

**NSW Independent
Casino Commission**

Crown Sydney Suitability Assessment Decision

23 April 2024

Decision

The NSW Independent Casino Commission hereby determines that Crown Sydney is suitable to give effect to its restricted gaming licence and that Crown Resorts is suitable to be a close associate of Crown Sydney.

Date of Decision: 23 April 2024

Decision: For the reasons attached to this decision, the NSW Independent Casino Commission has determined that it is satisfied that:

- (a) Crown Sydney is suitable to give effect to its restricted gaming licence and the *Casino Control Act 1992* (NSW), and
- (b) Crown Resorts is suitable to be a close associate of Crown Sydney as the operator of a restricted gaming licence.

Signed: Philip Crawford, **Chief Commissioner**



For and on behalf of the **NSW Independent Casino Commission**

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Introduction

Suitability to hold a NSW restricted gaming licence (**licence**) is determined through the criteria laid out in the *Casino Control Act 1992 (Act)*. To determine Crown Sydney's suitability to give effect to its licence, the NSW Independent Casino Commission (**NICC**) has considered Crown Sydney's compliance with the Act and Casino Control Regulation (**Regulation**). The NICC has also considered Crown Sydney's compliance with its internal control manuals (**ICMs**) and the conditions imposed by the licence and section 142 regulatory agreements.

In 2014, the Independent Liquor & Gaming Authority (**ILGA**) granted a licence to Crown Sydney to operate a restricted gaming facility (**casino**) from 2019. The licence contained various restrictions, including member-only access, minimum bet limits, prohibitions on gaming machines, and limits to gaming space. Crown Sydney is a wholly owned subsidiary of Crown Resorts.

In 2019, following media allegations and mounting regulatory concerns about the conduct of Crown Resorts and its associates, ILGA appointed the Honourable P.A. Bergin SC (**Commissioner Bergin**) to conduct an inquiry into Crown Sydney and Crown Resorts (**Bergin Inquiry**). The main purpose of the Bergin Inquiry was to investigate the unapproved sale of shares to Melco, Crown Sydney's suitability to operate a licence in NSW, and whether the regulatory settings remained appropriate.

In 2020, the Bergin Inquiry began with Crown Sydney's opening delayed until the Bergin Inquiry was completed, and the findings and recommendations considered. The Bergin Inquiry concluded in 2021. Ms Bergin SC's report found Crown Sydney was not suitable to operate the casino and that Crown Resorts was not suitable to be a close associate of Crown Sydney. Ms Bergin SC made 19 recommendations and outlined a pathway to suitability aimed at systemic reform. This included:

- placing a greater focus on regulatory compliance and close associate requirements
- improving culture, including a culture of regulatory compliance and cooperation with the regulator
- improving corporate governance
- strengthening anti-money laundering and counter-terrorism financing (**AML/CTF**) controls.

Royal Commissions into Crown Resorts' casino operations in Victoria and Western Australia took place following the completion of the Bergin Inquiry. This included the:

- Victorian Royal Commission into the Casino Operator and Licence presided over by the Honourable Ray Finkelstein SC, which took place between February and October 2021, and
- the Perth Casino Royal Commission presided over by the Honourable Neville Owen, the Honourable Lindy Jenkins and Mr Colin Murphy, which took place between March 2021 and March 2022.

Both Royal Commissions made similar findings to the Bergin Inquiry, being that Crown Melbourne and Crown Perth were unfit to hold their gaming licences, and recommendations were made to enhance casino regulatory frameworks in Victoria and Western Australia.

ILGA notified Crown Sydney that it was no longer suitable to operate the licence or comply with the requirements of the casino legislation. The NSW Government also agreed to support all 19 of Ms Bergin SC's recommendations.

The existing VIP Gaming Management Agreement required ILGA and Crown Sydney to enter into a consultative phase. ILGA invited Crown Sydney to address ILGA on its suitability and other relevant matters, including, but not limited to, board renewal, the need for a forensic audit of its accounts, and a proposed remediation plan.

During the consultative phase, Kroll Australia (**Kroll**), a provider of risk, culture and financial advisory solutions, was engaged as the independent monitor of Crown Sydney. Kroll's main task was to advise ILGA and Crown Sydney on the development of a remediation plan. The remediation plan was designed to target key areas in which Crown Sydney had to transform its operations and compliance, including areas such as financial crime prevention, culture, governance, and AML/CTF.

ILGA and Crown Sydney also agreed to replace the regulatory agreements made when the licence was granted in 2014. The purpose of updating and replacing the regulatory agreements was to reflect the Bergin Inquiry-based reforms to the casino regulatory landscape and remove any regulatory fetters.

During the Bergin Inquiry, private equity firm Blackstone had applied for regulatory approval of its proposed takeover of Crown Sydney and the related Crown entities. In June 2022, following months of probity due diligence, ILGA approved Blackstone's suitability to hold a licence in NSW, paving the way for new ownership of Crown Sydney.

