL SC: Yes, Ms Sharp.

5 **MS SHARP SC:** When you gambled at The Star Casino, did you ever gamble as part of a junket?

MR LEE: No.

10 **MS SHARP SC:** Did you ever play as part of an international rebate program?

MR LEE: No.

15 **MS SHARP SC:** Did you ever sign up as an international player?

MR LEE: No.

20 **MS SHARP SC:** When you used your China UnionPay cards to purchase chips or pay back debts at Star Casino, were they debit cards or credit cards?

MR LEE: It was the China Union debit card.

25 **MS SHARP SC:** When you swiped your China UnionPay card at Star Casino, did you ever withdraw cash?

MR LEE: Yes.

30 **MS SHARP SC:** On how many - I withdraw that. Did you do that frequently or infrequently?

MR LEE: Infrequently. Infrequently. Sometimes I use chips to - in exchange of cash.

35 **MS SHARP SC:** So is the process that you would swipe your China UnionPay cards, obtain chips and then change those chips for cash?

MR LEE: Yes.

40 **MS SHARP SC:** Did you sometimes use your China UnionPay card at Star Casino to obtain a cheque?

MR LEE: No.

45 **MS SHARP SC:** Did you ever obtain cheques from The Star Casino made out to you in your name?

MR LEE: Can you repeat your question? I didn't quite understand.

MS SHARP SC: I will start again. Did you ever receive cheques from Star Casino made out in your name?

MR LEE: Yes.

5

MS SHARP SC: Did you sometimes receive those cheques even though you had not gambled at The Star Casino?

MR LEE: No.

10

MS SHARP SC: Is the process that you would sometimes make a debit transaction from your China UnionPay card, obtain gambling chips and then exchange those chips for a cheque from The Star Casino that directed you be paid?

15 **MS RICHARDSON SC:** Sorry. I do object to that question. I think it needs to be made clear. The witness has said that he did not receive a cheque in circumstances where he had not gambled. It should be made clear as part of this question, that is it being put that he received a cheque - I mean, is he being pressed on the answer that he has already given that he did not receive a cheque in circumstances where
20 he had not gambled?

MS SHARP SC: No. I'm asking a different question, with respect.

25 **MR BELL SC:** Ms Sharp, why don't you ask it again and make it as clear as you can, please.

MS SHARP SC: I will. Were there occasions where you sometimes debited funds from China UnionPay, obtained gambling chips and then exchanged those chips for a cheque from The Star Casino?

30

THE INTERPRETER: Sorry, I need to ask him to repeat.

MR LEE: Never happened. Now, the process at casino with their rules are like this: you have to swipe your cards, either for the purpose of repay your debt or to
35 gamble. Once you swipe the card, you get either cash or chips or to get --

THE INTERPRETER: Sorry.

40 **MR LEE:** Now - now, The Star City rules are like this: you use your Union card to swipe, and you can use it to repay your debt or to buy chips. And you need to use the money to gamble. Once you gambled and the money can be used to pay your debt, there are three ways. One is the account is settled so that you can buy chips, or the chips can be taken away with you, or you can store at casino. Secondly, you can use the fund to get your cash or to get notes, and the notes will
45 be written in your name.

MR BELL SC: Sorry. By "notes", Mr Lee, do you mean cheques?

MR LEE: Correct. That's correct. That's the notes in my name.

MS SHARP SC: When you say you would sometimes take away gambling chips, would you take them away from the casino?

5

MR LEE: Correct.

MS SHARP SC: When you used your China UnionPay card to purchase chips, did you sometimes purchase more chips than you gambled with that day?

10

MR LEE: Yes.

MS SHARP SC: And when that happened, would you change the chips for cash or for a note?

15

MR LEE: Now, if I hadn't used up my chip and I decided not to gamble on that particular day and also I settled my account and there are some cash left, in fact, with The Star City rules, as I said, I can get cash or I can get my chips. I can store the chips with the casino, or I can take them away, or I can get note issued by Star City in my name.

20

MS SHARP SC: And when you say "note issued by Star City" in your name, do you mean cheque?

25

MR LEE: Correct.

MS SHARP SC: And sometimes when you used your China UnionPay card at the casino, did you use it for the purpose of obtaining cash rather than for the purpose of gambling?

30

MR LEE: The rules of Star City doesn't permit me to do so.

MR BELL SC: Can I ask you this, Mr Lee: you've told me that over a period of time you used your China UnionPay cards to obtain funds for gambling at The Star; is that correct?

35

MR LEE: Correct.

MR BELL SC: And if you finished gambling and you wanted to go home and you still had money left over, would The Star either give you cash or a cheque?

40

MR LEE: It depends. It depends on my own choice.

MR BELL SC: Yes. Thank you.

45

MS SHARP SC: When you used your China UnionPay card to purchase chips at Star Casino, did you sometimes give those chips to other people?

MR LEE: It all depends on the situation. If I won, I possibly give the chips away.

MS SHARP SC: In 2015, did you ever receive warnings from Star Casino that your China UnionPay debits exceeded your level of gambling at the casino?

5

MR LEE: I can't recall. Shouldn't - I shouldn't have.

MS SHARP SC: Were you ever banned from playing by Star Casino in 2015?

10 **MR LEE:** No.

MS SHARP SC: Just to be clear: were you ever banned from gambling at Star Casino in 2015?

15 **MR LEE:** I don't have a recollection.

MS SHARP SC: Were you ever banned by Star Casino in 2015 from using your China UnionPay card?

20 **MR LEE:** No. Only this year I was given a notice. In fact, it was not this year; it was last year I was given notice that I could not go and gamble.

MS SHARP SC: Prior to that time, were you ever banned by Star Casino from using your China UnionPay card at Star Casino?

25

MR LEE: No.

MS SHARP SC: I have no further questions, Mr Bell.

30 **MR BELL SC:** Yes. Thank you, Ms Sharp. Ms Richardson?

MS RICHARDSON SC: Mr Bell, I would like to reserve the position of my client. We had no - this is no criticism, but we had no forewarning of the evidence of Mr Lee. So we will have to consider it and indicate our position at a later point.

35

MR BELL SC: Well, that may not be possible, Ms Richardson. It has been quite a process to ensure that we have a distinguished interpreter here today. You have the opportunity to ask Mr Lee questions. I can't guarantee you will be given another opportunity at another time. I think you should ask any questions that you have now, please.

40

MS RICHARDSON SC: I apologise. I'm not in the position to do so. Mr Lee has given evidence in relation to multiple different people at The Star over many years, many transactions and so on. But I obviously take on board the difficulty to the review if we were to make an application for a recall, and we would be very mindful of that.

45

MR BELL SC: Well, if you do make an application, it will have to be considered

in light of the circumstances that exist at that time. Mr Jones, do you have any questions for Mr Lee?

5 **MR JONES:** No, Mr Bell.

MR BELL SC: Mr Lee, thank you very much for your evidence today.

MR LEE: Thank you.

10 **MR BELL SC:** And the direction that I will make is that your hearing will be adjourned, which means it's possible that you may have to come back.

MR LEE: Sure.

15 **MR BELL SC:** If that occurs, we will endeavour to give you as much notice as possible.

MR LEE: Okay. Thank you.

20 **MR BELL SC:** And, Professor Qin, thank you very much for your services today as well.

THE INTERPRETER: Thank you, Mr Bell.

25 **<THE WITNESS WAS RELEASED**

MR BELL SC: Ms Sharp, who is the next witness, please?

30 **MS SHARP SC:** The next witness I call is Graeme Stevens.

MR BELL SC: Do you need a short adjournment, Ms Richardson, to have Mr Stevens made available?

35 **MS RICHARDSON SC:** If we could just have two to three minutes to make those arrangements, please.

MR BELL SC: Yes, of course. I will adjourn for 10 minutes.

40 **<THE HEARING ADJOURNED AT 12:13 pm**

<THE HEARING RESUMED AT 12:23 pm

MR BELL SC: Yes, Ms Sharp.

45 **MS SHARP SC:** Mr Bell, I'm afraid to report there seems to be an internet dropout at the offices of KWM. In these circumstances, could I suggest it would be convenient to have an early lunch adjournment today?

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

MS SHARP SC: Thank you, Mr Bell.

5 <**THE HEARING ADJOURNED AT 12:23 pm**

<**THE HEARING RESUMED AT 12:23 pm.**

MR BELL SC: Yes, Ms Sharp.

10

MS SHARP SC: Mr Bell, I'm afraid to report there seems to be an internet dropout at the offices of KWM. In these circumstances, could I suggest it would be convenient to have an early lunch adjournment today?

15 **MR BELL SC:** Yes. I will adjourn now for one hour. Thank you.

MS SHARP SC: Thank you, Mr Bell.

<**THE HEARING ADJOURNED AT 12:23 pm**

20

<**THE HEARING RESUMED AT 1:29 pm**

MR BELL SC: Yes, Ms Sharp.

25 **MS SHARP SC:** Mr Bell, just before I call Mr Stevens, could I deal with some documentary tenders, please?

MR BELL SC: Yes.

30 **MS SHARP SC:** I now wanted to tender a list of 42 documents, together with the underlying documents. It had been intended to have that marked exhibit E, and I think that's the way I've been referring to it. However, Mr Qin's CV was just marked exhibit D. I wonder whether I could withdraw that tender, then tender my list and re-tender Mr Qin's CV as exhibit E. Would that be convenient?

35

MR BELL SC: Yes, it would. So Professor Qin's CV will now be exhibit E.

MS SHARP SC: Thank you, Mr Bell. In that case, I understand that an index, together with the underlying documents, has been circulated to interested parties.
40 The index is marked hearing bundle part D, and it refers to 42 documents. I tender that index and the 42 documents.

MR BELL SC: Yes. Hearing bundle part D will be exhibit D1 to D42.

45 **MS SHARP SC:** Thank you, Mr Bell.

MR BELL SC: Yes. Who is the next witness, Ms Sharp?

MS SHARP SC: I call Graeme Stevens.

MR BELL SC: Mr Stevens, would you prefer to take an oath or affirmation?

5 **MR STEVENS:** Affirmation.

<GRAEME SCOTT STEVENS, AFFIRMED

<EXAMINATION BY MS SHARP SC:

10

MS SHARP SC: Mr Stevens, could you tell us your full name, please?

MR STEVENS: Graeme Scott Stevens.

15 **MS SHARP SC:** It is correct isn't it that your address is known to those assisting this review?

MR STEVENS: Correct.

20 **MS SHARP SC:** You have prepared a statement dated 4 February 2022?

MR STEVENS: I have.

MS SHARP SC: Are the contents of that statement true and correct?

25

MR STEVENS: They are.

MS SHARP SC: You are presently the group compliance manager at Star Entertainment Group Limited?

30

MR STEVENS: Correct.

MS SHARP SC: And this is a role to which you were appointed in September 2019?

35

MR STEVENS: Correct.

MS SHARP SC: You have, in fact, had a very long working history at Star, going back some 26 years?

40

MR STEVENS: Correct.

MS SHARP SC: And it's right, isn't it, from 1995 until 1998, you were an assistant pit manager?

45

MR STEVENS: Yes. That's correct - well, '98, yes, pit management - assistant pit manager.

MS SHARP SC: And in the period 1998 to 2002, you were the pit manager at The Star in Sydney?

MR STEVENS: Correct.

5

MS SHARP SC: From 2002 until December 2006, were you the shift manager of games tables at The Star?

MR STEVENS: Correct.

10

MS SHARP SC: And then from December 2006 until August 2019, you were the New South Wales regulatory affairs manager?

MR STEVENS: Correct.

15

MS SHARP SC: Now, during that period of that engagement, is it right that you were employed by The Star until 2015 and thereafter from the - by the Star Entertainment Group?

20

MR STEVENS: Correct.

MS SHARP SC: Now, in your statement at paragraph 4, you indicate what your main responsibilities are in your role as group compliance manager. Could you tell us what they are, please.

25

MR STEVENS: The development of the compliance framework and the implementation of that framework; the monitoring in relation to breaches of our obligations, the - those obligations being legislation, our internal policies, our internal controls and non-conformance with our standard operating procedures. I will also provide some advice to the business in relation to various obligations, and we undertake a series of reviews of the organisation to ascertain best practice and in conformance with those various obligations and processes.

30

MS SHARP SC: And those obligations, do they include obligations under the casino operator licence?

35

MR STEVENS: They do.

MS SHARP SC: And do they include obligations under the Casino Control Act and the Casino Control Regulation?

40

MR STEVENS: They do.

MS SHARP SC: Do they also include obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act?

45

MR STEVENS: They do.

MS SHARP SC: And under the rules made under that statute?

MR STEVENS: Correct.

5 **MS SHARP SC:** Now, could I ask you to please explain what your key responsibilities were during the period December 2006 to August 2019 when were you the New South Wales regulatory affairs manager?

10 **MR STEVENS:** I acted as the main liaison between us and the New South Wales regulator. Correspondence to the regulator was meant to go through me - or I was given copies of that correspondence. I assisted in the process of obtaining approvals to - for new gaming equipment, be it gaming machines or new table games or variants of table games. I assisted to go through the process of getting approval for changes to internal controls, as - as - from what had originally been
15 approved by the regulator back in 1997, as - as we sort of moved those forward. I also gave explanations and operational descriptions of what had happened in relation to various incidents to the regulator, should they have any queries or questions.

20 **MS SHARP SC:** When you said you were the main interface with the regulator during that period, does that mean that if there were any communications between The Star or Star Entertainment and the regulator, you would be involved in them?

MR STEVENS: Yes.

25

MS SHARP SC: And if there were any --

MR STEVENS: There was a - there was a very small number of things from the company secretary that I might not have been involved in, in relation to directors and going through the close associate approval process for directors. But in
30 general, I - I was included - or at least copied on all communication between us and the regulator.

MS SHARP SC: And was it your expectation that documents which were - or
35 which showed communications between The Star or Star Entertainment and the regulator would be provided to you?

MR STEVENS: Yes.

40 **MS SHARP SC:** Are you a lawyer?

MR STEVENS: No.

MS SHARP SC: Now that you occupy the role of group compliance manager, do
45 you remain the main interface between Star Entertainment Group and the New South Wales regulator?

MR STEVENS: No, I'm not.

MS SHARP SC: Who is that person now?

5 **MR STEVENS:** That is Andrea Long, who is the group regulatory affairs manager.

MS SHARP SC: Do you have any role now in terms of dealing with the New South Wales regulator?

10 **MR STEVENS:** I meet with the New South Wales regulator on a monthly basis to discuss compliance issues.

15 **MS SHARP SC:** In your previous position as the New South Wales regulatory affairs manager, did you also deal with AUSTRAC?

MR STEVENS: No. That - that relationship was primarily undertaken by our AML team. I did meet with AUSTRAC on a couple of occasions to give them tours of the property and explain some of our processes, but that was really the extent of it.

20 **MS SHARP SC:** And when you were the New South Wales regulatory affairs manager, is it right that you were responsible for making submissions to the regulator?

25 **MR STEVENS:** Correct.

MS SHARP SC: In your capacity as the New South Wales regulatory affairs manager, would I be right in thinking that you needed to have a very detailed understanding of the regulatory framework?

30 **MR STEVENS:** Correct.

MS SHARP SC: Does that mean you had a detailed understanding of the Casino Control Act?

35 **MR STEVENS:** Yes.

MS SHARP SC: And did you have a detailed understanding of the Casino Control Regulations?

40 **MR STEVENS:** I did.

MS SHARP SC: Were you involved in the periodic suitability review culminating in 2016 report of Jonathan Horton QC?

45 **MR STEVENS:** I was.

MS SHARP SC: Did you read his report of his review?

MR STEVENS: I did.

5 **MS SHARP SC:** Can we assume that you carefully read his report?

MR STEVENS: Yes.

10 **MS SHARP SC:** Can I show you one extract from his report, please. If I can call up INQ.016.001.0050. This is exhibit B, tab 146. And you will see I am showing you the front page of Dr Horton's report now, which bears the date 28 November 2016?

