



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

**INQUIRY UNDER SECTION 143 OF THE CASINO CONTROL ACT 1992 (NSW)**

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**THURSDAY, 10 SEPTEMBER 2020  
AT 10.02 AM**

**Continued from 9.9.20**

**DAY 25**

Any person who publishes any part of this transcript in any way and to any person contrary to an Inquiry direction against publication commits an offence against section 143B of the *Casino Control Act 1992 (NSW)*

**MR A. BELL SC appears with MR S. ASPINALL as counsel assisting the Inquiry**

**MR N. YOUNG QC appears with MS F. SHAND for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited**

5 **MR D. BARNETT appears for CPH Crown Holdings Pty Ltd**

**MS N. CASE appears for Melco Resorts & Entertainment Limited**

10 <DEBRA MARISA TEGONI, ON FORMER AFFIRMATION [10.02 am]

<EXAMINATION BY MR BELL

15 COMMISSIONER: Yes, thank you. Yes, Mr Bell. Ms Tegoni, are you ready now to proceed?

MS TEGONI: I am, Commissioner. Thank you.

20 COMMISSIONER: And you understand that you're bound by the oath that you took yesterday to tell the truth?

MS TEGONI: Yes.

25 COMMISSIONER: The affirmation. Yes. Thank you. Yes, Mr Bell.

MR BELL: Ms Tegoni, can you turn to exhibit R28. Confidentiality is reserved. Operator, it's CRL.625.001.0114.

30 MS TEGONI: Could you please tell me the tab number. I don't have those exhibit numbers.

MR BELL: It might be tab 5 of yours.

35 MS TEGONI: Yes. Thank you.

MR BELL: If you can turn to page .0115.

MS TEGONI: Yes.

40

MR BELL: You see that this is the advice from WilmerHale, dated 19 February 2013, that we looked at yesterday?

MS TEGONI: Yes.

45

MR BELL: And if you could turn to page .0116, you will see that this section of the advice deals with business licences in China; do you see that?

MS TEGONI: Yes.

5

MR BELL: And you said yesterday, at transcript page 2281, lines 44 to 47, that you were not aware of any other advice by WilmerHale on this issue are prior to October 2016; correct?

10 MS TEGONI: That's correct.

MR BELL: I'm sorry. I can't hear you.

15 MS TEGONI: Sorry, that's correct. That's correct. Sorry. I will turn my volume up. It's up, yes.

MR BELL: Now, you also said yesterday, at transcript page 2266, lines 32 to 47, that you recalled legal advice provided to the management of Crown Resorts or the management of VIP International, in the period up to October 2016, to the effect that  
20 an overseas company would engage Chinese nationals to recruit premium gamblers to Australia without any business licence from the Chinese government. And you said that WilmerHale provided that advice in 2013. I take it that it is this advice on the 19th of February that you were referring to in the evidence that you gave yesterday; is that correct?

25

MS TEGONI: Yes. Yes.

MR BELL: And did you say that this advice constitutes legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium  
30 gamblers to Australia without any business licence from the Chinese Government?

MS TEGONI: I'm reading just this paragraph again or the whole - - -

35 MR BELL: I'm sorry. Ms Tegoni, if you could move closer to the microphone, we're having trouble hearing you.

MS TEGONI: Okay. Sorry, can you hear me now?

MR BELL: Yes.

40

MS TEGONI: Yes. This lot – this – it may be the composite of advices that were understood prior to this as well. But that was my understanding, yes.

45 MR BELL: Well, you said yesterday that it was an advice from WilmerHale in 2013, that you recalled, that was to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia without any business licence from the Chinese government. Do you recall giving that evidence?

MS TEGONI: Yes.

MR BELL: Now - - -

5 MS TEGONI: But as I also said, I think, that I couldn't recall, specifically, this advice at the time. It was the general tenor of the advice.

MR BELL: But let's just zero in on this advice, can we? Do you say that this advice constitutes legal advice to the effect that an overseas company could engage  
10 Chinese nationals to recruit premium gamblers to Australia without any business licence from the Chinese Government?