In the same month, ILGA, Crown Sydney and its related entities, and the NSW Government, executed a pathway to suitability deed under the casino legislation. This allowed Crown Sydney to start gaming operations on a conditional basis under the licence. The purpose of the deed was to provide Crown Sydney with an opportunity to implement its remediation plan, apply its new controls in practice, and demonstrate it could operate the casino in compliance with the law, with the assurances provided by the extra layer of monitoring offered by Kroll.

In August 2022, Crown Sydney opened its gaming floors. On 5 September 2022, the NSW casino legislation was amended to incorporate the recommendations of the Bergin Inquiry and establish the NSW Independent Casino Commission (**NICC**). Casino regulatory functions were transferred from ILGA to the NICC; a new regulator whose sole focus was casino regulation. The NICC was given additional powers to monitor casino operations and take strong disciplinary action against persons engaging in misconduct in casinos. Comprehensive measures targeting money laundering and gambling harm were also introduced into the casino legislation.

In 2023, following consultation between Crown Sydney and the NICC, the conditional gaming period was extended from the end of 2023 until 30 April 2024. Implementation of the remediation plan continued, with the NICC pleased at Crown Sydney's steady progress and changed approach to regulatory compliance. Throughout the conditional gaming period, the NICC engaged regularly with Crown Sydney and made observations that would be relevant to its suitability assessment.

Towards the end of 2023, the NICC developed a suitability assessment framework to support its decision-making. The framework brought together the casino legislation and the requirements of the pathway to suitability deed.

The pathway to suitability deed consisted of requirements in relation to:

- Crown Sydney's performance during the conditional gaming period
- implementation of the remediation plan, and
- completion of a new regulatory agreement between the NICC and Crown Sydney and an updated licence.

The framework also included the following criteria:

- implementation of various items into Crown Sydney's operations including the Bergin Inquiry recommendations, the remediation plan, AML/CTF requirements, and the ICMs
- the performance of Crown Sydney during the conditional gaming period, including responsiveness to regulatory concerns, system deficiencies and breach reporting
- the relationship between Crown Sydney and its regulators and monitors
- interdependent criteria identified by Kroll relating to remediation, governance, culture, and risk and compliance functions

- Crown Sydney's future compliance plan
- the suitability of Crown Resorts to be a close associate of Crown Sydney.

The NICC also engaged with a variety of stakeholders and regulators during this time, including but not limited to:

- Crown Sydney, including regular engagements with Crown Sydney executives, management and the Crown Sydney board
- Crown Resorts, primarily at an executive level
- Blackstone
- Liquor & Gaming NSW (**L&GNSW**)
- Kroll
- NSW Police Force
- Victorian Gambling and Casino Control Commission (**VGCCC**)
- Office of the Special Manager in Victoria (**VIC OSM**)
- Gambling and Wagering Commission of Western Australia
- Independent Monitor of Western Australia
- AUSTRAC.

In November 2023, the NICC sought feedback from key regulatory stakeholders to assist it in making a suitability assessment. The submissions were received in early 2024.

In March 2024, the VGCCC announced its decision regarding the suitability of Crown Melbourne. The decision followed a two-year period during which the VIC OSM oversaw Crown Melbourne's remediation process. The VIC OSM provided a final report to the VGCCC, finding that Crown Melbourne had remediated the failings exposed in the 2021 Royal Commission and established the foundations required to achieve transformation into the future.

The VGCCC determined that it was clearly satisfied that Crown Melbourne is suitable to operate the Melbourne casino and that it is in the public interest for the Melbourne casino licence to remain in force. The VGCCC also determined that Crown Melbourne had addressed the failings identified by the 2021 Royal Commission into the casino operator and the licence. The VGCCC noted that it would hold Crown Melbourne accountable to its transformation plan, including through a statutory direction that would be issued shortly.

The NICC's suitability assessment was made considering relevant circumstances including with reference to casino legislative requirements, Crown Sydney's performance during the conditional gaming period including compliance with the terms of the pathway to suitability deed, Crown Sydney's implementation of the remediation plan, and acceptance of new licence conditions and regulatory agreements. These elements are detailed below.

Legislative requirements

Objects of the Act

The objects of the Act include:

- ensure the operations of a casino are not influenced or exploited by criminal activities
- ensure the operators of casinos prevent the risk of money laundering and terrorism financing activities
- ensure gaming is conducted honestly
- minimise harm to individuals and their families from activities associated with gaming
- contain and control the potential of a casino to cause harm to the public interest and to individuals and families.

All persons having functions under the Act, including a casino operator, must have due regard to those objects when fulfilling their functions.

Objects of the NICC

The NICC's statutory objectives are to ensure NSW casinos uphold community expectations through responsible and compliant operations that are resistant to criminal infiltration and equipped to minimise gaming-related harms.