MR STEVENS: Yes.

15 **MS SHARP SC:** And this is the report you carefully read?

MR STEVENS: It is.

20 **MS SHARP SC:** Can I just take you, please, Mr Stevens, to pinpoint 0132. Can I just have you - direct your attention, please, to paragraph 254.

MR STEVENS: Yes.

25 **MS SHARP SC:** You will see that it is stated:

"Junkets present a risk to the integrity of the casino, by virtue of the very large amounts of money involved, the potential illicit sources of those funds, and issues relating to junket promoters and the nature of their business."

30 Now, did you read that at the time?

MR STEVENS: I did.

35 **MS SHARP SC:** Was that a sentiment with which you agreed at the time of this report?

MR STEVENS: Yes, that's correct. I would agree with that.

40 **MS SHARP SC:** And is it right that as at 2016, as stated at paragraph 254, junkets represented an important and growing part of the casino's business?

MR STEVENS: That's correct.

45 **MS SHARP SC:** Is it correct that you have, the entire time you have been - or you were the regulatory affairs manager, appreciated that junkets presented a risk to the integrity of the casino?

MR STEVENS: That's correct.

MS SHARP SC: Did you also understand there were obvious risks of money laundering attached to the operation of junkets in the casino?

5 **MR STEVENS:** I did.

MS SHARP SC: Have you undertaken any training or courses in money laundering and counter-terrorism financing laws?

10 **MR STEVENS:** The training that has been provided by The Star as part of our standard training package.

MS SHARP SC: And what does that comprise, Mr Stevens?

15 **MR STEVENS:** That's an online training course that goes through to indicate the reporting obligations that are associated with the purchase of gaming chips, etcetera, through the casino.

20 **MS SHARP SC:** And is that the only training you have undertaken in money laundering and counter-terrorism financing?

MR STEVENS: Yes, it is.

25 **MS SHARP SC:** And when did you undertake that online training?

MR STEVENS: That training is conducted every two years.

MS SHARP SC: And when was it --

30 **MR STEVENS:** It would have - sorry. I would have first --

MS SHARP SC: I spoke over the top of you. I will let you continue.

35 **MR STEVENS:** I - I would have first undertaken that training in about 2001 and then cyclically after that.

MS SHARP SC: And about every two years?

40 **MR STEVENS:** Correct.

MS SHARP SC: Can you describe your level of understanding of the Australian anti-money laundering and counter-terrorism financing framework?

45 **MR STEVENS:** I would say that I understand the intent. I understand it as it relates specifically to the casino and the obligations on the casino. I wouldn't say that I would have the level of understanding that would be required if I was working for a bank or - or such institution.

MS SHARP SC: Do you understand - I withdraw that. Are you familiar with the concept of reporting entities?

MR STEVENS: I am.

5

MS SHARP SC: And are you familiar with the concept of designated services?

MR STEVENS: I am.

10 **MS SHARP SC:** Are you familiar with the concept and requirements for know your customer?

MR STEVENS: I am.

15 **MS SHARP SC:** Are you familiar with the concept of enhanced customer due diligence?

MR STEVENS: I am.

20 **MS SHARP SC:** And ongoing customer due diligence?

MR STEVENS: Yes.

25 **MS SHARP SC:** And are you also familiar with the requirements for transaction monitoring?

MR STEVENS: I am.

30 **MS SHARP SC:** Do you understand that the anti-money laundering and counter-terrorism financing framework is a risk-based framework?

MR STEVENS: I do.

35 **MS SHARP SC:** And have you understood that at all times since you first received training in that framework in two thousand and - what did you say - one?

40 **MR STEVENS:** I think it was 2001. Yes, I have, although I - I would say from 2006 onwards. As our program was enhanced and developed, my understanding deepened over that period. Initially while I was within the gaming side of it, my understanding would more have been around the direct obligation to report specific transactions or specific behaviour where it was observed.

45 **MS SHARP SC:** Mr Bell, could I just indicate that on my computer at least, while I can still hear Mr Stevens, his image appears to have frozen.

MR BELL SC: I see. Well, there's no problem on my screen. Ms Richardson, is there any difficulty from your end?

MS RICHARDSON SC: Sorry. He was frozen on my screen, but now he is unfrozen. And someone is going in to have a look.

5 **MR BELL SC:** And, Ms Sharp, are you still having problems?

MS RICHARDSON SC: Is that - I'm not meaning to be amusing.

MR BELL SC: No.

10 **MS SHARP SC:** He is unfrozen here now too. I will continue with my examination, Mr Bell.

MR BELL SC: Yes, Ms Sharp.

15 **MS SHARP SC:** Now, returning to my question about a risk-based system, what does that mean?

20 **MR STEVENS:** That means that the reporting entity needs to make a - a call around the behaviour and the activity that they're seeing of those individuals and make an - an assessment of whether or not that activity would be an indication of potential money laundering. And --

25 **MR BELL SC:** Operator - I'm sorry to interrupt. I'm sorry to interrupt. Operator, Mr Stevens is also now frozen on my screen. I think I'm going to take a short adjournment to ensure that we've resolved any technical problems. So I will adjourn for a couple of minutes.

<THE HEARING ADJOURNED AT 1:47 pm

30 **<THE HEARING RESUMED AT 1:52 pm**

MR BELL SC: Ms Sharp.

35 **MS SHARP SC:** Is it correct that one aspect of the risk-based system for anti-money laundering is that reporting entities must have controls which are commensurate with the level of risk presented?

MR STEVENS: Correct.

40 **MS SHARP SC:** And in order for those controls to work effectively, would you agree that it is necessary to correctly identify the level of risk in the first place?

MR STEVENS: I would.

45 **MS SHARP SC:** Now, are you aware that one of Star's core values is called "do the right thing"?

MR STEVENS: I am.

MS SHARP SC: And is it correct that it was in 2020 that Star Entertainment reoriented its values to include "do the right thing"?

5 **MR STEVENS:** I wouldn't say reorientated, but certainly it was expanded to include "do the right thing".

MS SHARP SC: And what does this mean, exactly?

10 **MR STEVENS:** It means that - to operate in an ethical manner and where individuals see behaviour - see activity that they don't think is legal or within keeping with the - the goals and the aspirations that one might expect, not even - not only what one might expect from a legislative perspective, but one - what one might expect from an ethical perspective, that that would be
15 reported through.

MS SHARP SC: And does it mean that one should adhere to the spirit as well as the letter of the law?

20 **MR STEVENS:** It does.

MS SHARP SC: As an employee of Star Entertainment, have you at all times been aware of the Star Entertainment code of conduct?

25 **MR STEVENS:** I have been.

MS SHARP SC: And while you were an employee of The Star, was there also a code of conduct?

30 **MR STEVENS:** They were the same code of conduct, I believe, for both The Star Group and - and The Star Pty Limited.

MS SHARP SC: Could I show you the March 2018 version of the code of conduct. I will just have that called up. It's STA.3008.0023.8145. Can I take you,
35 please, Mr Stevens, to pinpoint 8148. Do you see there's a heading Purpose?

MR STEVENS: I do.

MS SHARP SC: And it states that:
40

"Star Entertainment Group adheres to high ethical and legal standards."

MR STEVENS: It does.

45 **MS SHARP SC:** And is that a standard to which you have adhered during the course of your employment with Star and later Star Entertainment?

MR STEVENS: I have.

MS SHARP SC: And if I take you to the guiding principles, which are set out further down that page, do you agree that one of those principles is:

5 "We comply with the law."

MR STEVENS: I do.

10 **MS SHARP SC:** And at all times, have you endeavoured to do that while working at The Star and later Star Entertainment?

MR STEVENS: I have.

15 **MS SHARP SC:** And you see another guiding principle is:

"We are ethical."

MR STEVENS: I do.

20 **MS SHARP SC:** Do you agree that - I withdraw that. At all times while you have worked at Star and Star Entertainment, have you at all times adhered that to guiding principle?

25 **MR STEVENS:** I have.

MS SHARP SC: And do you agree that one aspect of being ethical is being honest?

30 **MR STEVENS:** I do.

MS SHARP SC: And being ethical also means not being dishonest?

MR STEVENS: Correct.

35 **MS SHARP SC:** And if I can take you to pinpoint 8150. Do you see there's a heading *Our Employees Are Expected To* in italics about a quarter of the way down the page?

40 **MR STEVENS:** I do.

MS SHARP SC: And do you agree that one of those dot points is to:

45 "Refrain from behaviours which could bring Star Entertainment into disrepute."

MR STEVENS: I do.

MS SHARP SC: And this is something that you always understood to be an

obligation under the code of conduct?

MR STEVENS: Yes.

5 **MS SHARP SC:** Do you see there's another requirement there that employees are expected to:

"Challenge and report unethical behaviours or practices."

10 **MR STEVENS:** I do.

MS SHARP SC: And have you always complied with that requirement while you've been an employee of The Star and later Star Entertainment Group?

15 **MR STEVENS:** I have.

MS SHARP SC: And could I draw your attention, please, to the last dot point under the heading Our Employees Are Expected To. Do you see it says:

20 "Provide complete, honest and accurate information to any regulator who lawfully requests that information."

MR STEVENS: I do.

25 **MS SHARP SC:** And particularly given the roles that you have had, do you agree that it is an absolute necessity to provide complete, honest and accurate information with any regulator with whom you deal?

MR STEVENS: I do.

30

MS SHARP SC: And would you agree that it is essential to the role that you have performed to be open and transparent with the regulators at all times?

MR STEVENS: I do.

35

MS SHARP SC: And clear in your communications with them?

MR STEVENS: Yes.

40 **MS SHARP SC:** Do you agree that holding a casino operator licence is a special privilege?

MR STEVENS: I do.

45 **MS SHARP SC:** And that with that special privilege comes commensurate responsibilities?

MR STEVENS: Correct.

MS SHARP SC: And one of those responsibilities is in ensuring the integrity of casino operations?

5 **MR STEVENS:** Yes.

MS SHARP SC: And in ensuring the honesty, integrity and transparency in dealing with others, including regulators?

10 **MR STEVENS:** I would agree.

MS SHARP SC: Now, could I move to ask you some questions about your ordinary practice while dealing with the New South Wales casino regulator, which I will call the authority. Please understand that word, "the authority", to include
15 both the Independent Liquor and Gaming Authority and New South Wales Liquor and Gaming.

MR STEVENS: Okay.

20 **MS SHARP SC:** You would agree that at least since 2016, a very important aspect of your job was dealing with the New South Wales authority?

MR STEVENS: I would.

25 **MS SHARP SC:** Was it your practice to ordinarily confirm all of your important dealings with the regulator in writing?

MR STEVENS: Yes.

30 **MS SHARP SC:** Because it was important, wasn't it, that there be a clear documentary trail of important decisions taken by the regulator?

MR STEVENS: Correct.

35 **MS SHARP SC:** And it was important, wasn't it, that you fully briefed the regulator on particular matters where you engaged with the regulator?

MR STEVENS: Correct.

40 **MS SHARP SC:** And so it's right, isn't it, that if we - if you conveyed important information to the regulator, we would expect to see a written record of that information?

MR STEVENS: Yes.

45

MS SHARP SC: When you dealt with the New South Wales authority, did you keep notes of important conversations that you had kept with representatives of the authority?

MR STEVENS: On occasion.

MS SHARP SC: Why only on occasion?

5

MR STEVENS: Because some of those conversations would have happened over the phone, where - where they would have rang up to clarify something, and I wouldn't say that every - I kept notes of every phone conversation I had with the regulator.

10

MS SHARP SC: Did you keep notes of all important information that you conveyed to the regulator, even if it was by phone?

MR STEVENS: I - I believe so.

15

MS SHARP SC: And where did you keep those notes?

MR STEVENS: Generally, if it was a confirmation email, it would have been sent through to the regulator and the copy of that confirmation email would have been kept within our iManage document system.

20

MS SHARP SC: And what about notes that you personally kept, such as file notes?

25

MR STEVENS: Again, they would have been kept within our iManage system in - in the relevant folder for the matter that we were dealing with.

MS SHARP SC: And is the iManagement system - sorry, the iManage system an electronic database?

30

MR STEVENS: Yes, it's an electronic repository of emails and documents - communication from - that The Star legal team uses.

35

MS SHARP SC: And is it easy to access that database to check on material that you have previously stored there?

MR STEVENS: It is.

40

MS SHARP SC: May we assume that you did not convey important information to the regulator and failed to take notes of that information you conveyed?

MR STEVENS: I'm not aware that I didn't take notes of that - that information.

45

MS SHARP SC: So it's correct that your ordinary practice was to make your own notes of any important information you conveyed to the regulator over the telephone?

MR STEVENS: I'm not sure if I did it every time on the - on the telephone.

Certainly out of the meetings that we had with the regulator. But where there was a clarification process over - over the phone, I'm not sure that every one of those was - a note was taken in relation to that.

5 **MS SHARP SC:** Do you agree that it is - or it was important to make the people to whom you reported at Star aware of any important information you had conveyed to the regulator?

MR STEVENS: Certainly.

10

MS SHARP SC: And how would you ordinarily make your - the officers to whom you reported aware when you had done that?

15 **MR STEVENS:** It would be either email or phone call. And there may - and if I - or I may have had a conversation with them, depending on the - the - the matter and the location of the individual that I - I needed to inform of - that - that - that of.

20 **MS SHARP SC:** Do you expect that if it was particularly important information that you had imparted to the regulator, you would confirm that you had done so with your supervising officers by way of email?

MR STEVENS: I would expect so, yes.

25 **MS SHARP SC:** Now, may we take it that you have a good level of familiarity with the objects of the Casino Control Act?

MR STEVENS: Yes.

30 **MS SHARP SC:** And you're aware, aren't you, that one of the primary objects of the Act, as stated in section 4, is to ensure that the management and operation of the casino remain free from criminal influence or exploitation?

MR STEVENS: I do - I am aware.

35

MS SHARP SC: And do you accept that one of the reasons that that is one of the objects of the Act is because there is a real risk that the management and operation of the casino may be exposed to criminal influence or exploitation?

40 **MR STEVENS:** I do.

MS SHARP SC: And is it right that the fact this risk exists means that it is at all times necessary for the casino operator to be vigilant to ensure the risk is not realised?

45

MR STEVENS: It is.

MS SHARP SC: And do you understand that the casino operator may only

continue to hold the casino licence as long as it remains a suitable person to do so?

MR STEVENS: I do.

5 **MS SHARP SC:** Do you agree that for the casino operator to remain a suitable person to hold a licence, it must be an entity of good repute having regard to character, honesty and integrity?

MR STEVENS: I do.

10

MS SHARP SC: And do you agree that what I will call the good repute requirement is a requirement both at the time of the initial grant of the licence and for the entire period thereafter where the operator continues to hold the licence?

15 **MS RICHARDSON SC:** Well, I do - sorry, I'm just objecting. These are legal propositions being put to a non-lawyer. I can't see the relevance of this if Ms Sharp is putting aspects of the statutory scheme to a non-lawyer.

20 **MR BELL SC:** Well, my understanding is that this witness has said that he has a very good familiarity with the Act. He was the person who dealt with the regulator. I think this doesn't require legal expertise to answer, Ms Richardson. I will allow the question.

25 **MS SHARP SC:** Do you agree, Mr Stevens, that the good repute requirement is one that continues to apply to the casino operator for the entire period during which it holds the licence?

MR STEVENS: I do.

30 **MS SHARP SC:** Do you agree that for the casino operator to remain a suitable person, it must take care to ensure that it only has business associations with people or entities of good repute?

MR STEVENS: I do.

35

MS SHARP SC: And that follows directly from section 12 of the Casino Control Act, doesn't it?

MR STEVENS: I don't remember that section off the top of my head.

