



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

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

**PUBLIC HEARING
SYDNEY**

**WEDNESDAY, 23 MARCH 2022
AT 10AM**

DAY 5

**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**

**Star Witness
MR ANGUS BUCHANAN**

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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 10:12 am

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

5 **<ARCHIBALD ANGUS BUCHANAN, ON FORMER OATH**

MR BELL SC: Yes, Ms Sharp.

10 **MS SHARP SC:** Mr Bell, just before we get started, can I indicate my instructing solicitors recently received some further applications for documents to be made subject to non-publication orders. Because there has been a problem in accessing those documents, I have not had any opportunity to review those claims. This means I think we will have to come and deal with that if and when it arises in today's examination. I do wish to clarify, though, that it is my understanding that
15 no claim for confidentiality has been made over what I will call the Hong Kong Jockey Club report.

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

20 **MS RICHARDSON SC:** Just before we start, my understanding is that there are paragraphs within that report that are the subject of a ruling that they are confidential. Certainly not the whole of the report, but parts of the report are the subject of a ruling.

25 **MR BELL SC:** Are you aware of that, Ms Sharp?

MS SHARP SC: No, I'm not.

MR BELL SC: And do you propose to go to that report this morning?
30

MS SHARP SC: I certainly do.

MR BELL SC: Well, I think - I regret we will have to clarify this before we continue. I will adjourn for a few minutes until - could I ask you to speak to
35 Ms Richardson offline and try and identify what, if anything, in relation to that report is said to be confidential.

MS SHARP SC: Yes.

40 **MR BELL SC:** I will now adjourn for a few moments.

<THE HEARING ADJOURNED AT 10:14 am

45 **<THE HEARING RESUMED IN PUBLIC MODE 11:04 am**

MR BELL SC: Yes, Ms Sharp.

<EXAMINATION BY MS SHARP SC:

5 **MS SHARP SC:** Mr Buchanan, yesterday afternoon I was asking you about the report of the Hong Kong Jockey Club dated April 2018. Could I show that report to you, please. If I could call up part - exhibit C at tab 79, STA.3427.0037.3870. That's not the correct document. I'm sorry. Mr Bell, there has been some confusion in the documents. I will call it up by a different document number.

10 **MR BELL SC:** Yes.

MS SHARP SC: I will call it up by STA.3014.0007.001, which is exhibit B, tab 710. Now, I will just show you this first page, Mr Buchanan. And in fact, I will show you the second. I take it you recognise this as the Hong Kong Jockey Club report from April 2018?

15 **MR BUCHANAN:** I do.

MS SHARP SC: And as we discussed yesterday, you played a role in the preparation of this report?

20 **MR BUCHANAN:** I did. I did the final part. It had been - it had been compiled over a number of years, and I was tasked with - with completing it. Yes.

MS SHARP SC: Yes. And you explained that to us yesterday.

25 **MR BUCHANAN:** Yes.

MS SHARP SC: Now could you please explain what the purpose of this report was.

30 **MR BUCHANAN:** The purpose of the report was, as I said yesterday, the Hong Kong Jockey Club - one of the main roles is to protect the integrity of racing in Hong Kong, and the Suncity entities had been looked on as posing a potential threat, hence that report was - was put together, as I say, over a number of years.

35 **MS SHARP SC:** Now could I take you to the final paragraph of this report. Unfortunately, I will need to call up a different document number to do that. Could I call up document in exhibit B at tab 3455, and the number is STA.3014.0007.0011. Could I then show you to pinpoint - we are on the right
40 pinpoint. Can I direct your attention please, Mr Buchanan, to paragraph 111.

MR BUCHANAN: Yes.

45 **MS SHARP SC:** Now, having read that, do you agree that the purpose of this report was to vet a membership application of Alvin Chau?

MR BUCHANAN: No, it wasn't.

MS SHARP SC: Well, it says - well, let me read it out:

5 "It is assessed that Suncity Group's controlling entities, Cheng and Alvin Chau, would pose a tangible criminal as well as reputational risk to the club, and indeed racing integrity in Hong Kong, should they, or their associates, become members or horse owners. Accordingly, the role of security -"

I beg your pardon:

10 "Accordingly, the role of the security and integrity department, in vetting membership applications, is key to protecting the club through identifying potential Suncity Group associations and preventing their access to membership."

15 Now, having read that, is it the case that the Hong Kong Jockey Club was considering an application for membership of either or both Mr Cheng and Mr Chau?

20 **MR BUCHANAN:** No. Rather, I think it was a preventive measure in case any membership application had been submitted at any time.

MS SHARP SC: And you're aware, aren't you, that the Hong Kong Jockey Club did indeed decide that if applications were ever made, membership would not be granted to either Mr Cheng or Mr Chau?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: Now, may we take it that in participating in the development of this report and then signing off on it, you agreed with the conclusion expressed in paragraph 111 as at April 2018?

MR BUCHANAN: Yes, that was the Jockey Club's view. That's correct.

35 **MS SHARP SC:** And it was yours, wasn't it?

MR BUCHANAN: It was.

MS SHARP SC: Could I take you to another document, please. Part of this is confidential, so I won't read it all out to you. This is document STA.3427.0037.3870. This is exhibit C, tab 79. You will see this is a memorandum from Martin Purbrick dated 20 April 2018?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** And you have seen this memorandum before?

MR BUCHANAN: I have.

MS SHARP SC: And indeed, this was part of the documentation you provided to Ms Martin and Mr Houlihan and Mr White in your email of 12 June 2019?

MR BUCHANAN: That's correct.

5

MS SHARP SC: Now, is it correct that Martin Purbrick is the director of - or at that time was the director of security and integrity at the Hong Kong Jockey Club?

MR BUCHANAN: At that time, he was. That's correct.

10

MS SHARP SC: And it is correct that this is an internal memorandum from him to the CEO of that organisation?

MR BUCHANAN: That's correct.

15

MS SHARP SC: And is it right that this document refers to the report I just took you to?

MR BUCHANAN: It's a covering memo. That's correct.

20

MS SHARP SC: Were you provided a copy of this - well, I withdraw that. You see it states in the second paragraph from the bottom:

"Suncity clearly involves a number of criminal enterprises."

25

That was your view at the time, was it not?

MR BUCHANAN: It was.

30

MS SHARP SC: If I could return to the report, that is, the Hong Kong Jockey Club report. Could I bring up STA.3014.0007.0001, which is exhibit B, tab 710. And can I take you to pinpoint 0003. Could I draw your attention, please, Mr Buchanan, to the second paragraph of the executive summary, which says that:

"Alvin Chau is alleged to be a member of the Macau faction of the 14K triad society and the follower of former 14K leader Wan Kuok Koi (known as Broken Tooth Koi). It is suspected that the Suncity Group also has connections to Charles Heung Wah Keung, a senior office bearer of the Sun Yee On triad society."

40

Now, that accorded with your opinion as at April 2018, didn't it?

MR BUCHANAN: Well, that was information we had received and put into the report. That's correct.

45

MS SHARP SC: And it was sufficiently important that it was in the first page of your executive summary?

MR BUCHANAN: It was noteworthy, certainly.

5 **MS SHARP SC:** Now, at paragraph 3, it is stated - well, it refers to Cheng Ting Kong. You understood that Cheng Ting Kong was Alvin Chau's partner in Suncity at this time, didn't you?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And in fact, Alvin Chau and Cheng Ting Kong held joint directorships in a number of companies in the Suncity Group?

MR BUCHANAN: Correct.

15 **MS SHARP SC:** Now, what is stated in paragraph 3 of the executive summary is that Cheng Ting Kong is Alvin Chau's major business partner. They have 11 common directorships. And then I will quote:

20 "Cheng is believed to be a member of the 14K triad society in Hong Kong. Intelligence sources report that Cheng is involved in illegal bookmaking, drug trafficking and large-scale money laundering activities."

Now, at the time of this report, it was your belief, wasn't it, that Cheng is a member of the 14K triad society in Hong Kong?

25 **MR BUCHANAN:** That was information that we had received. That's correct.

MS SHARP SC: Yes. And it was your belief?

30 **MR BUCHANAN:** Yes. According to the information that we'd received, yes.

MS SHARP SC: Yes. And based on that information, that was the belief you formed; correct?

35 **MR BUCHANAN:** Yes.

MS SHARP SC: Now, it was also your belief, based upon the intelligence you had access to, that Cheng was involved in illegal bookmaking, drug trafficking and large-scale money laundering activities?

40 **MR BUCHANAN:** That's correct.

45 **MS SHARP SC:** Now, could I take you to pinpoint 0008 of this document. Could I direct your attention, please, Mr Buchanan, to paragraph 26. You will agree that reference is made in that paragraph to Alvin Chau?

MR BUCHANAN: I do.

MS SHARP SC: And in the second sentence, it is stated:

"He became a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in January 2013."

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: And that was your belief as at April 2018 based on the material available to you?

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

MS SHARP SC: And that meant that he was a politically exposed person, didn't it?

15 **MR BUCHANAN:** It did.

MS SHARP SC: Now, could I take you, please, to pinpoint 0009. Could I take you please to paragraph 37. I will have that enlarged for you, Mr Buchanan.

20 **MR BUCHANAN:** Thank you.

MS SHARP SC: And what is stated in this report is that:

25 "Alvin Chau was reported to be a 14K triad member and follower of Wan Kuok Koi who was jailed for triad-related activities - related crimes in 1999. Wan Kuok Koi was released from prison on 1 December 2012. Alvin Chau is also reported to have associations with Cheung Chi Tai, Lin Cheuk Chiu and Herbert Liu Kee Chan, all of whom are known to have triad related associations."

30

Now, that was your belief based upon the information available to you at that time, was it not?

35 **MR BUCHANAN:** Yes, that was from historical media articles. That's correct.

MS SHARP SC: And that was your belief based upon all the material available to you at that time, was it not?

40 **MR BUCHANAN:** Well, that's correct. It was taken from the media articles. That's correct.

MS SHARP SC: Can I also - I want to understand this. Your access to information was not limited to media articles, was it?

45 **MR BUCHANAN:** We had intelligence providers - or external providers, should I say, that provided us information as well.

MS SHARP SC: Are you suggesting that your information sources were limited

to media articles and third-party intelligence sources?

MR BUCHANAN: That was where the majority of our due diligence screening took place, yes.

5

MS SHARP SC: Now, you --

MR BELL SC: Can I ask you this - sorry, can I just ask you --

10 **MS RICHARDSON SC:** I would object to this line of questioning in open session.

15 **MR BELL SC:** Can I just - well, could I just ask this question, which might be sufficient. Can I take it, Mr Buchanan, that as at the date of this report, you had no reason to doubt any of the accuracy of the factual information that was asserted in it. Is that a fair way of putting it?

20 **MR BUCHANAN:** Yes, to some extent. But I would point out that as far as the - some of the media articles - some of - you know, there wasn't corroboration to some of them, but we still added that to the report.

MR BELL SC: But you weren't aware of any reason to doubt the accuracy of the information?

25 **MR BUCHANAN:** No, I agree. I agree.

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

30 **MS SHARP SC:** Now, I'm mindful of Ms Richardson's concern. I will ask this question, and it is the only one I will ask in relation to this topic. Are you suggesting that the information that you had access to for the purpose of this report was limited to media articles and briefings by third-party external providers?

35 **MS RICHARDSON SC:** I do object to that. Just wait. I've objected.

MR BELL SC: What's the objection?

40 **MS RICHARDSON SC:** Well, it's - I would rather not go into it in open session, but it's striking at the heart of the matters about which there are confidentiality rulings, in my submission.

MS SHARP SC: I withdraw the question, and I will come back to it.

45 **MR BELL SC:** I should say this for the benefit of both of you: there's no limitation on what you can ask in private mode on this topic.

MS SHARP SC: Can I now take you to this report. I will note, though, that the

part I'm about to take you to is confidential, so I will ask you not to repeat it when I show it to you. This is at pinpoint 0010.

MR BUCHANAN: Yes.

5

MS SHARP SC: Now, paragraph 39 is confidential, so I don't want you to read it out to anybody. But do you agree that on the basis of the information available to you for the purposes of signing off on this report, this was your belief at the time?

10 **MR BUCHANAN:** Yes, it was.

MS RICHARDSON SC: I think, in fairness to the witness, it should be clarified as to what the belief is. There are a number of sentences in that paragraph. I know
15 they are confidential. Is it a belief that that information - like, what is the nature of the belief? It has been done in a rolled-up way, in my submission.

MS SHARP SC: I'm happy to approach it sentence by sentence, Mr Bell. But I
20 need to emphasise to you, Mr Buchanan, that this paragraph is confidential.

MR BUCHANAN: Yes.

MS SHARP SC: Was it your belief, based upon the material available to you for
25 the purpose of signing off on this report, that the matters asserted in sentence one were true?

MR BUCHANAN: Yes.

MS RICHARDSON SC: Well, I think - well, what is true, the underlying
30 material or the fact that the proposition that has been put there is true? There is a division between underlying material and whether an allegation or a proposition has been made.

MR BELL SC: Ms Richardson, Mr Buchanan is an experienced investigator. If
35 he has any trouble dealing with this question, I am sure he will tell me.

MS SHARP SC: Well, the question has been answered. I will move on. In
40 relation to the matter of fact asserted in the second sentence, did you believe that to be true at the time you signed off on this report?

MR BUCHANAN: As far as I was aware, yes. At that time, yes.

MS SHARP SC: Now, in relation to the third sentence, did you believe the matter
45 of fact there asserted to be true at the time you signed off on this report?

MR BUCHANAN: I did.

MS SHARP SC: In relation to the fourth sentence, did you believe the matter to

be asserted in that sentence to be true at the time you signed off on this report?

MR BUCHANAN: As I was told at the time, yes.

5 **MS SHARP SC:** And in relation to the fact asserted in sentence 5 of that paragraph, did you believe that to be true at the time you signed off this report?

MR BUCHANAN: Again, as I was informed, yes, I did.

10 **MS SHARP SC:** Now, can I take you to pinpoint 0012. And you will see, when it comes up, there is a heading under paragraph 53 called Links to Organised Crime.

MR BUCHANAN: Yes.

15 **MS SHARP SC:** Now, at paragraph 57 - if I take you over the page. Could I ask you to read paragraph 57 to yourself, please.

MR BUCHANAN: Yes.

20 **MS SHARP SC:** And you will see that paragraph 57 refers to intelligence in May 2017, and then there's a footnote at 62. Could I ask the operator to take you to paragraph 62 - I beg your pardon, footnote 62.

MR BUCHANAN: Yes.

25 **MS SHARP SC:** Now, you will see that says:

"Australian law enforcement, May 2017."

30 Do I take it that refers to a briefing received by the Hong Kong Jockey Club from Australian law enforcement in May 2017?

MR BUCHANAN: It wasn't a briefing; it was a meeting. But yes, I agree.

35 **MS SHARP SC:** And did you participate in that meeting?

MR BUCHANAN: I did.

40 **MS SHARP SC:** Now, if we go back to paragraph 57, is it right that at that meeting you attended in May 2017, you were advised by law enforcement that Suncity Group is of interest to Australian law enforcement authorities in relation to suspected large-scale money laundering activities?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** And is it also correct that at that meeting, you were advised by law enforcement that money is laundered by a myriad of methods from Australia both to Hong Kong and Guangdong Province in China?

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** And is it also correct that were you advised at that meeting by law enforcement that one of Cheng's Hong Kong based associates, Dan Cheng Kwan Tan, orchestrated this activity in Sydney?

MR BUCHANAN: Correct.

10 **MS SHARP SC:** And is it correct that you were advised by law enforcement at that meeting that Dan Cheng purportedly managed a number of Hong Kong citizens and directed their money laundering activities while they were temporarily resident in Australia?

15 **MR BUCHANAN:** Correct.

MS SHARP SC: And is it also correct that during that meeting, you were advised that in the period 2013 to 2015 the group was believed to be laundering up to AU\$2 million a day through various money laundering methodologies?

20

MR BUCHANAN: That's correct.

MS SHARP SC: And to be clear, the group referred to there is the Suncity Group?

25

MR BUCHANAN: That's correct.

MS SHARP SC: You agree that you make absolutely no reference to the Hong Kong Jockey Club report in your statement to this review?

30

MR BUCHANAN: That's correct. I don't think I did.

MS SHARP SC: And you made absolutely no reference in your statement to having any role in investigating or collating intelligence on the Suncity Group whilst you were at the Hong Kong Jockey Club in your statement to this review?

35

MR BUCHANAN: No, I don't think I did.

MS SHARP SC: Why was that?

40

MR BUCHANAN: That was part of my duties - work with another organisation, which I didn't feel comfortable in - in sharing.

45 **MS RICHARDSON SC:** I think, in fairness to this witness, he should be taken to the questions he was asked to answer and asked whether this information was responsive to a question that he was actually asked to address in a witness statement.

MR BELL SC: Where are you going with this, Ms Sharp?

MS SHARP SC: Well, I'm trying to understand why Mr Buchanan did not refer to this report, or his involvement in its preparation, at any point in his statement.

5

MR BELL SC: Was he asked about this?

MS SHARP SC: No, but I will take him to another part of his report if I can.
Mr --

10

MR BUCHANAN: Can I just - can I just say one thing in answer to --

MS RICHARDSON SC: Just - no, just wait for a question, please.

15 **MR BELL SC:** I've had an exchange with Ms Sharp. If there's comment you want to make in relation to that exchange, Mr Buchanan, please feel free to do so.

20 **MR BUCHANAN:** I was just going to say, Mr Bell, that a lot of the information that we have discussed with respect to this report is all in the public domain. I would suggest that the media obtained a copy of this report, and there has certainly been a lot of media articles that have referenced actual paragraphs from this report. So in some --

25 **MR BELL SC:** Sorry. Please continue.

30 **MR BUCHANAN:** Sorry. Yes. So - so in my reviews and some of the reports that I compiled on behalf of Star into Suncity, I had referenced the certain elements of this report that were referenced in the media. So I didn't think it was pertinent that I actually make reference to my involvement in this report whilst I was with the Hong Kong Jockey Club. As I say, that was with another company.

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

35 **MR BUCHANAN:** Thank you.

MS SHARP SC: You did, of course, provide a copy of this report to The Star, didn't you?

40 **MR BUCHANAN:** I did, and the reason I did that was I was still compiling a report on due diligence procedures and having to potentially improve them. That was just after I joined. And this report was based as an example of what a mature due diligence area could provide. And that was - there was a co-interest in the Suncity Group, and that was why it was provided.

45 **MS SHARP SC:** Now, you were asked questions for the purpose of preparing your report, weren't you - I withdraw that. You did respond to questions you were asked by this review in preparing your statement, didn't you?

MR BUCHANAN: That's correct.

MS SHARP SC: But you also added information in addition to the specific questions you were asked about, didn't you?

5

MR BUCHANAN: Could you remind me of what that was, please?

MS SHARP SC: Certainly. Could I call up Mr Buchanan's statement to this review, please. It is INQ.002.004.0001. It's exhibit A, tab 83. And could I take you, please, to paragraph 12 of your statement. And you will see at paragraph 12 you say:

10

"Before addressing the specific questions outlined in the request, I provide some background context."

15

MR BUCHANAN: That's correct.

MS RICHARDSON SC: Well, the remainder of that - it's background context to ECDD/OCDD processes within the Star Entertainment Group. It should be fairly put to the witness.

20

MS SHARP SC: I'm happy to put the whole paragraph. Perhaps you could read it to yourself.

MR BUCHANAN: Sorry, is this paragraph 12?

25

MS SHARP SC: Yes.

MR BUCHANAN: Okay. Yes.

30

MS SHARP SC: Now, this was information that you had not specifically been asked about but you felt comfortable to provide, and that is the information from paragraphs 13 through to paragraph 26?

MR BUCHANAN: When providing - when compiling the statement, it was suggested that I add that into the statement.

35

MS SHARP SC: Sorry, who suggested that?

MR BUCHANAN: That was when we were compiling it through the statement compilation process.

40

MS SHARP SC: And, sorry, who was that who suggested it to you?

MR BUCHANAN: I - I can't remember. I believe it was one of the external lawyers.

45

MS SHARP SC: So there was a point in your statement where you, who signed

off on that statement, felt comfortable to volunteer information, although you had not been specifically requested to address that information?

5 **MR BUCHANAN:** Well, that fits very much into the ECDD/OCDD information I was asked to provide, and it was the subject of the reports I compiled.

MR BELL SC: Is this a convenient time to take the morning adjournment, Ms Sharp?

10 **MS SHARP SC:** Yes. Thank you, Mr Bell.

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

<THE HEARING ADJOURNED AT 11:35 am

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<THE HEARING RESUMED AT 11:49 am

MR BELL SC: Yes, Ms Sharp.

20 **MS SHARP SC:** Can I bring up document STA.3427.0037.3869, which is exhibit C, tab 78. Now, I've shown you this previously. This is your email of 12 June 2019 where you attach the Hong Kong Jockey Club report, and you send it to Paula Martin, the group general counsel; Oliver White, one of the solicitors - the lawyers at Star Entertainment Group; and Kevin Houlihan, then the general
25 investigations manager at Star Entertainment. Why did you send this report to them at that time, Mr Buchanan?

MR BUCHANAN: As I explained earlier, I was in the process of completing a review of the due diligence processes that The Star undertook at that time. And
30 this - I knew that there was a co-interest in the Suncity Group, and this was a good example of what, as I say, a mature due diligence area could produce when compiling a report on - on persons of interest. And that was one of the - my recommendation was that a due diligence team be established so they could produce something of this - of this type.

35

MS SHARP SC: By the time you sent this Hong Kong Jockey Club report to Star Entertainment, you were well aware that Suncity was a junket with which Star dealt?

40 **MR BUCHANAN:** I was aware that we dealt with Suncity, yes.

MS SHARP SC: And were you well aware at that very time that Suncity had the exclusive use of a room, which was Salon 95?

45 **MR BUCHANAN:** Actually, at that time, I didn't. I notice that's 12 June. I joined in May, and I had - I was not involved in the AML operations of anything for well over a year after that.

MS SHARP SC: And in your email in the second paragraph, you describe the report as a "comprehensive report". And I take it you said that because you did indeed consider that it was a comprehensive report?

5 **MR BUCHANAN:** It was comprehensive, yes, in - in comparison to some of the reporting that possibly The Star did at that time.