The NICC is responsible for regulating and supervising NSW casinos. Under the Act, the NICC maintains and administers systems for the licensing, supervision and control of NSW casinos.

Suitability assessments

Under the Act, the NICC needs to be satisfied of, or able to form an opinion about, the suitability of applicants to be concerned in or associated with the management or operation of a casino, and/or to give effect to a licence and the Act. This relates to applicants for a licence, casino operators, close associates, casino special employees, and others such as consultants or signatories to controlled contracts.

Applicants for any of the above must provide the NICC with clear and convincing evidence of their suitability and make a full and clear disclosure of any information relevant to the assessment, including any information requested by the NICC.

Suitability requirements for licence applicants and close associates

The NSW legislation allows for one casino licence and one restricted gaming facility licence. When considering an application for a restricted gaming licence, the NICC must not grant an application unless it is satisfied that the approved applicant, and each close associate of the approved applicant, is suitable to be concerned in or associated with the management and operation of the casino.

Suitability requirements include (but are not limited to):

- the applicant is of good character, honesty and integrity
- the applicant has a stable financial background
- the person has a satisfactory ownership or corporate structure (if a company)
- the applicant is able to ensure the financial viability of the casino
- the applicant can obtain persons experienced in operating casinos
- the applicant has appropriate business ability to maintain a successful casino
- any associates of the applicant are of good character.

The NICC may also consider any information relevant to the application that has been received during any investigation or inquiry, including any findings, regarding the suitability of the applicant or close associate.

While the information regarding suitability assessments and requirements are concerned with applications, this information, the objects of the Act and the objects and functions of the NICC are matters relevant to determining suitability on an ongoing basis.

Crown Sydney's performance during the conditional gaming period

Under the pathway to suitability deed, Crown Sydney was obliged to operate the casino to the satisfaction of the NICC during the conditional gaming period. Crown Sydney was to operate with regard to the requirements of the licence, the ICMs, and the casino legislation. Assessment of Crown Sydney's performance during the conditional gaming period is informed by the criteria from the framework discussed below.

Implementing the Bergin Report recommendations

Crown Sydney submits that the Bergin Report recommendations have been addressed within its ICMs with appropriate processes and controls. This includes removing junkets, preventing money laundering through the creation of the financial crime and compliance change program (FCCCP), the completion of a new regulatory agreement with the NICC and the engagement of an independent compliance auditor. Crown Sydney also submits that the completion of the remediation plan strengthened functionality and capability regarding key areas identified in the Bergin Report, including customer probity, AML/CTF, suspicious transaction monitoring and the minimisation of gambling harm.

The NICC notes the significant work completed in conjunction with Crown Sydney and L&GNSW to amend the legislation following the Bergin Inquiry and to uplift the ICMs before the commencement of the conditional gaming period.

Implementing anti-money laundering and counter-terrorism financing requirements

Crown Sydney submits it has implemented relevant AML/CTF requirements by establishing the FCCCP. The program introduced immediate improvements to Crown Sydney's AML/CTF landscape and established Crown Sydney's financial crime teams. Crown Sydney also submits that the 2023 AUSTRAC enforcement action and independent reviews of Crown Resorts' AML/CTF program resulted in significant improvements to and compliance with AML/CTF obligations.

The NICC notes responses received from stakeholders regarding Crown Sydney's:

- financial crime policies and procedures, including customer risk assessments and transaction monitoring processes, with more work underway
- implementation of mandatory carded play for all games at the casino
- progress in implementing recommendations from the independent reviews with the FCCCP to provide a response to the findings of the 2023 AUSTRAC enforcement action
- technological development and concerns that Crown Sydney needs to automate its systems to eliminate manual processes in financial crime workstreams.

Implementing the internal control manuals

Crown Sydney submits it has implemented its ICMs in collaboration with the NICC, L&GNSW and Kroll. Crown Sydney has delivered mandatory ICM training to staff and notes that this is

part of establishing a compliance and risk focused culture. Crown Sydney submits its continued compliance with the ICMs is demonstrated through its breach assessment and reporting processes.

The NICC notes responses from entities regarding Crown Sydney's sustained commitment to implementation of its ICMs and work with the regulator to report potential or actual breaches. The NICC also notes there have been difficulties in Crown Sydney and L&GNSW progressing a review of ICMs following an initial operating period. The difficulties relate to Crown Sydney:

- taking a narrow approach in interpreting ICM requirements rather than focusing on the underlying intent and purpose
- not recognising the rationale and importance of key measures, while at the same time seeking to revert to old practices or a lower threshold of compliance
- preferring terms and provisions that allow for more discretion or are more difficult to measure or enforce
- providing change requests and propositions that are not supported by sufficient reasoning or evidence.

The NICC confirms that it has addressed these difficulties with Crown Sydney. The NICC notes that a plan to address and finalise the ICM review has been agreed between the NICC, Crown Sydney and L&GNSW.