40

MS SHARP SC: Well, perhaps I will have it shown to you. Could I please call up, operator, the Casino Control Act. I am just getting the document number ready for you. It is INQ.012.001.0009. It has been marked as an exhibit, Mr Bell, simply so we can call it up. It's exhibit D, tab 30. Now, I'm showing you the version of the Act as at 29 November 2021, Mr Stevens. Let me take you to section 12. Could I take you, please, to pinpoint - I'm afraid I don't have the pinpoint, actually. So I will just have to have it scrolled to section 12, please, operator. The pagination at the bottom - you've got it. Thank you, operator. Do you see here, Mr Stevens,

45

there is a section 12, Suitability of the Applicant and Close Associates of the Applicant?

MR STEVENS: I do.

5

MS SHARP SC: And may we assume that in your capacity as the New South Wales regulatory affairs manager, you were quite familiar with this section of the Act?

10 **MR STEVENS:** Reasonably familiar. It wasn't one of the main sections that we focused on in - in our day-to-day business.

MS SHARP SC: Are you saying you weren't focused on the continuing suitability of the casino operator?

15

MR STEVENS: We were more focused around the internal control, section 124 and other aspects of - of the Act. The suitability and the maintaining of that reputation and the probity was something that was a given and - and, I think, widely understood through the casino, and certainly through the legal team, as to something that we needed to safeguard against. But it wasn't something that we would have turned our heads to in - on - on a daily basis.

20

MS SHARP SC: But in your capacity as the New South Wales regulatory affairs manager, did you take it as a given that the casino operator had to remain a suitable person to hold the casino licence at all times?

25

MR STEVENS: Certainly did.

MS SHARP SC: In that event, can you take you, please, to section 12. Section 12(1) provides that:

30

"The authority must not grant an application for a casino licence unless satisfied that the applicant -"

35 Being the casino operator:

"is a suitable person to be concerned or associated with the management and operation of the casino."

40 And then do you agree that subsection (2) sets out the matters that the authority must consider in making that assessment of suitability?

MR STEVENS: Well, on the screen, subsection (2) is only the first line, saying:

45 "For the purpose the authority is to consider whether -"

And then there's nothing else displayed. You will have to page down to the next one.

MS SHARP SC: Thank you for pointing that out. I will have it turned over to the following page.

5 **MR STEVENS:** Thank you. And could it be slightly enlarged, please?

MS SHARP SC: Yes. We will have that enlarged. Thank you, operator. And let me know once you've finished reading paragraphs (a) through (h), Mr Stevens.

10 **MR STEVENS:** I have.

MS SHARP SC: Now, do you agree that at all times while the casino operator holds the casino licence, it must be able to satisfy each of these paragraphs (a) through (h)?

15

MR STEVENS: I do.

MS SHARP SC: Could I draw your attention, please, to paragraph (g), which sets out a consideration as to whether any of those persons with which the - or with whom the casino deals, has any business associated - I withdraw that. I will start again. Paragraph (g) provides that:

20

"Any of those persons -"

25 And that is the casino operator and its close associates:

"Has any business association with any person, body or association who, in the opinion of the authority, is not of good repute having regard to character, honesty and integrity or has undesirable or unsatisfactory financial sources."

30

MR STEVENS: Yes.

MS SHARP SC: Now, my question to you is this: as the New South Wales regulatory affairs manager, did you understand that one aspect of the casino operator's suitability was that it must only associate with persons or companies of good repute?

35

MR STEVENS: I do - I did.

40 **MS SHARP SC:** And did you understand during that period that to assess good repute, you had to have regard to the character, honesty and integrity of those business associates?

MR STEVENS: I did.

45

MS SHARP SC: And that was a matter that had to be taken into account in determining whether the casino operator remained a suitable person to hold the casino licence?

MR STEVENS: It would be, yes.

5 **MS SHARP SC:** Yes. So one aspect - your understanding at all times while you were the New South Wales regulatory affairs manager was that Star Entertainment Group and The Star should only have business relationships with people or companies who were of good repute?

10 **MR STEVENS:** I understood that to be the case, yes.

MS SHARP SC: Now, another important aspect of the casino operator's operations was to make sure that the casino only provided credit to patrons or junkets who could pay back the debts?

15 **MR STEVENS:** Only to provide credit to patrons who had a - a cheque cashing facility.

20 **MS SHARP SC:** I accept that. So do you accept that where the casino operator made available a cheque cashing facility to a person or, in some cases, a company, that it was important for the casino operator to ensure the creditworthiness of those persons?

MR STEVENS: I do.

25 **MS SHARP SC:** And in order to do that, is it right that some kind of due diligence was done on those patrons or junkets?

MR STEVENS: It was.

30 **MS SHARP SC:** But that kind of due diligence, that is, the creditworthiness due diligence, was concerned not with the question of whether a patron or junket was of good repute, but with the question of whether money could be paid back?

35 **MR STEVENS:** That may have been the focus of that due diligence, but part of that process looked at the - the individual and the character of the individual. For example, we had controls in place around the access to our private gaming areas, and the requirement to undertake a World-Check, as it was at the time or - or later a Dow Jones review to identify if the individual had a record of behaviour that would indicate that they shouldn't be allowed within the casino property.

40 **MS SHARP SC:** And was that for the - did you undertake that World-Check for the purpose of assessing the creditworthiness of the patron?

45 **MR STEVENS:** I - I - I believe that was part of that process.

MS SHARP SC: And in assessing the creditworthiness of a patron, was it important to understand the source of funds available to that patron?

MR STEVENS: Yes.

MS SHARP SC: And that is one of the requirements of the anti-money laundering framework, it is not?

5

MR STEVENS: It is.

MS SHARP SC: And another one of those requirements is to know your customer?

10

MR STEVENS: It is.

MS SHARP SC: And under the anti-money laundering framework, there are requirements for enhanced customer due diligence in particular circumstances?

15

MR STEVENS: There are.

MS SHARP SC: And also requirements for ongoing customer due diligence in particular circumstances?

20

MR STEVENS: That's correct.

MS SHARP SC: Do you agree with me that at all times when a casino operator is dealing with a patron or with a junket, including its funders, that it must keep in mind three matters, being the creditworthiness of that person; the AML risk of that person; and whether that person is of good repute having regard to character, honesty and integrity?

25

MR STEVENS: I would agree, yes.

30

MS SHARP SC: And it is right that these concerns overlap to some extent?

MR STEVENS: Correct.

MS SHARP SC: But do you also agree that they are three distinct matters that need to be considered by the casino operator at all times when dealing with patrons and junkets?

35

MR STEVENS: Yes.

40

MS SHARP SC: Now, you've indicated you have familiarity with the terms of the Casino Control Act. May we take it that you are familiar with sections 74 and 75 of that piece of legislation?

45

MR STEVENS: I am.

MS SHARP SC: And while you were the New South Wales regulatory affairs manager, those provisions were amended from time to time, weren't they?

MR STEVENS: I believe they - those provisions may have been amended in 2018, but there was not a regular change of those provisions.

5 **MS SHARP SC:** Well, just as a matter of fairness to you, I want to ask you your understanding of some of the changes. I can - what I will do is ask you, firstly, for your general recollection. And if you are struggling with that, I can take you to the term of the legislation. But can I start with section 74. And I will suggest to you that prior to 21 December 2018, section 74(1)(c) prohibited a casino operator or its
10 agent in connection with gambling - I will take that down, please, operator. It prohibited a casino operator or agent in connection with any gaming in the casino from providing money or chips as part of a transaction involving a credit card or a debit card.

15 **MR STEVENS:** It did, yes.

MS SHARP SC: But that --

MR STEVENS: It does, I think, still.
20

MS SHARP SC: That changed after 21 December 2018 and, from that time, a casino operator or its agent could provide money or chips if it was a debit transaction and it was with a person who was a participant in a premium player arrangement or a junket.

25 **MR STEVENS:** Correct.

MS SHARP SC: And that was a very significant change for the casino operator, wasn't it?

30 **MR STEVENS:** We thought it was going to be a significant change. But at this stage, I don't believe we've necessarily had all of the internal control provisions that required implementation of - of that to be fully realised.

35 **MS SHARP SC:** I'm sorry. I'm not clear on what you're saying there because your --

MR STEVENS: Well, that - that - that change - yes, that is a significant change to our operation. But associated with that is some internal control changes that would
40 require approval from the casino regulator to enable us to go through and operate in - in that manner. And I don't believe at this stage that those internal control changes have come through as an approval from the regulator - from the authority.

MS SHARP SC: And is that the case even though these amendments were made
45 on 21 December 2018?

MR STEVENS: Yes.

MS SHARP SC: Could I ask you now for your understanding that - in fact, I might pull this part of it up - part of section 74 up for you. Operator, could I please show Mr Stevens a version of the Casino Control Act that was in existence immediately prior to 21 December 2018. I will bring up section 74 at that time, which is INQ.012.001.0001. And there are two aspects of this I want to ask --

MR STEVENS: Could that be enlarged slightly, please.

MS SHARP SC: Yes. First of all, could I have you consider subsection (5). You will see that it says:

"Despite any provision of this section, the holder of a restricted gaming licence may, in the case of a person who is not ordinarily resident in Australia, extend any form of credit to that person to participant in a premium player arrangement or a junket."

MR STEVENS: Yes, I see that.

MS SHARP SC: Now, this provision changed to extend to The Star at some point after December 2018, didn't it?

MR STEVENS: It did, yes.

MS SHARP SC: And that change was made on 1 July 2000, wasn't it?

MR BELL SC: 1 July 2021, did you mean, Ms Sharp?

MS SHARP SC: 1 July 2000.

MR BELL SC: Do you mean 2021?

MR STEVENS: Not 1 July 2000?

MS SHARP SC: 2020.

MR STEVENS: Yes. I - I believe that roughly would have been the date.

MS SHARP SC: Now, there's another provision I would like to draw your attention to while we are here. That is section 74(4), which says:

"This section does not limit the operation of section 75."

Now, you're familiar with that particular provision, are you?

MR STEVENS: I am.

MS SHARP SC: And you are also familiar with section 75?

MR STEVENS: I am.

MS SHARP SC: And that is the provision which introduces the concept of a patron deposit account, isn't it?

5

MR STEVENS: It is, yes.

MS SHARP SC: And it's that provision that The Star and Star Entertainment rely upon to make available cheque cashing facilities?

10

MR STEVENS: Correct.

MS SHARP SC: Could I take you, please, to this provision. I need to go to a different version of the Act, please. This is a version in force immediately prior to 30 August 2018. I will bring up INQ.012.001.0002. Now, can I have you look at section 75, subsection (2), Mr Stevens. Do you agree that it is subsection (2) which permits a casino operator to establish a deposit account for a patron?

15

MR STEVENS: I do.

20

MS SHARP SC: And that deposit account can be credited with (a) money, (b) a cheque payable to the operator or (c) a traveller's cheque?

MR STEVENS: It does.

25

MS SHARP SC: And can I have you have regard now to section 3 - subsection (3). This provides that:

"A casino operator may issue to a person who establishes a deposit account and debit to that account chip purchase vouchers, money or cheques made payable to the person, not exceeding in total value the amount standing to the credit of the account at the time of issue of the vouchers, money or cheques."

30

MR STEVENS: It - correct.

35

MS SHARP SC: Now, this provision has changed slightly in terms since 31 August 2018, hasn't it?

MR STEVENS: I believe so, yes.

40

MS SHARP SC: But do you agree that the important impact of this subsection is that money - I withdraw that. I will put it again. Do you agree that an important consequence of this provision is that there must be money to the credit of the deposit account before chips can be given to a patron?

45

MR STEVENS: Yes.

MS SHARP SC: So if money is to be put into the patron's account, that transfer

must be cleared before the patron can be given chips or chip purchase vouchers?

MR STEVENS: Correct.

5 **MS SHARP SC:** Because otherwise there would be a situation where the casino is giving credit to the patron, and that is not permitted under the Act unless there is a cheque cashing facility in place?

10 **MR STEVENS:** That's right. We - we needed to have a - a cheque or money for that - for their transaction, to credit that - that deposit account.

15 **MS SHARP SC:** Now, if I could just take your attention, please, to section 75, subsection (4). This is a very important provision for the casino operator, isn't it, because it allows the casino operator to create a cheque cashing facility?

MR STEVENS: So - section 4, is that - did you refer to?

MS SHARP SC: Yes, please, Mr Stevens.

20 **MR STEVENS:** I - I don't believe section 4 is specifically about a cheque cashing - creation of a cheque cashing facility. Section 4 deals with the issuance of a chip purchase voucher against the funds on deposit account so that chip purchase voucher can be used in exchange for chips.

25 **MS SHARP SC:** Right. But doesn't it say that it's in exchange for a cheque payable to the operator that the operator may issue a chip purchase voucher?

MR STEVENS: Sorry. It does, yes.

30 **MS SHARP SC:** But isn't this the subsection of the Act which permits a cheque cashing facility to be established?

MR STEVENS: Yes. Or (2).

35 **MS SHARP SC:** And until the amendments that allowed the casino operator to offer credit to junket and premium players, isn't it right that the only way the casino could advance credit to patrons or junkets was to create a cheque cashing facility for them?

40 **MR STEVENS:** Yes, although my understanding from my conversations with our legal team over the years were that we weren't effectively giving credit because of the - because we had a cheque. A credit was seen to be where - or believed to be, at least by me, where we would advance funds to an individual without having a negotiable instrument that we could deposit to claim those funds back.

45 **MS SHARP SC:** So I just want to understand that in a bit more detail. Your view was that you could provide credit in what circumstances?

MR STEVENS: No. My view is that we could provide funds where we had a negotiable instrument, such as a cheque, that could be then redeemed to recoup those funds from the individual. And that wasn't in itself credit. Credit is - has traditionally, I think, been seen within the casino industry of the establishment of
5 an - a line of credit where patrons could draw down funds, whether or not there was something in - in the background that could enable the person providing those - that - those funds or that line of credit to - to - to recoup those funds.

MS SHARP SC: Can I just break down your answer to ensure that I am
10 understanding correctly. First of all, do you agree or disagree that prior to recent amendments to allow credit to be provided to junket and premium players, the only way that credit could be provided was for a cheque payable to the casino operator - or a traveller's cheque - to be made available to the casino?

MR STEVENS: Or moneys deposited into their account by another form, yes.

MS SHARP SC: Well, if moneys are deposited into their account, you're not providing credit, are you?

MR STEVENS: No.

MS SHARP SC: All right. So let's restrict the situation to that where credit is advanced. In what circumstances do you say that credit could be advanced to a
25 patron or a junket?

MR STEVENS: Where we had a negotiable instrument, such as a - a - cheque, that could be then used to redeem funds that the individual may end up owing us.

MS SHARP SC: And what - you've suggested that a cheque is one form of
30 negotiable instrument; is that right?

MR STEVENS: That - that - that was my understanding, yes.

MS SHARP SC: And what other kinds of negotiable instruments are you
35 referring to?

MR STEVENS: I don't know what other types of negotiable instruments there are, but my understanding was that the cheque was a negotiable instrument which we could present to the bank and so we weren't technically giving credit as we
40 might otherwise have understood credit within the casino industry.

MS SHARP SC: All right. I'm just interested because you said that you could provide credit when a negotiable instrument was provided to the casino, and you've said one example of a negotiable instrument is a cheque. What are the other
45 examples of a negotiable instrument?

MR STEVENS: I'm sorry. I don't know any other examples of a - of a negotiable instrument. I just - I have had a cheque explained to me as being a negotiable

instrument that we could then present to get funds back.

MS SHARP SC: And who was the person who explained this to you?

5 **MR STEVENS:** Oliver White, our corporate general counsel.

MS SHARP SC: And when did he explain this to you?

10 **MR STEVENS:** This would have been five, six years ago.

MS SHARP SC: Could I just - was this in relation to China UnionPay that he explained this to you, by any chance?

15 **MR STEVENS:** I don't believe so.

MS SHARP SC: Could I just understand, as the New South Wales regulatory affairs manager, did you understand that the circumstances in which the casino operator could provide credit to a patron or a junket were quite limited?