MS SHARP SC: And you also say that it "was prepared due to the potential threat Suncity posed and poses to the integrity of racing in Hong Kong". It is right, isn't
10 it, that you did consider, as at the time you prepared that - or were involved in preparing that Hong Kong Jockey Club report, that Suncity did pose a potential threat to the integrity of racing in Hong Kong?

MR BUCHANAN: That's correct.
15

MS SHARP SC: And you say that you "suspect certain aspects of the report may be of interest to The Star". It's right, isn't it, that you thought The Star would be aware of the analysis done of the integrity and probity of Suncity?

20 **MR BUCHANAN:** It would be of interest to The Star, as I said earlier, that we were both co-interested in Suncity for different reasons. And it was demonstrating, as I say, what a due diligence - comprehensive due diligence report could look like.

25 **MS SHARP SC:** Now, I understand you're saying that you think that the report represented a comprehensive due diligence report, and The Star would be interested in that. But you also understood, didn't you, that these people at The Star would be interested in the findings about Suncity that were made in this report; correct?
30

MR BUCHANAN: That wasn't the rationale for sending it. The - the rationale was demonstrating what a report could potentially look like if we introduced a due diligence capability.

35 **MS SHARP SC:** Mr Buchanan, surely you understood that the findings made in the Hong Kong Jockey Club report would also be of interest to The Star, given that Suncity was one of the largest junkets which (indistinct).

MR BUCHANAN: As a - as a - I agree, as a secondary reason for sending it. But
40 the primary one was to demonstrate what a report could look like.

MS SHARP SC: All right. Now, did you discuss this report with Ms Martin, Mr White or Mr Houlihan after you provided it to them?

45 **MR BUCHANAN:** Ms Martin acknowledged on passing that she had received it. Mr White, no. And Mr Houlihan - we discussed it previously, as I referenced yesterday, when we went to - we went to the Hong Kong Jockey Club - I think it was July 2019, and we discussed it prior to meeting with them and during the

meeting.

MS SHARP SC: And, sorry, when was that you went to the Hong Kong Jockey Club?

5

MR BUCHANAN: I believe it was July - I can't remember the date. I think it was July 2019.

MS SHARP SC: Now, you say that Ms Martin acknowledged receipt of this report. Did you ever have a discussion with her about the contents of this report insofar as they related to Suncity or Alvin Chau?

10

MR BUCHANAN: No, we didn't.

MS SHARP SC: Did you ever have a conversation with Mr White about the contents of that report insofar as they related to Suncity or Alvin Chau?

15

MR BUCHANAN: To the best of my recollection, no.

MS SHARP SC: Do you agree that this report contained significant new information about Alvin Chau and Suncity so far as Star Entertainment Group was concerned?

20

MR BUCHANAN: No, I don't.

25

MS SHARP SC: And --

MR BUCHANAN: Not with respect to Mr Chau, no.

MS SHARP SC: Is it your suggestion that The Star was already aware that law enforcement in Australia were concerned that Mr Chau was involved in money laundering?

30

MR BUCHANAN: At that time of sending it. But subsequently, having read the external provider reports The Star have in relation to Mr Chau, they provided a good oversight of media articles, etcetera, that were post July/August 2019 which referenced all the material that's in the Hong Kong Jockey Club report. So to suggest the newest - the newest material probably was in relation to Mr Cheng, which also subsequently appeared in media articles as well.

35

40

MS SHARP SC: Now, so far as Mr Cheng was concerned, it was clear beyond doubt from the Hong Kong Jockey Club report that he was linked to triads, right?

MR BUCHANAN: That was the information we received. As I said earlier, that was information we had received. Yes.

45

MS SHARP SC: And it was information that you believed?

MR BUCHANAN: It was information that was worthy of putting into a report. It was - it was important enough for that, yes.

5 **MS SHARP SC:** Right. It's a pretty simple question I just asked you, so I will ask it again. It's information you believed?

MR BUCHANAN: In relation to what we had been told, yes.

10 **MS SHARP SC:** There were no doubts in your mind at that time that Mr Cheng was linked to triads, right?

15 **MR BUCHANAN:** Well, we had been told that. I couldn't - it hadn't been corroborated. But at that time, according to the information that I had been provided, I thought it worthy of putting into the report, yes.

MS SHARP SC: Now, I will ask you this question: did you consider that the information in this report would have been of interest to The Star insofar as it related to Suncity and Alvin Chau?

20 **MR BUCHANAN:** Yes, I agree.

MS SHARP SC: And do you agree that this report cast very significant doubt on the integrity and probity of Alvin Chau?

25 **MR BUCHANAN:** Not so much Alvin Chau. Mr Cheng, yes. The information with respect to Mr Chau - there wasn't as much negative, I don't think, information in that report pertaining to him.

30 **MS SHARP SC:** Okay. I will ask the question again and perhaps you could answer it this time. Do you agree that this report contained significant information casting doubt on the integrity and probity of Mr Chau?

MR BUCHANAN: To an extent, yes.

35 **MS SHARP SC:** Well, it did, didn't it?

MR BUCHANAN: Aspects of it did, yes.

40 **MS SHARP SC:** Are you doing your best to provide a truthful answer at the moment, Mr Buchanan?

MR BUCHANAN: I am.

45 **MS SHARP SC:** Well, do you agree that the contents of this report cast significant doubt on the integrity and probity of Mr Chau?

MR BUCHANAN: The information contained in it, yes. Whether it was corroborated or not is another matter. Yes.

MS SHARP SC: Well, it was a report that you signed off as, isn't it - you signed off on, didn't you?

5 **MR BUCHANAN:** I did. And as I made reference to a number of times, some of the information was historical news articles which were not corroborated.

MS SHARP SC: I want to be very clear with you. Your researchers, for the purpose of this report, were not limited to a review of historical media allegations, were they?
10

MR BUCHANAN: No.

MS SHARP SC: Okay. We'll come back to that later. Now, do you agree that this report cast significant doubt - I withdraw that. Do you agree that this report raised a significant concern that Suncity had been involved in money laundering?
15

MR BUCHANAN: Suncity, I agree.

20 **MS SHARP SC:** And do you agree that this report indicated that Mr Chau was one of the key proponents of Suncity?

MR BUCHANAN: Just to confirm, one of the key proponents of Suncity?

25 **MS SHARP SC:** One of the key actors in Suncity?

MR BUCHANAN: I agree.

MS SHARP SC: Did - I withdraw that. What conversations did you have with Mr Houlihan about the contents of this report?
30

MR BUCHANAN: Just discussing the general content of it and - prior - prior to the meeting with the jockey club. And then - then we discussed certain elements of the report when we met with them.
35

MS SHARP SC: Was he surprised at the - when he had his discussions with you, did he express surprise at the contents of any part of this report?

40 **MR BUCHANAN:** I'm trying to recall. Possibly with relation to Cheng Ting Kong - some of the information in relation to that.

MS SHARP SC: Did he indicate to you at any time that there was information in this report of which he had not previously been aware?

45 **MR BUCHANAN:** I think in relation to Cheng Ting Kong, yes.

MS SHARP SC: Did he indicate to you whether or not he had previously been made aware that law enforcement suspected that the Suncity Group were involved

in money laundering in Australia?

MR BUCHANAN: At that time, I think the - the media articles had already reported on that.

5

MS SHARP SC: We're talking in June of 2019. There were a series of media articles published about Crown in July 2019?

MR BUCHANAN: That's correct.

10

MS SHARP SC: Do you want to reflect on your answer there?

MR BUCHANAN: Yes. Well, we discussed it prior to going to the jockey club, which was in July. We hadn't - we had no reason to discuss it prior to that. So once we were - once we were in Hong Kong and ready to meet them, then that's when we - when we discussed it.

15

MS SHARP SC: Now, one of the things you were asked about in your request for a statement from this Review was a chronology that you had prepared?

20

MR BUCHANAN: That's correct.

MS SHARP SC: And I will take you to that chronology and, in fact, I will bring it up now. It's document STA.3002.0005.0015 at exhibit B at tab 2604.

25

MR BUCHANAN: Yes.

MS SHARP SC: Now, just to establish the version that I will be working from with you, Mr Buchanan, I'm showing you a document that is marked 13 February 2020.

30

MR BUCHANAN: That's correct.

MS SHARP SC: And you note that this is the - at tab 28 of your statement, you say this is the version of the document that the Review asked you about?

35

MR BUCHANAN: I believe - I believe it is.

MS SHARP SC: Do you need to have a look at your statement to confirm that?

40

MR BUCHANAN: Sorry, where is that in the statement?

MS SHARP SC: Yes, I will just have the statement brought up for you. For the operator, it is INQ.002.004.0001, exhibit A, tab 83. And could you please, operator, show Mr Buchanan paragraph 28. And, Mr Buchanan, could you just have regard to that document number at the end of this paragraph 28.

45

MR BUCHANAN: Yes.

MS SHARP SC: I'm asking you this because, in fact, this chronology went through a number of drafts, didn't it?

5 **MR BUCHANAN:** It did indeed, yes.

MS SHARP SC: All right. Can I take you to paragraph 53 of your statement now. You will see that you there say that it was on 18 February 2020 that you were copied an email in which Oliver White distributed the chronology to Andrew
10 Power, Paula Martin and Kevin Houlihan?

MR BUCHANAN: That's correct.

MS SHARP SC: All right. And there there's a different document number
15 provided?

MR BUCHANAN: That's correct.

MS SHARP SC: All right. But then I will take you back to paragraph 52. And
20 there you say that on 13 February 2020, you sent a draft of the chronology to Kevin Houlihan?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** See that? And you also give different document numbers there again?

MR BUCHANAN: I think it was the same - I think it was the same document that
30 went to both Mr Houlihan and Mr White. I think I omitted to put Mr White on the initial email. I think that's what happened there.

MS SHARP SC: Thank you. Well, I just wanted to explain to you that while there are many different document numbers here, the document number on the
35 chronology I am going to take you to is the version - the final version of the chronology, save that one date has been reversed, and that is a date of 18 June 2018 where an entry was moved. Other than that, you can take it from me that this is the final version of the chronology, and this is the document I now wish to ask you about. Why were you asked to prepare this document?

40 **MR BUCHANAN:** It was to have - show that one document contains the whole business relationship with Suncity from 2011 up to - I think it was August 2019. So it was one wholistic document with everything - everything in it.

45 **MS SHARP SC:** Now, you say that the chronology was to include the business relationship. What exactly do you mean? What was it supposed to include?

MR BUCHANAN: All matters of note that occurred in the business relationship with Suncity and The Star.

MS SHARP SC: Does that mean it was to contain information about due diligence?

5 **MR BUCHANAN:** No, not specifically. It was more the main points that had occurred - the - the main items of interest that had occurred during the business relationship from when it was established through to when it concluded.

MS SHARP SC: And were you told what the purpose of this chronology was?

10

MR BUCHANAN: It was to - I believe, to - for the legal team to - to assist in briefing the business, and I think the - the driver for that was - obviously the Bergin Inquiry was ongoing at that time and it was so there was one document with - with all details with respect to Suncity.

15

MS SHARP SC: And who was it who told you this purpose?

MR BUCHANAN: I believe Mr Power, Mr White and Mr Houlihan at a meeting.

20 **MS SHARP SC:** Were you provided with an initial briefing about what you needed to do?

MR BUCHANAN: I was.

25 **MS SHARP SC:** And who provided that briefing to you?

MR BUCHANAN: Mr Power and Mr White and Mr Houlihan.

30 **MS SHARP SC:** Was Ms Martin involved, given that she was your direct supervisor at that time?

MR BUCHANAN: No, she wasn't in the meeting.

MS SHARP SC: How did you go about preparing this chronology?

35

MR BUCHANAN: I was given access to - to certain mailboxes of - of staff members and - and we used keyword searches across that. Also, had the ring - Ringbase - Ringtail, sorry, database that was used by King & Wood Malleons - it was documentation that was provided to the Bergin Inquiry. I was given access to that. And I reviewed Protecht for the various holdings in relation to the Suncity entities and Suncity in there and reviewed that. And then spoke to members of staff who may be able to provide a little bit of insight as to some of the information that I had found while I was carrying out that research.

40 **MS SHARP SC:** Could I take you, please, to paragraph 45 of your statement.

MR BUCHANAN: Yes.

MS SHARP SC: At paragraph 45(a), you identify whose email accounts you were given access to?

MR BUCHANAN: That's correct.

5

MS SHARP SC: Is that everyone whose email accounts you were given access to?

MR BUCHANAN: Yes.

10

MS SHARP SC: So does it follow that you were not given access to the email account of Skye Arnott?

MR BUCHANAN: No, I didn't have Skye Arnott's email.

15

MS SHARP SC: Did you understand that she had some involvement in the anti-money laundering at Star at that time?

MR BUCHANAN: She was the compliance officer. That's correct.

20

MS SHARP SC: Yes. Wouldn't she have been an obvious source of information about Suncity?

MR BUCHANAN: Yes. In retrospect, yes, although I did have a conversation with her - subsequent.

25

MS SHARP SC: But that conversation did not cause you to go back and search her mail?

30

MR BUCHANAN: No, it didn't.

MS SHARP SC: Do we take it from paragraph 45(a) that did you not have access to the email box of Mr Kevin Houlihan?

35

MR BUCHANAN: No, I didn't.

MS SHARP SC: Given that he was in charge of investigations at Star Entertainment, would he not have been an obvious source of information for you in your chronology?

40

MR BUCHANAN: Andrew McGregor - he was the investigations manager in Sydney, and it was him who conducted the investigation into Salon 95.

45

MS SHARP SC: Yes, I understand you had access to his email inbox. But what about Mr Houlihan? Wasn't his email inbox also an important source of information for the preparation of your chronology?

MR BUCHANAN: It could have been, but these were the - the email inboxes that

were recommend and facilitated by Mr White.

MS SHARP SC: So Mr White guided you as to where you should look?

5 **MR BUCHANAN:** Well, he - he arranged it on my behalf.

MS SHARP SC: Now, is it right that you interviewed certain people about - well, in the course of the chronology you were preparing?

10 **MR BUCHANAN:** I had certain discussions, depending what I had found, if I needed a little bit more context as to certain matters, yes.

MS SHARP SC: Can I just return to paragraph 45(a) for a moment. Can I take it from that that you did not search the email inbox of Greg Hawkins?

15 **MR BUCHANAN:** No, I didn't.

MS SHARP SC: Did it not occur to you that his emails may have been a source of important information about Suncity and Salon 95?

20 **MR BUCHANAN:** It could have been. I did find a lot of content indirectly from other email inboxes, but certainly there could have been other stuff.

MS SHARP SC: Could I take you to paragraph 48 of your statement, please. Is it right that in paragraph 48 you identify each of the people you spoke to for the purpose of preparing the chronology?

25 **MR BUCHANAN:** That's correct.

30 **MS SHARP SC:** So if the person is not identified there, you did not speak to them?

MR BUCHANAN: That's correct. These are the individuals I spoke to.

35 **MS SHARP SC:** So you didn't speak to Greg Hawkins, for example?

MR BUCHANAN: No, I didn't.

MS SHARP SC: And you didn't speak to Matt Bekier?

40 **MR BUCHANAN:** No, I didn't.

MS SHARP SC: And you didn't speak to Paula Martin?

45 **MR BUCHANAN:** No, I didn't.

MS SHARP SC: You didn't speak to Ian Tomkins?

MR BUCHANAN: No, I didn't.

MS SHARP SC: But you understood at the time he was the senior regulatory affairs adviser?

5

MR BUCHANAN: I heard the name. But to be honest, no, I wasn't - at that time, I wasn't, no.

MS SHARP SC: Did any of these people you spoke to make you aware that a significant amount of CCTV footage was available in relation to particular incidents that had occurred within Salon 95?

10

MR BUCHANAN: No not specifically, although having read the details about the investigation, there was reference to the fact that there was footage.

15

MS SHARP SC: I'm just - what do you mean when you say "not specifically"?

MR BUCHANAN: Well, nobody mentioned it, but I read it in the investigation notes.

20

MS SHARP SC: But are you saying that nobody told you that there was CCTV footage about incidents in Salon 95 which you could view?

MR BUCHANAN: To my knowledge, no - to the best - sorry, to the best of my recollection, no. I read it in the investigation note that there had been footage that had been used by the investigations.

25

MS SHARP SC: Sorry, what's the investigation note you're referring to?

MR BUCHANAN: I think - well, that will be on the - on the chronology.

30

MS SHARP SC: I see. Well, we'll come to that. May we take it that you were trying to be as comprehensive as possible in the chronology that you compiled?

MR BUCHANAN: Yes, definitely.

35

MS SHARP SC: And that you endeavoured to record all significant events in this chronology?

MR BUCHANAN: I did.

40

MS SHARP SC: And is it right that if there was an incident of concern to you, you did record it in the chronology?

MR BUCHANAN: Everything that I had found was detailed in the - in the chronology, yes.

45

MS SHARP SC: Now, can you tell me who exactly you provided your

chronology to, either in draft or final form?

MR BUCHANAN: Mr White and Mr Houlihan.

5 **MS SHARP SC:** And also Ms Martin?

MR BUCHANAN: That was Mr White that provided it to Mr - Ms Martin, I think - on the 18th, I think it was.

10 **MS SHARP SC:** Did you provide your chronology to Ms Arnott?

MR BUCHANAN: I don't think so.

15 **MS SHARP SC:** Is there any reason why you did not provide it to Ms Arnott, given her interest in money laundering?

MR BUCHANAN: I may - actually, I may have sent it to Mr Power as well - I'm just thinking - purely for the reason that it was Mr Power and Mr White and Mr Houlihan that commissioned - well, not commissioned, but asked me to - to compile the chronology.

MS SHARP SC: And you say that it was - you were told that it was compiled for legal advice to be provided to the business. Were you ever told who in the business the legal advice was being provided to?

25 **MR BUCHANAN:** There was no discussion with respect to that.

MS SHARP SC: Are you certain you were told that this was for the purpose of providing legal advice?

30 **MR BUCHANAN:** Advice to the business, I think it was. For the legal team to provide advice to the business.

MS SHARP SC: I see. But you were never told that it was for the purpose of legal advice being provided to the business?

MR BUCHANAN: No.

40 **MS SHARP SC:** Is this chronology available on TrackVia?

MR BUCHANAN: I'm not sure if it's been uploaded, to be honest. Possibly no.

MS SHARP SC: Have you taken any steps to upload it?

45 **MR BUCHANAN:** No, I haven't.

MS SHARP SC: Why do you say "possibly no" it has not been uploaded?

MR BUCHANAN: Unless it had been - I - I would say it hasn't been.

MS SHARP SC: And why do you say that?

5 **MR BUCHANAN:** I'm trying to think of what documents we migrated across from the previous risk register, and the - the chronology didn't sit within the risk register. So that wouldn't have been migrated across.

10 **MS SHARP SC:** Just correct me if I am wrong, but isn't TrackVia supposed to store all information that is relevant to Star Entertainment for the purpose of assessing an anti-money laundering and counter-terrorism financing risk of any particular patron or junket?

15 **MR BUCHANAN:** It is.

MS SHARP SC: And you would agree that the chronology is one such document?

20 **MR BUCHANAN:** Yes. It - it could - it could be put into the - into TrackVia, yes.

MS SHARP SC: And that's because it is relevant to assessing anti-money laundering and counter-terrorism financing risk?

25 **MR BUCHANAN:** Yes.

MS SHARP SC: All right. Have you any explanation, then, for why you think it is not there?

30 **MR BUCHANAN:** I suppose it would be - against what patron would it be stored under, I suppose. That's - that's maybe why it hasn't been put up.

MS SHARP SC: How about the patron Alvin Chau to whom the board approved an \$80 million cheque cashing facility?

35 **MR BUCHANAN:** That was prior to that. But yes, it - it could have been - well, it could still be uploaded to Mr Chau's patron account.

40 **MS SHARP SC:** Well, it's directly relevant to Alvin Chau and the money laundering risk he presents, isn't it?

MR BUCHANAN: It is.

45 **MS SHARP SC:** And it's directly relevant to the money laundering risk that his junket operators present, isn't it?

MR BUCHANAN: Presented, yes. Yes.

MS SHARP SC: It's not your understanding, is it, that the Star Entertainment

Group has committed to never dealing with junkets again, is it?

MR BUCHANAN: That is my understanding.

5 **MS SHARP SC:** Is it?

MR BUCHANAN: It is.

10 **MS SHARP SC:** That even if the regulatory settings change, the Star Entertainment Group will never deal with junkets again?

MR BUCHANAN: To - to the best of my knowledge, at this moment, as I understand, we won't be doing business with junkets again, but I'm not party to all decisions or discussions.

15

MS SHARP SC: So you just don't know?

MR BUCHANAN: I don't know - I believe we're not, yes.

20 **MS SHARP SC:** Now, I would like to go through some aspects of the chronology with you, if I could, please, Mr Buchanan. So could I ask that the document be brought up again. It's STA.3009.0003.0025. And again, this is exhibit B, tab 2193.

25 **MR BELL SC:** Should I understand that this is the final version of the chronology, Ms Sharp?

MS SHARP SC: This is the final version, save for one change that has been made to an 18 June 2018 entry, which was moved.

30 **MR BELL SC:** Thank you.

MS SHARP SC: And this is the version of the document that the Review put to Mr Buchanan for his comment, which is why I am addressing this version of it.

35 **MR BELL SC:** Thank you.

40 **MS SHARP SC:** But there is no material change between this version and what was the final version. Now, Mr Buchanan, can I take you to the entry for the 1 December 2016, which is on pinpoint 0027. Now, this is a reference to an agreement with The Star and Ricky Tong Sio Peng?

MR BUCHANAN: Yes.

45 **MS SHARP SC:** And you understood him to be one of the junket operators at The Star who was linked to the Suncity junket?

MR BUCHANAN: That's correct.

MS SHARP SC: And did you understand that this was the agreement pursuant to which The Star granted exclusive access to a VIP salon to Suncity?

5 **MR BUCHANAN:** Yes, that was my understanding.

MS SHARP SC: And did you review that document for yourself, Mr Buchanan?

MR BUCHANAN: I looked - I did have a copy of it, yes.

10 **MS SHARP SC:** Can I just take you to that document, please. It is STA.0006.0001.0437, and it is exhibit B, tab 149. And you will see I'm showing you an agreement dated 1 December 2016, and Tong Sio Peng is the counterparty to the agreement.