Performance during the conditional gaming period

Crown Sydney submits it has performed effectively during the conditional gaming period, demonstrating its commitment to transparent, proactive, and open communication with the regulator. This includes self-reporting breaches and system deficiencies, conducting proactive remediation, and modelling compliance in its business-as-usual activities.

The NICC notes responses received from stakeholders regarding Crown Sydney's performance during the conditional gaming period. These responses highlighted the fact that no disciplinary matters were raised during this period, and only a small number of penalty notices were issued to Crown Sydney.

However, the NICC notes it has some concerns about Crown Sydney's provision of timely access to systems such as CCTV to L&GNSW, and the quality of breach reports provided to L&GNSW. Insufficient access to systems affects L&GNSW's ability to effectively regulate Crown Sydney. Likewise, the quality of breach reporting affects L&GNSW's ability to properly evaluate breach reports. Crown Sydney performed well during the conditional gaming period and must continue to lift standards and maintain a remediation mindset.

Relationship between Crown Sydney, regulators and stakeholders

Crown Sydney submits it regularly engages with the NICC and L&GNSW on its business initiatives, and on potential and actual breaches, major projects and general changes. Engagement includes regular meetings at executive, management and operational levels. Crown Sydney also submits it regularly engages with other regulators, including NSW Police and AUSTRAC, and that it participates in the AUSTRAC Fintel Alliance Casino working group and the AU/NZ Gambling Industry Forum.

The NICC notes the overall positive observations that Crown Sydney's relationships with stakeholders are professional, cooperative, respectful, and responsive. The Blackstone takeover, which involved a new group of executives being introduced to Crown Sydney, did not erode the progress that had been made – relationships have continued to be effective. However, the NICC notes that some stakeholders have observed a subtle shift in attitude towards regulatory requirements more recently; a slightly reduced level of cooperation in specific, limited circumstances, which will require ongoing attention.

Interdependent Kroll criteria

Sustainable remediation

Crown Sydney submits that it has remediated its business to support future sustainability. It has prioritised its remediation plan and is building its governance and culture capabilities to identify new and emerging risks. The NICC notes that Crown Sydney's work in implementing its remediation plan has reduced its exposure to the harms identified in the Bergin Inquiry.

The NICC also notes that sustainability will depend on Crown Sydney maintaining sufficient resourcing of key management personnel and key compliance functions in financial crime and gambling harm. These staff lead the governance and operational culture that filters through to the policies, systems, processes and controls that ultimately reflect Crown Sydney's capacity to address new and emerging risks. Crown Sydney has ongoing work to reach steady state so it must ensure changes made following the Bergin Inquiry and during the conditional gaming period, are maintained through appropriate resourcing of key roles and compliance functions.

Effective governance

Crown Sydney submits it is achieving effective governance, having established an independent board, appointed new senior executives subject to probity investigations, and transformed its corporate structure. The NICC notes the establishment of an independent board demonstrates a willingness to ensure controls are robust and will remain effective. Crown Sydney has adopted a risk-based approach to good governance, minimising risks and embedding preventative controls in board oversight. The NICC has observed Crown Sydney's development and implementation of effective governance processes after a review of its governance and compliance frameworks and the introduction of procedures for regular revision of its governance instruments.

Values-based culture

Crown Sydney submits it has developed a values-based culture by delivering on an extensive cultural reform plan. Crown Sydney has completed a root cause analysis and is working on shaping its values through staff initiatives and policy changes such as conducting culture surveys that have resulted in tangible actions. Stakeholder responses highlight how Crown Sydney's executive leaders and board members consistently frame organisational strategies, initiatives and policy uplifts within the new values and purpose statement. The NICC notes the importance and value of Crown Sydney's culture surveys, including Crown Sydney's willingness to address survey results and to implement changes in response. Crown Sydney has embarked on significant cultural reform and made substantial progress to build a values-based culture. The NICC notes that Crown Sydney's culture needs to be actively monitored to ensure changes are fully integrated and the casino continues to address the cultural drivers of misconduct and risk.

Robust risk, compliance, financial crime and responsible gaming functions

Crown Sydney submits it has improved its functions for risk, compliance, financial crime and gambling harm by delivering its remediation plan, uplifting governance frameworks and proactively engaging in assurance, audit, and gambling harm minimisation activities. Crown Sydney has established practical initiatives in harm minimisation and prevention through the development of the Crown PlaySafe Strategy. The NICC notes responses received regarding the importance of committees set up by the Crown Sydney board to monitor and oversee decisions relating to risk, compliance and gambling harm. The NICC also understands, based on responses received, that its PlaySafe Strategy positions Crown Sydney at the forefront of responsible gaming in Australia. The NICC notes that it is incumbent on Crown Sydney to ensure that the capability it has built in these areas is maintained.