20 **MR STEVENS:** I did.

MS SHARP SC: Did you understand it was limited to the situation of where a cheque cashing facility was created?

25 **MR STEVENS:** I did.

MS SHARP SC: But you did not understand that a cheque cashing facility required a cheque?

30 **MS RICHARDSON SC:** Well, I object to that. That's - it's contrary to the evidence he has given.

MR BELL SC: Ms Sharp.

35 **MS SHARP SC:** Did you understand that a cheque cashing facility required a cheque?

MR STEVENS: I did.

40 **MS SHARP SC:** What are you suggesting, then, in relation to a negotiable instrument which is not a cheque? What did that add?

45 **MR STEVENS:** I'm not suggesting - what I'm trying to say is it was explained to me that a cheque is a negotiable instrument which could be presented to redeem the funds, that it - and so it wasn't credit in the same way as other casino operators around the world operate a line of credit where they establish funds - an account where funds can be drawn down from the - and provided to a player at a table without necessarily having a cheque or other - or other collateral to redeem those

funds.

5 **MR BELL SC:** Mr Stevens, I just wonder if I can clarify whether my basic understanding of this accords with yours. Prior to the amendment to section 74(5), which Ms Sharp has referred to, on 1 July 2020, my understanding is that the casino could provide funds to a patron in exchange for a cheque from that patron; is that right?

10 **MR STEVENS:** Correct.

MR BELL SC: And the legislation also allowed a certain period of time which the casino had before it had to bank that cheque; is that correct?

15 **MR STEVENS:** Correct. That's correct.

MR BELL SC: And in that period between when the cheque was provided to the patron and when it was banked by the casino, if it had to be banked, there was effectively the provision of credit; is that correct?

20 **MR STEVENS:** My understanding was that - that - that wasn't deemed as - as being necessarily credit because we had that cheque that we - we could go through and - and present at any time. We didn't have to wait the 30 days --

25 **MR BELL SC:** No.

MR STEVENS: -- which was the case for an - an international account. We could have - we could have been presented it the very next day, should we - should we wish.

30 **MR BELL SC:** Yes. I accept all of that.

MR STEVENS: Yes.

35 **MR BELL SC:** I just want to make sure that my rough understanding is in accord with yours, but --

40 **MR STEVENS:** Yes. I - I - I - sorry. I think what I'm trying to say is my understanding of the - of what credit was in - in this instance was that we couldn't provide funds to an individual unless we had a cheque that we could then present through the bank - a cheque that - and they had a cheque cashing facility to operate.

MR BELL SC: Right. And you - I'm sorry to interrupt. You go on.

45 **MR STEVENS:** Yes. No. And so - and that's what that process has been, and has always been, since the operation of the commencement of Sydney Harbour Casino, let alone before it became Star City and - and now The Star.

MR BELL SC: So let's assume I'm a patron with a cheque cashing facility.

MR STEVENS: Yes.

5 **MR BELL SC:** I can write you a cheque - write the casino a cheque and, in exchange for that cheque, the casino can give me chips?

MR STEVENS: Correct.

10 **MR BELL SC:** Even though the casino hasn't yet banked my cheque?

MR STEVENS: Correct.

15 **MR BELL SC:** And the legislation provides a period of time by which the casino must bank my cheque?

MR STEVENS: Correct.

20 **MR BELL SC:** And in the period of time between when you take my cheque and when you bank it, a layman might regard that as the provision of credit; do you agree?

MR STEVENS: Yes.

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

MS SHARP SC: Just following up from that. If I, as the patron, have not purchased my chips outright, or provided you as its casino operator with a cheque, you are not permitted, as the casino operator, to give me chips?

30

MR STEVENS: Correct.

MS SHARP SC: Were there restrictions on the particular types of cheques that could be used so that a patron could get their chips?

35

MR STEVENS: I don't believe we - we didn't accept corporate cheques. It had to be a personal cheque from the individual.

40 **MS SHARP SC:** Did it have to be a cheque drawn on an Australian bank?

MR STEVENS: No.

45 **MS SHARP SC:** Could I take you to - just to confirm whether or not this is your understanding, could I take you to a version of the cheque cashing and deposit facilities standard operating procedure. Before I do so, did you have a general understanding of the provisions of the various standard operating procedures?

MR STEVENS: I did.

MS SHARP SC: Now, I will take you to a version of this particular standard operating procedure, effective from 14 March 2019. Could I call up, please, STA.3012.0003.0213. Operator, are you able to locate that document?

5

MR BELL SC: Is it an exhibit, Ms Sharp?

MS SHARP SC: Yes, I fear it may not yet be an exhibit. What I might do is come back to that question with a different version that's in evidence. I will move on and come back to that point. If you will excuse me for one moment. A slightly different question now: are you familiar with what a counter cheque is?

10

MR STEVENS: I understand that to be a cheque that's generated at the property for the individual to sign.

15

MS SHARP SC: And is it the same as a marker?

MR STEVENS: No.

MS SHARP SC: What's the difference between a counter cheque and a marker?

20

MR STEVENS: So the marker is - well, it's primarily an American term and is issued in relation to a line of credit that an individual has established with a casino that they can draw - drawn down at any time, as opposed to a counter cheque which is a cheque that is for an amount that is generated at the time and signed by the individual which then can be presented through to the bank. A marker, I don't believe, can be presented to a bank for redemption.

25

MR BELL SC: So in lay terms - would a layman equate a marker with an IOU?

30

MR STEVENS: Yes, they would.

MS SHARP SC: But it is right that a counter cheque is something that can actually be presented to a bank and the bank will have to pay?

35

MR STEVENS: Yes.

MS SHARP SC: So the counter cheque creates a legal obligation for the bank to pay out that money?

40

MR STEVENS: Correct.

MS SHARP SC: What steps does the - well, does Star take to ensure that the bank is under an obligation to pay out that money?

45

MR STEVENS: The - the form of counter cheque reflects a cheque that can be presented to the bank. Our processes, however, are that we have a cheque that the individual has provided to us prior to commencing their play. And - and at the

completion of their play, the - the - the junket program, etcetera, any funds that are (indistinct) on that cheque can then be presented to the bank and agreed at the time. And the counter cheque, which could be a series of cheques, are voided or - or - or destroyed, and - and - and the one cheque that is presented to the bank
5 is the total of any counter cheques that may have been issued during that period.

MS SHARP SC: So in order for a counter cheque to be written by the casino operator, the patron must first present a cheque from his or her bank?

10 **MR STEVENS:** Yes. And we would have that on - on file to use, and that's part of our process of setting up a cheque cashing facility for an individual.

MS SHARP SC: So you can't write a counter cheque unless you have already got a cheque from the patron?

15 **MR STEVENS:** That's our standard process, yes.

MS SHARP SC: Pardon me for one moment. Now, can I move to ask you some questions about - I've got the document I need now, Mr Bell, so I will come to this
20 and see if I can do it properly. Could I please take Mr Stevens to the cheque cashing facility and deposit standard operating procedure as at 26 August 2016. This is STA.3012.0005.0037. It is exhibit D, tab 3. Can you see that document in front of you, effective as at 26 August 2016?

25 **MR STEVENS:** I can do.

MS SHARP SC: And you've read this before?

MR STEVENS: I have.
30

MS SHARP SC: Can I take you, please, to pinpoint 0059. Now, you see there's a heading Acceptance of Cheques for Cheque Cashing Facility Draw Downs?

MR STEVENS: I do.
35

MS SHARP SC: Could I just have the document scrolled down first. Do you see there's a note that is under point 3 that says:

40 "Patrons with a CCF drawn on an overseas bank must provide a signed personal cheque prior to any draw down."

MR STEVENS: I do.

MS SHARP SC: And is that consistent with your understanding of what The Star's rule was at all times while you were the New South Wales regulatory affairs manager?
45

MR STEVENS: It is.

MS SHARP SC: And that note continues that:

"Overseas banks do not honour The Star generated counter cheques."

5

MR STEVENS: Yes, it does.

MS SHARP SC: And was that consistent with your understanding of the - I withdraw that. Is that consistent with your understanding of The Star's rules at all time while you were the New South Wales regulatory affairs manager?

10

MR STEVENS: It is.

MS SHARP SC: Now, I will move to a different topic. You had --

15

MR STEVENS: Sorry. Can I just say something there.

MS SHARP SC: Yes.

MR STEVENS: I think there was a slight difference in the China UnionPay process where we were issuing funds to a cheque while we had the receipt to say that the funds had been debited from the patron's account and those funds were in transit to us.

MS SHARP SC: Sorry. Could you explain that in more detail?

MR STEVENS: That where somebody withdrew funds through a China UnionPay debit card, those funds may have taken up to 48 hours or - or 72 hours - over a weekend - before they hit our account, that we established a temporary cheque cashing facility to allow those individuals to access those funds that are in transit because we knew those funds were on their way to us. I don't understand or know for sure that we had a blank personal cheque for the individual in relation to those China UnionPay transactions.

30

MR BELL SC: But when those transactions - if I could interrupt. What was the cheque that the casino took to allow, in lay terms, the patron to have credit until the China UnionPay debit funds arrived?

35

MR STEVENS: We had the merchant copy of the transaction to say that that - that the transaction had gone through.

40

MR BELL SC: Sorry. I was asking you about what cheque the casino had.

MR STEVENS: They didn't have an individual's cheque. We had - we had the receipt of the transaction that occurred at our terminal to show that those funds had been transferred through to our account.

45

MR BELL SC: So are you saying that funds were provided before the debit

transaction settled without a cheque?

MR STEVENS: Yes.

5 **MR BELL SC:** And how did you understand that was consistent with section 75 of the Act?

10 **MR STEVENS:** Because we had established the account and we had the counter cheque that would have been - because we - because we had established the CCF - we generated a counter cheque from that cheque cashing facility to allow for those funds to be drawn down.

15 **MR BELL SC:** So as you understood it, the cheque which allowed funds to be provided before the China UnionPay debit card settled was the counter cheque that the casino generated; is that right?

MR STEVENS: Yes. That's correct.

20 **MR BELL SC:** Yes. Thank you.

MS SHARP SC: Can I take you to an example of what I understand to be a counter cheque for a moment. Could I please bring up exhibit STA.3014.0002.1932. And I will go to pinpoint 1933. Is this what you would regard as being a counter cheque?

25 **MR STEVENS:** It is.

MS SHARP SC: And you're familiar with Mr Phillip Dong Fang Lee, are you?

30 **MR STEVENS:** I know his name.

MS SHARP SC: He was one of The Star's biggest users of the China UnionPay cards, wasn't he?

35 **MR STEVENS:** I believe so.

MS SHARP SC: So you are familiar with his name?

40 **MR STEVENS:** I am familiar with his name.

MS SHARP SC: And with the fact that he used the China UnionPay cards at The Star?

45 **MR STEVENS:** Yes.

MS SHARP SC: Now, you will see that the counter cheque says that a very large sum of yuan are to be paid to the order of The Star Pty Ltd?

MR STEVENS: Yes.

MS SHARP SC: Now, Mr Lee - and you will see that the name of the bank in the top right corner to who this payment order is directed is China Construction Bank.

5

MR STEVENS: Yes.

MS SHARP SC: Now, are you suggesting that if this document was presented to China Construction Bank, China Construction Bank would honour the payment of these funds?

10

MR STEVENS: That was my understanding, yes.

MS SHARP SC: Was it?

15

MR STEVENS: Yes, that was my understanding - that was what the purpose of this was for.

MR BELL SC: Can I just understand this, Mr Stevens, because at the moment I'm not. This document that we're looking at is what you would call a counter cheque; is that right?

20

MR STEVENS: That's correct.

MR BELL SC: And should I understand that this is a document generated by the casino?

25

MR STEVENS: It is.

MR BELL SC: And it's generated by the casino, in this case, because Mr Lee has swiped his China UnionPay debit card and funds are in transit, if you like, as a result of that debit card swipe; is that right?

30

MR STEVENS: I don't know the - the particulars around this --

35

MR BELL SC: No.

MR STEVENS: This cheque or - or this case. That is the process that happened with some China UnionPay transactions, yes.

40

MR BELL SC: Sorry. I am using this as an example.

MR STEVENS: Yes.

MR BELL SC: But I'm really just trying to make sure I understand the process. So there has been a swipe of a CUP debit card and a document like this, which the casino calls a counter cheque, is created; correct?

45

MR STEVENS: Correct.

MR BELL SC: And it's signed by the customer?

5 **MR STEVENS:** It is.

MR BELL SC: But China Construction Bank would know nothing about this document at all, would it?

10 **MR STEVENS:** No. The same as if you wrote a personal cheque, the bank wouldn't necessarily know about that personal cheque until such a time as it was presented.

15 **MR BELL SC:** No. But if I write a personal cheque, assuming there's moneys in my account, that's an order to my bank to pay it. Is that the way you understand it?

MR STEVENS: Yes, it is.

20 **MR BELL SC:** This, however, was not an order to the China Construction Bank to do anything, was it, as you understood it?

MR STEVENS: I understood that this - this was a - a counter cheque and that we could present this to a - a bank and receive the funds from that.

25 **MR BELL SC:** Sorry. And just using this as an example, you understood, did you, that this document generated by the casino could be presented to the China Construction Bank and be honoured; is that right?

MR STEVENS: Yes, that's correct.

30

MR BELL SC: Who gave you that understanding?

35 **MR STEVENS:** That was an understanding that I've - I've had for a number of years. We've used these counter cheques right from the inception of - of the casino. So there's - we've always generated these cheques since 1995 when we first opened. And that has been the process in there. I - again, advice from the legal team over the years was that we could - where necessary, we could present one of these to the bank to go through to seek payment.

40 **MR BELL SC:** And I have to make it clear, I'm not being critical of you. You're not a lawyer.

MR STEVENS: No. No, I - I understand.

45 **MR BELL SC:** (Indistinct) understand your understanding.

MR STEVENS: Yes.

MR BELL SC: But would I be right in understanding that China Construction Bank would know nothing about this document at all?

5 **MR STEVENS:** No, they wouldn't know anything about it until it was presented to them.

10 **MR BELL SC:** And were you told, were you, I take it by the legal team at The Star, that this was a cheque within the meaning of section 75 of the Casino Control Act?

MR STEVENS: Yes.

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

15 **MS SHARP SC:** Thank you, Mr Bell. Now, I will leave aside CUP for a moment. It's your evidence, isn't it, that ordinarily counter cheques are written when the patron first provides a personal cheque made out to the casino?

20 **MR STEVENS:** No. They - they provide a personal cheque when we set up the cheque cashing facility. Counter cheques are generated when they draw down funds against that cheque cashing facility. Those funds are subsequently transferred into funds on deposit account where a check - a chip purchase voucher is then drawn down - drawn down from. Over the period of the visit, the individual with the cheque cashing facility for - say, for example, that their limit was \$5
25 million - may draw down multiple counter cheques or have multiple - or these cheques generated that could total up to \$5 million, but each of those cheques may be less than that.

30 **MS SHARP SC:** So the counter cheque is ordinarily written when the patron draws down the funds on the particular occasion?

MR STEVENS: Yes.

35 **MS SHARP SC:** However, when the cheque cashing facility is created, that is created when the patron hands over the personal cheque?

MR STEVENS: That's - that - that happens at that - at the creation of the cheque cashing facility, yes.

40 **MS SHARP SC:** Now, the reason that the process associated with China UnionPay is different is because the patron never hands over a personal cheque; is that correct?

45 **MR STEVENS:** I don't know the individuals of - of - of each individual who is using a China UnionPay account, whether or not they had already had a cheque cashing facility established and that we may have had personal cheques that were available then, or if they didn't.

MS SHARP SC: Well, when a counter cheque was written by The Star, was it only written to the bank which was the bank for the cheque that was originally presented to The Star by the patron?

5 **MR STEVENS:** Yes.