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: Now, if I can take you to clause 1 of that agreement. That will be found at pinpoint 0040. And if you have regard to the top of that clause, you will see that the agreement is conditional upon the junket achieving a minimum
20 monthly turnover of \$50 million?

MR BUCHANAN: I see that, yes.

MS SHARP SC: And that's, on any view, a very significant amount of money?
25

MR BUCHANAN: It is.

MS SHARP SC: All right. That would be turned over at Star every month? Yes?

30 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Can I take you to clause 6, please, which is at pinpoint 0449. And do you see this is the provision which grants exclusive access to a gaming salon?
35

MR BUCHANAN: I do.

MS SHARP SC: And you can see this refers to Salon 96?

40 **MR BUCHANAN:** That's correct.

MS SHARP SC: But you're aware that this ended up changing to Salon 95?

MR BUCHANAN: That's correct.
45

MS SHARP SC: And could I also direct your attention, please, to the bottom of that clause. You will see that the promoter acknowledges that Star retain sole operational and management control of the exclusive VIP salon?

MR BUCHANAN: That's correct.

MS SHARP SC: And that includes in relation to the conduct of gaming?

5

MR BUCHANAN: Correct.

MS SHARP SC: And also in relation to the operation of the cage?

10 **MR BUCHANAN:** Correct.

MS SHARP SC: And you know what the cage is, don't you?

MR BUCHANAN: I do.

15

MS SHARP SC: And what is that?

MR BUCHANAN: That's where money is exchanged for chips, etcetera, or - or vice versa.

20

MS SHARP SC: Now, it's right that there were, in fact, a series of these exclusive access agreements between Star Entertainment and junket operators associated with Suncity?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: And you make reference to them in this chronology?

MR BUCHANAN: I do.

30

MS SHARP SC: All right. I won't take you to any other of those agreements. Could I take you now back to your chronology, which is STA.3009.0003.0027. I will just wait for that document to be brought up to you, Mr Buchanan. I will just repeat that number for the operator. It's the same document that has previously been brought up. It's STA.3009.0003.0025. And now could we go to pinpoint 0027. And could I take you, please, to the August 2017 entry.

35

And there you refer, Mr Buchanan, to a lengthy email chain between Michael Whytcross and others, discussing Suncity's intention to establish a VIP room in Salon 95 in Rivers. There was discussion centred on a proposed new layout of the room, according to Suncity's request, i.e., setup of a cage with two windows and a service desk with two seats. Now, you have bolded the word "cage", haven't you?

40

MR BUCHANAN: I have.

45

MS SHARP SC: And then you add the comment:

"Interestingly, the terms 'cage' and 'cage buy-in' are referred to throughout

this correspondence."

Why was that of interest?

5 **MR BUCHANAN:** I think it was just the two different terminologies.

MS SHARP SC: Are you --

10 **MR BUCHANAN:** The cage - the cage and cage buy-in was - it wasn't one or the other. It was - both were mentioned.

MS SHARP SC: But didn't you understand that Suncity was not supposed to have a cage in Salon 95?

15 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Well, isn't that why it's interesting that the terms "cage" and "cage buy-in" are used throughout the document?

20 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: And you found that interesting because that wasn't supposed to be the situation, was it?

25 **MR BUCHANAN:** I do agree. That's correct.

MS SHARP SC: All right. But you agree that the emails you saw all referred to Suncity operating a cage?

30 **MR BUCHANAN:** In the email chain. That's correct.

35 **MS SHARP SC:** All right. Just to be fair, I will take you to that email chain. If we could go, please, to STA.3008.0004.0697. This is exhibit B, tab 412. And I will start, if I can, at pinpoint 0709. And do you see, in the second half of that document, there's an email from Mr Whytcross of 15 August 2017?

MR BUCHANAN: I do.

40 **MS SHARP SC:** And you will agree that it is referring to Salon 95?

MR BUCHANAN: It is.

MS SHARP SC: And you will agree that what it says is:

45 "Through Damian Quayle/David Croft, I am waiting for some layouts/designs for the Suncity request which was 'set up a cage with two windows and a service counter with two seats'."

MR BUCHANAN: That's correct.

MS SHARP SC: Now, the only fair reading of this is that it was Suncity who requested a cage be set up with two windows and separately a service counter?

5

MR BUCHANAN: Certainly looks like that from the email, yes.

MS SHARP SC: Right. And this is the email chain you were referring to in your August 2017 entry for the chronology?

10

MR BUCHANAN: That's correct.

MS SHARP SC: Could I also take you, while we're here, to pinpoint 0705. And could I draw your attention to the bottom of that email chain to the entry from Jeffrey Si Tou dated 9 August 2017.

15

MR BUCHANAN: Yes.

MS SHARP SC: Now, you agree from Mr Tou's email address that he is from Suncity?

20

MR BUCHANAN: That's correct.

MS SHARP SC: And do you see the instruction he gives in this email in relation to Salon 95 is to:

25

"Please kindly continue progressing to set up a cage with two windows and a service counter with two seaters."

MR BUCHANAN: That's correct.

30

MS SHARP SC: Now, could I take you to a different email chain. This one is STA.3023.001.0631. I'm sorry, I've taken you to the wrong email. I will have that taken down, please. Would you just pardon me for one moment, please, Mr Bell. I think I have made an error with my document references. Yes. I will take you, please, to STA dot - just pardon me one moment, please.

35

Could I take you now to a different entry in your chronology, please. This is an entry - it's back at pinpoint 0027. And could I direct your attention to the 12 October 2017 entry. And what you refer to there is a request from Mr Stevens to New South Wales Liquor & Gaming seeking approval to install a service desk at Salon 95?

40

MR BUCHANAN: That's correct.

45

MS SHARP SC: Now, was that - did it cause you - I withdraw that. Now, after that, can you see there's reference to an email of 7 November 2017?

MR BUCHANAN: I do.

MS SHARP SC: And that references a separate internet connection being set up for Suncity?

5

MR BUCHANAN: That's correct.

MS SHARP SC: And then there are some entries from 7 to 11 December 2017 in relation to emails from Michael Whytcross?

10

MR BUCHANAN: That's correct.

MS SHARP SC: Could I take you to that email please. It's STA.3008.0004.0501. And this is exhibit B, tab 503. If you look at this email of 11 December 2017, is it most likely that this was the email you were referring to in your chronology?

15

MR BUCHANAN: I believe it was, yes.

MS SHARP SC: Can I just take you to the second page of the email. You will see up the top there is a reference to "Suncity signage"?

20

MR BUCHANAN: I do.

MS SHARP SC: You agree that there was Suncity signage in Salon 95?

25

MR BUCHANAN: I believe there was, yes.

MS SHARP SC: So this salon carried Suncity branding?

30

MR BUCHANAN: It did.

MS SHARP SC: And you will see there's a reference to attaching images showing the new service areas?

35

MR BUCHANAN: That's correct.

MS SHARP SC: And do you agree that one of those areas is an enclosed room, while the other is a desk sitting in a room?

40

MR BUCHANAN: I do.

MS SHARP SC: Now, that first photograph on the left, which shows the enclosed room with an open counter in it - that looks very much like the other areas in the hotel where - I beg your pardon, the other areas in the hotel where the cages are located, doesn't it?

45

MR BUCHANAN: Yes, very similar in style. Yes.

MS SHARP SC: And have you ever been in this room?

MR BUCHANAN: I was once.

5 **MS SHARP SC:** And did you notice it had cash drawers in it?

MR BUCHANAN: When I was in it, it was empty. I think - I believe it was January 2020, I think, so - it wasn't operational at that time. It still very much looked as it does in the photograph.

10

MS SHARP SC: And did you notice that it still had cash drawers in it?

MR BUCHANAN: I can't recall.

15 **MS SHARP SC:** Did you notice the cupboard in that room?

MR BUCHANAN: I believe there was a cupboard, yes.

MS SHARP SC: Is it right that while Salon 95 was in operation and branded with Suncity signage, officers of Suncity worked in that room?

20

MR BUCHANAN: That's correct.

MS SHARP SC: And they wore Suncity uniforms?

25

MR BUCHANAN: I believe they did.

MS SHARP SC: And those uniforms were black uniforms with white - I beg your pardon, these uniforms were black suits with white shirts and black ties?

30

MR BUCHANAN: I believe they were.

MS SHARP SC: Could I please take you back to your chronology at pinpoint 0028. Could I take you, please, to your first entry for 13 March 2018. You're there referring to some emails involving Oliver White?

35

MR BUCHANAN: That's correct.

MS SHARP SC: Could I take you, please, to those emails. If I could have called up STA.3412.0019.5757. This is exhibit B, tab 705.

40

MR BUCHANAN: Yes.

MS SHARP SC: Now, can I take you to the bottom of this document, which is pinpoint 5760. You will see at the top there's an email from David Aloia to Saro Mugnaini?

45

MR BUCHANAN: That's correct.

MS SHARP SC: And you will see that it states:

5 "As Suncity is using Salon 95 as junket salon, their manager TK inquire what amount of cash limit from patrons can they deposit into Suncity cage without any AML requirement?"

Now, this was part of the email exchange you read at the time, wasn't it?

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

MS SHARP SC: And it goes on to state:

15 "Junket doesn't want to cause any AML issue, however this is a very import part of their business."

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** And then if we follow the email chain up and go back to pinpoint 5759, you will see that Mr Aloï forwards that email to Mr White on 12 March 2018?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** And Mr Aloï raises the concern:

"I would assume Suncity would have an AML program in place prior to setting up a cash desk."

30 **MR BUCHANAN:** Correct.

MS SHARP SC: And you read this at the time too?

MR BUCHANAN: I did.

35

MS SHARP SC: And then could we go to Mr White's response on pinpoint 5758. And you will see that's an email of 13 March 2018?

MR BUCHANAN: That's correct.

40

MS SHARP SC: And could I draw your attention, please, to the second paragraph where Mr White says:

45 "I should point out that Suncity have a service desk in Salon 95. They do not operate a cage and have no authority to operate a cage. A cage may only be operated by the casino operator."

MR BUCHANAN: That's correct.

MS SHARP SC: And you read this email at the time?

MR BUCHANAN: I did.

5

MS SHARP SC: And do you think - I withdraw that. Is that one of the reasons that early in your chronology you pointed out that, interestingly, these email exchanges had used the terms "cage" and "cage buy-in"?

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

MS SHARP SC: Now, if we return to Mr Oliver White's email of 2018, it says in paragraph 3 that:

15 "Any transactions involving cash must only take place at The Star Sydney's cage. Accordingly, if one of Suncity's customers wished to make a cash payment, they must do this at The Star Sydney cage in accordance with The Star's applicable policies."

20 **MR BUCHANAN:** That's correct.

MS SHARP SC: And do you see that in the next paragraph, he says:

25 "On the basis that Suncity's service desk does not and will not in future handle any such transactions, you should not need to worry about any AML and CTF requirements."

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** He also says:

"If you become aware that Suncity are handling cash transactions, please let me know."

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

MS SHARP SC: And he also says:

40 "Please send an email to me including 'privileged and confidential' in the title."

MS RICHARDSON SC: Well, I object to the selective quotation. "And seek my advice on any incidents, including any details that are known."

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

MS SHARP SC: I will read out the whole paragraph:

5 "On the basis that Suncity's service desk does not and will not in future handle any cash transactions, you should not worry about AML/CTF requirements which may apply to Suncity's operations, as opposed to those of The Star Sydney. If you become aware that Suncity are handling cash transactions, please let me know, Saro Mugnaini and Micheil Brodie know as soon as possible. Please send an email to me, including 'privileged and confidential' in the title and seek my advice on any incidents, including any details that are known."

10 And you read that at the time?

MR BUCHANAN: I did.

15 **MS SHARP SC:** And if I could take you over the page to the end of the email, did you read that last dot point at the time?

MR BUCHANAN: Yes, I did.

20 **MS SHARP SC:** Including the request from Mr White that the words "privileged and confidential" be used in the title to any email?

MR BUCHANAN: I did.

25 **MS SHARP SC:** Now, you will agree that this was in March of 2018?

MR BUCHANAN: I just have to check, please.

MS SHARP SC: Yes. If I could bring that email date back up, please.

30 **MR BUCHANAN:** Yes. That's correct. March 18.

MS SHARP SC: Now, you say that you did not see any CCTV footage from Salon 95 for the purpose of preparing your chronology?

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

40 **MS SHARP SC:** I would like to show you some CCTV footage that was available from Salon 95. This has been produced to the Review by Star Entertainment, and it is dated 18 April 2018. I will have it called up but not played as yet. It is INQ.020.001.0001. I understand this was provided to Star Entertainment yesterday, Mr Bell. It is not yet in an exhibit bundle. I understand it will be included in list D.

45 **MR BELL SC:** I will mark it presently MFI6, CCTV footage, 18 April 2018.

MS SHARP SC: I also need to explain this to you, Mr Buchanan, that the footage that was produced by Star on this date played for some minutes, and what has been done here is that those assisting the Review have spliced together certain

parts of that image to reduce the length for which this video plays. So I want you to understand that as we review the footage. What I'm going to ask is that this entire piece of footage be played to you once, and then I'm going to come back and play it more slowly and ask you questions about it. So could we please play this footage once fully.

<THE RECORDING COMMENCED AT 12.49 PM

<THE RECORDING PAUSED AT 12.51 PM

MS SHARP SC: Now I've played that footage to you once. Now what I'm going to do is play it to you again, but I'm going to ask for it to be stopped at certain points. Sorry, there's more.

<THE RECORDING COMMENCED AT 12.51 PM

<THE RECORDING CONCLUDED AT 12.51 PM

MS SHARP SC: Now I'm going to take you to the beginning of the footage. Operator, could it be taken all the way to the beginning and not be played. Now, what I'm showing to you here, Mr Buchanan, is the balcony at the end of Salon 95. Do you recognise that as the balcony?

MR BUCHANAN: I do.

MS SHARP SC: Right. May I ask you to pay attention to the gentleman in the black suit with the white collared shirt and black tie who will go and pick up a bag. I will just play this.

<THE RECORDING COMMENCED AT 12.52 PM

<THE RECORDING PAUSED AT 12.52 PM

MS SHARP SC: I will stop now. Do you agree that the gentleman has picked up a black bag with a blue trim from the balcony to Salon 95 and has now walked in to Salon 95?

MR BUCHANAN: Yes, I do.

MS SHARP SC: I will play again.

<THE RECORDING COMMENCED AT 12.52 PM

<THE RECORDING PAUSED AT 12.53 PM

MS SHARP SC: I will stop it there. Do you agree that the same man has carried that bag around to the counter in the enclosed room and has then come back around to the side door to the enclosed room and has put the bag on the ground?

MR BUCHANAN: I do.

MS SHARP SC: I will play from there.

5

<THE RECORDING COMMENCED AT 12.53 PM

<THE RECORDING PAUSED AT 12.53 PM

10 **MS SHARP SC:** I will stop there. Do you agree that a person in a black suit with a white shirt with a black tie has gone from inside the enclosed area, out the door, has picked up that bag and has now taken it inside the enclosed area through the door?

15 **MR BUCHANAN:** I do.

MS SHARP SC: I will play it again.

<THE RECORDING COMMENCED AT 12.54 PM

20

<THE RECORDING PAUSED AT 12.54 PM

25 **MS SHARP SC:** I will stop it again. Do you agree that that same black bag with the blue trim has now been placed on a chair in the enclosed room in the Suncity Salon 95?

MR BUCHANAN: I do.

MS SHARP SC: I will play it again.

30

<THE RECORDING COMMENCED AT 12.55 PM

<THE RECORDING PAUSED AT 12.55 PM

35 **MS SHARP SC:** I will stop it here. Do you agree that the bag has been opened and there are many bundles of cash?

MR BUCHANAN: I do.

40 **MS SHARP SC:** And do you agree that those bundles of cash are being unloaded from the bag and are being put through a money counter which sits on the desk in that enclosed room?

MR BUCHANAN: Yes, I do.

45

MS SHARP SC: And are you able to see that they are \$50 notes in each bundle?

MR BUCHANAN: Yes, they certainly appear like \$50 notes. Correct.

MS SHARP SC: Can we play again, please.

<THE RECORDING COMMENCED AT 12.56 PM.

5

<THE RECORDING PAUSED AT 12.56 PM

MS SHARP SC: And we will stop there. Do you agree that the money from the bag is being put through the money counter and then piled on the desk after it has been counted and then been put in a drawer underneath the desk?

10

MR BUCHANAN: I do.

MS SHARP SC: We will continue playing.

15

<THE RECORDING COMMENCED AT 12.57 PM

<THE RECORDING CONCLUDED AT 12.57 PM

MS SHARP SC: Do you agree that we just saw somebody on the other side of the counter, that is, a person who was not in the room, handling some of the money that had been put on the desk?

20

MR BUCHANAN: Actually, I missed that bit, I think. Would it be possible to --

25

MS SHARP SC: Yes, I will have that queued up again.

<THE RECORDING COMMENCED AT 12.57 PM

<THE RECORDING CONCLUDED AT 12.57 PM

30

MR BUCHANAN: Yes, I do.

MS SHARP SC: Do you agree that what we are seeing depicted in the enclosed room in the Salon 95 on 17 April 2018 is completely contrary to the instructions that Oliver White gave in the email I took you to previously?

35

MR BUCHANAN: I agree it would certainly appear to be.

MS SHARP SC: Mr Bell, could I please have this footage marked for identification?

40

MR BELL SC: Yes. I have marked it MFI6.

MS SHARP SC: Thank you.

45

MR BELL SC: Mr Buchanan, it looks as though Suncity are operating a cage; do you agree?

MR BUCHANAN: It would appear to be very similar activity, yes.

MR BELL SC: Yes. Yes, Ms Sharp.

5

MS SHARP SC: I would like now to show you another piece of footage, Mr Buchanan.

MR BELL SC: I see the time, Ms Sharp. Is it a convenient time to adjourn, or would you like to go through this material now?

10

MS SHARP SC: Mr Bell, it's convenient to adjourn. Thank you.

MR BELL SC: I will adjourn until 2 pm.

15

<THE HEARING ADJOURNED AT 12:59 pm

<THE HEARING RESUMED AT 1:59 pm

MR BELL SC: Yes, Ms Sharp.

20

MS SHARP SC: Mr Buchanan, I would like to show you another piece of footage also dated 18 April 2018. Could I call up INQ.020.001.0003. Mr Bell, my instructions are that this was served yesterday, but it's not in an exhibit bundle as yet. So it will need to be given an MFI.

25

MR BELL SC: INQ.020.001.0003 will be MFI7.

MS SHARP SC: Mr Buchanan, what I will do is follow the same process I did with the first video. Can I indicate that as with the second - I mean as with the first video, a lengthier video was produced to those assisting the Review, and this has been edited by those assisting the Review so that it can be played in a shorter amount of time. Operator, could you play the video, please.

30

<THE RECORDING COMMENCED AT 2:01 PM

35

<THE RECORDING CONCLUDED AT 2.02 PM

MS SHARP SC: Now what I will do, Mr Buchanan, is play that back to you slowly. First of all, do you agree that the beginning of the - the image depicted at the beginning of this CCTV footage shows the balcony outside Salon 95?

40

MR BUCHANAN: Yes, I do.

MS SHARP SC: And can I ask you to have regard to the date and time stamp at the top of the video?

45

MR BUCHANAN: Yes. 18 April 2018.

MS SHARP SC: And you can take it from me that this footage comes from a different period of time than the earlier footage I showed to you, which was also dated 18 April. Could I play that first bit of footage, please.

5

<THE RECORDING COMMENCED AT 2:03 pm

<THE RECORDING PAUSED AT 2:03 pm

10 **MS SHARP SC:** I will stop there. Do you agree that what you have just seen is a man in a black suit with a white collared shirt and black tie out on the balcony to Salon 95 who has opened up a black backpack, looked inside it and then carried it from the balcony inside the door into Salon 95?

15 **MR BUCHANAN:** I agree.

MS SHARP SC: Could I play the video again, please.

<THE RECORDING COMMENCED AT 2:04 pm

20

<THE RECORDING PAUSED AT 2:04 pm

25 **MS SHARP SC:** I will stop the video there. Do you agree with me that what you have seen is that same man bring the black backpack into Salon 95, walk around to the counter of the enclosed room and then walk back around to the side and taken the black backpack through the door into the enclosed room?

MR BUCHANAN: I do.

30 **MS SHARP SC:** And do you agree with me that at the same time he took the black backpack into the room, he was passed a different bag?

MR BUCHANAN: I do.

35 **MS SHARP SC:** I will play the footage again.

<THE RECORDING COMMENCED AT 2:05 pm

<THE RECORDING PAUSED AT 2:05 pm

40

MS SHARP SC: I will stop the footage there. Do you agree with me that you can see a man in a black uniform with a white collared shirt with a black tie lifting bundles of cash out of that same black backpack and putting those bundles of cash on a chair in the enclosed room?

45

MR BUCHANAN: That's correct. I agree.

MS SHARP SC: And I will play that again.

<THE RECORDING COMMENCED AT 2:06 pm

<THE RECORDING CONCLUDED AT 2:07 pm

5

MS SHARP SC: Do you agree with me that numerous bundles of cash have been lifted out of that black backpack and placed in bundles on the chair in the enclosed room?

10 **MR BUCHANAN:** I agree.

MS SHARP SC: And this, of course, was footage that you did not view at the time of preparing your chronology?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: But you would agree that it clearly depicts very large amounts of cash being taken into the enclosed room in Salon 95?

20 **MR BUCHANAN:** Yes.

MS SHARP SC: And the cash was not passed over the counter in the enclosed room; rather, it was taken in through the side door?

25 **MR BUCHANAN:** I agree.

MS SHARP SC: Could I show you a third piece of footage, please, Mr Buchanan. This is INQ.020.001.0002. If I can stop that there. Mr Bell, this was served yesterday. It does not yet have an exhibit marking. Could I please have it marked
30 for identification?

MR BELL SC: INQ.020.001.0002 will be MFI8.

MS SHARP SC: Just before we start this video, could I confirm a few things with
35 you, Mr Buchanan. You can see the date and time stamp at the top left of this footage?

MR BUCHANAN: I can. 8 May 2018.

40 **MS SHARP SC:** And you will agree that it is a close-up of a baccarat table?