MS TEGONI: Can I read the advice again now?

15 MR BELL: Of course.

MS TEGONI: Thank you. So, Mr Bell, the last paragraph on document ending 0115 is sort of a summary of his advice on article 303 of the Criminal Code. And, basically, that, to me, says that what the staff were doing in China did not offend  
20 Chinese law, because it was within the confines of article 303.

MR BELL: But perhaps you misunderstood me. What I asked you was whether you say that this advice constitutes legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia  
25 without any business licence from the Chinese Government?

MS TEGONI: Well, yes, I think it does. Because we - - -

30 COMMISSIONER: Speak into the microphone, please, Ms Tegoni.

MS TEGONI: Sorry. I don't know why it's not working. Yes. I think it does.

MR BELL: And where does it say that?

35 COMMISSIONER: Yes. No. Just a minute, please.

MR BELL: I'm sorry.

40 COMMISSIONER: I need the answer. Yes. Could you just give me the answer again, please, Ms Tegoni?

MS TEGONI: Well, yes, I think it does.

45 COMMISSIONER: "Yes, I think it does". Yes, all right.

MR BELL: Where does it say that?

MS TEGONI: Well, as I said, it says that employees:

*There's no notable case where an employee of an overseas casino was arrested and convicted of criminal liability by merely marketing in casino in China.*

5

So, within the confines of article 303 and combined with the fact that we knew that we could not operate a licence – we could not apply for and get a licence as a casino operator in China – with the last paragraph, I think that is what the advice says.

10 MR BELL: Can we agree that the last paragraph on page .0115 is dealing with the criminal laws of China?

MS TEGONI: Yes.

15 MR BELL: What I'm asking you about is the business laws of China and, specifically, the requirement for a business licence. And let me just put the question again. Do you say that this advice constitutes legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia without any business licence from the Chinese government?

20

MS TEGONI: Well, I don't know whether that's the right question because - - -

MR BELL: Well, it's a question I've asked you three times. I wonder if I could have an answer to it?

25

MS TEGONI: Well, it says in the last – second last paragraph:

*No licence will be issued.*

30 MR BELL: Yes. So is this the position, Ms Tegoni: are you saying that you read this advice as saying, first, you cannot get a licence to conduct casino business in China; and, secondly, that as you cannot get a licence to run a casino business in China, you can run the business in China illegally, without a licence. Is that what you're saying?

35

MS TEGONI: No. I'm saying that you can't get a licence in China. So you are operating sort of where there is no specific requirement – specific requirement otherwise. So because you are not contravening, or you're operating within the criminal law, you're operating in a space where it is not illegal.

40

MR BELL: So you can't get a licence to run the casino business, but, as long as you're not breaking the criminal law, you can run that business legally without a business licence. Is that how you say you read this.

45 MS TEGONI: Well, if there are no specific laws saying you can't do something, by application, it's legal.

MR BELL: So, on that logic, as long as you weren't breaking the criminal law of China you could run any business legally in China if you couldn't get a licence from the Chinese Government to do so; is that right?

5 MS TEGONI: Well, I think it's about what - - -

MR BELL: Is that right? I wonder if I could just have an answer to that question.

MS TEGONI: Yes.

10

MR YOUNG: If the witness could be – just a moment. The witness should be allowed to answer. Now, she is entitled to answer this question.

15 COMMISSIONER: I would be grateful, Mr Young, if the witness would answer. Thank you.

MR YOUNG: She is trying to, Commissioner.

20

COMMISSIONER: Yes, Ms Tegoni. Mr Young, please. Yes, Mr Bell.

MR BELL: But on the logic that you've just explained it, as I understand it, are you suggesting that, as long as you weren't breaking the criminal laws of China, you could legally, in China, run any business even if you couldn't get a business licence to do so?

25

MS TEGONI: I think there's a distinction between what the company can do as a presence in a country and what individuals were doing in a country. And so - - -

30 MR BELL: Well, let's just focus on what the company can do.

MS TEGONI: Well, the company cannot get a licence in China.

35 MR BELL: And so you did say earlier that you understood that this was legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia without any business licences. Do you stand by that?