Crown Sydney’s future compliance plan

Crown Sydney submits its objective is to continue building on the foundations laid throughout the conditional gaming period. Crown Sydney proposes it will continue to develop its capabilities and culture to achieve lasting, sustainable change and to provide exceptional experiences for its people and guests. Crown Sydney submits it will embark on a post-suitability engagement program to continue fostering a constructive relationship with the NICC and L&GNSW.

The NICC notes submissions received regarding Crown Sydney’s future compliance plan, including the importance of an ongoing commitment to maintaining capability in key roles and capacity to execute against delivered policies and procedures. The NICC notes the importance of Crown Sydney’s updated corporate strategy as a key guiding document for new and existing initiatives and believes that Crown Sydney’s “tone from the top” has fundamentally changed. The NICC also notes that ongoing compliance by Crown Sydney is reliant on the NICC and L&GNSW applying well-resourced and structured oversight.

Suitability of Crown Resorts to be a close associate of Crown Sydney

Crown Sydney submits that Crown Resorts is suitable to be a close associate of Crown Sydney. Wholesale remediation was led and delivered at the Crown Resorts group level to ensure consistency in governance and oversight across all subsidiaries of Crown Resorts. Crown Sydney submits Blackstone’s acquisition of Crown Resorts, including Crown Sydney in June 2022, has prompted a centralisation of purpose in corporate strategy. Crown Sydney submits that Blackstone has been supportive of Crown Sydney’s remediation initiatives, including financially, and continues to trust and support Crown Sydney and Crown Resorts’ management in pursuing the company’s strategic ambitions in a safe and sustainable way.

The NICC notes responses received from stakeholders regarding Crown Resorts’ suitability to be a close associate of Crown Sydney. Many of Crown Sydney’s controls, such as financial crime and responsible gaming, are centralised through Crown Resorts, to ensure alignment with standards and best practice occurs across the group. Stakeholder responses also underlined recent, rigorous probity checks on Crown Resorts in relation to the Blackstone takeover. Additionally, the NICC notes the independence of the Crown Sydney board and the importance of this separation for layered and accountable governance structures.

The NICC also notes the rigorous probity checks conducted on Blackstone prior to it being provided suitability approval to hold a licence in NSW. The NICC notes that it continues to engage with Blackstone on a regular basis and continues to be satisfied with its suitability to hold a licence in NSW with regard to the requirements of the Act.

Stakeholders raised concerns about the influence of group level close associates in the context of an incident involving Mr Ciarán Carruthers (CEO, Crown Resorts) in November 2023. The NICC emphasises that the operation of Crown Sydney must be free of inappropriate influence or interference by senior executives within Crown Resorts.

NICC observations of Crown Sydney’s performance during the conditional gaming period

The NICC and Crown Sydney have engaged regularly during the conditional gaming period, including, on occasion, with Crown Resorts and Blackstone. This engagement has kept the regulator informed on:

- Crown Sydney’s technological advancements, specifically regarding mandatory carded play and cashless gaming
- the implementation of change in Crown Sydney through monthly transformation committee meetings

- probity investigations relating to close associates.

The NICC notes its working relationship with Crown Sydney has been professional and cooperative. The NICC notes Crown Sydney has consistently been open to discussing matters with the NICC and willing to address any concerns raised and has consistently accepted accountability for any weaknesses identified by the NICC.

During the conditional gaming period the NICC was frank in its views on the quality of remediation in Crown Sydney's operations. Some of these concerns were shared in stakeholder responses such as limitations in the extent to which Crown Sydney addressed shortcomings in its root cause analysis report, onboarding issues for new members, and changes in key Crown Sydney personnel.

In response, Crown Sydney has been proactive in notifying the NICC about a broad range of matters pursuant to regulatory requirements and providing operational updates. The NICC receives breach reporting notifications on a weekly basis, as well as updates on system improvements, the introduction of improved corporate policies, and updates on the recruitment of and termination of senior employees, including close associates.

The NICC notes the importance of Crown Sydney maintaining the focus and resourcing on key areas of concern including financial crime prevention, culture, governance and harm minimisation. This has been highlighted in a number of the stakeholder submissions received. The NICC will continue to be vigilant and will use regulatory measures, including licence conditions and directions, to ensure compliance.

Implementing the remediation plan

The remediation plan

Kroll was appointed in June 2021 as independent monitor, to oversee the development and implementation of Crown Sydney's remediation plan.

The remediation plan totalled 432 items, necessitating a multi-phase approach that began with Crown Sydney identifying how it would address each item, implement it, and then integrate it into its operations and processes. Key areas in the remediation plan included:

- financial crime
- risk
- culture
- governance
- responsible gaming
- compliance
- audit and assurance
- VIP business.

Kroll's job involved reviewing the finished items and either providing a recommendation to the NICC to close the item or informing Crown Sydney that more work was required for completion.

The initial completion date was extended from end of June 2023 to the end of November 2023. Crown Sydney met the due date and provided a final batch of items to Kroll for assessment before 30 November 2023.