MR BUCHANAN: I do. I agree.

MS SHARP SC: And can you see on the right-hand side of the baccarat table,
45 there is a gentleman who has his hands next to chips?

MR BUCHANAN: I do.

MS SHARP SC: And also plaques?

MR BUCHANAN: Yes.

5 **MS SHARP SC:** And what are plaques?

MR BUCHANAN: Tokens for money.

10 **MS SHARP SC:** They are tokens for very large amounts of money, aren't they?

MR BUCHANAN: That's correct.

MS SHARP SC: Larger amounts of money than chips denote; is that correct?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: What I will do once again is play the video for you, which again is spliced together to make it shorter to play now, and then we will go through it again and then I will stop it. So we will play it all the way through, please, operator.

<THE RECORDING COMMENCED AT 2:10 PM

25 **<THE RECORDING CONCLUDED AT 2:11 pm**

MS SHARP SC: Okay. Can I take you back to the beginning of this CCTV footage and I will stop it. First of all, that gentleman we saw at the baccarat table with the chips and the plaques, do you notice that he has some kind of silver jewellery on his left and right wrists?

30 **MR BUCHANAN:** I do.

MS SHARP SC: Could I play the video.

35 **<THE RECORDING COMMENCED AT 2:12 pm**

<THE RECORDING PAUSED AT 2:12 pm

40 **MS SHARP SC:** I will stop the video. Do you agree that what you have just seen is the gentleman with the silver jewellery on his wrists pick up the plaques and the chips from the baccarat table and walk towards the enclosed room in the Suncity salon?

45 **MR BUCHANAN:** I agree.

MS SHARP SC: I will play the video.

<THE RECORDING COMMENCED AT 2:12 pm

<THE RECORDING PAUSED AT 2:12 pm

5 **MS SHARP SC:** And can I stop the video. Do you agree that he - we may need to rewind the video a little bit so I can ask this question fairly. Stop there. Can you have regard to his haircut, please, Mr Buchanan?

MR BUCHANAN: Yes.

10 **MS SHARP SC:** Is it fair to say he has a receding hairline?

MR BUCHANAN: He does.

15 **MS SHARP SC:** I will play the video again.

<THE RECORDING COMMENCED AT 2:13 pm

<THE RECORDING PAUSED AT 2:13 pm

20 **MS SHARP SC:** I will stop the video here. And the man with the receding hairline who we saw walking towards the enclosed room had a short black t-shirt. Do you agree?

25 **MR BUCHANAN:** I do.

MS SHARP SC: And now what we see is a different camera angle, and the camera is now focused inside the enclosed room in Salon 95?

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

MS SHARP SC: And inside Salon 95, you can see three people with black suits, white collared shirts and black ties with bundles of money; is that correct?

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

MS SHARP SC: Play the video.

<THE RECORDING COMMENCED AT 2:14 pm

40 **<THE RECORDING PAUSED AT 2:14 pm**

MS SHARP SC: And I will just stop the video there. Do you agree that there are chips on the desk in the enclosed room that have just been moved around on the desk in that room?

45

MR BUCHANAN: I do.

MS SHARP SC: I will play the video.

<THE RECORDING COMMENCED AT 2:14 pm

<THE RECORDING PAUSED AT 2:15 pm

5

MS SHARP SC: I will stop the video. Do you agree that large bundles of cash are being removed from a drawer underneath the desk, and on the desk there are large bundles of cash which are wrapped in plastic?

10 **MR BUCHANAN:** I agree.

MS SHARP SC: I will play the video again.

<THE RECORDING COMMENCED AT 2:15 pm

15

<THE RECORDING PAUSED AT 2:15 pm

20 **MS SHARP SC:** I will stop the video. Do you agree that the CCTV camera has changed and we are now looking at an image of the counter of the enclosed room, but we are now looking at the counter from the outside of that room?

MR BUCHANAN: Yes, that's correct.

25 **MS SHARP SC:** Could I ask you, Mr Buchanan, to focus your attention to the bottom right-hand corner of this image and look at what the people standing in front of the counter are doing. We will play the video.

<THE RECORDING COMMENCED AT 2:16 pm

30 **<THE RECORDING PAUSED AT 2:16 P.M.**

MS SHARP SC: We will stop the video. Do you agree that you can see people from inside the enclosed room handing over cash to people at the counter outside the enclosed room?

35

MR BUCHANAN: I agree.

MS SHARP SC: We will play the video.

40 **<THE RECORDING PLAYED AT 2:16 pm**

<THE RECORDING PAUSED AT 2:17 pm

45 **MS SHARP SC:** We will stop the video. Do you agree that you have seen a man in the very far left - sorry, right side of the screen hand chips over the counter?

MR BUCHANAN: I do. I agree.

MS SHARP SC: And do you see a woman outside the enclosed room walking towards the counter with a brown paper bag?

MR BUCHANAN: I do.

5

MS SHARP SC: Could we play the video.

<THE RECORDING COMMENCED AT 2:17 pm

10 **<THE RECORDING PAUSED AT 2:18 pm**

MS SHARP SC: We will stop the video. Do you see the man - I withdraw that. Do you agree that the brown paper bag was placed on top of the counter in the enclosed room, and people who were inside --

15

MS RICHARDSON SC: Sorry, we have lost audio here.

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

20 **MS RICHARDSON SC:** I can hear you now, but we just lost you for a few sentences.

MS SHARP SC: I will start that part again. Do you agree that a brown - that you saw a brown paper bag being placed on the counter of the enclosed room?

25

MR BUCHANAN: I do.

MS SHARP SC: And do you agree that people who were inside the enclosed room placed a number of bundles of cash into the brown paper bag?

30

MR BUCHANAN: That's correct.

MS SHARP SC: And do you agree that a person then picked up the paper bag from the counter and walked off to another part of Salon 95?

35

MR BUCHANAN: I agree.

MS SHARP SC: And can I now direct your attention to the gentleman in the foreground of the CCTV footage. And do you agree that he was standing at the counter as the chips were passed over?

40

MR BUCHANAN: Yes, I do.

MS SHARP SC: And do you notice that he has a receding hairline and a black short-sleeved T-shirt?

45

MR BUCHANAN: I do.

MS SHARP SC: And do you agree he was the same man who was shown at the baccarat table taking away the chips and the plaques?

MR BUCHANAN: I do indeed.

5

MS SHARP SC: Isn't this video depicting that enclosed room operating as a cage?

MR BUCHANAN: It would certainly appear that way.

10

MS SHARP SC: Mr Bell, could I seek a limited non-publication order over these three pieces of footage?

MR BELL SC: What's the order that you are seeking?

15

MS SHARP SC: I seek an order that in accordance with section 143B of the Casino Control Act 1992 and section 12B of the Royal Commission Act 1923, it is directed that (1) the face of any person in the CCTV footage is not to be published until further order; (2) the direction in paragraph 1 does not apply to the lawyers and staff assisting the Review. And I need to define - to make sense of this order, "CCTV footage" should be defined to mean the three documents or exhibits I took you to, which are INQ.020.001.0001, INQ.020.001.0002, and INQ.020.001.0003.

20

MR BELL SC: Yes. They can also be referenced as MFI6, MFI7 and MFI8. I will make a written direction to that effect as soon as I get an opportunity.

25

MS SHARP SC: Thank you, Mr Bell. Could you just pardon me for a moment, Mr Bell. Could I take you back to your chronology now, Mr Buchanan. And again, we will have that brought up. STA.3009.0003.0025. Could I take you to pinpoint 0028. Could I direct your attention to the middle of the page. Do you see you have references for 17 and 18 April, and then to 27 April 2018?

30

MR BUCHANAN: I do.

MS SHARP SC: Do you agree there's no reference to the CCTV footage that I played you from 18 April 2018?

35

MS RICHARDSON SC: I object to that question. I think, in fairness to the witness, he should also be taken to the entry on the next page for 12 May to 12 July, which has a particular date in the chapeau, starting from 17 April.

40

MS SHARP SC: Well, they're different questions. My question was --

MS RICHARDSON SC: Well, in my submission, if this witness is going to be criticised for not including references to CCTV footage, he should, in fairness, be taken to the part of his chronology where he's describing surveillance recording this very type of activity.

45

MR BELL SC: Well, why don't you do that, Ms Sharp. It's probably more convenient.

5 **MS SHARP SC:** Well, I will move firstly to the entry and then we will move backwards. Could I take you over the page please, Mr Buchanan, to 0029. And can I take you to the entry for 12 May 2018 to 12 July 2018?

MR BUCHANAN: Yes.

10 **MS SHARP SC:** And you there refer to:

"An internal investigation commenced after it became evident Suncity were committing a myriad of transgressions in contravention of the agreed service desk protocols in Salon 95 between 17 April and 12 July 2018."

15

MR BUCHANAN: That's correct.

MS SHARP SC: Now, you don't refer to any CCTV footage there, do you?

20 **MR BUCHANAN:** No, I don't.

MS SHARP SC: But you do refer to this, first dot point:

"On numerous occasions, Suncity staff were observed (via surveillance) providing cash from their service desk to non-junket participants. In essence, they were treating the service desk as a pseudo casino cage."

25

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** And then you do say this:

"Suncity staff permitted access to Salon 95 to individuals who were non-junket participants or official guests."

35 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: And you do say:

"Suncity staff also provided large sums of cash to non-customers out of Salon 95 but on casino premises."

40

MR BUCHANAN: That's correct.

MS SHARP SC: And you do say:

45

"Suncity staff accept a large amount of cash from a male which is located in a leisure bag (bundled in AUD\$50 notes).

MR BUCHANAN: That's correct.

MS SHARP SC: And you do say:

5 "Suncity are observed large sums of cash in sports bags which are located on the balcony outside Salon 95."

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And you do say:

"Suncity staff are observed exchanging casino chips for cash on many occasions."

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: Now, you hadn't viewed the CCTV footage that I just showed to you?

20 **MR BUCHANAN:** No, I hadn't.

MS SHARP SC: So your information for these entries came from other sources, did it?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: It came from an internal investigation regarding Salon 95, did it?

30 **MR BUCHANAN:** That's correct. That's my synopsis of it.

MS SHARP SC: And was there any sort of report which recorded that internal investigation of Salon 95?

35 **MR BUCHANAN:** There would have been. I didn't see the complete report. I saw - I would call case notes, etcetera, and a running - a case log.

MS SHARP SC: And could you just describe to us what you mean by "case notes"?

40

MR BUCHANAN: It was making reference to different events that happened at different times.

MS SHARP SC: And, sorry, who were the case notes from?

45

MR BUCHANAN: I believe it was the investigations manager in Sydney. It was Andrew McGregor.

MS SHARP SC: Anyone else?

MR BUCHANAN: It would be perhaps other people in his team, but I can't remember the individuals.

5

MS SHARP SC: And could I just take your attention to the bottom of that row. You there state:

10 "When confronted by the investigations team, Suncity staff were both unhelpful and evasive."

MR BUCHANAN: That's correct.

MS SHARP SC: Was that information you read in these case notes?

15

MR BUCHANAN: That's correct.

MS SHARP SC: And you also say:

20 "All interested areas of the business, i.e., senior management, legal, compliance, international marketing, etcetera, were made aware of the aforementioned breaches."

MR BUCHANAN: That's correct.

25

MS SHARP SC: And how did you know that?

MR BUCHANAN: I believe that was from the investigation papers as well.

30 **MS SHARP SC:** Now, can I return you, please, to the chronology on the previous page, to the entry for 27 April 2018.

MR BUCHANAN: Yes.

35 **MS SHARP SC:** And you there refer to a risk assessment that is signed by Paul McWilliams?

MR BUCHANAN: That's correct.

40 **MS SHARP SC:** Could I take you to that - and I assume you have referred to that document because you saw it at the time?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** Could I take you to that document, please, which - if we can call up STA.3415.0007.1411. This is exhibit B, tab 3362. Now, I will just take you to the second page first at pinpoint 1412. You see that this has "Paul McWilliams, Chief Risk Officer" written on the bottom of it?

MR BUCHANAN: I do.

5 **MS SHARP SC:** Could I just take you back to the first page. Now, in the second full paragraph, it states:

"When considered in respect of both AML law and New South Wales casino law, the risks relating to the Suncity service desk activities are as follows."

10 **MR BUCHANAN:** Yes, I see that. Yes.

MS SHARP SC: And you see three risks are identified there?

MR BUCHANAN: I do.

15

MS SHARP SC: And one of those risks is:

"The accidental provision of a designated service by Suncity without appropriate AUSTRAC registration."

20

MR BUCHANAN: That's correct.

MS SHARP SC: And the second risk is that:

25 "The operations of the casino could be (or be perceived to be) conducted by a person other than the casino operator."

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** And the third risk is:

"The operation of super junkets where unrelated parties are added to an overarching junket arrangement rather than each group of people being treated as an individual junket."

35

MR BUCHANAN: That's correct.

MS SHARP SC: And it also states that:

40 "Allowing the Suncity service desk to operate without controlling for the above risks could result in serious legal non-compliances and is outside the risk tolerance of Star Entertainment."

MR BUCHANAN: That's correct.

45

MS SHARP SC: And you do agree that it could result in serious legal non-compliances?

MR BUCHANAN: I do.

MS SHARP SC: Now, isn't another big risk of the acceptance of these large bundles of cash and then providing cash or chips to players within that room that we do not know the source of funds for those large amounts of cash?
5

MR BUCHANAN: That's correct.

MS SHARP SC: And isn't another problem that we have no way of tracing the people to whom those large amounts of cash are being given?
10

MR BUCHANAN: Sorry, could you explain that one again?

MS SHARP SC: Yes. Isn't another problem of what we've seen that we don't know the people to whom the cash has been given?
15

MR BUCHANAN: Yes, if they are not part of the junket. Yes, I agree.

MS SHARP SC: And isn't another big risk here that money laundering is going on?
20

MR BUCHANAN: It is a risk. Yes, I agree.

MS SHARP SC: Well, it's a very big risk, isn't it?
25

MR BUCHANAN: It is.

MS SHARP SC: And it's happening within the premises of Sydney - I beg your pardon, Star Entertainment Group?
30

MR BUCHANAN: That's what it appears. I agree.

MS SHARP SC: Now, do you see on this first page the heading Proposal?

MR BUCHANAN: I do.
35

MS SHARP SC: And you will see it states:

40 "As a condition of operation, the Suncity service desk will not be able to exchange cash for chips."

MR BUCHANAN: That's correct.

MS SHARP SC: And over the page, do you see, in the first paragraph, the last sentence?
45

 "Suncity will not be able to use funds they have received at the service desk to pay player settlements."

MR BUCHANAN: I do.

5 **MS SHARP SC:** Now, what this means, isn't it, is that we should not see any money, that is, any cash, being passed over the counter in that enclosed room, should we?

MR BUCHANAN: No.

10 **MS SHARP SC:** And we shouldn't see any chips being passed over that counter in that enclosed room, should we?

MR BUCHANAN: No.

15 **MS SHARP SC:** And you will see that a number of controls are imposed?

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** And one of the controls in the second dot point is that:

"Cash accepted from players must not be retained at the Suncity desk or be provided to patrons as cash dispersals."

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: And another control is that:

"Customers will not be able to provide cash and receive chips in the same transaction."

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

MS SHARP SC: Shouldn't this whole arrangement have been stopped at the point that we saw those incidents on the CCTV footage, in view of the fact that
35 Mr White had directed that the salon not operate a cage?

MR BUCHANAN: That's correct. I agree.

40 **MS SHARP SC:** Now, could I take you to your chronology again. If we can pull up STA.3009.0003.0025, and if we go to pinpoint 0028. Do you see there's an entry at the bottom for 10 May 2018?

MR BUCHANAN: I do.

45 **MS SHARP SC:** And this refers to a letter from Mr Greg Hawkins?

MR BUCHANAN: That's correct.

MS SHARP SC: Did you sight that letter at the time of preparing this chronology?

MR BUCHANAN: I did indeed.

5

MS SHARP SC: Could I show you that letter. If we can pull up STA.3008.0008.0049, which is exhibit B, tab 773. And do you see that Mr - let me just confirm. Is this the letter you sighted at the time?

10 **MR BUCHANAN:** That's correct. Yes.

MS SHARP SC: And do you see Mr Hawkins he is:

15 "Writing to reiterate the restrictions notified to you in April 2018 regarding the operation of the service desk in Salon 95."

MR BUCHANAN: I do.

20 **MS SHARP SC:** And then he sets out to the junket operator, that is, Iek Kit Lon, that:

"The service desk must not operate a cash float."

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: And then he sets out that:

"The following transactions must not take place at the service desk."

30 And they include exchange of cash for chips or exchange of chips for cash?

MR BUCHANAN: That's correct.

35 **MS SHARP SC:** And do you agree that those restrictions were set out very clearly?

MR BUCHANAN: I do.

40 **MS SHARP SC:** Now can I take you back to your chronology, please, this time to pinpoint 0029. And I've already taken you in detail to this entry. This entry is dated 12 May 2018 to 12 July 2018?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** Obviously enough, this relates to a period after that first warning letter is clear?

MR BUCHANAN: I agree.

MS SHARP SC: And you referred to case notes when you prepared this part of your chronology?

5 **MR BUCHANAN:** Sorry, are you referring to --

MS SHARP SC: Well, I think you told me earlier - when I asked you how you got the information for this part of your chronology, you said to me you had looked at case notes?

10

MR BUCHANAN: Case notes, sorry, yes. That's correct. Yes.

MS SHARP SC: And do you agree with me that those case notes referred to incidents that occurred after the date of the warning letter?

15

MR BUCHANAN: Yes, I do.

MS SHARP SC: So there were "a myriad of transgressions in contravention of the agreed service desk protocols in Salon 95" after the warning letter had been issued by Mr Hawkins?

20

MR BUCHANAN: That's correct.

MS SHARP SC: Wasn't the only appropriate step to take at this point to shut down Salon 95 and prevent Suncity using that room?

25

MR BUCHANAN: That's not really something for me to - to answer. Certainly it's of concern. I agree.

30 **MR BELL SC:** What's your opinion, Mr Buchanan, as a senior investigator?

MR BUCHANAN: I agree it's certainly of concern that activity that was going on at the salon, and certainly deserved at least a second warning letter, which - which did eventuate.

35

MR BELL SC: Are you suggesting a warning letter is sufficient in light of what we've seen?

MR BUCHANAN: At the very least.

40

MR BELL SC: Yes, Ms Sharp.

MS SHARP SC: What do you really think was the appropriate response here?

45 **MR BUCHANAN:** Well, as I said, it is concerning and I think perhaps it would have been worth speaking face to face with the junket operator and making it clear in no uncertain terms that that behaviour wouldn't be tolerated.

5 **MS SHARP SC:** With all of your experience as an investigator and with all of your background in anti-money laundering, do you agree that this conduct you have referred to in your chronology that took place from 12 May to 12 July 2018 meant there was a very high risk that money laundering was occurring in Salon 95?

MR BUCHANAN: I agree.

10 **MS SHARP SC:** Can I take you, please, to an email dated 14 May 2018. This is STA.3427.0018.3096. This is in exhibit C at tab 49. Is this one of the emails that you saw when you were preparing this chronology?

MR BUCHANAN: Yes, that's correct.

15 **MS SHARP SC:** Could I draw your attention, please, to the bottom of the page where there's an email from Mr McGregor to Mr Power and Mr Houlihan and Ms Amanda Judd dated 14 May 2018?

20 **MR BUCHANAN:** Yes, I see that.

MS SHARP SC: And I will take you to pinpoint 3097.

MR BUCHANAN: Yes.

25 **MS SHARP SC:** And do you see it's there stated:

"I suspect from what -"

30 That person said:

"That the Suncity Group operate a membership club whereby their customers have access to a line of credit or a Suncity front money account, which -"

35 That person:

"Was able to access. Either that or Suncity is operating as an informal money remitter or hawala."

40 **MR BUCHANAN:** Yes.

MS SHARP SC: Now, you understand that's a reference to underground banking?

MR BUCHANAN: I do.

45 **MS SHARP SC:** And can you have regard to the second-last paragraph:

"Today's activities with Suncity have been very strange, we have an entity within our four walls which is totally non-compliant to reasonable requests

for basic information. I'm going to call it out early, Suncity is operating a business model under our noses which is problematic for Star Entertainment Group with regards to AML/CTF laws."

5 **MR BUCHANAN:** I see that.

MS SHARP SC: And do you absolutely agree with the view that senior investigator Andrew McGregor expressed at this time?

10 **MR BUCHANAN:** I do.

MS SHARP SC: And just to be clear, the Suncity room, that is, Salon 95, with exclusive access by Suncity, operated until August 2019, didn't it?

15 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Can I take now to another document, please, which is STA.3412.0018.7211. This is exhibit B at tab 805. Do you see that this is an information note?

20

MR BUCHANAN: I do.

MS SHARP SC: It's entitled Operation Money Bags Legal Summary?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC: The author is Andrew McGregor, and it is dated 15 May 2018?

MR BUCHANAN: Yes, that's correct.

30

MS SHARP SC: Is this one of the documents to which you had access when you prepared your chronology and intended to refer to in the 12 May to 12 July 2018 entry?

35 **MR BUCHANAN:** It is.

MS SHARP SC: And do you see it's marked to the attention of Mr Oliver White?

MR BUCHANAN: That's correct.

40

MS SHARP SC: And do you see that it refers to an incident occurring on 12 May 2018?

MR BUCHANAN: I do.

45

MS SHARP SC: And if I take you over the page, you will agree that Mr McGregor says at paragraph 2 that the incident involved a non-promoter customer being escorted into Pit 95?

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** And he was given \$45,000 of cash which he carried away in a plastic bag?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And by "non-promoter customer", you understand that this person was neither a junket operator, a junket representative or a junket participant?

MR BUCHANAN: Correct. That's my understanding.

15 **MS SHARP SC:** And do you see that Mr McGregor says that he - in paragraph 3, that he attended Pit 95 to ask Suncity staff for information and they refused to answer any questions?

20 **MR BUCHANAN:** I do.

MS SHARP SC: And do you see at paragraph 5 that he says he received a phone call where it was reiterated that Suncity were unwilling to answer his questions?

25 **MR BUCHANAN:** I do.

MS SHARP SC: And do you see at paragraph 9 that, once again, Mr McGregor refers to Suncity not answering his questions, and in the fourth line from the bottom:

30 "Mr Chou tells me pursuant to The Star/Suncity agreement they are not required to keep such documents."