MS TEGONI: Yes.

40 MR BELL: And you say that – as I understand it, you're saying that you can't get a licence to run the casino business, but, as a company, you can run that business legally as long as you're not breaking the criminal laws of China, even if you can't get a licence. Is that what you're saying?

45 MS TEGONI: We're not running a casino in China. So that's not the question.

MR BELL: Well, look, let's just go back a step. You've said now a few times that you understand that this legal advice is legal advice to the effect that an overseas company could engage Chinese nationals to recruit premium gamblers to Australia without any business licence. You've said you stand by that evidence; is that  
5 correct?

MS TEGONI: Yes.

MR BELL: And it's clear, isn't it, that this – one thing is clear from this paragraph,  
10 is that you cannot get a licence to run a casino business; correct?

MS TEGONI: Yes, that's right.

MR BELL: And you understood that the Crown Resorts part of the business  
15 activities that it was engaging in, in China, was recruiting premium gamblers to Australia to gamble at the Australian casinos; correct?

MS TEGONI: Yes, which was not running a casino there. Yes.

MR BELL: And are you saying that you understood that, even though you couldn't  
20 get the licence for those activities, you could do it legally without a licence, as long as you weren't breaking the criminal laws. Is that – I'm trying to understand whether that's what you're saying.

MS TEGONI: Yes.

MR BELL: Right. Now, you also said yesterday, at transcript page 2267 at lines 1  
to 15, that you recalled legal advice provided to the management of Crown Resorts  
or the management of the VIP international unit in the period up to October 2016 to  
30 the effect that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office. And you said that WilmerHale provided that advice in 2013. Now, I take it that it's this advice, on 19 February 2013, that you were referring to in your evidence to the Inquiry yesterday; is that correct?

35

MS TEGONI: Yes, in the context that I couldn't remember the 2013 specific advice, yes.

MR BELL: Well, you were able to recall – you said that you recalled advice from  
40 WilmerHale in 2013 to the effect that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office. Would you like me to take you back to the transcript of what you said yesterday?

MS TEGONI: Yes, I – I thought I said the tenor of the advice.

MR BELL: I'm reading from line 1 on page 2267.

COMMISSIONER: Could you both just keep your voices up, if you would be so kind. Thank you.

MR BELL: I'm reading from line 1 on page 2267:

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*BELL: And can you recall any legal advice provided to the management of Crown Resorts or the management of the VIP international unit in the period up to October 2016 to the effect that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office.*

10

*TEGONI: Yes.*

*BELL: And who do you recall providing that advice?*

15

*TEGONI: WilmerHale.*

*BELL: Was that also advice which you say was provided in 2013?*

20

*TEGONI: Yes, from my recollection. Yes.*

So you were able to recall yesterday advice from WilmerHale in 2013 to that effect. My question is, is it this advice on 19 February to which you were referring?

25

MS TEGONI: Yes, but I think there was context in our discussion yesterday, Mr Bell, which previously I had said I couldn't remember the exact details of the advice and there was general tenor of the advice that - - -

30

MR BELL: You might have said that subsequently – I think you might have said that subsequently but that was the evidence that you gave at transcript page 2267 at an earlier point in my questions to you.

MS TEGONI: I accept that.

35

MR BELL: Now, focusing in on this advice on 19 February, you say that this is legal advice to the effect that it was legal for Crown Resorts to employ staff in China to promote gambling without any business licence as long as Crown Resorts was not conducting an office.

40

MS TEGONI: Yes.

MR BELL: Where does it say that?

45

MS TEGONI: I think I've pointed to that, I think twice now, is the last paragraph on the first page and the second last paragraph on the second page.

MR BELL: And where anywhere there does it refer to an office?



MS TEGONI: The business licence. You can't have an office if you don't have a business licence.

5 MR BELL: Right. So your understanding of the legal position was this, was it: first, Crown Resorts could not get a business licence to conduct the activities which it was conducting in China; correct?

MS TEGONI: Correct.

10 MR BELL: Secondly, therefore, it could not legally run an office in China; correct?

MS TEGONI: Correct.