MS SHARP SC: But in the case of China UnionPay, is it correct that the counter cheque was written in the name of the bank which had issued the China UnionPay card?

10

MR STEVENS: That I don't know.

MS SHARP SC: But weren't you the New South Wales regulatory affairs manager from 2016?

15

MR STEVENS: I was.

MS SHARP SC: But you can't assist us in understanding when The Star wrote counter cheques when the China UnionPay cards were used?

20

MR STEVENS: No, I can't.

MS SHARP SC: So you certainly were never in a position to explain that matter to the New South Wales authority, were you?

25

MR STEVENS: No, I wasn't, not to that level of detail. And - and if the New South Wales authority had asked me that information, I would have sought that level of detail from the - the cage team and from the credit and collections team to provide that information back to them.

30

MS SHARP SC: And you never had a discussion with the New South Wales authority about this question of counter cheques and CUP cards?

35

MR STEVENS: I don't believe so, no.

MR BELL SC: Sorry. What was your answer, Mr Stevens?

MR STEVENS: Sorry, you broke up a bit there.

40

MR BELL SC: Yes. The line is not very good. Would you like to ask that question again, Ms Sharp.

MS SHARP SC: You never had a discussion with anyone from the New South Wales authority about counter cheques and China UnionPay cards?

45

MR STEVENS: Not from 2016, no.

MS SHARP SC: And you never had a discussion with the New South Wales

regulator about counter cheques and China UnionPay cards - I withdraw that. Did you ever have a conversation with the New South Wales authority about China UnionPay cards and counter cheques at any time?

5 **MR STEVENS:** I believe we may have had a conversation with the authority in 2014/2015 around what the process was when we sought an amendment to our internal control cheque cashing facility in relation to the use of debit cards.

10 **MR BELL SC:** Ms Sharp, the audio quality coming through to me is unsatisfactory, and Mr Stevens' image is frozen. So I propose to take a 15-minute adjournment, and hopefully we can get a more satisfactory line when I resume in 15 minutes.

15 **MS SHARP SC:** Thank you, Mr Bell.

<THE HEARING ADJOURNED AT 3:04 pm

<THE HEARING RESUMED AT 3:20 pm

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

MS SHARP SC: Mr Stevens, you said you may have had a conversation with the authority in around 2014 or 2015 around the process where The Star sought an amended to its internal control for the cheque cashing facility in relation to debit cards. I know that's around 12 or so years ago. Do you have any actual recollection of that meeting?

25 **MR STEVENS:** Yes, I think we drafted up a submission to go in to amend the wording in - in relation to the internal control and then --

30 **MS SHARP SC:** Well, Mr Stevens, if I could just stop you there and just ask that you listen carefully to my question. I asked you whether you had any actual --

35 **MS RICHARDSON SC:** I'm sorry. We can't hear Ms Sharp.

MS SHARP SC: Can you hear me now? Okay.

40 **MR BELL SC:** Ms Richardson, can you hear me? All right. I'm going to take another adjournment until we --

MS RICHARDSON SC: I can't hear anyone. I can see your lips moving, but I can't hear anyone. I'm sorry.

45 **MR BELL SC:** I'm going to take another adjournment until we sort out the technical problems. Thank you.

<THE HEARING ADJOURNED AT 3:22 pm

<THE HEARING RESUMED AT 3:25 pm

MR BELL SC: Yes, Ms Sharp.

5 **MS SHARP SC:** Mr Stevens, you earlier said you may have had a meeting with the authority in 2014 or 2015. Do you have any independent recollection of having that meeting?

10 **MR STEVENS:** I recall meeting with Mohan Hariharan, who was the audit manager of ILGA; Robert Petherick, who was the compliance manager of ILGA; and Jocelyn Smith, who was - I think her title was adviser at the time, around the internal control and possible changes to the internal control.

15 **MS SHARP SC:** And was that one meeting or more than one meeting?

MR STEVENS: There would have been a couple of meetings to - to discuss the issue - an the initial submission and then further discussion around the content and their position and our position in - in relation to that.

20 **MS SHARP SC:** Are you quite sure that the meetings you are referring to related to the amendment of an internal control?

MR STEVENS: Yes.

25 **MS SHARP SC:** Given that the meetings occurred around 12 or so years ago, do you have any independent recollection now as to what was said?

30 **MR STEVENS:** I think Mr Hariharan didn't agree that we could release funds from the - without having receipted those funds into our accounts initially. And I believe I informed them that we had independent legal advice that we could, and - and then we went through and then changed the processes without actually changing the internal control. Copies of those process changes were then provided through to ILGA, like all of the New South Wales standard operating procedure changes are provided through to the authority when they're made.

35 **MS SHARP SC:** Just give me one moment, please. When you said you had independent legal advice, what advice were you referring to?

40 **MR STEVENS:** I believe we had advice from Bret Walker SC in relation to the release of funds.

MS SHARP SC: And may I take it that you still have a copy of that advice?

45 **MR STEVENS:** I didn't have the advice personally, but, yes, we should still have copies of that advice.

MS SHARP SC: I call for a copy of that advice to be provided to this review.

MS RICHARDSON SC: I will make inquiries.

MS SHARP SC: Did that advice touch upon the topic of counter cheques being issued in relation to the China UnionPay cards?

5

MR STEVENS: I don't believe so.

MS SHARP SC: Did you ever take external legal advice in relation to that issue?

10 **MR STEVENS:** Not that I'm aware of.

MS SHARP SC: And given that were you the New South Wales regulatory manager from 2006, may we take it that if such advice was provided, you would know about it?

15

MR STEVENS: Yes.

MS SHARP SC: Do you agree that - I withdraw that. Are you aware that in 2021 The Star received a notice from the New South Wales regulator calling for certain questions to be answered?

20

MR STEVENS: We received several notices from the regulator in 2021. I think Star is currently receiving up to 30 notices a month from the regulator with questions. So without more specifics, I couldn't answer.

25

MS SHARP SC: I accept that, Mr Stevens. Do you recollect that The Star received a notice last year asking some questions about the China UnionPay process?

30 **MR STEVENS:** I believe they did, but I don't know that I had any direct involvement in the response to that notice because that wasn't in my portfolio at the time.

35 **MS SHARP SC:** Well, that's exactly what I wanted to ask, whether anyone consulted with you about the answers to those questions before an answer was provided?

40 **MR STEVENS:** I think there was some consultation around - and as much as looking for what documentation there may be to go through to provide back. But beyond that, at this stage, I can't remember exactly.

45 **MS SHARP SC:** Well, I'll show you a document and see whether this might refresh your memory. Could I please call up STA.3401.0006.2956. Now, you will see what I'm showing you is a document on a Star letterhead that's signed by David Aloï, the regulatory manager, and it's addressed to Investigations and Enforcement at Liquor and Gaming New South Wales?

MR STEVENS: Yes.

MS SHARP SC: And it's dated 10 September 2021?

MR STEVENS: Yes.

5

MR BELL SC: Is it an exhibit, Ms Sharp?

MS SHARP SC: I will just get the exhibit number.

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

MS SHARP SC: B3100.

MR BELL SC: Thank you.

15

MS SHARP SC: Were you shown a copy of the - of this document at any time?

MR STEVENS: I believe so.

20 **MS SHARP SC:** When was that?

MR STEVENS: It would have been shortly after it was received.

25 **MS SHARP SC:** Well, this is the letter responding to the request. So I'm asking, did you see the response to the request?

MR STEVENS: I didn't see the response to the request, no.

30 **MS SHARP SC:** Can I take you, please, to pinpoint 2960. Can you see question 3 says:

"Was the regulator informed about the CUP process? If not, why not?"

MR STEVENS: I do.

35

MS SHARP SC: And you see the answer provided there?

MR STEVENS: I do.

40 **MS SHARP SC:**

"ILGA was advised in May 2013 about the proposed introduction of the CUP process and how it would work in a meeting with Graeme Stevens and David Aloii."

45

MR STEVENS: Yes.

MS SHARP SC: Now, were you consulted with before this answer was provided

to the New South Wales regulator for the purpose of providing an answer to the New South Wales regulator?

MR STEVENS: I was.

5

MS SHARP SC: And did you do your best to provide all information you considered was relevant to that in that consultation?

MR STEVENS: I did.

10

MS SHARP SC: And does this answer set out your best recollection of what was discussed in the meeting with ILGA in May 2013?

MR STEVENS: Yes.

15

MS SHARP SC: So beyond this answer, is it fair to say that you have no specific recollection of what was discussed in May 2013?

MS RICHARDSON SC: Well, I object to that question. I think the witness should be directed to what's written in the second paragraph.

20

MS SHARP SC: Mr Bell, I was asking the witness that very question.

MR BELL SC: Certainly what I understood. I allow the question.

25

MR STEVENS: Is this - this is not a comment - my common recollection of what the discussion was with the regulator. This is a question, you know, was the regulator informed and if so, and we've responded and the advice is that, yes, we met with ILGA in 2013 for the proposed introduction. We discussed that - that matter and, subsequently to - to that, we received an approval.

30

MS SHARP SC: Well, what is your best recollection of what was discussed at that meeting in May 2013?

MR STEVENS: That we put in a submission to allow electronic funds transfers to be used to debit - sorry, to credit a deposit account. We talked about, as part of that, we had that advice, I think, from Mr Walker that said that that was such a - that was allowable. We then discussed the process on what sort of cards that - what debit cards may be, China UnionPay being the card that was specifically referenced as part of that conversation. And then I believe there was some consideration by Liquor and Gaming - sorry, ILGA, as - as they were at the time, with - around what that wording may look like before we finalised the internal - internal control change that came in place - into effect later that year.

40

MR BELL SC: And, Mr Stevens, would I be right in understanding that the important and material information about this process that you conveyed to the authority was contained in the written submission which you provided?

45

MR STEVENS: Yes.

MR BELL SC: Thank you.

5 **MS SHARP SC:** You say you spoke about the advice from Mr Walker in that May 2013 meeting. Are you sure that you spoke about advice from Mr Walker at that meeting?

10 **MR STEVENS:** I think so. I mean, I'm trying to remember back 11 years, but I - I - I believe that was part of that discussion, that - that I'm saying may have been contained in the submission paper, not the advice itself that makes reference to - to the advice. May have been contained within the submission paper that we put in to change the internal control.

15 **MS SHARP SC:** Is it possible that there may have been a meeting with ILGA in 2013 and then further discussions with ILGA in 2014 about debit cards?

20 **MR STEVENS:** Yes. I think we made a subsequent submission around the debit cards and changes due to the timing factor of funds. I - I can't remember the outcome because I don't believe we amended the internal control at that stage, but I think there was a subsequent meeting in relation to that.

25 **MS SHARP SC:** Was that a subsequent meeting to do with the fact that there was concern about CUP cards taking some days to clear?

MR STEVENS: Yes.

30 **MS SHARP SC:** So is it right that you don't have a clear recollection of what was discussed in the May 2013 meeting as compared with what was discussed in the 2014 meeting?

MR STEVENS: No, I think – no what - what the recollection that I have of both meetings is probably equal.

35 **MS SHARP SC:** But your evidence is that the Bret Walker advice was discussed in the first meeting in May 2013?

MR STEVENS: I believe so.

40 **MS RICHARDSON SC:** I'm sorry to interrupt. There is a matter which I wouldn't want to do in front of the witness that might cut this short, a document that I would bring to my learned friend's attention.

45 **MR BELL SC:** Well, why don't we go into private mode for a moment and we can discuss it in the absence of the witness. We will move into private mode, please, operator. Cut the live feed.

<THE HEARING ADJOURNED AT 3:40 pm

<THE HEARING RESUMED IN PUBLIC SESSION AT 3:42 pm

MR BELL SC: Yes, Ms Sharp.

5

MS SHARP SC: Mr Stevens, do you have a clear recollection of what was discussed in the May 2013 meeting as compared with the 2014 meeting with the New South Wales regulator or not?

10 **MR STEVENS:** I believe I do.

MS SHARP SC: Were you part of the decision-making process where it was decided to introduce China UnionPay cards?

15 **MR STEVENS:** No.

MS SHARP SC: Are you able to indicate who was part of the discussion - the decision-making process with respect to the introduction of China UnionPay cards?

20

MR STEVENS: I believe it would have been Adrian Hornsby, who was the general manager of credit and collections; it would have been, I think, Chad Barton, who was our CFO at the time; and I'm assuming that Oliver White or - as our corporate general counsel was also involved at the time.

25

MS SHARP SC: Just going back to a question I asked you previously, your evidence is that the Walker advice was discussed at the meeting with the New South Wales regulator in May 2013?

30 **MR STEVENS:** Yes.

MS SHARP SC: I suggest to you, you are quite wrong in saying that you have a good - a clear recollection of what was discussed in the May 2013 meeting as opposed to the 2014 meeting with ILGA.

35

MR STEVENS: I can't answer that without you telling me why I was wrong. I may be wrong. I'm - I'm telling you that this is what my recollection is of those meetings and what was discussed.

40 **MS SHARP SC:** Mr Stevens, all I am trying to ascertain is how clear your recollection is. Is it clear or hazy?

MR STEVENS: I believe it's clear. I certainly can't say verbatim what was said in that - in that meeting from 11 years ago. I - I can remember the general content around the purpose of the meeting and the outcome from the meeting and what was roughly discussed within that meeting.

45

MS SHARP SC: But are you saying you are sure that the Walker advice was

discussed at the May 2013 meeting?

MR STEVENS: I believe it was.

5 **MS SHARP SC:** You, I take it, were aware when China UnionPay cards commenced being used at The Star?

MR STEVENS: I was.

10 **MS SHARP SC:** And were you aware that they were being used in order for patrons to purchase gambling chips?

MR STEVENS: That was the outcome, yes.

15 **MS SHARP SC:** And you were aware of that at the time the facility of paying with China UnionPay cards was introduced?

MR STEVENS: Yes.

20 **MS SHARP SC:** And at that time, were you aware that the UnionPay rules prohibited China UnionPay cards from being used to purchase casino gaming chips?

MR STEVENS: No, I wasn't.

25

MS SHARP SC: When do you say you became - I withdraw that. Did you become aware of that prohibition?

MR STEVENS: I've become aware of that since this inquiry has commenced.

30

MR BELL SC: So are you telling me that you went to the regulator with a written submission about this without knowing that China UnionPay cards weren't allowed to be used for gambling?

35 **MR STEVENS:** We went to the regulator with a submission to use debit cards, not to use specifically China UnionPay cards. The - the - there was - the conceptual idea of using debit cards had been controls in place around the use of debit cards. China UnionPay, being a debit card, was an example of what would be used, but it - it wouldn't necessarily have been the only debit card.

40

MR BELL SC: Well, was the China UnionPay cards referred to in the submission that was made to the regulator?

45 **MR STEVENS:** It wasn't specifically referred to in the submission to the regulator, no.

MR BELL SC: I see. So it was just a submission about the use of debit cards, was it?

MR STEVENS: It was.

5 **MR BELL SC:** And you knew nothing at that time about the fact that the China UnionPay rules prohibited them being used to fund gambling?

MR STEVENS: No, I didn't.

10 **MR BELL SC:** So I can take it, can I, that you certainly didn't inform the regulator of that?

MR STEVENS: No, I didn't.

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

MS SHARP SC: And do you have any recollection at all of there being a discussion about China UnionPay cards in May 2013?

20 **MR STEVENS:** Yes, because I remember discussing with Mr Hariharan as to the - the type of card that we would use and one that we expected that would be used.

25 **MS SHARP SC:** But at that time, you had no understanding whatsoever that the UnionPay International rules prohibited the use of that --

MR STEVENS: No, I didn't.

MS SHARP SC: --card for gambling?

30 **MR STEVENS:** No, I didn't.

MS SHARP SC: And when do you say you became aware of that prohibition?

35 **MR STEVENS:** As - as part of this inquiry. So as you started looking for information in relation to it.

MS SHARP SC: Are you sure you did not understand that prohibition at any time prior to this inquiry?