And further on, that he had thrown them out.

35 **MR BUCHANAN:** I do.

MS SHARP SC: Now, this is extremely concerning, isn't it?

40 **MR BUCHANAN:** It is.

MS SHARP SC: Because the junket is not prepared to cooperate and account for the large movements of cash occurring in Salon 95?

45 **MR BUCHANAN:** I agree.

MS SHARP SC: Can I take you to pinpoint 7213. You will see there's a new entry for 15 May 2018?

MR BUCHANAN: That's correct.

MS SHARP SC: And that's a second incident that Mr McGregor is referring to?

5 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: And that's an incident where it was reported that a Suncity staff member took a bag of cash down into the retail arcade?

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

MS SHARP SC: If I can take you to pinpoint 1724. You will agree that paragraph 13 relates to a third incident?

15 **MR BUCHANAN:** It does.

MS SHARP SC: This time relating to a red-coloured suitcase which Suncity service desk staff opened and removed a substantial amount of cash from?

20 **MR BUCHANAN:** That's correct.

MS SHARP SC: And if I take you to pinpoint 7215. This shows a fourth incident on 4 May 2018?

25 **MR BUCHANAN:** Yes I do.

MS SHARP SC: And in this fourth incident, a blue esky bag is taken to the service area, and it had a substantial amount of cash, being \$50 notes bundled with elastic bags?

30

MR BUCHANAN: That's correct.

MS SHARP SC: And then it goes on to refer to a fifth incident on 8 May 2018?

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

MS SHARP SC: And that was an incident where chips were taken to the service desk and, in return, staff exchanged the chips for cash?

40 **MR BUCHANAN:** That's correct.

MS SHARP SC: And this is exactly what Mr Hawkins had told Suncity they could not do in that first warning letter to him?

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

MS SHARP SC: Now, it was clear to you, upon reviewing this document, that Suncity had, on numerous occasions, acted in flagrant disregard of the instructions

that Mr Hawkins had given to Suncity in the first warning letter?

MR BUCHANAN: Yes, I agree.

5 **MS SHARP SC:** Pardon me, Mr Bell.

MR BELL SC: And by this time, Mr Buchanan, you knew, did you - or you believed that Suncity was associated with a person who was - had known connections to the triads?

10

MR BUCHANAN: Sorry, Mr Bell. Could you repeat?

MS SHARP SC: Yes. By this time, May 2018 - I appreciate you were looking at it after that date.

15

MR BUCHANAN: Yes.

MR BELL SC: But as at that date, you believed that Suncity were associated with a person who was connected with the triads?

20

MR BUCHANAN: Well, yes, I wasn't with the business at that time, but --

MR BELL SC: No.

25 **MR BUCHANAN:** But - yes. Yes, that's correct.

MS SHARP SC: Mr Bell, I have to correct something I've said, and I think it gave rise to an unfair question. So can I point it out and ask the question again.

30 **MR BELL SC:** Yes.

MS SHARP SC: Mr Buchanan, I took you to pinpoint 7215 and I referred you to incidents which had occurred on 4 May 2018 and 8 May 2018. Can I just indicate to you those dates pre-dated the first warning letter that Mr Hawkins had provided. That was on 10 May 2018. So I withdraw that question I asked, and I'm going to ask a different question. And I will take you to the document just to make this clear. If we go back to the first page of the document. Now, the first incident in this document is on 12 May 2018?

40 **MR BUCHANAN:** That's correct.

MS SHARP SC: And that is after the date of the first warning letter?

MR BUCHANAN: Yes. That's correct.

45

MS SHARP SC: The second incident, which is referred to at pinpoint 7212, is on 14 May 2018?

MR BUCHANAN: That's correct.

MS SHARP SC: And the third incident, which is referred to in pinpoint 7213, is on 15 May 2018?

5

MR BUCHANAN: That's correct.

MS SHARP SC: Now, do you agree that from this document it was apparent that on three separate instances, Suncity had acted in flagrant disregard of the instructions Mr Hawkins provided to it in the first warning letter?

10

MR BUCHANAN: I do.

MS SHARP SC: Pardon me. Now, the only appropriate response by this point in time was to bring that relationship to an end, wasn't it?

15

MR BUCHANAN: It certainly would be a consideration.

MS SHARP SC: Well, that was the only appropriate response in your opinion, wasn't it?

20

MR BUCHANAN: Well, I wasn't with the business at that time and I - I can't say.

MS SHARP SC: Well, I'm going to ask you for your opinion based upon your many years of experience as an investigator and your learnings in anti-money laundering and counter-terrorism financing. In view of all that had occurred by this time in the Suncity room, the only appropriate response to these further instances was to stop this arrangement with Suncity, wasn't it?

25

MR BUCHANAN: What I would say is consideration that I - I would have certainly considered, yes.

30

MS SHARP SC: That was the only appropriate response, was to stop, wasn't it?

MR BUCHANAN: I would have considered it, yes.

35

MR BELL SC: Isn't that what the people of New South Wales deserved?

MR BUCHANAN: Quite possibly.

40

MS SHARP SC: Now, instead what happened is what you referred to in your chronology at 23 May 2018. If I can take you to pinpoint 0029. Sorry, if we go back to the chronology. It's STA dot - that's it. And then go to 0029. You will see there's an entry for 16 May 2018 - sorry, 23 May 2018.

45

MR BUCHANAN: Yes.

MS SHARP SC: And what happened was that standard operating procedures

were issued for the service desk at Salon 95?

MR BUCHANAN: Yes, that's correct.

5 **MS SHARP SC:** So there was a further attempt to control activities within Salon 95 by Star Entertainment?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And then what happened, as you say in your chronology, was that on 8 June 2019, the - Mr Hawkins sends a second warning letter to Suncity?

MR BUCHANAN: That's correct.

15 **MS SHARP SC:** And could you go to this second warning letter, please. It's STA.3002.0005.0001 at exhibit B at tab 2603.

MR BUCHANAN: Yes.

20 **MS SHARP SC:** I will just wait until that document is shown to you. I will repeat the document ID. It is - I have read you the wrong document ID, pardon me. I will read out the correct document ID now. It's STA.3008.004.0199. Now, is this the letter - the second warning letter that you read for the purpose of preparing your chronology?

25

MR BUCHANAN: Yes, it is.

MS SHARP SC: Alright. Although this letter is dated 5 June, and you say 8 June in your chronology. But we can take it that's a typographical error?

30

MR BUCHANAN: (Indistinct).

MS SHARP SC: Do you see that this letter refers to an incident occurring on 23 May 2018 where the written processes were provided to the junket representatives?

35

MR BUCHANAN: I see that, yes.

MS SHARP SC: And they are the standard operating procedures that you refer to in your chronology?

40

MR BUCHANAN: That's correct.

MS SHARP SC: And then do you see reference is made to an incident on 29 May 2018?

45

MR BUCHANAN: I do.

MS SHARP SC: And that is an incident where processes were not followed after the standard operating procedures had been provided to the junket representatives?

MR BUCHANAN: That's correct.

5

MS SHARP SC: So it's right, isn't it, that even once Star had once again imposed controls by way of handing over standard operating procedures, the Suncity junket had once again breached those controls?

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

MS SHARP SC: Wasn't the only appropriate response at this time to shut down that salon and cease giving exclusive use of that room to the Suncity junket?

15 **MR BUCHANAN:** Again, it would certainly be a strong consideration. Yes.

MS SHARP SC: Well, it was the only reasonable course to take in the circumstances, given the risk of money laundering that activities in this room presented, wasn't it?

20

MR BUCHANAN: I can see that, and it is very difficult for me to comment when - when I wasn't in the business at that time. But I do agree it would certainly be a very strong consideration, yes.

25 **MS SHARP SC:** But what, in fact, happened was that on 21 June 2018, The Star renewed its junket agreement with Iek Kit Lon; that's right, isn't it?

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** And I suggest to you that that was a completely inappropriate step to take in view of the very high risk that money laundering was taking place in the VIP salon occupied by the Suncity junket. Do you agree?

MR BELL SC: I didn't hear the answer.

35

MR BUCHANAN: Sorry. Yes, it's surprising. I agree.

MR BELL SC: Sorry. Ms Richardson, are you still there? I can't see you.

40 **MS RICHARDSON SC:** Can you hear me? I think our video is frozen, but I can hear you.

MR BELL SC: Yes. I can hear you, but I can't see you.

45 **MS RICHARDSON SC:** We will try and fix it. I'm happy to proceed. I can hear proceedings at the moment.

MR BELL SC: All right, then. You can proceed, Ms Sharp.

5 **MS SHARP SC:** Thank you. Can I show you a different document at this stage. I will come back to your chronology, but I want to show you a different document now, please, Mr Buchanan. Could I call up STA.3002.0005.0001, which is exhibit B at tab 2603.

MR BUCHANAN: Yes.

10 **MS SHARP SC:** And this is a document of which you are the author?

MR BUCHANAN: That's correct.

15 **MS SHARP SC:** Could I take you, please, to paragraph 7, which is on pinpoint 0002.

MR BUCHANAN: Yes.

20 **MS SHARP SC:** And just out of fairness and to put this in context, could you please read to yourself paragraph 6.

MR BUCHANAN: Could you scroll down a little bit, please.

MS SHARP SC: Yes. Operator, could you show Mr Buchanan paragraph 7.

25 **MR BUCHANAN:** Thank you. Yes. Yes.

MS SHARP SC: Now, in that context, your view was - and I will read from paragraph 6:

30 "Given the serious nature of the non-compliant behaviour, it is surprising that an official audit/review of Suncity's operations did not take place as a matter of urgency. A review subsequently took place some eight months later. A revised risk assessment should also have been completed as a matter of course. No additional extended customer due diligence was conducted on
35 Suncity entities and AML risk ratings remained the same despite the fact suspicious money laundering activity was occurring at Salon 95."

That was the view you held at that time, wasn't it?

40 **MR BUCHANAN:** That's correct. It was.

MS SHARP SC: And your view was - and I will continue:

45 "The Star's response was a somewhat weak and not proportionate to the risk."

MR BUCHANAN: That's correct.

MS SHARP SC: Now, could I return to your chronology, please. And if we could

bring up again STA.3009.0003.0025. Could I have you taken to pinpoint 0031.

MR BUCHANAN: Yes.

5 **MS SHARP SC:** And you have an entry for 23 May 2019. And you there refer to a report from Graeme Stevens to Andrew Power regarding an audit of Salon 95 that occurred in March and May 2019?

MR BUCHANAN: Yes. That's correct.

10

MS SHARP SC: Did you take some comfort from the fact that an audit was conducted at that time of operations in Salon 95?

MR BUCHANAN: As I indicated in my report, yes, but it was perhaps a little late in taking place.

15

MS SHARP SC: Is it right that the audit review was a little light on, in your opinion?

20 **MR BUCHANAN:** I think the audit was - was - was conducted - conducted as it should have - should have been. But it could have been done earlier, I think, is - is my point.

MS SHARP SC: And was it a bit light on?

25

MR BUCHANAN: I'm not sure, to be honest.

MS SHARP SC: Did you - at the time you reviewed the audit report and made this entry in your chronology, did you cross-check the results reported in this audit report?

30

MR BUCHANAN: It was the findings - it was more of the findings because the chronology wasn't going into depth and making comment. It was more just outlining what had happened.

35

MS SHARP SC: So you didn't cross-check it; you simply relied on the findings of the audit report?

MR BUCHANAN: To be honest, I can't quite recall.

40

MS SHARP SC: And this was a two-page audit report?

MR BUCHANAN: Again, I - I - I can't remember. It would be in the file, but I can't remember. It was quite some time ago.

45

MS SHARP SC: Can I take you back to your chronology. The next entry you make is for 13 June 2019.

MR BUCHANAN: Yes.

MS SHARP SC: Can I show you a document, please, which is STA.3009.0019.00.12.0111, and it is exhibit B at tab 1396. I may have read that number out incorrectly, Mr Bell. I will read it again. It is STA.3009.0004.0005.

MR BUCHANAN: Yes.

MS SHARP SC: Can you see this is a document dated 23 May 2019?

MR BUCHANAN: I can.

MS SHARP SC: And this is the audit report that I referred you to a moment ago, isn't it? Can I just take your attention over the page?

MR BUCHANAN: Yes.

MS SHARP SC: And what you - I withdraw that. Now, can I take you to another email. This one is STA.3009.0012.0111. This is exhibit B, tab 1396. Now, there's information on this page that is confidential, Mr Buchanan. It's indicated in blue shade. So I would ask you not to read any of that information out. Do you agree that this is an email from Skye Arnott dated 3 June 2019?

MR BUCHANAN: Yes, I do.

MS SHARP SC: Now, can I ask you to read the confidential part of this first page, which you will see at the bottom of this first page.

MR BUCHANAN: Yes.

MS SHARP SC: And can I ask you to have a look at the picture on the second page.

MR BUCHANAN: Yes.

MS SHARP SC: And it's clear to you the junket operator to which this email relates?

MR BUCHANAN: Yes.

MS SHARP SC: Now, your chronology does not refer to any event for 3 June 2019, does it?

MR BUCHANAN: I'm - I'm not sure. I would have to check, but it doesn't ring - it doesn't - it doesn't seem familiar.

MS SHARP SC: I will just take you back to your chronology so you can check. I will take that email down now, please, operator. Your chronology, Mr Buchanan,

is STA.3009.0003.0025. And I will take you to pinpoint 0031.

MR BUCHANAN: No, I agree it's not - it's not there.

5 **MS SHARP SC:** Does that --

MR BUCHANAN: I didn't have access to that one.

10 **MS SHARP SC:** Because you weren't given access to the email box of Skye Arnott, were you?

MR BUCHANAN: No. That's probably why that wasn't there.

15 **MR BELL SC:** I should take it that if you had seen the email that Ms Sharp had taken you to, it would have found its way into your chronology?

MR BUCHANAN: Of course. Yes, it would have. Yes.

20 **MS SHARP SC:** And what it would have indicated is that after the date of Mr Graeme Stevens's audit report, a further concerning incident had occurred at Salon 95?

MR BUCHANAN: I agree.

25 **MS SHARP SC:** Now, while we are on this page of your chronology, you will see that it jumps from 23 May 2019 to 13 June 2019?

MR BUCHANAN: Yes.

30 **MS SHARP SC:** Now, it was on the 12th - it was on 12 June 2019 that you emailed the Hong Kong Jockey Club report to Ms Martin, Mr White and Mr Houlihan. Is there any reason why you have not referred to Star coming into the possession of the Hong Kong Jockey Club report in your chronology?

35 **MR BUCHANAN:** I didn't consider that we had come into the report officially. It was provided to these individuals - Mr White, Ms Martin and Mr Houlihan - as I said earlier. It was more from a due diligence perspective.

40 **MS SHARP SC:** Could I then take you to the next page of your chronology. And you will remember I said some dates had changed as between the final version. This is the 18 June 2019 entry that moves in the final version. This is the only change. But you will agree, won't you, that there's no entry for 24 June 2019?

45 **MR BUCHANAN:** No, there's not.

MS SHARP SC: Could I show you an email, please, which is STA.3418.0011.0621. And this is exhibit B, tab 1437.

MR BUCHANAN: Yes.

MS SHARP SC: Now, you will see there's a part of this letter - or this email that has blue shading on it. That means it's confidential, so please don't read this out.
5 Of course, this comes at a time after the audit report of Mr Stevens, but you will note that Mr Stevens is copied into this email of 24 June 2019?

MR BUCHANAN: Yes, yes.

10 **MS SHARP SC:** And this is an email from Mr Ian Tomkins to Ms Skye Arnott?

MR BUCHANAN: That's correct.

15 **MS SHARP SC:** And it refers to incidents involving Salon 95. Has your screen just gone blank?

MR BUCHANAN: No, I've still got it. Thank you.

20 **MR BELL SC:** I can still see it too.

MS SHARP SC: Sadly I can't see it, but I have a copy of it. So we'll press on. Can you see that this email refers to "suspect transactions"?

25 **MR BUCHANAN:** I do, yes.

MS SHARP SC: And it refers to four different dates?

MR BUCHANAN: That's correct. It does.

30 **MS SHARP SC:** And you will see that there is a reference to "others I have saved and are worth reviewing"?

MR BUCHANAN: Yes.

35 **MS SHARP SC:** But you will agree that at least seven different incidents are referred to in this email?

MR BUCHANAN: Yes. That's correct.

40 **MS SHARP SC:** And you will see that that first dot point for 20 May 2019 has brackets saying:

"This is proof money is being stored in the computer cupboard."

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

MS SHARP SC: And did you know by this time Suncity had been told not to store money in the computer cupboard of the enclosed room in Salon 95?

MR BUCHANAN: Yes, I believe that was before that date. Yes.

5 **MS SHARP SC:** Okay. Doesn't this suggest that there have been multiple violations of the further restrictions placed upon Suncity in relation to the operation of Salon 95?

MR BUCHANAN: I agree it would certainly do that.

10 **MS SHARP SC:** Tell me, did you see this email for the purpose of preparing your chronology, given that it's not referred to in your chronology?

MR BUCHANAN: No. I haven't seen that, and that's the first time I've seen this.

15 **MS SHARP SC:** Do you consider that in light of the fact that this email referring to at least seven different incidents should have caused Mr Graeme Stevens to revise the views expressed in his audit report of 23 May 2019?

20 **MR BUCHANAN:** It would suggest they probably would have, yes.

MS SHARP SC: Are you aware as to whether Mr Stevens did revise his audit report opinion of 23 May 2019?

25 **MR BUCHANAN:** To my knowledge, I don't believe so.

MS SHARP SC: Now, to the best of your knowledge, it was Suncity that terminated the arrangement in Salon 95, wasn't it?

30 **MR BUCHANAN:** That's my understanding, yes.

MS SHARP SC: Could I take you to a different document, please, which is STA.3002.0005.0001. This is exhibit B tab 2603.

35 **MR BUCHANAN:** Yes.

MS SHARP SC: Does that document now appear on your screen, Mr Buchanan?

MR BUCHANAN: I have it. Thank you. Yes.

40 **MS SHARP SC:** Thank you. It's not appearing on mine, but I have the hard copy.

MR BELL SC: Do you have it, Ms Richardson?

45 **MS RICHARDSON SC:** I can see what's on the screen.

MR BELL SC: Yes. Thank you.

MS SHARP SC: Can I take you, please, to paragraph 45, which is at page 0007.

Now, you there say:

"On 13 August 2019, Mr Chau advised The Star that Suncity intended exiting Salon 95. The room was subsequently vacated on 1 September 2019."

5

I can assume you put that in your report because you considered it to be the correct information, can I?

MR BUCHANAN: I believed it was, yes.

10

MS SHARP SC: And then you continue:

"After which they moved their operations to Salon 82 which has no Suncity signage."

15

That you also believed to be correct, didn't you?

MR BUCHANAN: I did.

MS SHARP SC: Can I take you to another document, please. If we can go to STA.0015.0001.0294, which is exhibit B at tab 1556.

20

MR BUCHANAN: Yes. I have the document.

MS SHARP SC: My screen still isn't working, Mr Bell, so I will have to pull up the hard copy. The screen has started working again. If I can take you to that document, Mr Buchanan. Can you see it's a newspaper - well, it's an email - can you see it's an email first of all?

25

MR BUCHANAN: Yes, I can.

30

MS SHARP SC: And the email is from Mr Peter Jenkins to Matt Bekier, Harry Theodore, Paula Martin, Greg Hawkins, and it's dated 17 August 2019?

MR BUCHANAN: That's correct.

35

MR BELL SC: What was Mr Jenkins's role, Mr Buchanan?

MR BUCHANAN: Mr Jenkins - head of, I believe, media relations.

40

MR BELL SC: Yes. Thank you.

MS SHARP SC: And you see that it refers to:

"Star Entertainment said a mutual decision had been reached with Suncity in the last 10 days to shut down Suncity's fixed high-roller room."

45

MR BUCHANAN: I see that, yes.

MS SHARP SC: But your understanding was that, in fact, it was Suncity that terminated that arrangement?

5 **MR BUCHANAN:** Certainly, yes. That was my - that was my understanding.

MS SHARP SC: Could we go to the next page of this document, please. And you see Mr Bekier is quoted at the top of that page as saying:

10 "The fixed room of Suncity will be discontinued here."

And he's then quoted as saying:

15 "They had a small fixed room. That room is being closed."

MR BUCHANAN: That's correct.

MS SHARP SC: Do you see that?

20 **MR BUCHANAN:** I do.

MS SHARP SC: Then a little further down:

25 "When asked last week why The Star was still using Suncity, Bekier replied, 'Why not?'"

MR BUCHANAN: I see that.

30 **MS SHARP SC:** Now, it is the case, isn't it, that what, in fact, happened is Suncity simply moved its operations to Salon 82?

MR BUCHANAN: They did move to Salon 82.

35 **MS RICHARDSON SC:** Well, I just - sorry, I do object. That has to be done with a level of clarity as to what operations were moved because there is no basis for suggesting the rooms were the same. It should be done with particularity, in my submission.

40 **MR BELL SC:** Ms Sharp?

MS SHARP SC: Well, I'm entitled to ask this witness, who has investigated operations in Salon 95 and Suncity in detail, what his understanding was, with respect, Mr Bell.

45 **MR BELL SC:** Yes. I think Mr Buchanan can deal with that question. You may ask it.

MS SHARP SC: So what happened, Mr Buchanan, is that Suncity simply moved

to Salon 82?

MR BUCHANAN: They moved to Salon 82, but there was no signage or - of Suncity.

5

MS SHARP SC: So is it right that the only change was that the Suncity signage that had been used in Salon 95 was no longer used when operations moved to Salon 82?

10 **MR BUCHANAN:** The signage wasn't --

MS RICHARDSON SC: Well, I object to that - just wait. I object to that question. It's not consistent with the evidence, and I'm happy to do this in the absence of the witness.

15

MR BELL SC: Well, we should try and avoid that. Is it possible you could ask a different question, Ms Sharp?

MS SHARP SC: Well, I press that question.

20

MR BELL SC: Just read it back, please. Can someone read it back to me?

MS SHARP SC: The question was:

25 "So is it right that the only change was that the Suncity signage that had been used in Salon 95 was no longer used when operations moved to Salon 82?"