15 MR BELL: You were, however, aware in 2012 that staff in China were conducting an unofficial office in Guangzhou which Mr Albouy had described as being subject to many risks; correct?

MS TEGONI: I don't recall that at the time. I saw it in the email yesterday.

20 MR BELL: I took you to those emails yesterday, didn't I?

MS TEGONI: Yes.

25 MR BELL: You say you've forgotten about that?

MS TEGONI: It's 2012, Mr Bell. Yes, I don't recall that.

30 MR BELL: You knew that one of the functions of the staff based in China was to organise gambling tours to Crown Resorts casinos in Melbourne and Perth; correct?

MS TEGONI: Yes.

MR BELL: Now, can I ask you look to at exhibit M202 CRL.522.001.4220.

35 MS TEGONI: Sorry, Mr Bell, I don't have those exhibit numbers. If we could use the tabs because I don't have those exhibit numbers.

MR BELL: Well, I need to say the correct exhibit number for the record - - -

40 MS TEGONI: I'm sorry.

MR BELL: - - - but for your purposes I believe it's tab 7 in the list that your solicitors have provided.

45 MS TEGONI: Thank you.

MR BELL: Do you have that document?

MS TEGONI: I do.

MR BELL: And you see that an email was sent to you by Mr Felstead on 28 June 2015 concerning the arrest of staff of South Korean casinos operating in China?

5

MS TEGONI: Yes.

MR BELL: That's a matter of which you became aware at that time, I take it?

10 MS TEGONI: No.

MR BELL: How can that be? Did you not read the email?

MS TEGONI: I didn't read the email, no. I was on leave at the time.

15

MR BELL: When were you on leave?

MS TEGONI: I was on leave from Saturday 27 June to Sunday, 6 July undertaking an MBA intensive education at Melbourne Business School and I was not accessing my emails at that time.

20

MR BELL: You didn't check your emails when you came back to work?

MS TEGONI: I only checked the emails that my EA brought to my attention because I used to receive around 300 emails I day, and so I don't think she would have thought this was something to bring to my attention because it didn't require work and it was about some sort of media update. So I don't believe she would have brought it to my attention. I have no recollection of it at all.

25

30 MR BELL: Right, and so you're sure about that or you're just speculating on what she brought to your attention.

MS TEGONI: I'm absolutely sure about that.

35 MR BELL: So do you tell this inquiry that you had no knowledge in July 2015 that staff of South Korean casinos had been arrested in China?

MS TEGONI: No, I had no knowledge of that at all.

40 MR BELL: All right. Now, can I ask you to look at exhibit R15, I will find out in a moment what that tab is for you. But it's exhibit R15 CRL.636.001.0411. I believe it's tab 8 in your list.

MS TEGONI: Thank you.

45

MR BELL: Do you see that on 9 July 2015, 10.51 pm, Ms Williamson forwarded you an email chain referring to a staff member in Wuhan being arrested by the Chinese police about a organising gambling tours?

5 MS TEGONI: Yes.

MR BELL: And that the employee in China had denied that, said he was working for Crown Resorts assisting organising leisure trips?

10 MS TEGONI: Yes.

MR BELL: And you became aware at that time that the Chinese police had required Crown Resorts to provide a letter corroborating the employee's version; correct?

15 MS TEGONI: I'm not sure corroborating. I understood that the letter was to confirm employment status.

MR BELL: Well, did you not read the email from Mr Chen that had been sent to Ms Williamson?

20

MS TEGONI: I don't recall that email. I recall a conversation I had with Jan.

MR BELL: Well, this was a serious matter, wasn't it?

25 MS TEGONI: It wasn't expressed to be – to me to be a serious matter, no.

MR BELL: Are you telling the Commissioner that you didn't regard it at the time as a serious matter for a staff member in China to be questioned by the Chinese police about organising gambling tours and the police requiring a letter from Crown Resorts in relation to that?

30

MS TEGONI: No, not in context, Mr Bell, no.

MR BELL: So this was not a serious matter, as far as you saw it?