Crown Sydney's assessment of its remediation implementation

Crown Sydney submits it has successfully delivered its remediation plan within the conditional gaming period. Crown Sydney engaged in internal consultation, with all remediation plan checkpoints independently validated by Ernst & Young before being provided to Kroll. Crown Sydney submits that the remediation work has provided enduring shifts in business capabilities and direction, especially regarding core harm minimisation measures. Crown Sydney points to its online self-exclusion service, mandatory carded play, the FCCCP, enhanced customer onboarding, and the roll out of the casino's new AML/CTF program. Crown Sydney also submits its internal capabilities and frameworks have been expanded to ensure remediation work persists as a normal part of Crown Sydney's day to day business operations.

Kroll's assessment of Crown Sydney's remediation implementation

Kroll concluded that 97 per cent of the remediation plan was completed by Crown Sydney by the end of November 2023. Kroll submits that additional activity is required by Crown Sydney to close the remaining items, which mainly relate to ensuring they are now an embedded part of Crown Sydney's business operations. The NICC notes Kroll's advice that the outstanding items do not present any immediate unacceptable risks within the operating environment of Crown Sydney. Since that time, the NICC has approved the closure of other remediation items, such that 97 per cent of the remediation plan has been completed.

Kroll submits Crown Sydney has undergone a significant transformation as a result of implementing the remediation plan. This has included Crown Sydney establishing enhanced processes, tools, policies and functions relating to the eight areas noted above. Kroll notes that some key items delivered as a result of implementing the remediation plan include establishing a financial crime intelligence unit, establishing the new Crown Sydney Board, implementing a new governance, risk and compliance IT system, and developing the Crown Playsafe Strategy.

NICC observations on remediation implementation

The NICC has observed that Crown Sydney has been proactive in implementing the remediation plan during the conditional gaming period. This has included Crown Sydney progressing remediation plan items to closure, having those items independently validated and providing the validated items to Kroll for assessment.

Crown Sydney was proactive in identifying issues in its ability to implement the remediation plan within the initial period. The NICC notes Crown Sydney's constructive engagement with both Kroll and the NICC to request an extension, resulting in a revised deadline and the addition of new items to the plan.

The NICC has approved 419 items for closure, or 97 per cent of the remediation plan. The remaining 13 items, or three per cent, mainly relate to assurances on sufficient integration into Crown Sydney's operations and processes. The outstanding items do not present any immediate unacceptable risks within the operating environment of Crown Sydney. The NICC is working with Crown Sydney to monitor and validate the remaining items.

Amending the licence and entry into a new regulatory agreement

Following the Bergin Inquiry and consultation phase between the NICC and Crown Sydney, it was agreed the historical regulatory agreements would be reviewed, with a view to removing legal and practical fetters on the exercise of the NICC's regulatory functions, simplifying the large suite of agreements, eliminating duplication; and updating the agreements made in 2014.

The pathway to suitability deed stipulated that the NICC and Crown Sydney were required to amend the licence and enter into a new regulatory agreement under section 142 of the Act. Changes to the regulatory agreement and licence would reflect Bergin Inquiry-based changes to the legislation and remove fetters to the NICC's powers and compensation trigger clauses that are no longer part of the legislation. The pathway to suitability deed also stipulated that a licence condition would be added that the licensee must remain a suitable person to give effect to the licence for the duration of the licence term.

The NICC notes the substantial engagement involved and Crown Sydney's cooperation in preparing, negotiating, and finalising the new regulatory agreement and updates to the licence. The NICC also notes the engagement and support of L&GNSW and other NSW Government agencies in progressing the new regulatory agreement and updated licence.

In April 2024, the NICC and Crown Sydney entered into the new regulatory agreement and the NICC amended and updated the licence to impose additional conditions.

Conclusion

The freedom to legally operate and manage a casino is a privilege, not a right, and is conditional upon the casino operator maintaining very high standards of compliance on an ongoing basis. A casino operator's suitability to operate and manage a casino is enduring, in that its suitability is a continuous demonstration of compliant and responsible behaviours.

Suitability is a multifaceted concept and regulatory satisfaction as to suitability involves considerations that extend beyond the requirements of the casino legislation; it includes requirements relating to a casino's management and operation and also extends to the relationship between the casino operator and its regulators. Important public interest considerations also inform the content of suitability and, in addition to other specific requirements, set a high bar for a casino operator to justify that it is worthy to hold the licence.

The NICC's assessment of Crown Sydney's suitability to hold its licence and its satisfaction in relation to suitability is informed by the casino legislation, the obligations that Crown Sydney must meet under the pathway to suitability deed, and any other information or matter the NICC thinks relevant in the process of making a suitability determination.