40 **MR STEVENS:** I don't believe so.

MS SHARP SC: Have you ever seen the UnionPay International rules?

45 **MR STEVENS:** Yes, I have.

MS SHARP SC: And when did you first see those?

MR STEVENS: Probably - I - I remember seeing them when you were doing

the - Mr - the inquiry - the Bergin Inquiry was going on into - into Crown and the use of it there. I'm not sure if I saw them prior to that or not.

5 **MR BELL SC:** Mr Stevens, when you were preparing the submission for the authority in May 2013, from whom at The Star did you obtain information for the purpose of making that submission?

10 **MR STEVENS:** David Aloï, who was the cashier services manager; Oliver White; and I think I had discussion with Adrian Hornsby. But I can't remember the discussion with Adrian Hornsby too much.

MR BELL SC: Yes. Thank you.

15 **MS SHARP SC:** Isn't it the case that you first saw the UnionPay rules in at least 2014?

MR STEVENS: I don't know. I don't have a recollection of that, but I am prepared to be corrected if - if that is the case.

20 **MS SHARP SC:** Were you aware when the China UnionPay process was introduced at The Star that the cards were being swiped at the hotels?

MR STEVENS: Yes.

25 **MS SHARP SC:** Why weren't the cards being swiped at the cage?

30 **MR STEVENS:** Because my understanding, as it was explained to me, was two-fold. One was to distance it from the normal transactions at the cage cashiers, and also because those cards were also being used to pay for hotel rooms. And we had a limited number of merchant-enabled devices to use. And so it was determined that we would use those at the hotel room.

35 **MS SHARP SC:** Now, you say that it was explained to you that one purpose was to distance the card from the normal transactions at the cage. What were you told about that?

MR STEVENS: Not too much. That's - that's how it was explained to me with the - the position and what it was.

40 **MS SHARP SC:** Well, what's your best recollection?

MR STEVENS: That it may be that the - the patrons didn't necessarily want the cards to be associated with The Star Casino.

45 **MS SHARP SC:** When you say "may", are you telling us what your recollection is, or are you speculating after the event?

MR STEVENS: I think it's a combination of both, Ms Sharp.

MS SHARP SC: Well, what I'm asking you for is your best recollection of what you were told at the time about why the CUP cards were being distanced from the cage.

5

MR STEVENS: That we had a limited number of devices available, that not all CUP transactions would be associated with casino gaming and that some of the patrons who were using those cards wouldn't necessarily want to have The Star Pty on that transaction record.

10

MS SHARP SC: And who told you these things?

MR STEVENS: I believe that may have been Adrian Hornsby.

15 **MS SHARP SC:** Were you told at the time that the use of the CUP card at the hotel was being used to fund hotel accommodation expenses?

MR STEVENS: Yes, I was.

20 **MS SHARP SC:** Did you also understand that the CUP card that was being swiped at the hotel was being used to purchase chips?

MR STEVENS: It was - yes, it was being used to transfer funds into a front money account that would then subsequently be used for purchasing chips.

25

MR BELL SC: Where it could be purchase chips or repay gambling debts; was that your understanding?

30 **MR STEVENS:** Not necessarily repay gambling debts, but I would expect that that would have been a natural progression from the use of those cards.

MR BELL SC: And when Mr Aloï, Mr White and Mr Hornsby informed you about all of this, did they tell you that they were briefing you for the purpose of you making a submission to the regulator?

35

MR STEVENS: Yes.

MR BELL SC: Yes. Thank you.

40 **MS SHARP SC:** So at the time that you spoke with the regulator in May 2013, was it your understanding that the reason that CUP cards were being swiped at the hotel was because, firstly, some people were staying at the hotel and, secondly, some patrons preferred privacy?

45 **MR STEVENS:** Yes.

MS SHARP SC: And are you telling us that at the time you spoke with the regulator in May 2013, you had no idea whatsoever that UnionPay prohibited

China UnionPay cards being used to purchase gambling chips?

MR STEVENS: I wasn't aware of it, no.

5 **MR BELL SC:** And if you had been aware of that, I take it that it would have been one of the first things you told the regulator; correct?

MR STEVENS: I would have told the regulator, but I - I don't - I would have discussed the matter with my general counsel as a - as an issue as to whether or
10 not that would be an acceptable use of the card or not.

MR BELL SC: Your role at the time was to be the liaison with the New South Wales regulator; correct?

15 **MR STEVENS:** Yes. Correct.

MR BELL SC: And you understood that you had an obligation of honesty and integrity; correct?

20 **MR STEVENS:** Correct.

MR BELL SC: And an obligation to be frank with the regulator?

MR STEVENS: Yes.
25

MR BELL SC: And I should understand, shouldn't I, that if you knew in May 2013 that the China UnionPay rules prohibited those cards being used for gambling, you would have told the authority that?

30 **MR STEVENS:** I would have, yes.

MR BELL SC: Thank you.

MS SHARP SC: Could you just pardon me for one moment, Mr Bell, while I
35 locate a document.

MR BELL SC: Yes.

MS SHARP SC: Could I take you, please, Mr Stevens, to a document, which is
40 STA.3008.0008.0078. And this is exhibit B, tab 24. Do you see this is an advice from King & Wood Mallesons?

MR STEVENS: I do.

45 **MS SHARP SC:** And do you see that a copy is said to be for you?

MR STEVENS: Yes, I do.

MS SHARP SC: Do you recall receiving this legal advice at around that time?

MR STEVENS: No, I don't.

5 **MS SHARP SC:** Do you say you did not receive the legal advice at around this time?

MR STEVENS: No. I'm saying I don't remember receiving the legal advice.

10 **MS SHARP SC:** Do you expect that since the legal advice of an external firm is expressly copied to you, you would have received it at the time?

MR STEVENS: Yes, I do.

15 **MS SHARP SC:** Now, can I take you to this advice. You can see that the instructions are summarised at the first paragraph and that advice has been sought on a proposal to use China UnionPay cards to transfer funds into a section 75 deposit account by way of electronic funds transfer?

20 **MR STEVENS:** I do.

MS SHARP SC: And did you understand at the time that there was an issue about whether the transfer of money by way of electronic funds transfer was permissible in terms of making a deposit to a patron account for the purpose of section 75?

25

MR STEVENS: I did.

MS SHARP SC: May we take it that in all likelihood you read this advice at the time?

30

MR STEVENS: Yes.

MS SHARP SC: You have no reason to think you would not have read an advice from an external law firm where you are copied into the advice?

35

MR STEVENS: None at all.

MS SHARP SC: And do you recollect that advice was given that funds from China UnionPay could be deposited into a patron account by way of an electronic funds transfer?

40

MR STEVENS: I do.

45 **MS SHARP SC:** And do you recall that it was suggested that payments were to be made by electronic funds transfer, it would be advisable to have an internal control procedure updated to recognise the electronic funds payment method?

MR STEVENS: I do.

MS SHARP SC: And is that the matter that you consulted with the regulator about in May 2013?

5 **MR STEVENS:** It is.

MS SHARP SC: That was the matter of amending an internal control to make provision for payment to be made into a deposit account by way of electronic funds transfer?

10

MR STEVENS: It was.

MS SHARP SC: Was it you who commissioned this advice to be prepared?

15 **MR STEVENS:** No, it wasn't.

MS SHARP SC: Who was it?

20 **MR STEVENS:** It would have come from the legal team. So I'm assuming Fiona, who is listed here as the person that may have reached out to get that advice. If not, it would have - possibly Oliver White who was her manager at the time. No, she - he wouldn't have been her manager at the time. It couldn't have been from Oliver White.

25 **MS SHARP SC:** Can I take you to another document, please. This is STA.3401.0003.6853. This is exhibit B, 2928. Could I go to pinpoint 6854. Do you see that this email is from a Mallesons lawyer?

30 **MR STEVENS:** I do.

MS SHARP SC: And do you see you're copied into this email of 30 April 2013?

MR STEVENS: Yes.

35 **MS SHARP SC:** Would you have read this email from an external lawyer at the time you received it?

MR STEVENS: I would have.

40 **MS SHARP SC:** And do you see it states that:

"The advice has been written in a format that should be capable of being disclosed to the authority if you choose to waive privilege in it."

45 **MR STEVENS:** Yes.

MS SHARP SC: Now, do you see it also says:

"For that reason, this memo does not touch on whether or not NAB will be entitled to transfer the funds under the UnionPay rules."

MR STEVENS: I do.

5

MS SHARP SC: Did you understand what that was a reference to?

MR STEVENS: That - if for some reason that China UnionPay didn't want to honour the transfer, whether or not we would be able to recoup the funds back.

10

MS SHARP SC: Well, why on earth did you think China UnionPay would not honour the transfer?

MR STEVENS: I'm not familiar with the ins and outs of the financial system and - and sometimes if the incorrect coding goes through, but - yes. And I can see that it says here on the email that "reverses them all because they are for gambling".

15

MS SHARP SC: So did you understand at this time that China UnionPay did prohibit its card being used to purchase chips from gambling?

20

MR STEVENS: No, I - I would have understood this to mean that it may prohibit them or it may prevent them in - in associating with gambling, not that it specifically prevented them being used for gambling.

25

MS SHARP SC: Are you doing your best to tell this review the truth right now, Mr Stevens?

MR STEVENS: I am, Ms Sharp.

30

MS SHARP SC: All right. Well, what exactly did you understand?

MR STEVENS: I understood that, in - in China, gambling - debts related to gambling are not something that we could go through and recoup. So if - and they're not enforceable in China. And so if we have debts in - in - in relation to gambling from China - Chinese patrons, then we have to be careful that we've got processes in place to try and regain those funds from those - those players.

35

MS SHARP SC: Your answer just then, Mr Stevens, had nothing at all to do with the way in which a China UnionPay card was used. What was your understanding about the purposes for which a China UnionPay card could, and could not, be used as at April 2013?

40

MR STEVENS: That it could be used to transfer funds out of there for - for - for players' funds. I assume, from reading this, that there may - there would have been an issue in relation to using those funds from them. At the time, I - whether or not that was - I was cognisant of that at the time, I don't know.

45

MS SHARP SC: Did you have an inkling in April 2013 that UnionPay prohibited its cards from being used to purchase gambling chips?

5 **MR STEVENS:** I don't believe so. I don't know at this stage. I don't believe I did. But certainly if I - if I was across this email, then I - I should have had that - that as an indication.

10 **MR BELL SC:** How else could you understand the expression "UnionPay reverses them all because they are for gambling"?

MR STEVENS: No other way, Mr Bell.

MR BELL SC: But you didn't tell the authority about this?

15 **MR STEVENS:** No.

MR BELL SC: And do you accept that you should have?

20 **MR STEVENS:** Yes.

MR BELL SC: And what's your explanation for not doing so?

25 **MR STEVENS:** I don't have an explanation for that. I try to be open and honest, and we - we spoke about debit cards. We spoke about the - the use of China UnionPay as a debit card that would be going through to there. We didn't go beyond that.

30 **MS SHARP SC:** Is the explanation that you weren't being open and honest with the regulator in May 2013 when you sought permission to amend an internal control?

MR STEVENS: I can't say any different to that based on what I've just said, Ms Sharp.

35 **MS SHARP SC:** Do you accept that the open and honest approach to take with the regulator in May 2013, if you had understood that UnionPay prohibited China UnionPay cards being used to purchase gambling chips, was to tell the regulator that?

40 **MR STEVENS:** Yes.

MR BELL SC: And should I conclude that you made a deliberate decision not to tell the regulator about that?

45 **MR STEVENS:** I would like to say no, because I - I don't believe that I made a deliberate decision not to say that that was the case. But I can't tell you what to conclude, Mr Bell.

MR BELL SC: If it wasn't a deliberate decision, it was a very grave error, was it not?

MR STEVENS: It was.

5

MS SHARP SC: Now, can I have Mr Stevens shown STA.3401.0007.0424. Now, will you see that you are a party to an email to Mr White dated 16 July 2021?

MR STEVENS: Yes.

10

MS SHARP SC: And what you are doing is forwarding some emails to him from May 2013?

MR STEVENS: Yes.

15

MS SHARP SC: I will have it scrolled up so you can see that first.

MR STEVENS: Yes. Yes.

20

MS SHARP SC: Were you forwarding these - well, what was the purpose for which you were forwarding these emails to Mr White at this time?

MR STEVENS: I think - so it's 2021 that we were reassessing the use of China UnionPay and as a result of things that were being raised out of the Bergin Inquiry. I'm just trying to remember.

25

MS SHARP SC: Could I take you through this chain, please. Firstly, I will take you to pinpoint 426. And do you see that Mr Alois sent you an email on 2 May 2013 in relation to the amendment of an internal control manual?

30

MR STEVENS: I do.

MS SHARP SC: And do you see that amendment relates to the clearance of funds, including by way of electronic funds transfer?

35

MR STEVENS: I do.

MS SHARP SC: Now, that was the amendment that was sought to be made to the internal control at that time, wasn't it, to add the electronic funds transfer?

40

MR STEVENS: It was.

MS SHARP SC: And can I take you to the email at pinpoint 0425. And you accept that that, of course, is from you dated 2 May 2014?

45

MR STEVENS: Yes.

MS SHARP SC: And you are asking whether there was anything else that should

be amended in the internal control manual?

MR STEVENS: I was.

5 **MS SHARP SC:** But it's right, isn't it, that the only amendment to the internal control manual in 2013 was to introduce the words "electronic funds transfer"?

MR STEVENS: It was.

10 **MS SHARP SC:** Can I take you now to document STA.3027.0001.0001. And this is an email that you sent to ILGA on 6 May 2013?

MR STEVENS: It is.

15 **MS SHARP SC:** And you see that you are making a submission regarding the cheque cashing and deposit internal control manual?

MR STEVENS: I do.

20 **MS SHARP SC:** And you say:

"It is a fairly straightforward internal control manual update."

MR STEVENS: Yes.

25

MS SHARP SC: And you accept that there is no reference at all to China UnionPay?

MR STEVENS: No, there isn't.

30

MS SHARP SC: Can I take you, please, to - well, before I do that, can you note that there is an attachment referred to in that email?

MR STEVENS: I do.

35

MS SHARP SC: Are you able to indicate what that attachment was?

MR STEVENS: That attachment would have been the submission with a marked-up copy of what the proposed internal control would look like with that change with the insertion of EFT transfers.

40

MS SHARP SC: Could I take you to STA.3027.0001.0003.

MR BELL SC: Exhibit number, Ms Sharp?

45

MS SHARP SC: It's exhibit C, tab 2. Is this the attachment to which you were referring to answer to my last question?

MR STEVENS: It is.

5 **MS SHARP SC:** And do you see that the proposal is to amend internal control manual by making an insertion at point 15 to include the words "electronic funds transfer"?

MR STEVENS: I do.

10 **MS SHARP SC:** And do you agree that there is absolutely no reference here to China UnionPay cards?

MR STEVENS: I do.

15 **MS SHARP SC:** Now could I take you to - pardon me, Mr Bell. Now could I take you, please, Mr Stevens, to STA.3023.0001.1326.

MR STEVENS: Yes.

20 **MS SHARP SC:** And that's an email to you to Ms Jocelyn Smith at the authority dated 5 June 2013?

MR BELL SC: It's the other way around, Ms Sharp.

25 **MR STEVENS:** Yes.

MS SHARP SC: I withdraw that. You see this is an email from Jocelyn Smith to you dated 5 June 2013?

30 **MR STEVENS:** I do.

MS SHARP SC: And you accept, of course, that this email was sent after your meeting in May of 2013?

35 **MR STEVENS:** I do.

MS SHARP SC: And you will see that it refers to an attachment, being a cheque cashing and deposit facility of 5 June 2013?

40 **MR STEVENS:** I do.

MS SHARP SC: Could I take you to STA.3023.0001.1327.

MR BELL SC: And what is the exhibit number for this, Ms Sharp?