35

MS TEGONI: There was nothing that was raised with me that would indicate it was a serious matter.

MR BELL: And to answer my question, you didn't regard it as a serious matter at the time; is that your evidence?

40

MS TEGONI: My conversation with Jan did not indicate that this was a serious matter because the questioning was in relation to patrons. That's the context - - -

45 MR BELL: Where did you see that?

MS TEGONI: That was the context - - -

MR BELL: Where does it say it's in relation to patrons?

MS TEGONI: It doesn't. I said it was the conversation I had with Jan.

5 MR BELL: But did you read this email at all when you got it?

MS TEGONI: To be honest, Mr Bell, I don't remember.

10 MR BELL: It's likely that you did, is it not, even if you can't remember it now?

MS TEGONI: Not necessarily. Jan sat in the office next to me and often if I saw an email from her, I would just pop in and have a conversation rather than reading emails.

15 MR BELL: She sent you this email at 10.51 pm in the evening. Wouldn't that of itself indicate to you that Ms Williamson at least thought this was serious?

MS TEGONI: Well, I wouldn't have read it probably at that time and so I probably would have spoken to her the next day or time around that. I just remember - - -  
20

MR BELL: So you recall not reading it that night, do you, Ms Tegoni?

MS TEGONI: No, I don't. I said I don't – I don't know.

25 MR BELL: And are you seriously telling the Commissioner that it's not likely that you read this email at any time in July 2015?

MS TEGONI: I can't recall, Mr Bell. I don't know.

30 MR BELL: But is it likely that you did or not?

MR YOUNG: Just a moment. I object. If the witness can't recall, she can't speculate about likelihoods.

35 COMMISSIONER: I will allow it.

MR BELL: Is it likely that you read the letter in July 2015, Ms Tegoni?

MS TEGONI: I don't know.  
40

MR BELL: You do see, though, don't you, that the email says that:

*The police requested that Crown furnish a letter prior to 12 noon tomorrow corroborating his statement.*  
45

MR YOUNG: Just a moment. I object to the question.

COMMISSIONER: Yes.

MR YOUNG: Mr Bell has numerous times failed to put the entirety of the email,  
the direct statement by the person who had direct knowledge about what the police  
5 department requested appears on the last page and the police department - - -

COMMISSIONER: Now, Mr Young - - -

MR YOUNG: Yes.  
10

COMMISSIONER: Mr Young, I will ask you to stop there, please.

MR YOUNG: Yes.

15 COMMISSIONER: There is absolutely no difficulty with what Mr Bell has put in  
that last question, and I would just be grateful if you wouldn't indicate this; at least  
you can put it to me privately or without the witness being present.

MR YOUNG: Yes.  
20

COMMISSIONER: But I do want this to proceed in a way that's efficient and I'm  
going to allow the question, and if there is anything that needs to be clarified or  
aspects of the document taken to in due course, that can occur. But at the moment  
I'm going to allow Mr Bell to proceed. Yes, Mr Bell.

25 MR YOUNG: Commissioner, let me say one further thing.

COMMISSIONER: Yes, Mr Young.

30 MR YOUNG: In my submission, it is procedurally unfair not to put the entirety of  
the communication to the witness and draw her attention to it. She said she has no  
recollection of this document, so the entirety of it should be put to it in the relevant  
parts.

35 COMMISSIONER: I reject the suggestion that it's procedurally unfair and I'm  
going to allow the question. Yes, Mr Bell.

MR BELL: The question was: do you see now that the email which Ms Williamson  
forwarded to you from Mr Chen said that:

40 *The police requested that Crown furnish a letter prior to 12 pm tomorrow  
corroborating his statement.*

MS TEGONI: I read that now, yes.  
45

MR BELL: And you told the Commissioner earlier in your evidence a few minutes ago that you understood that the police had asserted that he was involved in organising gambling tours; do you remember saying that?

5 MS TEGONI: In this email, yes.

MR BELL: Well, you told the Commissioner earlier that you were aware that that was the issue: he is being accused by the police of organising gambling tours. Do you stand by that evidence?

10

MS TEGONI: In the context of reading this email, yes.