MR BELL SC: Yes. I think that's a fair question, Ms Richardson. It's an open question. I think Mr Buchanan is well able to deal with it. What's your answer to that?

30

MR BUCHANAN: That's right. Yes, that's right. Yes. And to the best of my knowledge, yes, there was - there was no signage. I don't know if any other changes were being - had - had been made. Certainly they weren't articulated to me. But that was my understanding, there was no signage and they continued in another room without - without the service desk. I - I don't believe there was a service desk.

35

MS SHARP SC: Thank you for clarifying that, Mr Buchanan. Could I take you now to STA.0015.0001.0124.

40

MR BUCHANAN: Yes.

MS SHARP SC: Now, just to be clear and just to be fair, I will show you an entry in your chronology. If we could go back to STA.3009.0003.0025. And if I could take you, please, to pinpoint 0034.

45

MR BUCHANAN: Yes.

MS SHARP SC: Now, firstly, could I ask you to read to yourself the entry for 29 and 30 August 2019 which is stated to be based on emails?

5 **MR BUCHANAN:** Yes.

MS SHARP SC: And is it right that your review of these emails is how you reached the understanding that I've just asked you about?

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

MS SHARP SC: Could I take you now to a document, STA.0015.0001.0124.

15 **MR BELL SC:** Is that an exhibit, Ms Sharp?

MS SHARP SC: Yes. I will just need to get the exhibit number for you, if you will pardon me, Mr Bell. Now, this is an email from Silvia Mui, M-u-i, dated 30 August 2019?

20 **MR BUCHANAN:** That's correct.

MS SHARP SC: Is this the email you reviewed for the purpose of making the entry in your chronology I've just taken you to?

25 **MR BUCHANAN:** Yes. It looks - I've taken - taken the content from that, yes.

MS SHARP SC: Mr Bell, this is exhibit B at tab 1642. Now, if I can take you through this email chain, Mr Buchanan. If we can start at pinpoint 0126.

30 **MR BUCHANAN:** Yes.

MS SHARP SC: You will see that on 29 August 2019, Silvia Mui emails others and she reports:

35 "I just had a meeting with Suncity today with Alan Iek and Sandra Cheong, who are the senior representatives of Suncity."

MR BUCHANAN: That's correct.

40 **MS SHARP SC:** And:

"We indicated that from September 1st, we will move their fixed room (Salon 95) to a salon in Lakes 17th."

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

MS SHARP SC: And then a little further down:

"I have also stated that we hope there will be no brand logo in the new salon and suggested that they can put it on the TV screen. "

5 **MR BUCHANAN:** That's correct.

MS SHARP SC:

"Or put the brand ads like a name sign on the tables."

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

MS SHARP SC:

15 "And also advised being not to wear any company badges or staff uniforms as well."

MR BUCHANAN: Correct.

20 **MS SHARP SC:** And she says that she would like to tell - or they would like to tell Mr Chau about the new arrangement.

MR BUCHANAN: Yes.

25 **MS SHARP SC:** And then if I can take you to the first email in the chain. If we can go back to pinpoint 0124. It's right that what Ms Silvia Mui is doing is notifying the recipients of the conclusion of the discussions with Suncity which had been notified to Alvin Chau?

30 **MR BUCHANAN:** Yes. I agree with that, yes.

MS SHARP SC: And they were, one, that:

"Salon 95 will officially move to Salon 82."

35 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: And two, that:

40 "Salon 82 will not have signage of Suncity, but will put TV screens on."

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: And three:

45 "They will fill up salon with branded amenities like ashtrays and lighters."

MR BUCHANAN: Yes.

MS SHARP SC: Four:

"If in needs, we will assign extra salon for them for special VIPs."

5 **MR BUCHANAN:** That's right.

MS SHARP SC: Five:

"If there are no guest, shall discuss with ops team about closing tables."

10

MR BUCHANAN: Correct.

MS SHARP SC: Six:

15 "Suncity staffs was approved not to wear badges while on shift."

MR BUCHANAN: Yes. Correct.

20 **MS SHARP SC:** Right. So this was the information upon which you based your entry in your chronology?

MR BUCHANAN: Yes, that's correct.

25 **MS SHARP SC:** Now, would you agree with me that to suggest that it was Star Entertainment that brought an end to the arrangement with Salon 95 would be quite wrong?

MR BUCHANAN: Well, from the emails, it would appear it was Suncity.

30 **MS SHARP SC:** So it would be quite wrong to suggest that it was Star Entertainment?

MR BUCHANAN: I wasn't party to the - to the conversations, but certainly from the email I would agree it's Suncity.

35

MS SHARP SC: From the email it would appear to be quite wrong, wouldn't it?

MR BUCHANAN: I - I agree.

40 **MS SHARP SC:** And to suggest that Star Entertainment no longer had an arrangement with Suncity whereby it had access to a VIP salon for its junket would also be quite wrong, wouldn't it?

45 **MR BUCHANAN:** Well, they were still operating at - at The Star, albeit not under the Suncity banner.

MS SHARP SC: Well, to your understanding, Suncity was still allowed in Salon 92 to display its branding on TV screens, wasn't it?

MR BUCHANAN: Yes, that's correct.

MR BELL SC: You mean Salon 82, Ms Sharp?

5

MS SHARP SC: Salon 82, yes.

MR BUCHANAN: Yes.

10 **MS SHARP SC:** Now, just if you could attend to my question. It would be quite wrong to say that after Salon 95 closed down, Suncity did not have access to a special VIP room at Star Entertainment Group?

15 **MR BUCHANAN:** I don't know if Salon 82 was classified as - as - and I genuinely don't know if that's classified as being VIP room. They certainly had a room.

20 **MS SHARP SC:** If you take it from me that it was located in an area where all the other VIP salons were located, would you agree that to suggest that Suncity no longer had a VIP room at Star Entertainment is quite wrong?

MR BUCHANAN: I do.

25 **MS SHARP SC:** Could we have the mid-afternoon adjournment, please, Mr Bell?

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

<THE HEARING ADJOURNED AT 3:33 pm

30 **<THE HEARING RESUMED AT 3:46 pm**

MR BELL SC: Yes, Ms Sharp.

35 **MS SHARP SC:** Mr Buchanan, I now wish to turn to another topic and ask you some questions about a document that those assisting the Review provided to you dated 1 October 2020. To do this, could I please refer you to your statement, which I will have called up. INQ.002.004.0001. Exhibit A, tab 83.

40 **MR BUCHANAN:** Yes. I have it.

MS SHARP SC: Now, you will see a little bit - if we go to paragraph 36 above, that you will see there's a heading October 2020 Draft Assessment.

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

MS SHARP SC: And this is the document I am going to ask you about now. This is the document you refer to in paragraph 39, isn't it?

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Now, I will bring it up - well, I withdraw that. Why were you preparing this report?

5

MR BUCHANAN: One - I think it was fourfold. I think one was to provide an updated due diligence assessment on - on Alvin Chau and Suncity; and two was to evaluate how the AML/CTF program handled Suncity; and three was to evaluate how The Star dealt with the engagement of Suncity; and then come up with a recommendation and options at the end.

10

MS SHARP SC: And it's correct, isn't it, that you prepared a large number of drafts of this report?

15

MR BUCHANAN: That's correct.

MS SHARP SC: And they would go through review by various people at Star and then would you make changes following each review to this report?

20

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Could I now go to the report, please, which is STA.3002.0005.0001. And this is exhibit B, tab 2603. Could I take you - could I just ask you this question to start with: as at 1 October 2020, you had prepared this copy of the report, but you had not yet showed it to Mr Power, Mr White or Mr Houlihan?

25

MR BUCHANAN: Not at that - well, I sent it, I think I sent it that day. I think it was completed on that day.

30

MS SHARP SC: So you completed the report on 1 October 2020?

MR BUCHANAN: That's correct.

35

MS SHARP SC: And that was the first time you sent it to Mr Power, Mr White and Mr Houlihan?

MR BUCHANAN: That's correct. This is the first draft.

40

MS SHARP SC: And you had endeavoured, may we take it, to be as comprehensive as you could in this report?

MR BUCHANAN: I did. Mr Houlihan, I believe, gave the initial briefing, said to be as objective as possible in producing the report.

45

MS SHARP SC: And that's what you endeavoured to do?

MR BUCHANAN: I did.

MS SHARP SC: And you endeavoured to set out facts as you understood them to be?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: And you endeavoured to frankly express your opinions?

10 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Can I take you, please, to paragraph 3, which is on the first page. You say:

15 "Taking cognizance of all available information, it is assessed Mr Chau, as alleged, was indeed a member of the 14K triad group in his youth."

Now, that's a view you held as at this date?

20 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: And you then said:

25 "Contemporary information suggests he is no longer an active member and that he has disassociated himself from his triad antecedents as he has attempted to gentrify his varied business interests. However, it is suspected Mr Chau, and/or his subordinates, retain close links with triad entities who assist with certain aspects of his VIP junket business, for example, collecting gambling debts in China."

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

MS SHARP SC: And that was your opinion, genuinely held?

35 **MR BUCHANAN:** It is. Yes.

MS SHARP SC: And that was based upon all the information available to you at that point in time?

40 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: And if I can take you to paragraph 10, which is on pinpoint 0002. You state:

45 "It is recommended that the business undertakes a review as to the appropriateness of continuing to maintain a business relationship with Mr Chau and Suncity."

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Now, you thought that was the appropriate thing to do at this time, did you?

5 **MR BUCHANAN:** I did.

MS SHARP SC: And is that because at this time you had very serious concerns about the propriety of Mr Chau?

10 **MR BUCHANAN:** Not so much Mr Chau himself; more the - the activities that had been happening, as we discussed earlier, at Salon 95.

MS SHARP SC: And did you have very serious concerns about the propriety of the Suncity junket?

15 **MR BUCHANAN:** Yes, I did.

MS SHARP SC: Could I refer you, please, to paragraph 31. You refer to recent reporting from a third-party provider in September 2020?

20 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Was that an external report that was available to you that had been provided to Star Entertainment Group in September 2020?

25 **MR BUCHANAN:** That's correct. They commissioned a third-party provider report or external provider report, yes.

MS SHARP SC: Could you pardon me for one moment. Could I take you to paragraph 32 please, Mr Buchanan.

30 **MR BUCHANAN:** Yes.

MS SHARP SC: Here you say:

35
"Given the important role triad groups play in assisting certain elements of the junket business, i.e., the recovery of gambling debts and the illicit movement of cash out of China, it is assessed that either Mr Chau and/or his Suncity subordinates retain a business relationship with individuals who are
40 either members of, or are closely associated with, triad groups."

Now, that was your genuine assessment at that point in time, based upon the material then available to you?

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

MS SHARP SC: And you state:

"Experience in investigating Chinese organised crime for over 30 years suggested that triad members may well become criminally inactive, but they very seldom leave or cease contact with their triad group unless they relocate overseas."

5

MR BUCHANAN: That's correct, from my experience.

MS SHARP SC: Right. So that is based on your experience?

10 **MR BUCHANAN:** My experience. That's correct.

MS SHARP SC: Now - I'm sorry. What did you understand the purpose of this report that you had prepared to be at this point in time?

15 **MR BUCHANAN:** Why I prepared it, or what it was going to be used for?

MS SHARP SC: Yes. What did you think it was going to be used for at this point in time?

20 **MR BUCHANAN:** I think it was to brief the business - I think for the legal team, again, to give the business as to the current situation with respect to both Mr Chau and Suncity.

25 **MS SHARP SC:** And when you say "brief the business", who in the business?

MR BUCHANAN: It was never - it was never specified. I think I incorrectly mentioned the board in - in - it was to brief the board in my introduction, but it wasn't for the board. That was my error. It was - it was to brief the business. And I think I corrected that in my draft - the second draft, sorry.

30

MS SHARP SC: Just to go back to that, if we go back to 0001. At paragraph 1, you do say:

"This paper is to assist the legal team provide advice to the board."

35

MR BUCHANAN: Yes, that - that was incorrect. That was - that was my mistake.

MS SHARP SC: And so as at 1 October, you incorrectly thought that you were preparing information to brief the board?

40

MR BUCHANAN: Yes. That was - yes. Yes, it was my mistake. I had misheard when I was getting briefed.

45 **MS SHARP SC:** But did you have any understanding of who this advice was going to be prepared to, that is, your advice?

MR BUCHANAN: It was in the business.

MS SHARP SC: Yes. Who within the business?

MR BUCHANAN: No, it was - it was never specified.

5 **MS SHARP SC:** Did you ever ask?

MR BUCHANAN: No, I didn't. I didn't.

10 **MS SHARP SC:** Now, if I could return to pinpoint 0005 at paragraph 34. Now, there you say:

"During 2019, Nine Entertainment Co reported that the Hong Kong Jockey Club received a Suncity related briefing from Australian law enforcement in 2017."

15

MR BUCHANAN: That's correct.

MS SHARP SC: And you say:

20 "The briefing is alleged to have referenced Mr Cheng's (i) suspected triad associations and (ii) purported involvement in large scale money laundering activities and (iii) interest in Australian law enforcement."

MR BUCHANAN: That's correct. Yes.

25

MS SHARP SC:

"This reporting is known to be factual."

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

MS SHARP SC: And you knew that that reporting was factual because you had been involved in the preparation of the report?

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

MS SHARP SC: And in fact, you had provided that report to Ms Paula Martin and Mr Kevin Houlihan and Mr Oliver White?

40 **MR BUCHANAN:** No, I think - sorry, but I think the context of the report is known to be factual by virtue of the fact of where the information came from. That's what I was meaning from that.

45 **MS SHARP SC:** I think we might be at cross-purposes. I am just asking you: it's correct, isn't it, that in June of 2019, you, in fact, provided the Hong Kong Jockey Club report to Ms Martin, Mr Houlihan and Mr White?

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: So I'm just wondering why you don't mention that at paragraph 35 of your draft report?

5 **MR BUCHANAN:** Well, as I mentioned earlier, that - the reasons I handed that report, that was because we were looking at establishing a due diligence capability, and that report was an example of - as I said earlier, of what we would hopefully be able to provide as we matured.

10 **MS SHARP SC:** Did you not refer to the fact that Suncity - I withdraw that. Did you not refer to the fact that Star Entertainment held this Hong Kong Jockey Club report because you did not want it known by the business that Star Entertainment Group held a copy of this report?

15 **MR BUCHANAN:** There was - well, not particularly. There was no real reason to mention it because as, again, I mentioned earlier, the key contents of the report were, by that time, out in the media anyway.

20 **MS SHARP SC:** But you have referred specifically at paragraph 31 to recent reporting from a third-party provider that is available to Star Entertainment, haven't you?

MR BUCHANAN: Yes, we commissioned that report. That's correct.

25 **MS SHARP SC:** I'm just wondering why you didn't refer to the Hong Kong Jockey Club report also being held by Star Entertainment Group?

MR BUCHANAN: It wasn't held officially - in an official capacity.

30 **MS SHARP SC:** Well, it held - I mean, Ms Martin, Mr Houlihan and Mr White all had a copy of the report, didn't they?

MR BUCHANAN: They did.

35 **MS SHARP SC:** Well, you couldn't expect them to un-know what they learnt from that report, could you?

40 **MR BUCHANAN:** Well, the - the rationale, as I explained, wasn't for - it was - it could have been some other - other content - other individuals or entities that were in that report. It just so happened that that's what - what I had, and that was an example of what we could potentially do. That's why that had been provided.

45 **MS SHARP SC:** I, just as a matter of fairness, need to put this to you, Mr Buchanan. Is it correct or incorrect that you did not refer to Star Entertainment holding a copy of the Hong Kong Jockey Club report because you did not want it known more widely in the business that, in fact, people within Star Entertainment did have a copy of that report?

MR BUCHANAN: No, that's not correct.

5 **MS SHARP SC:** Did anyone tell you not to refer to the fact that, in fact, certain people within Star Entertainment held a copy of the Hong Kong Jockey Club report?

MR BUCHANAN: Categorically not.

10 **MS SHARP SC:** Don't you agree that the Hong Kong Jockey Club report was an important source of due diligence on Suncity and Mr Alvin Chau?

15 **MR BUCHANAN:** As it turns out, having viewed the holdings that The Star Entertainment Group already have or hold, there wasn't - there was very little there within the Hong Kong Jockey Club report that wasn't already held by Star, and also which subsequently was in the media after the jockey club report was leaked. So in essence, The Star had virtually all of the information that was contained within the report.

20 **MS SHARP SC:** If I can take you now to - well, if I can return to paragraph 34. You make three points in relation to the briefing that was received by Hong Kong Jockey Club from Australian law enforcement, and you say that Mr Cheng had suspected triad associations, purported involvement in large scale money laundering activities and interest to Australian law enforcement. And what you were doing in this paragraph was confirming that the briefing had referred to those matters; is that correct?

25

MR BUCHANAN: Yes. That's correct.

30 **MS SHARP SC:** And at paragraph 36, you say - can I have this shown to Mr Buchanan, please - that:

"Mr Chau's association with Mr Cheng is of some concern due to Mr Cheng's purported involvement in money laundering activities and interest to Australian law enforcement."

35

Now --

MR BUCHANAN: That's correct.

40 **MS SHARP SC:** Now, that was a concern that you genuinely held as at this date?

MR BUCHANAN: That's correct.

45 **MS SHARP SC:** At paragraph 54, you - I beg your pardon. I withdraw that. At paragraph 49, you refer to multiple breaches of the service desk protocols in Salon 95; is that correct?

MR BUCHANAN: It is.

MS SHARP SC: And if I can take you to paragraph 54 but note that this is confidential. So if I can have that shown to you. Now, there is a characterisation there of activity that took place on a particular date. Is that your characterisation of that activity?
5

MR BUCHANAN: Yes, it is.

MS SHARP SC: Now, can I then take you to a further paragraph, which is paragraph 57.
10

MR BUCHANAN: Can you scroll up - thank you.

MS SHARP SC: Yes. Could I ask you to read that to yourself please, Mr Buchanan. Now, it's right --
15

MR BUCHANAN: Yes.

MS SHARP SC: It's right that you were critical of the fact that an audit had not taken place of Suncity's operations as a matter of urgency by June of 2018?
20

MR BUCHANAN: Correct.

MS SHARP SC: Can I then take you to pinpoint 0012. And is it right that what you're doing from paragraph 77 onwards is identifying what you consider to be risk factors with respect to Alvin Chau and Suncity?
25

MR BUCHANAN: Yes, that's - that's correct.

MS SHARP SC: And you say at paragraph 78 - I beg your pardon, at paragraph 77:
30

"To assist with certain aspects of his junket business, it is considered highly likely that Mr Chau, and/or his Suncity subordinates, retain business relationships with triad members."
35

MR BUCHANAN: That's correct.

MS SHARP SC: Okay. And that was you who considered it highly likely, is it?
40

MR BUCHANAN: That's - that's correct.

MS SHARP SC: And at 78, you say:

"It is suggested Mr Chau would most likely have been conversant with the money laundering activities his Suncity staff engaged in at both The Star and Crown properties."
45

Now, you considered that money laundering activities had taken place in Salon 95, didn't you?

5 **MR BUCHANAN:** Certainly money - it would appear that way, yes.

MS SHARP SC: Well, it appeared to you that money laundering had taken place in Salon 95, didn't it?

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

MS SHARP SC: And the next point is that you considered that it was most likely that Alvin Chau knew about that?

15 **MR BUCHANAN:** That - I did write that there, but I did change that slightly in a subsequent draft. Slightly, not - not proven - slightly, but not - not proven - no evidence to suggest that was the case.

MS SHARP SC: Okay. But you did say there that:

20 "It is thought highly unlikely that Mr Iek -"

That is, the junket operator:

25 "Would permit his junket representatives to engage in such activity, in Suncity's Australian based VIP rooms, without Mr Chau's knowledge and/or acquiescence."

Now, is that a thought you still adhere to?

30 **MR BUCHANAN:** Well, that's - that's the paragraph that I did - I changed that in a later draft. As I say, there's a caveat at the end, if it was - there was no evidence to suggest - it was my summation that there was no evidence to suggest that that was the case.

35 **MS SHARP SC:** At the time, this was your opinion, which was based upon your very long history as an investigator, your knowledge of the Suncity junket through your work on the Hong Kong Jockey Club report and the evidence you had reviewed in relation to Salon 95 when you commenced employment with the Star Entertainment Group?

40 **MR BUCHANAN:** Yes. I - I stand by that, but I did add the sentence I'm just pointing out, that there was no evidence to suggest that that was the case, that Mr Chau was conversing with --

45 **MS SHARP SC:** Now, can I take you to pinpoint 0013, to paragraph 86, under the heading Recommendations?

MR BUCHANAN: Yes.

MS SHARP SC: And at 86:

"It is recommended -"

5

Dot point:

"That the business undertakes a holistic review as to the appropriateness of continuing to maintain a business relationship with Mr Chau and Suncity. Given the widespread media coverage, and subsequent negative commentary pertaining to Mr Chau during the inquiry, there is some concern that should The Star continue to engage with Mr Chau, it may be construed that the business is willing to turn a blind eye to his triad antecedents and purported links to organised crime."

10
15

Now, that was the concern that you genuinely held at that time, wasn't it?

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** Did you have any doubt whatsoever at this time that money laundering had taken place in Salon 95?

MR BUCHANAN: It was certainly evident that suspicious activity, which appeared to be money laundering, was occurring at Salon 95.

25

MS SHARP SC: And now if you could answer my question. Did you have any doubt whatsoever that money laundering had taken place in Salon 95?

30 **MR BUCHANAN:** To what I was party to, the - the - the documents, etcetera, that I had read while compiling the chronology, it would certainly appear that way.

MS SHARP SC: Are you suggesting that a casino should have any tolerance at all for money laundering taking place --

35 **MR BUCHANAN:** No, I'm not.

MS SHARP SC: -- at a casino? You would agree that a casino operator should not have any tolerance for money laundering taking place?

40 **MR BUCHANAN:** Absolutely. Absolutely.

MS SHARP SC: I suggest to you that your report as at 1 October 2020 was completely damning in terms of Star Entertainment's failure to appropriately manage the risk of Suncity in the past at its casino?

45

MR BUCHANAN: There was certainly some criticism. I agree.

MS SHARP SC: Do you agree with the proposition I have put to you or not?

MR BUCHANAN: I don't know if I would say damning, but there was certainly criticism. Yes.