45 **MS SHARP SC:** I beg your pardon. I have got it right in front of me. It's exhibit C, tab 6. Do you see right at the bottom of that page, it says "effective 5 June 2013"?

MR STEVENS: I do.

MS SHARP SC: Do you accept that this is the attachment to the email Ms Smith sent to you?

5

MR STEVENS: I do.

MS SHARP SC: Could I take you, please, to point 15, which is on pinpoint 1329. And do you see that in bold text are the words "electronic funds transfer"?

10

MR STEVENS: I do.

MS SHARP SC: Now, this is the amendment to the internal control that was permitted by ILGA following your meeting with it in May of 2013?

15

MR STEVENS: It is.

MS SHARP SC: And it's right that there is no mention anywhere in this internal control manual about the use of China UnionPay cards?

20

MR STEVENS: Correct.

MS SHARP SC: Well, did you want the opportunity to review this document before you say that?

25

MR STEVENS: No. I - I know there's no reference to that in it.

MS RICHARDSON SC: Could I just indicate the document that was called for is being emailed to the partner at Maddocks.

30

MR BELL SC: Thank you very much, Ms Richardson.

MS SHARP SC: Could I take you now to STA.1600.0014.0381. This is exhibit B at tab 27. That's an email from you, isn't it, Mr Stevens?

35

MR STEVENS: It is.

MS SHARP SC: And it's dated 5 June 2013?

40

MR STEVENS: It is.

MS SHARP SC: And the attachment is recorded as being the cheque cashing and deposit facilities of 5 June 2013?

45

MR STEVENS: It is.

MS SHARP SC: And when you read this email, you accept, don't you, that the attachment was the cheque cashing facility internal control manual?

MR STEVENS: It was.

5 **MS SHARP SC:** And what you were doing was alerting your colleagues to the fact that approval had been granted by ILGA that day to amend that internal control manual?

MR STEVENS: Correct.

10 **MS SHARP SC:** And you say that the effect of that change is to allow for the acceptance of the China UnionPay debit card?

MR STEVENS: I do.

15 **MS SHARP SC:** And you say in that email that in discussions with ILGA, David Procter and you had regarding that change:

"We clearly called out the use of CUP and so that they are aware of these transactions and how they will work."

20

MR STEVENS: Correct.

MS SHARP SC: Now, you have absolutely no recollection at all today of any discussion of that nature at that meeting?

25

MR STEVENS: No, we discussed in that meeting that electronic funds transfers - that this would include the use of debit cards, such as China UnionPay. And I believe we would also have gone through and provided amended standard operating procedures to the regulator in relation to the use of - of these changes that call out the use of China UnionPay within the standard operating procedures.

30

MS SHARP SC: Now, when you say "I believe that I provided standard operating procedures to the regulator", is that something you have a memory of at that time?

35 **MR STEVENS:** I have a memory - we provide those - those changes, sometimes as part of the submission process when we're doing the negotiation around the internal control change or when - after we make the change. I think the requirement of our Sydney internal controls is that we had to provide any changes to our SOPs within seven days of those changes coming into effect, and the standard operating procedures for the cheque cashing facility has reference through to the China UnionPay.

40

MS SHARP SC: Mr Stevens, all I asked you was whether you had a memory of whether you provided the standard operating procedures to the regulator at this time. Do you have a memory --

45

MR STEVENS: I don't have a specific memory at this time of providing --

MS SHARP SC: Thank you. Now, can I please take you to document STA.3412.0151.0026.

5 **MS RICHARDSON SC:** Sorry. Could I have the exhibit number on that document?

MS SHARP SC: It's STA.3412.0151.0026.

10 **MS RICHARDSON SC:** Sorry. Is it in the bundle?

MS SHARP SC: It's exhibit B, tab 32.

MS RICHARDSON SC: Thank you.

15 **MS SHARP SC:** Now, Mr Stevens, I'm going to take you to an email chain. Do you see, on the first page, there's an email of 3 July 2013, and you're one of the people copied?

20 **MR STEVENS:** I do.

MS SHARP SC: And do you see that it is entitled China UnionPay Debit Card?

MR STEVENS: I do.

25 **MS SHARP SC:** Given that it was about the China UnionPay debit card, do you expect you read this email chain at the time it was sent to you?

MR STEVENS: I do.

30 **MS SHARP SC:** Could I take you to pinpoint 0031. This is an email from David Aloï dated 5 June 2013 to people, copied to you?

MR STEVENS: I - yes.

35 **MS SHARP SC:** And do you see that Mr Aloï advises that:

"The Star is now accepting the use of the China UnionPay debit card."

40 **MR STEVENS:** I do.

MS SHARP SC: And do you see it's:

"At the VIP arrival check-in lounge."

45 **MR STEVENS:** Yes.

MS SHARP SC: So you understood by that point, did you, that it was being swiped in the hotel rather than in the casino?

MR STEVENS: I did.

MS SHARP SC: And do you see paragraph 4 where it says:

5

"As with current internal control manual processes, with -"

I guess that's telegraphic transfer:

10

"And now electronic funds transfers, funds must be clear and available in The Star banking account prior to funds being deposited into patron front money."

MR STEVENS: Yes.

15

MS SHARP SC: And do you recall being concerned with the issue of cleared funds when CUP cards were involved back in 2013?

MR STEVENS: No, I wasn't - I wasn't concerned.

20

MS SHARP SC: Right. Even though this email was sent to you in 2013?

MR STEVENS: Yes, because those - those funds – we had had approval for the electronic funds transfer, and this was stating clearly that the - the funds had to be deposited and receipted into the account before we issued funds in - to the patron.

25

MS SHARP SC: Can I take you, please, to pinpoint 0029. Do you see this is an email from Brett Houldin to Mr Aloï and you dated 19 June 2013?

MR STEVENS: Yes.

30

MS SHARP SC: Is it most likely you read that at the time it was sent to you by Brett Houldin?

MR STEVENS: I would have, yes.

35

MS SHARP SC: And he, at that time, was the chief financial officer of The Star?

MR STEVENS: He was, yes.

40

MS SHARP SC: And he is asking you a question about:

"Is it a regulatory restriction for these funds to be in our account or our policy?"

45

MR STEVENS: Yes.

MS SHARP SC: And if I can show you the email that it is responsive to on the next page. Do you see an email from David Aloï dated 11 June 2013 which states:

"Until the funds are clear and available in The Star bank account, funds will not be deposited."

5 **MR STEVENS:** I do.

MS SHARP SC: Now, there was an issue in 2013 about the time it took for funds swiped from CUP to be available in the casino's account so that gambling chips could be provided to patrons, wasn't there?

10

MR STEVENS: There was.

MS SHARP SC: And you recall that, don't you?

15 **MR STEVENS:** I do.

MS SHARP SC: Can I take you, please, to pinpoint 0028. You see at the bottom of that page, there's an email from you dated 19 June 2013 responding to Mr Brett Houldin?

20

MR STEVENS: I do.

MS SHARP SC: And what you say is:

25 "If we release funds before they can be seen in our account, ILGA regard this as the provision of credit."

MR STEVENS: I do.

30 **MS SHARP SC:** And that, of course, was your understanding --

MR STEVENS: It was.

MS SHARP SC: -- in 2013?

35

MR STEVENS: It was.

MS SHARP SC: Now can I take you, please, to the email at pinpoint 0027. Do you see the email from Mr Mark Walker of 19 June 2013?

40

MR STEVENS: Yes.

MS SHARP SC: And do you see that you're copied in to that email?

45 **MR STEVENS:** I do.

MS SHARP SC: And it's entitled China UnionPay Debit Card?

MR STEVENS: Yes.

MS SHARP SC: May we take it that you also read this email at about the time it was sent to you?

5

MR STEVENS: Yes.

MS SHARP SC: And what it says is:

10 "I have spoken to Auckland on how they deal with it."

Dot point:

15 "Funds do not go anywhere near a casino account."

Dot point:

20 "The transaction is always done through the hotel as a 'purchase' and they are purchasing a CPV for chips."

20

Dot point:

25 "The contract with CUP says something like 'being used for goods or vouchers' in a transaction, so they are not breaching a contract."

25

Dot point:

30 "Receipt is then taken to the cage and a CPV is purchased which is then redeemed at a table."

30

Now, is it your evidence that you had no understanding as at 19 June 2013 that China UnionPay prohibited China UnionPay cards being used to purchase gambling chips?

35 **MR STEVENS:** No, because of the legal advice from - that was - you shown earlier from K - from Patrick Gunning in - in relation to China UnionPay making clear - raising an issue there. So, no, it isn't my evidence that I had no knowledge at the time.

40 **MS SHARP SC:** Well, Mr Stevens, that advice said absolutely nothing about China UnionPay rules prohibiting the use of gambling chips?

45 **MR STEVENS:** No, the - that made reference about the purchase - or made reference to - for use for gambling and - and then - and then pulling it back. And it would be to - my mind at least, it's a - a natural extension that that would be related to purchasing gambling chips because that would - they can only be used for gambling.

MR BELL SC: Ms Sharp, to be fair to Mr Stevens, I understand him to be referring to the email which I took him to and raised with him.

5 **MS SHARP SC:** Yes. Thank you. I do too, Mr Bell. I will put it as simply as I can. Did you understand in June 2013 that UnionPay International prohibited the use of the China UnionPay card to purchase gambling chips?

MR STEVENS: Only from the advice from Mr Gunning and now seeing this.

10 **MS SHARP SC:** I'm just asking you about --

MR STEVENS: I - I - I - I'm not - I'm not trying to be problematic - I'm just trying to say as I understood it.

15 **MS SHARP SC:** I just want to ask about your understanding, Mr Stevens. Did you know in June 2013 that UnionPay International prohibited the use of China UnionPay cards to purchase gambling chips?

MR STEVENS: Yes.

20

MS SHARP SC: When did you become aware of that prohibition?

MR STEVENS: I don't know.

25 **MS SHARP SC:** But you agree it is not a matter that you told the regulator about when you met with the regulator in May 2013?

MR STEVENS: I do agree with that, yes.

30 **MR BELL SC:** And should I understand you didn't inform the regulator of that at any subsequent time whilst you were the regulatory affairs manager?

MR STEVENS: No, I didn't.

35 **MS SHARP SC:** Mr Stevens, can I take you to another email. This one is STA.3008.0008.0184.

MR BELL SC: The exhibit number, Ms Sharp?

40 **MS SHARP SC:** It's exhibit B, tab 38. Do you see this is an email from Mr White dated 26 July 2013 into which you are copied?

MR STEVENS: I do.

45 **MS SHARP SC:** Do you see it refers to a China UnionPay transaction?

MR STEVENS: I do.

MS SHARP SC: It is most likely you read this email at about the time it was sent to you?

MR STEVENS: It is.

5

MS SHARP SC: And do you see that Mr White states:

10 "We are prohibited under the Casino Control Act to advance chips or cash for debit card transactions (as well as credit card transactions). We therefore can only effect a CUP transaction using a casino entity through an electronic funds transfer."

MR STEVENS: Yes.

15 **MS SHARP SC:** And further, Mr White says:

20 "Our regulator interprets the Casino Control Act such that cleared funds are required by electronic funds transfer before chips may be issued, otherwise it is providing credit."

20

MR STEVENS: Yes.

MS SHARP SC: And then he states:

25 "We are exploring whether there are alternative processes that could overcome the practical issue encountered."

25

MR STEVENS: Yes.

30 **MS SHARP SC:** So it's right, isn't it, that in 2013 a problem had been identified with the use of the CUP card in that patrons could not immediately have chips made available to them once they had swiped their CUP card at the hotel?

MR STEVENS: Yes.

35

MS SHARP SC: And people at Star, including yourself, were looking for a workaround in relation to that problem?

MR STEVENS: Correct.

40

MS SHARP SC: And is it correct that the workaround that you and others settled upon was to establish what was called a temporary cheque cashing facility?

45 **MR STEVENS:** The workaround was we, I think, drafted up a internal control change which we submitted to the regulator to call out that where a debit card is used, and we had a merchant copy receipt of - of those funds being transferred, that we could release the funds.

MS SHARP SC: And do you say you submitted that request to the New South Wales regulator?

MR STEVENS: I believe we did, yes.

5

MS SHARP SC: Can I show you a document, please. I will call up STA dot - I beg your pardon, ILGA.013.001.0073. Exhibit C, tab 7. Now, I will take you to the second page. This is a letter that you submitted to the authority, was it?

10 **MR STEVENS:** It was.

MS SHARP SC: Can I take you back to the first page. You will see it's dated 22 November 2013?

15 **MR STEVENS:** Yes.

MS SHARP SC: Is this the change to the - or the proposed change to the internal control you were referring to?

20 **MR STEVENS:** It is.

MS SHARP SC: And what you do at paragraph - the second paragraph, you say:

"The change relates to the use of debit cards at the casino."

25

MR STEVENS: Yes.

MS SHARP SC: And at paragraph 4, you say:

30 "Despite the transaction being processed and approved (a merchant copy is printed to this effect), some financial institutions, these funds may not actually be deposited into The Star's account for up to 48 hours after the transaction actually takes place."

35 **MR STEVENS:** I do.

MS SHARP SC: So this is the problem that we were previously discussing and the workaround we were previously discussing?

40 **MR STEVENS:** Yes.

MS SHARP SC: And then at paragraph 5, you stated:

45 "The Star contends that this receipt is sufficient proof for the funds to be released to the patron and that in doing so it is not providing credit."

MR STEVENS: Correct.

MS SHARP SC: And what you suggested was an amendment at point 15 of the internal control for cheque cashing and deposit facilities?

MR STEVENS: Yes.

5

MS SHARP SC: And that amendment was to insert, at the beginning of point 15:

"With the exception of debit card funds transfers."

10 **MR STEVENS:** Yes.

MS SHARP SC: Now, it's right, isn't it, that the authority never granted permission to make this amendment, did it?

15 **MR STEVENS:** No, it didn't.

MS SHARP SC: And you knew at the time that the authority did not grant permission to make this amendment?

20 **MR STEVENS:** I did.

MS SHARP SC: So the workaround that you had conceived at that time was not accepted by the authority?

25 **MR STEVENS:** No, it wasn't.

MS SHARP SC: What I am suggesting to you is a further workaround was then developed, which was internally known as the temporary cheque cashing facility.

30 **MR STEVENS:** Yes.

MS SHARP SC: But, that temporary cheque cashing facility did not involve the patron actually providing a cheque to the casino?

35 **MR STEVENS:** I don't know the details of that. I don't believe it did, but I don't know the granular details of it.

MS SHARP SC: In fact, all it involved was The Star writing a counter cheque?

40 **MR STEVENS:** I think so, yes.

MS SHARP SC: And no cheque from the patron sat behind that?

MR STEVENS: No.

45

MS SHARP SC: I suggest to you that was in breach of section 75 of the Casino Control Act.

MS RICHARDSON SC: Well, I object - I object to that. This is a non-legal witness, and a legal conclusion is being put.

5 **MR BELL SC:** Yes. I reject that question. I would permit you to ask questions about this witness's understanding.

10 **MS SHARP SC:** Did you at any time turn your mind to the question of the temporary cheque cashing facility being in breach of section 75 of the Casino Control Act?

15 **MR STEVENS:** I did. And I thought that due to the fact that a counter cheque was being issued, that the - and the patron was signing and that - my understanding was that we would be able to necessarily to use that counter cheque, that we weren't in breach of the cheque cashing facility process.

20 **MS SHARP SC:** Did --

25 **MR BELL SC:** Why didn't you ask the authority to approve this counter cheque procedure?

30 **MR STEVENS:** To be honest, Mr Bell, it didn't occur to me to do so, in that we had a process that was working and I thought the process was consistent with the operation of the cheque cashing facility, as I understood that to be. And so it didn't at that stage seem to me that we would need to go through request for another change in relation.

35 **MS SHARP SC:** Mr Stevens, you thought fit to put your first workaround option to the authority for approval, didn't you?