MR BELL: No, no. Nothing to do with the email. You said you didn't read the email, that you can't even say it's likely if you did. You did say, however, that you were informed about some matters by Ms Williamson and you did say earlier also that you understood that the issue was that this employee had been accused by the police of organising gambling tours. Is that all correct?

15

MS TEGONI: No.

20

MR YOUNG: I object to that. I don't think that was the evidence.

COMMISSIONER: Yes. All right. Yes, Mr Young – sorry, yes, Mr Bell. Do you recall what Ms Williamson informed you was the allegation against the employee of Crown, Ms Tegoni?

25

MS TEGONI: I recall, Commissioner, that Jan said to me that there was a letter confirming the employment status of this employee - - -

30

COMMISSIONER: I'm sorry, you've misunderstood my question. Just a minute; I'll put it again. Do you recall what Ms Williamson told you was the allegation against the employee by the police?

MS TEGONI: No, I don't recall that, no.

35

COMMISSIONER: I'm sorry?

MS TEGONI: No, I don't recall that, Commissioner, no.

40

COMMISSIONER: Yes, thank you. And Ms Williamson was reporting to you in respect of the matter that you've referred to, which was the letter that you've just mentioned; is that right?

MS TEGONI: Yes.

45

COMMISSIONER: Yes, thank you. Do you recall having an understanding at any stage when you were speaking to Ms Williamson that the employee had – that you

were informed that the employee had informed the police that he was not organising gambling tours?

MS TEGONI: No, I don't recall that.

5

COMMISSIONER: You don't recall?

MS TEGONI: No. I don't recall that specific matter.

10 COMMISSIONER: Do you recall that he was asked whether he was organising gambling tours?

MS TEGONI: No, Commissioner.

15 COMMISSIONER: You have no recollection of that?

MS TEGONI: No, as I said, the only conversation I had was about the letter regarding his employment status and who should sign it.

20 COMMISSIONER: So there wasn't any underlying discussion about the reason that the – I withdraw that. Did you have an understanding that the employee had been questioned by the police?

MS TEGONI: Yes.

25

COMMISSIONER: But you didn't have any understanding about the topic that he had been questioned upon; is that what you're saying?

30 MS TEGONI: It was in the context, I recall, of being questioned around activities with patrons but - - -

COMMISSIONER: Patrons?

MS TEGONI: Yes.

35

COMMISSIONER: And by that I presume you meant gambling patrons?

MS TEGONI: Yes.

40 COMMISSIONER: Yes, Mr Bell.

MR BELL: You did know this employee in China was in fact involved in organising gambling tours, didn't you?

45 MS TEGONI: Not this particular employee but I imagine he would have been, yes.

COMMISSIONER: So am I to understand, if I may just clarify, Ms Tegoni, that you do not have a recollection of anyone advising you, that this particular employee who was asked questions by the police had given a false account to the police.

5 MS TEGONI: No.

COMMISSIONER: Nobody told you that?

10 MS TEGONI: No. I don't recall. I recall having a conversation about the letter of employment being required to be signed and the conversation between Jan and I was who was going to sign it. That's my recollection.

15 COMMISSIONER: But, importantly, I need to understand that you don't have – I withdraw that – that no one advised you in your role, or at all, that the particular employee in China who was questioned by the police had given a false account to the police?

MS TEGONI: No one said that to me, no.

20 COMMISSIONER: Sorry?

MS TEGONI: No one said that to me, no.

25 COMMISSIONER: And you did not have any knowledge that you can recall that this employee had, in fact, or it was asserted that he had in fact given the police in China a false account.

MS TEGONI: No.

30 COMMISSIONER: Is that right?

MS TEGONI: That's right.

35 COMMISSIONER: Thank you. Yes, Mr Bell.

MR BELL: At this time Ms Williamson reported to you; is that correct?

MS TEGONI: That's correct.

40 MR BELL: And you were the – had a senior role, legal role in Crown Melbourne; correct?

MS TEGONI: Yes. Yes, that's correct.