Legislative requirements

Crown Sydney's suitability to give effect to its licence was considered with regard to the casino legislation. In terms of addressing the casino legislation, the NICC finds Crown Sydney is:

- ensuring that the management and operation of Crown Sydney remains free from criminal influence or exploitation by removing junkets, establishing the FCCCP, and strengthening its governance frameworks and risk functions
- ensuring that Crown Sydney prevents money laundering and terrorism financing within the operations of the casino by:
 - uplifting its AML/CTF program, including its customer risk assessment and transaction monitoring processes and procedures
 - implementing the FCCCP
 - implementing cashless gaming and mandatory carded play
 - working to address the recommendations in the two independent reviews into its AML/CTF program and the findings from the AUSTRAC enforcement action
- ensuring that gaming in the casino is conducted honestly by establishing a gambling harm minimisation program, introducing the PlaySafe Strategy to reduce the impact of gambling related harm and uplifting its technology to support responsible gaming
- minimising harm to individuals and families from gambling activities at Crown Sydney and containing or controlling the potential of a casino to cause harm to the public interest by uplifting its gambling harm minimisation, compliance, and risk functions, governance frameworks, and culture programs.

In terms of other suitability considerations in the casino legislation, the NICC finds:

- Crown Sydney has undergone a significant transformation in several aspects since the Bergin Inquiry
- Crown Sydney cooperated and engaged with ILGA during the consultation process governed by relevant regulatory agreements
- the consultation phase resulted in the creation of the remediation plan and the pathway to suitability deed, which enabled Crown Sydney to commence gaming on a conditional basis
- the Blackstone takeover resulted in Crown Sydney having a sound and stable financial background and having satisfactory financial resources to safeguard the financial viability of the casino, as well as providing a revamped corporate structure

- Crown Sydney has initiated significant financial investment to address the findings of the Bergin Inquiry to ensure that it is a suitable casino operator in a modern casino regulation environment
- Blackstone's experience in operating casinos in other international jurisdictions has allowed Crown Sydney to recruit people with extensive experience in managing and operating casinos.
- new recruits, alongside other individual and corporate entities, have undergone stringent probity processes and obtained approval as close associates of Crown Sydney.
- both Crown Sydney and Crown Resorts' character, honesty and integrity has substantially changed since the Bergin Inquiry, primarily through the improved relationship with the NICC, the proactivity to address regulatory and operational concerns and by progressing the remediation plan.

The NICC is satisfied, having regard to the primary objects set out in section 4A of the Act, the objects of the NICC set out in section 140 of the Act, and the matters set out in sections 4B and 13A of the Act, that Crown Sydney is a suitable person to give effect to its licence and the Act and that Crown Resorts is suitable to be a close associate of Crown Sydney.

Crown Sydney's performance under the conditional gaming period

The NICC notes the responses received from Crown Sydney, L&GNSW, Kroll and other stakeholders regarding Crown Sydney's performance in operating the licence during the conditional gaming period. This includes that no disciplinary matters regarding the casino operator have been submitted to the NICC. The NICC also notes its own observations regarding Crown Sydney's performance during the conditional gaming period, and that all the responses are largely positive regarding Crown Sydney's performance during the conditional gaming period.

Crown Sydney has made significant progress on its operational, cultural, strategic and regulatory transformation since the Bergin Inquiry. This includes:

- implementing the recommendations of the Bergin Inquiry through internal policy and operational workstreams
- uplifting AML/CTF processes and procedures through various programs and actions
- improving implementation of ICMs and demonstrating a willingness to work with regulators, including responding to potential or actual breaches
- proactively reporting to regulators on concerns, breach reporting matters and system deficiencies
- improving the relationship with regulators during the conditional gaming period to cultivate efficiencies and enhance effectiveness, including with the independent monitor Kroll
- addressing Kroll's interdependent criteria
- planning for future sustainability by standardising rigorous compliance processes
- improving internal reporting lines and board governance frameworks to create a layer of independent governance between Crown Sydney and Crown Resorts.

The NICC is satisfied that Crown Sydney has operated the casino adequately in accordance with the licence, the Act and the pathway to suitability deed during the conditional gaming period. This requirement has been satisfied.

Implementing the remediation plan

The NICC notes the responses received regarding Crown Sydney's implementation of the remediation plan. The NICC also notes its own observations in respect of Crown Sydney's implementation. The NICC finds Crown Sydney's delivery of its remediation plan was integral to its transformation following the Bergin Inquiry. Crown Sydney has demonstrated its aptitude in the areas the remediation plan targeted.

The NICC notes that 97 per cent of the remediation plan has been completed, with three per cent remaining. The NICC is satisfied the remediation plan has been implemented despite the remaining items because they do not present any immediate unacceptable risks within the operating environment of Crown Sydney. The NICC notes that it has engaged with Crown Sydney regarding the implementation of the remaining items and that it is satisfied that they will be completed in 2024.

The NICC is satisfied that Crown Sydney has adequately implemented the remediation plan. This requirement has been established.