5 **MS SHARP SC:** There was stern criticism of The Star's failure to appropriately manage the risk of Suncity in the past?

MR BUCHANAN: I agree to the fact that, yes, I - I made certain criticisms, yes. In the past, yes.

10

MS SHARP SC: Now, your recommendation at paragraph 86 was to undertake a further review of the appropriateness of continuing to maintain a relationship with Mr Chau and Suncity. In view of what had already occurred at Star Casino, was there really any more information that was needed before a decision should have been made to no longer deal with Suncity and Mr Alvin Chau?

15

MR BUCHANAN: I'm not sure, to be honest. I think it was - certainly a decision had to be made by various senior managers within the business as to the - as to whether a business relationship should continue. I agree.

20

MS SHARP SC: Well, I suggest that in view of the contents of this report, there was no other decision consistent with the obligations that the casino operator had under its licence but to immediately terminate the relationship that it had with Alvin Chau and Suncity. Do you agree or disagree?

25

MR BUCHANAN: I agree that some decisions had to be made, and that was for senior management to make after - after my report was submitted.

MR BELL SC: I understand it was a senior management decision. But at the time you wrote this draft, was one of your concerns that from the evidence you had seen it appeared, at least on occasions in 2018, an organisation with links to the triads had been running a casino within a casino?

30

MR BUCHANAN: I agree. I suppose that - that was my concern. I think that was - was evident from the - from the footage we viewed earlier and some of the - the other documentation that I had read that was - that was associated with.

35

MS SHARP SC: Did you provide a copy of this draft that I've taken you through to Ms Paula Martin?

40

MR BUCHANAN: No. It went to Andrew - Andrew Power and Kevin Houlihan and, I believe, Oliver White.

MS SHARP SC: Are you aware as to whether it went to any other person within the organisation?

45

MR BUCHANAN: I'm not.

MS SHARP SC: Are you aware as to whether this version of your report is stored on TrackVia?

5 **MR BUCHANAN:** No, I don't think it's stored in TrackVia.

MS SHARP SC: It's right that you have, since that time, changed this report very substantially?

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

MS SHARP SC: And that has been on the basis of conversations you have had with Mr Power and Mr Houlihan?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: Have they encouraged to you change particular sections of this report?

20 **MR BUCHANAN:** Not encouraged me; just to shorten it and provide options, which probably I hadn't done in - in the first draft.

MS SHARP SC: Have they suggested to you that you change your findings in this report?

25 **MR BUCHANAN:** No, they have not.

MS SHARP SC: Have they suggested to you that you change the contents of this report?

30 **MR BUCHANAN:** No. They haven't.

MS SHARP SC: Did they provide - I withdraw that. Did they pressure you to alter any aspect of this report?

35 **MR BUCHANAN:** No, they didn't.

MS SHARP SC: Now, it's correct, isn't it, that you sent an email to Mr Power on 16 October 2020 about this report?

40 **MR BUCHANAN:** I believe I did.

MS SHARP SC: And I will take to you that email. If we go to STA.3427.0006.7124. It is exhibit B at tab 2624. Now, you say Mr Power is:

45 "Wondering from your perspective, if my recent report/review adequately covered the subject matter in question?"

Why did you send the email at this time?

MR BUCHANAN: I don't think at that point I had had any feedback on the - on the - on the first draft. So I think I was looking for - for feedback.

5 **MS SHARP SC:** You don't refer to it as a draft in this email, do you?

MR BUCHANAN: No. No, I don't.

10 **MS SHARP SC:** Now, if I could take you, please, to tab 40 - I beg your pardon, paragraph 40 of your statement. And, operator, this is INQ.002.004.0001. Now, at paragraph 40, you refer to a meeting occurring on 19 November 2020 with Mr Houlihan and Mr Power?

15 **MR BUCHANAN:** That's correct.

MS SHARP SC: And you say that at the meeting, you were asked to amend your October 2020 draft?

20 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: And that's the document that you and I have just been discussing?

25 **MR BUCHANAN:** That's correct.

MS RICHARDSON SC: Well, I object to the way that is being put to the witness. He was asked to amend it to expand the recommendations. It's not fair to selectively quote half of the sentence, in my submission.

30 **MR BELL SC:** Ms Sharp?

MS SHARP SC: I'm happy to withdraw the question. You were asked by Mr Kevin Houlihan and Andrew power to amend the October 2020 draft assessment so as to expand the recommendations to include a discussion of various options as how the business might proceed --

MR BUCHANAN: Yes.

40 **MS SHARP SC:** -- regarding Mr Chau and Suncity?

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Is that all you were asked to do, Mr Buchanan?

45 **MR BUCHANAN:** Yes. That's correct.

MS SHARP SC: Are you sure about that?

MR BUCHANAN: I am.

MS SHARP SC: Now, at paragraph 41, you refer to --

5 **MR BUCHANAN:** And to shorten it. Sorry. Sorry, Ms Sharp. But to - sorry. To shorten the report as well. It was - it was --

MS SHARP SC: Were you asked to shorten it?

10 **MR BUCHANAN:** Yes . It was 14 pages, so it was perhaps a little long.

MS SHARP SC: Now, at paragraph 41, you refer to circulating an updated version of the October report?

15 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: And you refer to a document number there. The document number is - I beg your pardon. You refer to an email, which is STA.3009.0003.0492.

20 **MR BUCHANAN:** Yes, that's correct.

MS SHARP SC: Okay. Now, you refer to the email in your statement, but you don't refer to the draft that was attached to that email. But let me show you the draft which was attached to that email. Could I call up STA.3009.0003.0493, and this is exhibit B, tab 2705.

MR BUCHANAN: Yes.

30 **MS SHARP SC:** And you will see that this one is - the one that I'm now showing you is dated 24 November 2020?

MR BUCHANAN: That's correct.

35 **MS SHARP SC:** Now, what I would like to do is compare this draft with the October 2020 draft they showed to you. Operator, is it possible to bring up the October version and put it next to this November version? The October version is STA.3002.0005.0001. Now, if I look at the October - and possibly, operator, could we swap the sides so the October version is on the left-hand-side? Thank you, operator.

40
Under the purpose of the document, you say in the October version at paragraph one that it's to assist the legal team to provide advice to the board. But in the November version, you say in paragraph one that the purpose of the report is to provide contemporary advice to the business?

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

MS SHARP SC: And you now add in the November version for a decision being made on whether to continue the commercial relationship with Alvin Chau and Suncity?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: And that wasn't in the October version?

10 **MR BUCHANAN:** No, that wasn't in the original draft. That's correct.

MS SHARP SC: All right. Operator, could you take down those balloons. Thank you. Can you see the October version has an executive summary on the first page?

15 **MR BUCHANAN:** It does.

MS SHARP SC: And you will note - and you can take it from me that executive summary continues for some time on the next page. But that executive summary has been entirely removed from the November version?

20 **MR BUCHANAN:** That's correct. That was one of the measures I took to shorten the report because it was repetitive throughout - the same content was mentioned later on.

25 **MS SHARP SC:** And if we now go to the second page of the November report. At paragraph 7, you state:

30 "This report will objectively assess (i) what due diligence screening The Star conducted on Mr Chau during the business relationship; (ii) The Star's relationship with Mr Chau and Suncity; and (iii) the likely effectiveness of the AML/CTF program in managing Suncity moving forward."

MR BUCHANAN: That's correct.

35 **MS SHARP SC:** Now, none of that was in your October report, was it?

MR BUCHANAN: No.

40 **MS SHARP SC:** And what has also been removed from your November report is any commentary about past shortcomings in The Star's risk management of Suncity; that's correct, isn't it?

MR BUCHANAN: I believe it is, yes.

45 **MS SHARP SC:** Was any pressure applied to you to remove that commentary, Mr Buchanan?

MR BUCHANAN: No. Not at all.

MS SHARP SC: Now, can I take you to paragraph 21 of the November report.

5 **MS RICHARDSON SC:** I think, in fairness to the witness, when you are up around the 20s, he should be taken to paragraph 27 which does involve a description of shortcomings, contrary to the question that's just been put.

MR BELL SC: I am sure you will take that on board, Ms Sharp. I don't think it was an objection.

10 **MS SHARP SC:** I don't think it was either, Mr Bell. Now, you see at paragraph 21 of the 24 November 2020 report, you state:

"The Star recently received confirmation that Cheng Ting Kong and Mr Chau each owned 50 per cent of Suncity Group Limited."

15

MR BUCHANAN: That's correct.

MS SHARP SC: But you knew that as at the time you were involved in the preparation of the Hong Kong Jockey Club report, didn't you?

20

MR BUCHANAN: Yes, but the Star Entertainment Group wasn't aware of that.

MS SHARP SC: Well, they were aware, weren't they, because you provided a copy of the Hong Kong Jockey Club report to them, weren't they?

25

MR BUCHANAN: Yes, I believe this --

MS SHARP SC: Just listen to --

30 **MR BUCHANAN:** Well, actually, I believe --

MS SHARP SC: -- the question, please, Mr Buchanan.

MR BUCHANAN: Sorry.

35

MS SHARP SC: They were aware of that because you had provided, in June 2019, that is, a year and a half before this report, the Hong Kong Jockey Club report.

40 **MR BUCHANAN:** I believe actually - thinking about that, I believe we already had that information from an existing third-party provider or external provider that had provided company background, etcetera. But we had also received it from the most recent report as well.

45 **MS SHARP SC:** Well, in fact, the correct position is that because you provided the Hong Kong Jockey Club report to Ms Paula Martin, Mr Oliver White and Mr Kevin Houlihan on 12 June 2019, at least those people had information that Cheng Ting Kong owned a 50 per cent share of Suncity Group; correct?

MR BUCHANAN: Correct. But I believe we already knew that anyway.

5 **MS SHARP SC:** Now, could I take you to paragraph 32 of the November version of the report. And you will see there are some dot points here about what the May 2016 investigation revealed as to activities at Salon 95?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** And could I take you to the October version of your report?

MR BUCHANAN: Yes.

15 **MS SHARP SC:** And you will see paragraph - at paragraph 54. And then after that, you will see paragraph 57. I questioned you about that. That is where you say:

20 "Taking cognizance of suspicious money laundering activity which occurred at the Salon 95 desk, it is surprising that an official audit/review of Suncity operations did not take place as a matter of urgency."

MR BUCHANAN: That's correct. I remember.

25 **MS SHARP SC:** All right. Now:

"It is suggested that a revised risk assessment should have been completed as a matter of course."

30 Now, can I take you to the counterpart in the 24 November report. If I take you to paragraph 35. This is just --

MS RICHARDSON SC: Well, I object to that.

35 **MS SHARP SC:** Well, I'm just - Ms --

MS RICHARDSON SC: Well, it has been characterised as the counterpart paragraph, which, in my submission, it is not.

40 **MS SHARP SC:** I'm happy to withdraw the question. I just took you to the same words in the October version of the report at paragraph 54; do you agree? And now here, again, they appear at paragraph 35 of the November report?

MR BUCHANAN: Correct.

45 **MS SHARP SC:** All right. I'm just trying to locate you in the November version of the report. Now - if we can have that bubble taken down please, operator. And then if I can have you shown from paragraph 35 of the November report over the page to the following page.

MR BUCHANAN: Yes.

MS SHARP SC: Now, over to the following page.

5

MR BUCHANAN: Yes.

MS SHARP SC: Do you see that the words at paragraph 38, which have some resemblance to paragraph 57 of the October report, have been changed?

10

MR BUCHANAN: They have. And it was a rewrite of the report because the scope changed somewhat from the first draft to the - to the second draft.

MS SHARP SC: Can I take you now to paragraph 52 of the November version of the report?

15

MR BUCHANAN: Yes.

MS SHARP SC: Now, you there say in the November version that:

20

"It is assessed that in his youth, Mr Chau was a low-level member of the Macau faction of the 14K triad group."

MR BUCHANAN: That's correct.

25

MS SHARP SC: And it is stated that:

"It is also considered likely that he associated with senior triad figures."

30

Who are there named?

MR BUCHANAN: That's correct.

MS SHARP SC: And you will see it there states:

35

"However, no contemporary information is available to Mr Chau -"

I withdraw that. I will start again:

40

"However, no contemporary information is available to suggest Mr Chau has any current involvement in triad related activity."

MR BUCHANAN: That's correct.

45

MS SHARP SC: And you say:

"To assist with certain aspects of his junket business, it is likely that Mr Chau's Suncity subordinates maintain business relationships with triad

members and/or individuals who are affiliated with these criminal groups."

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** Now, could I compare this, please, with your executive
summary in your October report. If we return to the October report on the
left-hand side and go back to paragraph 3. Now, if we can blow up paragraph 3 of
the October report and compare that with paragraph 52 of the November report.
10 Could I ask you to read those two paragraphs to yourself, and I will then ask you
some questions.

MR BUCHANAN: Yes.

15 **MS SHARP SC:** I suggest that you have watered down your views about
Mr Chau in the November version of your report as compared with the October
version of your report.

20 **MR BUCHANAN:** That was just purely part of shortening the report. I still think
it - it reads very similar to - to the - to the original version, other than some names
I've taken out.

25 **MS SHARP SC:** To be clear, I suggest you have diluted what you say about
Mr Chau to minimise the connection between him and triad groups. Do you agree
or disagree?

MR BUCHANAN: Totally disagree.

30 **MS SHARP SC:** Well, let's compare paragraph 3 of the October report with
paragraph 52 of the November report. In the October version you say:

"It is assessed Mr Chau, as alleged, was indeed a member of the 14K triad
group in his youth."

35 And then at paragraph 52 of the November version, you say:

"It is assessed that in his youth, Mr Chau was a low-level member of the
Macau faction."

40 I suggest that is a watering down from your October report.

MR BUCHANAN: I don't think it is. I was shortening the report, and that was
one way that I could do it. It's still saying the same thing - still saying the same
thing. Nothing is lost.

45 **MS SHARP SC:** I suggest that's wrong, and you know it to be wrong.

MS RICHARDSON SC: I object to that --

MR BUCHANAN: I totally disagree, and I disagree --

5 **MS RICHARDSON SC:** No. Stop. I object - sorry, I object to that question. In fairness, the witness should be taken to paragraph 31 and 77 of the October report where the same description is given.

MR BELL SC: Ms Sharp?

10 **MS SHARP SC:** What are the paragraphs, please?

MS RICHARDSON SC: Paragraphs 31 and 77 of the October report he's described as a low-level member.

15 **MS SHARP SC:** With respect, I am taking this witness to the executive summary of his October report where it may reasonably be expected that the findings are summarised, and I am comparing those with where the findings are summarised in the November report, and there is absolutely no impropriety with the way I've asked that question.

20 **MR BELL SC:** I think, Ms Richardson --

MS RICHARDSON SC: I press the objection.

25 **MR BELL SC:** Yes. Yes, Ms Richardson.

MS RICHARDSON SC: Well, I press the objection - it was put more broadly. It was put as a broad proposition. And it's put at live transcript 582.12 that he has diluted the October report as compared to the November report by reference to leaving out the description "low-level member" when there are two references to that in the October report. I press the objection.

35 **MR BELL SC:** Ms Sharp, I'm not sure how helpful all of this is, but I think you probably - if that is the way you are going to put the question, you probably need to direct the witness's attention to other relevant paragraphs.

MS SHARP SC: Yes, Mr Bell. Just pardon me. I'm sorry. Did I hear Ms Richardson suggest that it was in paragraph 31 and 77 of the October 2020 report?

40 **MR BELL SC:** What is it in particular, Ms Richardson, that you would like counsel assisting to draw the witness's attention to?

MS RICHARDSON SC: Paragraph 31 of the October report just says that:

45 "In his youth, Mr Chau was a low-level member of the 14K triad."

And paragraph 77 of the October report, again, says:

"It is assessed that Mr Chau was previously a low-level member of the Macau faction."

5 It is the "low level" reference that Ms Sharp was seeking to impeach this witness with.

MR BELL SC: Ms Sharp.

10 **MS SHARP SC:** Mr Buchanan, taking into account the matter that you have chosen to highlight in your executive summary in your October report at paragraph 2, with the statement made in paragraph 31 of your October report, as compared with paragraph 52 of your November report, have you sought to water down the level of Mr Chau's involvement with the 14K triad group?

15 **MR BUCHANAN:** No, I haven't. Certainly not intentionally. No.

MS SHARP SC: Now, at paragraph 3 in your executive summary in your October version of the report, you state that:

20 "It is suggested -"

I beg your pardon:

25 "It is suspected Mr Chau and/or his subordinates retain close links with triad entities who assist with certain aspects of his VIP junket business."

And in paragraph 52 of your November report, you state that:

30 "To assist with certain aspects of his junket business, it is likely that Mr Chau's Suncity subordinates maintain business relationships with triad members and/or individuals who are affiliated with these criminal groups."

I suggest that you have watered down your findings about Mr Chau's links with triad entities when you compare your October report with your November report.

35 **MR BUCHANAN:** Not at all. It's - it was the case that the initial draft was submitted, and then it was a case of rewriting it for the - for the second version of it, to shorten it, which created - I - I did have to do some rewriting. It wasn't the intent to - to water down Mr Chau's previous triad affiliations.

40 **MS SHARP SC:** Do you --

MR BUCHANAN: It was still clear that he was - he was a member of the 14K (indistinct) in his - in his youth.

45 **MS SHARP SC:** But do you see, Mr Buchanan, that in your November report you assert:

"It is likely that Mr Chau's Suncity subordinates maintain business relationships with triad members."

Whereas in your October report, you say:

5

"It is suspected that both Mr Chau and/or his subordinates retain close links with triad entities."

MR BUCHANAN: I do, but that was just part of the rewriting. It was - that - that was all that was. And it was a draft - you have to remember that that first report was a draft. Ordinarily, that wouldn't have gone anywhere.

MS SHARP SC: Now, could I take you, Mr Buchanan, to paragraph 53 of your November report.

15

MR BUCHANAN: Yes.

MS SHARP SC: And could I - here you say that:

20 "Other than the Suncity related money laundering allegations which were discussed during the inquiry."

You are there referring to the Bergin Inquiry, are you?

25 **MR BUCHANAN:** That's correct.

MS SHARP SC:

30 "There is no clear evidence to suggest Mr Chau had any personal involvement in, or that he facilitates, any type of criminality."

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Now, could I show you paragraph 78 of your October report. And there you stated:

40 "It is suggested Mr Chau would most likely have been conversant with the money laundering activities his Suncity staff engaged in at both The Star and Crown properties."

MR BUCHANAN: Yes. That - that - that's the paragraph I made reference to earlier on that I did change, and I think it - it changed again.

MS SHARP SC: You watered that down, did you not?

45 **MR BUCHANAN:** I - I changed the wording of it. I didn't water it down. I don't agree with that.

5 **MS SHARP SC:** Well, in paragraph 78 of your October report, you're suggesting that Mr Chau most likely would have been conversant with the money laundering his Suncity staff were engaged in, whereas in your November report at paragraph 53 you say there is no clear evidence to suggest Mr Chau had any personal involvement in, or that he facilitates, any type of criminality. They are quite different propositions, aren't they?

10 **MS RICHARDSON SC:** Well, I do object to that. If the proposition is she is comparing counterparts, the witness should be taken to paragraph 55 of the November report.

15 **MR BELL SC:** I will allow the question, Ms Richardson, and you will have an opportunity to examine Mr Buchanan after Ms Sharp has finished and correct any concerns that you have at that time.

20 **MS RICHARDSON SC:** Well, the problem with my ability to correct it is that propositions are being put to this witness that certain paragraphs are counterparts to one another, which is not consistent with the documents, in my submission.

MR BELL SC: Mr Buchanan was the author of both documents. I think he is well able to deal with it. If he is concerned about it, he can say so. I will allow the question.

25 **MS SHARP SC:** Perhaps both of those paragraphs can be blown up, that is, paragraph 78 of the October report and paragraph 53 of the November report. And for completeness, I will have shown to you paragraph 55 of the November report. Can that be blown up as well? Now, my suggestion to you is that when you compare paragraph 78 of your October report with paragraphs 53 and 55 of your
30 November report, you have watered down your findings in relation to Mr Chau.

MR BUCHANAN: From my draft version, I think my rewording better reflects, in the second version, what - what I was trying to articulate.

35 **MS SHARP SC:** So you reject the suggestion that you have watered down your report?

MR BUCHANAN: Yes, I do.

40 **MS SHARP SC:** Could I take you, please, to paragraph 68 of your November report.

MR BUCHANAN: Yes.

45 **MS SHARP SC:** You there suggest that:

"It could reasonably be argued that the instances of non-compliance, which occurred at Salon 95 during 2018 and 2019, were the result of Suncity's poor

internal management systems as opposed to criminal intent."

Now, does that statement in your November report have any parallel in your October report?

5

MR BUCHANAN: Well, I'm not negating that aspect here, and this - I believe this was - is this in relation to the options that I put forward? I think it is.

MS SHARP SC: No, it's --

10

MR BUCHANAN: No.

MS SHARP SC: If you could just answer my question.

15

MR BUCHANAN: I would just like to see the context, please.

MS SHARP SC: The context - if we take you back to the previous page, you will see a heading Assessment.

20

MR BUCHANAN: Yes. So for that - if I can answer, for this bit here - for the paragraph that you highlighted earlier, that was giving the rationale - so I gave two options, the first option and then a number of reasons that they could potentially be accepted or put forward to support, and that was one that could reasonably be put forward for continuing the relationship. Playing devil's advocate.

25

MS SHARP SC: Well, thank you --

MR BUCHANAN: I stand by what I said in my first report as far as my belief but that was playing devil's advocate with the options that I put forward.

30

MS SHARP SC: Well, now I will ask my question again and perhaps you could answer it this time. Paragraph 68 of your November report is not a sentence that you use in your October report?

35

MR BUCHANAN: That's correct, for the reasons I just explained.

MS SHARP SC: That makes no sense.

40

MR BUCHANAN: Well, I think it does. In my assessment, I've provided two options. For each option, I've given a number of supporting arguments that could potentially be given for each option, and that was one - if it was - if you were going to decide to continue the relationship, that could probably be provided. That's all that is.

45

MS SHARP SC: So are you saying that you were just arming Star Entertainment with some arguments it could use?