40 **MR STEVENS:** I did.

45 **MS SHARP SC:** And that approval was rejected?

50 **MR STEVENS:** It was.

55 **MS SHARP SC:** And then is it right you made a decision not to seek approval from the authority for your second workaround?

60 **MR STEVENS:** I did.

65 **MS SHARP SC:** And it follows, doesn't it, that approval was never sought for that second workaround?

70 **MR STEVENS:** No, it wasn't.

75 **MS SHARP SC:** And that is despite the fact that that workaround was implemented and pursued for many years by The Star?

MR STEVENS: That workaround, from my understanding, was in keeping with the - the use of a cheque cashing facility, and that - and therefore we didn't need to go through to get approval.

5 **MS SHARP SC:** Did you have any concern at all at the time that this second workaround may not have been lawful?

10 **MR STEVENS:** No, because my understanding was that the counter cheque could be presented in relation to us to try and get funds back. And so, no, I didn't think it wasn't lawful. I would also say that, you know, we had provided copies of our standard operating procedures through to the regulator and so they had clear documentation of what the processes are that we were following.

15 **MS SHARP SC:** How did you reach your understanding you just referred to?

MR STEVENS: Because as - I was of the belief that a counter cheque is - could be presented and was a - a legal document. I think Oliver had explained to me that a - a counter cheque is the same as a - a normal cheque that would be presented, and so we could have presented it to the bank.

20 **MR BELL SC:** If you thought that was the right thing to do and you believed it was lawful, wouldn't the appropriate course have been to seek the authority's approval?

25 **MR STEVENS:** What we were doing was, I thought, already covered by the - the cheque cashing facility ICM in terms of the issuance of cheques. We were informing the regulator as we changed our SOPs. And so those - those processes, as they changed the detail within the SOPs. And so, I believe that the regulator was aware of what processes we were having in place.

30 **MR BELL SC:** So you made a conscious decision not to inform the regulator about the second workaround, as Ms Sharp has called it?

35 **MR STEVENS:** Yes.

MR BELL SC: And did you make that decision yourself, or did you discuss that matter and make that decision with others at The Star?

40 **MR STEVENS:** I don't remember.

MS SHARP SC: You say that your understanding was, at least in part, based upon your discussions with Mr White?

45 **MR STEVENS:** I do.

MS SHARP SC: Did you seek any external legal advice about this matter?

MR STEVENS: No, I didn't.

MS SHARP SC: Of course, you understood it was open for you to do so?

5 **MR STEVENS:** I wouldn't have done so myself. I would have had - if I thought it was necessary, I would have discussed that with Mr White or Mr Power, my - my line manager, the - the general counsel. They were the ones who would have engaged any external legal counsel, should it be necessary.

10 **MS SHARP SC:** Did you raise with either Mr White or Mr Power the possibility that external legal advice be obtained about the legality of this second workaround?

MR STEVENS: No, I didn't.

15 **MS SHARP SC:** Did they raise that possibility with you?

MR STEVENS: No, they didn't.

20 **MS SHARP SC:** Did you have any concern at all that this second workaround may not have been lawful?

MR STEVENS: No.

25 **MS SHARP SC:** Did Mr White or Mr Power express to you any view that the second workaround may not have been lawful or may have been somewhat risky?

MR STEVENS: No, they didn't. And if they had that belief, I - I know that - having known both of those, that they wouldn't have allowed it to go ahead.

30 **MS SHARP SC:** Can I take you, please, to STA.3023.0001.1331.

MR STEVENS: Yes.

35 **MS SHARP SC:** It's exhibit C, tab 8, Mr Bell.

MR BELL SC: Thank you.

40 **MS SHARP SC:** Now, do you recognise this is an email from yourself to Ms Jocelyn Smith at the authority dated 11 December 2013?

MR STEVENS: I do.

45 **MS SHARP SC:** And you will see that it states that it is - includes an attachment, Cage Operation SOP?

MR STEVENS: I do.

MS SHARP SC: And the text of your email is:

"Attached is the SOP."

5 **MR STEVENS:** It is.

MS SHARP SC: Now, when you gave evidence earlier that you submitted the standard operating procedure to the authority, is this the email that you are referring to?

10 **MR STEVENS:** It may be.

MS SHARP SC: Given that you have been able to produce - I withdraw that. Given that The Star has been able to produce this email from December 2013, do you expect that Star would have available any other emails you sent to the regulator in December - I withdraw that - in 2013, sending standard operating procedures to the regulator?

MR STEVENS: Yes.

20 **MS SHARP SC:** I call for any emails that Mr Stevens had sent to the regulator in 2013 attaching standard operating procedures.

MS RICHARDSON SC: I will make those inquiries.

25 **MS SHARP SC:** Now, can I show you the attachment to this email, which is STA.3023.0001.1333. This is exhibit C, tab 9.

MR STEVENS: Yes.

30 **MS SHARP SC:** Now, what do you say was disclosed to the regulator in 2013 about the CUP process?

MR STEVENS: That the China UnionPay - China UnionPay bank SOPs are clearly documented. I don't know if this is the correct SOP. I think it might have been the cheque cashing facility SOPs, which are separate to the cage operations SOPs.

40 **MS SHARP SC:** All right. Just for your benefit, Mr Stevens, could you have regard to the bottom of this first page. Do you see it says, "Effective 4 September 2013"?

MR STEVENS: I do.

45 **MS SHARP SC:** Now, overnight, do you think that you could review this cage operation SOP and let us know tomorrow where, if anywhere, it discloses what the process was with CUP?

MR STEVENS: Certainly.

MS SHARP SC: Thank you. Now, could I take you, please, to document STA.3023.0001.1954. And, Mr Bell, this is exhibit C, tab 10.

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

MS SHARP SC: You see this is also an email from you, Mr Stevens, to Ms Jocelyn Smith at the authority?

10 **MR STEVENS:** I do.

MS SHARP SC: It's dated 19 February 2014?

15 **MR STEVENS:** Yes.

MS SHARP SC: Does it appear to you that this email attached a cage operation standard operating procedure?

20 **MR STEVENS:** It does.

MS SHARP SC: And in the text of this email, you suggest that the cage operation standard operating procedure has a proposed control marked up on pages 10 and 11?

25 **MR STEVENS:** It does.

MS SHARP SC: And is it right that what you've done in this email is set out what the proposed change was?

30 **MR STEVENS:** Yes.

MS SHARP SC: Do you agree that there is absolutely no mention here at all of what I will call the second workaround?

35 **MR STEVENS:** The wording here - it isn't clear, but 2(b) is the - is effectively the process of what that workaround was.

40 **MR BELL SC:** Isn't that the first workaround, that funds would be treated as cleared as soon as the card was swiped?

MR STEVENS: Yes. There isn't a clear - it doesn't state that a second cheque - a counter cheque would be produced. No.

45 **MR BELL SC:** So it's not referring to the second workaround?

MR STEVENS: No - no, it's - no, it's not.

MS SHARP SC: This is referring to the first workaround which the authority

rejected when it rejected the application to change the internal control, isn't it?

MR STEVENS: Yes.

5 **MS SHARP SC:** Now, I will show you the standard operating procedure that was attached to this email, which is STA.3023.0001.1956. This is exhibit C, tab 11.

MR STEVENS: Yes.

10 **MS SHARP SC:** Now, would you like the opportunity overnight to review this standard operating procedure and tell us tomorrow whether there's anything in this at all that refers to what we have called the second workaround?

15 **MR STEVENS:** Yes, although being as the reference in the email was to section 3.7 - could we just have - quickly have a look at 3.7, please?

MS SHARP SC: I'm sorry. I'm not sure what you're referring to.

20 **MR STEVENS:** So the - the email made reference to change to the - the cage operation procedures section 3.7, Hexagon/Telegraphic Transfers, on this SOP. So I - I - I was just --

25 **MS SHARP SC:** Yes. I will - it would appear to be at page 10. Could I take you, please, to pinpoint 1965.

MR STEVENS: Yes.

30 **MS SHARP SC:** Now, are you referring to the heading 3.7 Hexagon/Telegraphic Transfers Accepting?

MR STEVENS: I am.

MS SHARP SC: And are you referring in particular to the paragraph 2?

35 **MR STEVENS:** Yes, I am.

MS SHARP SC: And they are exactly the same words as were reproduced in your cover email that Mr Bell just discussed with you?

40 **MR STEVENS:** They are.

45 **MS SHARP SC:** Now, would you like the opportunity overnight to review this document to tell us if there is anything in this document that describes the second workaround?

MR STEVENS: Yes, please.

MS SHARP SC: Could I then take you, please, Mr Stevens, to

STA.3008.0022.7474. This is exhibit C, tab 21.

MR STEVENS: Yes.

5 **MS SHARP SC:** Do you see this is the cage operations standard operating procedure?

MR STEVENS: I do.

10 **MS SHARP SC:** And may we take it you are familiar with this document?

MR STEVENS: Yes, I am.

15 **MS SHARP SC:** Do you see at the top that it has a date on it, 24 March 2015?

MR STEVENS: Yes.

20 **MS SHARP SC:** And what we should understand from that is that is the effective date of this particular version of the standard operating procedure?

MR STEVENS: Correct.

25 **MS SHARP SC:** Now, can I take you, please, to pinpoint 7494. Do you see there's a task, Acceptance of China UnionPay Debit Card?

MR STEVENS: I do.

MS SHARP SC: And do you see that paragraph 2 says that:

30 "The CUP debit card transaction is swiped at the VIP hotel arrival."

MR STEVENS: I do.

35 **MS SHARP SC:** And do you see paragraph 3 then sets out that:

40 "A member of cage management is advised either by the hotel management VIP executive host or international marketing representative that a patron has debited their China UnionPay account. Cage management will log on in the NAB portal to confirm a deposit of funds has been received into The Star Casino bank account."

MR STEVENS: I do.

45 **MS SHARP SC:** It's right, isn't it, that it was only on 24 March 2015 that these matters were specified in the cage operations standard operating procedures?

MR STEVENS: Based on the documents we were just shown, I - I would agree with you, yes.

MS SHARP SC: Would you like the opportunity to review that overnight?

5 **MR STEVENS:** Yes, just to confirm that there were no other versions amended in - in between the previous one I've just seen and this one here.

10 **MS SHARP SC:** Because you would agree that it follows, as night follows day, that if this entry was not in the standard operating procedures for the cage prior to 24 March 2015, the authority would not be alerted to the fact that the China UnionPay card was swiped in the hotel if it received standard operating procedures for the cage in either 2013 or 2014?

MR STEVENS: Correct.

15 **MS SHARP SC:** Now, could I take you, please, to STA.3401.001.4216, which is part B at tab 332.

MR STEVENS: Yes.

20 **MS SHARP SC:** And do you see this is an email from you to Mr White dated 9 April 2014?

MR STEVENS: Yes.

25 **MS SHARP SC:** And do you see that the attachment there is Volume II Business Rules October 2012?

MR STEVENS: Yes.

30 **MS SHARP SC:** Is that attachment the UnionPay International rules for the use of the China UnionPay card?

MR STEVENS: I can't see the attachment, but --

35 **MS SHARP SC:** Well, let me - you can see --

MR STEVENS: I - I - I won't - you don't need to show - I can't see the attachment, but I will assume that it is, Ms Sharp.

40 **MS SHARP SC:** All right. Well, I just want you to note that the attachment is described as Volume II Business Rules October 2012.

MR STEVENS: Yes.

45 **MS SHARP SC:** All right. Now I want to take you to another document, which is STA.3402.0007.2472. This is exhibit B, tab 333. Do you see that this document is called Operating Regulations, Volume II Business Rules, October 2012?

MR STEVENS: I do.

MS SHARP SC: It is described in exactly the same terms as the email to which I have just taken you?

5

MR STEVENS: It is.

MS SHARP SC: Do you agree that it is most likely that what you were emailing to Mr White on 9 April 2014 is this document, which are the China UnionPay operating regulations of October 2012?

10

MR STEVENS: I do.

MS SHARP SC: So it's right, isn't it, that you had seen the UnionPay International CUP rules by April 2014?

15

MR STEVENS: I would assume so, yes. I don't know if I read this attachment or just forwarded it straight through to Oliver.

MS SHARP SC: It is right, isn't it, that you were well aware by 9 April 2014 that UnionPay International prohibited the China UnionPay card being used to prohibit gambling?

20

MR STEVENS: Yes.

25

MS SHARP SC: Could I take you back to STA.3401.0001.4216. Do you see that the email that you are forwarding to Mr White on 9 April 2014 is an email from Andrew Haberley at NAB dated 19 March 2013?

MR STEVENS: I do.

30

MS SHARP SC: May we take it that given you are forwarding that email to Mr White on 9 April 2014, you had read this email from Mr Haberley at that time?

MR STEVENS: No.

35

MS SHARP SC: Are you suggesting that you forwarded an email to Mr White without reading it?

MR STEVENS: No. This email, which is sent to David Aloï on 19 March 2013, doesn't have any indication on the date it was sent through to me. So I don't know the date I received it to forward it through to Mr White.

40

MS SHARP SC: I think we are at cross-purposes, and I may have put my question unclearly. Given that you sent - or forwarded this email to Mr White on 9 April 2014 --

45

MR STEVENS: Yes.

MS SHARP SC: -- you accept that, by that date, you had read the email from Mr Haberley dated 19 March 2013?

5 **MR STEVENS:** Yes.

MS SHARP SC: If I can just take you to that email. Do you see it refers to there being no transaction limit assigned by UnionPay, but NAB have a terminal limit of \$999,000. And:

10

"In regards to your request below around withdrawing the funds from customers' cards as they transact at the hotel, UnionPay advised me this amount is fine as the merchant category code is not restricted or subject to transaction limits which in this case should not be based on the below document."

15

And it then continues:

20

"You will need to keep in mind that the transaction will not be completed and posted for 24 hours. Once funds hit the account after 24 hours, you can disperse them accordingly to the casino's operating/play accounts."

MR STEVENS: Yes.

25 **MS SHARP SC:** Are you able to indicate why, at this time, that is, 9 April 2014, you were forwarding this email to Mr White?

MR STEVENS: No.

30 **MS SHARP SC:** Mr --

MR STEVENS: I could - I could make a supposition.

35 **MS SHARP SC:** Well, I won't ask you to make a supposition. Thank you. Mr Bell, I see the time. I did wish to give Mr Stevens the opportunity to consider the matters I raised with him in relation to those three questions overnight.

MR BELL SC: Yes. Well, I will adjourn now until 10 am tomorrow morning.

40 **MS RICHARDSON SC:** Could I just raise one matter --

MR BELL SC: Yes.

45 **MS RICHARDSON SC:** -- just in relation to the advice of Mr Walker that has been produced from my solicitors to solicitors assisting.

MR BELL SC: Should that be a matter that you raise in the absence of the witness, or is it okay for you to proceed openly?

MS RICHARDSON SC: It's just a privilege claim. It's just that it attracts privilege, and I wanted to make clear that - well, I wanted to check your understanding, Mr Bell, that it's produced under compulsion and therefore attracts
5 all of the being protections under section 17 of the Royal Commissions Act.

MR BELL SC: Yes, that's the case. Thank you, Ms Richardson.

MS RICHARDSON SC: And could I also ask whether we have permission to
10 speak to the witness for two purposes: one, to make sure that the call for documents that has been made for any emails sent to the regulator in 2013 attaching SOPs, if we need to speak to him for that purpose; and secondly, if he needs assistance with providing him with the SOPs that he discussed with Ms Sharp that he would look at overnight.

15 **MR BELL SC:** Yes. I'm sure, if it's just restricted to those matters, there should be no problem at all.

MS RICHARDSON SC: Thank you.
20

MR BELL SC: Do you have any problem with that, Ms Sharp?

MS SHARP SC: None.

25 **MR BELL SC:** Yes. Thank you. I will adjourn until 10 am tomorrow.

<THE HEARING ADJOURNED AT 5:07 PM