Amending the licence and entry into a new regulatory agreement

The NICC notes the engagement and proactivity of Crown Sydney in working with the NICC throughout the conditional gaming period to progress the new regulatory agreement and to update the licence.

As the new regulatory agreement and updated licence have been finalised and executed, the NICC is satisfied that this requirement of the pathway to suitability deed has been completed.

Ongoing assurance

Throughout the conditional gaming period and noting some of the responses received from stakeholders, the NICC identified areas that are not technically reflected in the ICMs or casino legislation but require the NICC's ongoing management and attention. Consequently, the NICC has amended Crown Sydney's licence by adding additional conditions and issued directions to Crown Sydney to clarify post-suitability assurances. These conditions do not constitute part of the assessment or decision.

Ongoing assurance in areas relating to employee culture, the resourcing of key functions, access to systems, and technological development will enhance the regulatory settings and assist the NICC to address the future regulatory context and framework of Crown Sydney.

The NICC notes, as required, that it gave notice to Crown Sydney and sought submissions from it before adding additional post-suitability assurance conditions on its licence.

Final remarks

The Crown Sydney and Crown Resorts which exist today have fundamentally changed following the findings of the Bergin Inquiry, the Victorian Royal Commission into the Casino Operator and Licence and the Perth Casino Royal Commission. Crown Sydney has worked hard to transform its business and compliance capabilities before being permitted to open. It has done so under close regulatory scrutiny and is controlling risk appropriately. Crown Resorts has achieved significant milestones, reforming its operations, governance, and its compliance and risk functions. In addition, Crown Resorts has demonstrated it has worked hard to respond to the Bergin Inquiry in other meaningful ways such as building a culture of transparency and accountability across its integrated resort. This has given the NICC confidence that Crown Resorts has sufficiently reformed its business model and that Crown Sydney can meet its statutory and regulatory obligations now and into the future.

Crown Sydney's was not the only transformation – the NICC is a new regulator with enhanced oversight and enforcement powers and a clear mandate to address harms using all of its regulatory tools. The Bergin Inquiry into Crown Resorts changed the casino regulatory landscape in NSW and prompted the modernisation of casino regulation. In the wake of the Bergin Inquiry, the casino legislation was reformed and the NICC was established as a standalone regulator with strengthened powers and a singular focus on casino regulation.

Crown Resorts spent almost three years remediating its business and demonstrating it could operate the Crown Sydney casino in compliance with the law. Much of this work happened while the opening of Crown Sydney was delayed. Crown Resorts removed its board and executive; changed ownership; embedded rigorous new controls; accepted additional stringent licence conditions; re-signed a new regulatory agreement; and has implemented an exacting remediation program under constant regulatory supervision.

The NICC notes the efforts of Crown Resorts and Crown Sydney in undertaking a long-term project of wholesale remediation. The NICC also notes the significant transformation by Crown Resorts in addressing the failings uncovered in the Bergin Inquiry and the positive impact of the Blackstone takeover.

The NICC also notes the strong relationship it has developed with Crown Sydney, Crown Resorts and Blackstone, that is based on a desire to ensure Crown Sydney's casinos operations are safe, responsible and compliant. On the whole, the NICC is satisfied by the transparency, accountability and cooperation that now characterises the engagement of Crown entities with the NICC.

The NICC notes the efforts of L&GNSW for its support and expertise in regulating Crown Sydney, particularly the efforts of the many staff in licensing, probity and assurance, policy, intelligence, data, and compliance and enforcement, and their work to update the casino legislation and improve the ICMs.

The NICC notes the efforts of Kroll as the independent monitor in overseeing the remediation plan. The NICC also notes the quality of Kroll's recommendations throughout the monitorship, which have improved oversight of Crown Sydney's operations.

Hard work and transformation aside, the NICC has not forgotten the level of misconduct exposed in 2021 when Crown Sydney and Crown Resorts were found unsuitable. The business had failed its staff, its shareholders, and the community. Crown Sydney cannot disregard the responsibility and privilege that comes with holding a restricted gaming licence. Crown Sydney's ability to provide a destination hospitality and entertainment venue underpinned by the restricted gaming facility is contingent on its steadfast commitment to continuing suitability, accountability, and compliance.

Whilst the NICC is satisfied that Crown Sydney is suitable, Crown Sydney has ongoing work to do to reach steady state and to continue to lift standards and maintain its cultural transformation as it embeds its long-term remediation program. There is and will always be, room for improvement. The NICC is acutely aware of the possibility that Crown Sydney may

choose to relax its standards following a period of very intense regulatory scrutiny and wishes to make it very clear that this will not be tolerated. The NICC is sufficiently empowered to ensure that any such relaxation or return to past attitudes and behaviours will not be permitted.

Ultimately, based on the evidence before it, the NICC is satisfied Crown Sydney is suitable to give effect to the licence and the Act and that Crown Resorts is suitable to be a close associate of Crown Sydney.