MR BUCHANAN: I was playing devil's advocate for the two options that I put

forward, for one to continue, and there was a number of supporting arguments or points, and the same for going to cease. That's - that's - that's all that was in that final - final assessment.

5 **MS SHARP SC:** So are you saying that as devil's advocate, Crown, - I beg your pardon, Suncity might try to argue that the instances that we saw took place in Salon 95 were just a result of poor internal management as opposed to criminal intent?

10 **MR BUCHANAN:** Potentially. As I said, playing devil's advocate.

MS SHARP SC: Well, you didn't believe that, did you?

MR BUCHANAN: No, but that's what could potentially be argued.

15

MS SHARP SC: So --

MR BUCHANAN: I - I don't - I - I stand by what I wrote in the first report. But in the point that you have highlighted, I was giving a number of potential supporting arguments to be provided.

20

MS SHARP SC: Well, just to be clear, you thought it most likely that money laundering had taken place in the Suncity room, didn't you?

25 **MR BUCHANAN:** I did. I - I - I agree with that, yes.

MS SHARP SC: So you don't think it would be consistent with what you thought had happened to say that that was all a result of poor internal management as opposed to criminal intent, do you?

30

MR BUCHANAN: No, I don't.

MS SHARP SC: Well, why are you saying that in this report?

35 **MR BUCHANAN:** As a potential argument that could be given if that was - if that - if the decision was to continue the relationship was that that was - that was an option.

MR BELL SC: Had someone suggested to you that you should take that approach of being a devil's advocate?

40

MR BUCHANAN: Not - no, not really. It was - it was to come up - rather than just one option, it could have been just the two options, continue to deal or cease to deal.

45

MR BELL SC: When you say "not really", had someone made a suggestion to that effect or not?

MR BUCHANAN: No. No. They hadn't.

MS SHARP SC: Mr Bell, I'm afraid I still do have some questions here, and I see the time. Do you want me to press on or --

5

MR BELL SC: I would like to get an indication of how much longer you think you would be because I understand there is another witness that needs to come in at 10 o'clock tomorrow.

10 **MS SHARP SC:** My best estimate is about 15 minutes and then I will need to request a further approximately five-minute private session after that.

MR BELL SC: And, Ms Richardson, subject to what happens next, how long do you think you might be?

15

MS RICHARDSON SC: At this stage, I don't have questions.

MR BELL SC: Well, I think you should press on, Ms Sharp.

20 **MS SHARP SC:** Thank you, Mr Bell. Mr Buchanan, is it possible that you changed the content of your 24 November draft because you perceived that the report would be more readily accepted by the business than your October draft?

MR BUCHANAN: Not at all.

25

MS SHARP SC: Are you sure that no pressure was applied to you to change your draft?

MR BUCHANAN: Yes, I am.

30

MS SHARP SC: So the options that you were putting forward in this November version of your draft were not necessarily options that you believed were viable options?

35 **MR BUCHANAN:** That's correct. That last point that we discussed, I would agree that the - the governance factor isn't - isn't my opinion, but it was something that potentially could have been put forward .

MS SHARP SC: Returning to paragraph 68 for one moment, you there say:

40

"It could reasonably be argued that the instances of non-compliance at Salon 95 were the result of Suncity's poor internal management systems as opposed to criminal intent."

45 You didn't believe that was a reasonable argument, did you?

MR BUCHANAN: Certainly poor management systems, but I do believe there would be - there was criminal intent as well.

MS SHARP SC: Yes. So you don't believe that was a reasonable argument?

5 **MR BUCHANAN:** It's not one that I would have used, but it was one that could have been put forward.

MS SHARP SC: You do not believe that is a reasonable argument, do you?

10 **MR BUCHANAN:** To be put forward - no. No, I don't.

MS SHARP SC: Can I return to your October version of the report, please. Can I take you to paragraph 10 of your October report.

15 **MR BUCHANAN:** Yes.

MS SHARP SC: Do you see that what you stated in your October report is that:

20 "There is some concern that should The Star continue to engage with Mr Chau, it may be construed that the business is willing to turn a blind eye to his triad antecedents and purported links to organised crime."

MR BUCHANAN: I do.

25 **MS SHARP SC:** And you made no mention of that in your November report?

MR BUCHANAN: No.

30 **MS SHARP SC:** I suggest that you knowingly watered down the contents of your report between October and November versions.

MR BUCHANAN: No, I don't agree.

MS SHARP SC: And your last answer is simply not true, is it?

35 **MR BUCHANAN:** No. I don't agree.

MR BELL SC: Had you read the tea leaves and come to the view that senior management wanted to continue a relationship with Suncity?

40 **MR BUCHANAN:** No, it wasn't that. Honestly, I just - it was to give a couple of - there's two options - there were only two options to give. There was one that we continue to deal and one that we cease the relationship, and that was trying to get supporting arguments on both sides. Otherwise, as I said earlier, it would just be - the - the options are cease to deal or continue.

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

MS SHARP SC: Did you not want to tell the business the hard truth?

MR BUCHANAN: Well, I think I did in my - my first version. I think I was relatively critical in - in that report.

5 **MS SHARP SC:** But you've just said that that version was revised and only sent to a limited number of people.

MR BUCHANAN: Well, that's right. It was the scope of - after the conversation on 25 November, the scope of the - the report changed somewhat and I rewrote it.
10 That - that was a rewritten version - the second report - the November report.

MS SHARP SC: Do you give frank and fearless advice to the business about your due diligence assessments?

15 **MR BUCHANAN:** I do.

MS SHARP SC: Is that true?

MR BUCHANAN: It is.

20

MS SHARP SC: Now, you amended this report again, didn't you?

MR BUCHANAN: I did.

25 **MS SHARP SC:** And that was following a meeting you had with Mr Buchanan and Mr Power?

MR BELL SC: You said "Mr Buchanan", Ms Sharp.

30 **MS SHARP SC:** I beg your pardon. Mr Houlihan and Mr Power?

MR BUCHANAN: That's correct.

MS SHARP SC: Now, this culminated in a January 2021 draft of your report?

35

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: You refer to that draft at paragraphs 65 to 69 of your statement. I will take you to it. INQ.002.004.0001.

40

MR BUCHANAN: Yes.

MS SHARP SC: And what you're referring to here is the preparation of a further draft?

45

MR BUCHANAN: That's correct.

MS SHARP SC: And you say this further draft followed a meeting that you had

on 7 December 2020?

MR BUCHANAN: Yes, that's correct.

5 **MS SHARP SC:** Did Mr Power or Mr Houlihan ask you to change any aspects of your November draft?

MR BUCHANAN: I was provided a hard copy that Mr Power had made a number of deletions to, and I deleted the content from - from the report.

10

MS SHARP SC: And just to be clear, he provided that annotated version of your November draft only in hard copy?

MR BUCHANAN: Yes, that's correct.

15

MS SHARP SC: He did not email you those annotations?

MR BUCHANAN: No.

20 **MS SHARP SC:** So it's right that he told you to change some aspects of your November draft?

MR BUCHANAN: He didn't tell me; we - we discussed it. He wasn't - wasn't telling me to do it, but the report would be better if some of the comments that I had made were my - my opinion and that wasn't necessary for - for the report.

25

MS SHARP SC: You didn't think your opinion was necessary in your due diligence report?

30 **MR BUCHANAN:** Some - some of them were, but in some it was decided that it would be better that they were taken out.

MS SHARP SC: Did Mr Power suggest, through his feedback, that you water down the contents of the draft report?

35

MR BUCHANAN: No, he did not.

MR BELL SC: Ms Sharp, do we have the document that Mr Power provided to Mr Buchanan with the amendments that he has proposed?

40

MS SHARP SC: Well, no, we don't, Mr Bell.

MS RICHARDSON SC: Well, I object to that. No. It's referred to in paragraph 65, and the STA number is given.

45

MS SHARP SC: I'm afraid that's only the cover email. That is not the draft.

MS RICHARDSON SC: Well, the witness says:

"I have retained it in the form of an annotated hard copy."

5 **MR BELL SC:** I'm sorry I asked, Ms Sharp, but are we able to go to the document that Mr Buchanan refers to at paragraph 65 of his statement?

MS SHARP SC: Yes, I will have that called up. That's STA.3009.003.0492.

10 **MS RICHARDSON SC:** I think the reference should end in 0482.

MR BELL SC: Well, Ms Richardson, at paragraph 65, the document that Mr Buchanan refers to ends in .0492 and so does the document I can see on the screen, which appears to be an email. I see what you are saying. Are you suggesting the attachment, Ms Richardson, to the email that ends in .049 is the document that ends in .0482?

MS RICHARDSON SC: I will just take instructions. It is in the witness bundle at tab B2701.

20 **MR BELL SC:** And what is it at B2701?

MS RICHARDSON SC: It's the document Mr Buchanan refers to as the hard copy that he retained.

25 **MR BELL SC:** I think I will pass over to you, Ms Sharp. I'm somewhat confused at the moment.

30 **MS SHARP SC:** Well, I don't really know what to do about that on the run. I'm sorry, Mr Bell. I was relying on the statement and the document number identified in the statement. It's something I'm happy to consider.

MR BELL SC: Well, look, let me see if I can get to the bottom of it. Mr Buchanan, do you have your statement at paragraph 65? Or can that be put on the screen?

35 **MR BUCHANAN:** Paragraph 65 relates to - to the meeting --

MR BELL SC: Yes. It is on the screen now.

40 **MR BUCHANAN:** Sorry.

MR BELL SC: So you say there:

45 "As noted in paragraph 42 above, on 7 December 2020, I had a meeting with Andrew Power and Kevin Houlihan in which I received feedback on the draft document which circulated on 25 November 2020 in the form of an annotated hard copy, which I have retained."

And you give the reference STA.3009.0003.0429. Do you see that?

MR BUCHANAN: I do indeed.

5 **MR BELL SC:** Now, operator, can you call up that document, please, which I think, Mr Buchanan, you will see on the screen.

MR BUCHANAN: Yes. That's not the document. That's an email. The document is a version of my 24 November report.

10

MR BELL SC: Did you, in fact, retain an annotated hard copy of the amendments to the report which Mr Power had suggested?

MR BUCHANAN: I did, and I've submitted that in evidence, Mr Bell.

15

MR BELL SC: And can someone help me find that --

MS SHARP SC: I --

20 **MS RICHARDSON SC:** If I could assist.

MR BELL SC: Please.

MS RICHARDSON SC: If I could assist.

25

MS SHARP SC: I --

MR BELL SC: Well --

30 **MS RICHARDSON SC:** No. The witness refers to a paragraph 42 with the correct number, and there's obviously a typo with one digit out at the back. But he has correctly identified it in paragraph 42 of the witness statement, that Andrew Power provided him with a hard copy mark-up of the document circulated, and he gives the STA reference number there which reveals the correct document.

35

MR BELL SC: Well, as I say, I'm very much regretting intervening, but can we call up STA.3009.0003.0482. Now, Mr Buchanan, is that the document which you say contains Mr Power's amendments to the report, to your report which he was proposing?

40

MR BUCHANAN: If we - could we perhaps scroll up, please - or scroll down, I should say.

45 **MS SHARP SC:** Mr Bell, could I now indicate that I have a copy of that document. And could I please have the opportunity to ask some questions about this document?

MR BELL SC: You can.

5 **MS SHARP SC:** Thank you, Mr Bell. Could I take you, please, to paragraph 13 of that document. And I will just have it enlarged for you. Are we to understand that the red text, which has strikethrough, are the annotations that Mr Power made?

MR BUCHANAN: That's correct.

10 **MS SHARP SC:** So it was Mr Power who suggested deleting reference to the chronology you had prepared?

MR BUCHANAN: Yes, that's correct.

15 **MS SHARP SC:** And could I take you to paragraph 27 of this report and have that blown up. Do I understand that it is Mr Power who suggested deleting paragraph 27?

MR BUCHANAN: That's correct.

20 **MS SHARP SC:** And you accepted that deletion?

MR BUCHANAN: I did.

25 **MS SHARP SC:** And can I take you to paragraph 36 of this report. And that red portion:

"It is suggested that a clause should have been added stating that a future non-compliance would not be tolerated and may lead to the voiding of the agreement."

30 Is it Mr Power who suggested that that be deleted?

MR BUCHANAN: That's correct.

35 **MS SHARP SC:** And you did delete that?

MR BUCHANAN: I did.

40 **MS SHARP SC:** And then at paragraph 37 - if we could go to that. Is it Mr Power who suggested deleting that entry?

MR BUCHANAN: It was.

45 **MS SHARP SC:** And you did delete that from the January 2021 report?

MR BUCHANAN: I did. I did.

MS SHARP SC: All right. And it is Mr Power who suggested that you delete

paragraph 38 of your report?

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** And did you delete that from your January 2021 report?

MR BUCHANAN: I did.

10 **MS SHARP SC:** And paragraph 42. We will scroll down slowly. So paragraph 42 through to paragraph 43.

MR BUCHANAN: 42, sorry. Correct. Yes.

15 **MS SHARP SC:** And now I will show you paragraph 43. And paragraph 44.

MR BUCHANAN: Yes, that's correct.

20 **MS SHARP SC:** So Mr Power suggested you deleted these paragraphs from your report, and you did so?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** And then paragraphs 46 to paragraph 49, again Mr Power suggested that you delete those? And I will give you the opportunity to read them all.

MR BUCHANAN: That's correct.

30 **MS SHARP SC:** And you did so?

MR BUCHANAN: I did.

35 **MS SHARP SC:** And incidentally, it was paragraph - I withdraw that. And paragraph 56, Mr --

MR BUCHANAN: Yes, that's correct.

40 **MS SHARP SC:** (Indistinct) you did delete that too. So you basically made all of the changes that Mr Power suggested?

MR BUCHANAN: I did.

45 **MS SHARP SC:** Did Mr Power explain to you who your report was going to be provided to?

MR BUCHANAN: No. We didn't discuss that.

MS SHARP SC: Did you learn who your report was provided to?

MR BUCHANAN: No.

5 **MS SHARP SC:** It's right that at your meeting with Mr Power and Mr Houlihan, Mr Power provided you with the new document?

MR BUCHANAN: That's correct. The document we're looking at. That's correct.

10 **MS SHARP SC:** No, but he also provided you with the due diligence report, didn't he?

MR BUCHANAN: Are we talking about an external due diligence report?

15 **MS SHARP SC:** Yes. In fact, I need to withdraw that. It's correct that Mr Power emailed you --

MR BUCHANAN: Yes.

20 **MS SHARP SC:** -- a due diligence report the day after your meeting, didn't he?

MR BUCHANAN: That's correct.

25 **MS SHARP SC:** Could I take you to the email, please. It's STA.3412.0004.6634, and this is exhibit B, tab 2747.

MR BUCHANAN: Yes, that's correct.

MS SHARP SC: Do you recall receiving that email?

30 **MR BUCHANAN:** I do.

MS SHARP SC: You see he says he's attaching a 2013 report?

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

MS SHARP SC: And that's consistent with what the attachments describe?

MR BUCHANAN: Yes, that's correct.

40 **MS SHARP SC:** And he says to you:

"I am interested in your comments on the 2013 report."

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

MS SHARP SC: :

"Perhaps you, Kevin and I can discuss this once you've had a read of it."

MR BUCHANAN: That's correct.

5 **MS SHARP SC:** Could I take you, please, to that report, which is STA.3412.0004.6635.

MR BUCHANAN: Yes.

10 **MS SHARP SC:** Now, this report is not dated, but we know from Mr Power's statement that this is the July 2013 report. Prior to Mr Power emailing this report to you, had you seen it?

15 **MR BUCHANAN:** I believe I had. There was - there was a number of reports from the same provider. But, yes, I believe I had seen that previously.

MS SHARP SC: He said he was interested in your views of this report. Did you discuss your views of the report with him?

20 **MR BUCHANAN:** I don't believe we ever actually had a discussion or meeting.

MS SHARP SC: Can I take you to STA.3412.0137.2232.

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

25 **MS SHARP SC:** It's exhibit B at tab 2753.

MR BUCHANAN: Yes. I think that was - that was following up on Mr Power's email.

30 **MS SHARP SC:** Okay. And you wanted his advice prior to commencing the updated report because you had read the 2013 report?

MR BUCHANAN: That's correct. To - just to discuss it, basically, to just discuss the content.

35 **MS SHARP SC:** I will ask you again. Was this the first time you had seen the 2013 report?

40 **MR BUCHANAN:** No, I think I did have a copy previously.

MS SHARP SC: Why did you want to discuss the report with Mr Power before you finalised your report?

45 **MR BUCHANAN:** I was wondering if I had perhaps missed something that should have been added to - to my report that he had maybe found.

MS SHARP SC: Did he ever say to you what he considered the significance of the report to be?

MR BUCHANAN: We - we didn't have that discussion. And I think the Christmas break - the festive break came in over that period as well.

5 **MS SHARP SC:** Could I take you, please, to paragraph 77 of your statement. I will have this brought up for you. It's INQ.002.004.0001. That's exhibit A, tab 83.

MR BUCHANAN: Yes.

10 **MS SHARP SC:** Now, you say here that on 14 December 2021 you made a recommendation to Mr Houlihan that a group-wide withdrawal of licence be issued to Mr Chau?

MR BUCHANAN: That's correct.

15

MS SHARP SC: Are you able to indicate why you did not make such a recommendation at about the time of your January 2021 report?

20 **MR BUCHANAN:** In early December, Mr Chau was arrested by the Macau authorities on a Chinese warrant and for a number of matters, including money laundering. So that was hence the reason we proceeded with the - the WOL - the withdrawal of licence.

25 **MS SHARP SC:** So it was within your remit to make recommendations when you thought it appropriate to WOL someone?

MR BUCHANAN: That - I assumed that responsibility in April 2021 when TrackVia, the risk register, came online. And that's when I - that's when I started managing the due diligence capability from operations.

30

MS SHARP SC: Well, knowing what you knew about Mr Chau and Suncity by April 2021, should you not have immediately recommended to Mr Houlihan that Mr Chau's licence be withdrawn?

35 **MR BUCHANAN:** Well, we weren't doing business with Suncity at that time due to the borders closing, COVID - the casino was shut for quite some time. And we came up with the belief that we could manage Mr Chau's risk on an individual basis with the new uplifted, enhanced AML program and system.

40 **MS SHARP SC:** When you say you came up with that belief, who are you referring to?

MR BUCHANAN: That would be Mr Houlihan, myself, Mr Power, and we briefed Ms Martin and Mr Hawkins.

45

MS SHARP SC: So who made that decision, that his risk could be managed?

MR BUCHANAN: I proposed it on an individual basis with Mr Chau, and then

the decision to agree with that was Ms Martin and Mr Power.

MS SHARP SC: And, sorry, when did you make that recommendation?

5 **MR BUCHANAN:** I believe that was August 2021. With some stringent risk mitigation strategies in place.

MS SHARP SC: I suggest that there was no amount of risk management that could have managed Mr Chau's risk. Do you agree or disagree?
10

MR BUCHANAN: Mr Chau on an individual basis, no, I think we could - we could manage the risk.

MS SHARP SC: Well, I suggest that was a completely inappropriate conclusion based on the information then available to you.
15

MR BUCHANAN: No, I don't agree.

MS SHARP SC: I suggest the only appropriate course based on the information available to you was to cease dealing with Mr Chau.
20

MR BUCHANAN: With respect to Suncity, I agree entirely. With respect to Mr Chau, we could have managed the risk.

25 **MS SHARP SC:** Mr Buchanan, Mr Chau controls Suncity, does he not?

MR BUCHANAN: He did.

MS SHARP SC: The only appropriate way to deal with Mr Chau as at April 2021 was to cease all dealings with him, wasn't it?
30

MR BUCHANAN: I don't agree.

MS SHARP SC: In fact, the only appropriate way of managing Mr Chau after Star Entertainment Group became aware of the incidents in Salon 95 by May 2018 was to cease dealing with Mr Chau?
35

MR BUCHANAN: I don't agree.

40 **MS SHARP SC:** And to cease dealing with Suncity?

MR BUCHANAN: I agree with Suncity. I agree.

MS SHARP SC: There is - I withdraw that. The opinion you are expressing now makes absolutely no sense at all in view of the fact that Mr Chau controls Suncity, does it?
45

MR BUCHANAN: We were looking at Mr Chau as an individual, but not part of

the junket business, because Mr Chau doesn't - doesn't gamble. There may not even have been an opportunity to have a business relationship with him.

5 **MS SHARP SC:** Mr Buchanan, you do understand, don't you, that Star Entertainment granted a cheque cashing facility, which Suncity relied upon, to Mr Chau, don't you?

MR BUCHANAN: That's correct. And that was - that was ceased.

10 **MS SHARP SC:** And when was that ceased?

MR BUCHANAN: I believe it could have been December, I think - early December 2021.

15 **MS SHARP SC:** I suggest the way in which Star Entertainment Group, and you in particular, handled decisions and the process with respect to Mr Chau and Suncity was completely inappropriate.

20 **MR BUCHANAN:** I don't agree.

MS SHARP SC: And not in accordance with all of the information available to you.

25 **MR BUCHANAN:** I don't agree.

MS SHARP SC: Now, can I take you to paragraph 80 of your statement.

MR BUCHANAN: Yes.

30 **MS SHARP SC:** Here you are saying that there are certain due diligence records that are not kept on TrackVia that come from third-party providers because they are considered too sensitive.

35 **MR BUCHANAN:** We don't have the capability - well, they will be coming in soon. But at present, we don't have the capability to store them on TrackVia.

MS SHARP SC: So at the moment, these third-party provider reports are not stored on TrackVia?

40 **MR BUCHANAN:** Not at present, but they will be very soon.

45 **MS SHARP SC:** So if somebody at Star Entertainment wished to access these third-party provider reports, they would only be able to do so if they contacted you, Mr Houlihan or Mr White?

MR BUCHANAN: Presently, that's the situation, yes.

MS SHARP SC: And in fact, they would only know that such third-party

provider reports were in existence if you, Mr White or Mr Houlihan indicated as such?

5 **MR BUCHANAN:** That's correct.

MS SHARP SC: I have no further questions in public session, Mr Bell. I do have one or two for private session.

10 **MR BELL SC:** Ms Richardson, do you have any questions in public mode?

MS RICHARDSON SC: No, I don't.

15 **MR BELL SC:** All right. Well, we will now revert to private mode, please, operator.

<THE HEARING ADJOURNED AT 5:31 pm