45 MR BELL: And was it your practice at the time to read emails sent to you for business purposes by Ms Williamson?



MS TEGONI: Well, it was my practice actually to talk to her. She was in the office next to me.

5 MR BELL: Would you do me the courtesy of answering the question, Ms Tegoni. Was it your practice to read emails sent to you for business purposes by Ms Williamson?

10 MS TEGONI: I did both. I spoke to her and I read emails. I – I can't say it was my practice to do one or the other.

MR BELL: I just want to be clear on this. Do you tell the Commissioner, or do you not, that it was your practice to read business emails sent to you by your subordinate, Ms Williamson; yes or no?

15 MS TEGONI: It's not a yes or no answer, Mr Bell, I'm sorry. It's my practice to do both. I would regularly talk to my staff rather than email.

20 COMMISSIONER: Just let me give you the opportunity to think about that. And so you were a senior lawyer, Ms Tegoni. I have anticipation that you would read emails from your subordinates, but I could be wrong. So just think about it if you'd be kind enough, please.

MS TEGONI: I did both, Commissioner.

25 COMMISSIONER: All right. So you did read your email from the lawyers who reported to you.

30 MS TEGONI: I did read them, yes; not all of them, potentially, but I did read them, yes.

COMMISSIONER: And I presume as a senior lawyer, as a matter of care you would do so if someone thought it important to report to you in writing.

35 MS TEGONI: I would think it would be important to talk to them.

COMMISSIONER: Just focus on the question again. And I presume as a senior lawyer, as a matter of care you would do so if someone thought it important enough to report to you in writing, you would read it.

40 MS TEGONI: I would read it in the context of conversation to me that would create – in a heightened level of importance, that I would talk to them.

45 COMMISSIONER: I'm not quite sure why you're resisting answer the question, that you read your emails.

MS TEGONI: Sorry, Commissioner, I'm not resisting the question. I'm trying to give context that I would actually talk to my staff, not just rely on emails.

COMMISSIONER: Just put to one side for the moment your talking to your staff. Do I anticipate correctly that you read your emails or read your emails from those legal staff that reported to you?

5 MS TEGONI: Mostly, yes.

COMMISSIONER: Did you say “mostly”?

10 MS TEGONI: Yes, mostly, yes. I can’t say I read every email.

COMMISSIONER: Thank you. Yes, Mr Bell.

15 MR BELL: Would you have a look at R37. Confidentiality is reserved. It’s CRL.636.001.2132 which on your list is tab 2. Do you have that document?

MS TEGONI: Yes, I do, Mr Bell.

20 MR BELL: That’s an email that Ms Tegoni sent you three minutes later just before 11 pm - - -

MS TEGONI: Ms Williamson sent me.

MR BELL: - - - on the 9<sup>th</sup> of July 2015.

25 MS TEGONI: Sorry, Ms Williamson sent me. Yes, I think you said Ms Tegoni sent me. Ms Williamson sent me. Yes.

30 MR BELL: My apologies, Ms Tegoni. This was an email which Ms Williamson sent to you some three minutes later just before 11 pm on the night of 9 July 2015; do you see that?

MS TEGONI: Yes.

35 MR BELL: And did you read that one?

MS TEGONI: It appears so, 2012, but it appears so; I’ve acknowledged it.

COMMISSIONER: But this one is 2015. Have you got that one, Ms Tegoni?

40 MS TEGONI: No, this one says 2012. Sorry, which email are we – sorry, I may have got the wrong email.

COMMISSIONER: We will just refocus, just pardon me. Yes, Mr Bell.

45 MR YOUNG: I think Mr Bell gave the wrong tab.

COMMISSIONER: Yes, thank you, Mr Young.

MR BELL: I gave the right tab, but I think there has been a different way of describing them in the materials that the solicitors for Crown Resorts have provided to Ms Tegoni. The right tab is exhibit R37 but in your list, we think it might be tab 2 in a smaller list that MinterEllison provided to you.

5

MS TEGONI: That is a 2012 email I have, at tab 2.

COMMISSIONER: That is a 2012 email, Mr Bell.

10 MR BELL: Just pardon me a moment; we will see if we can figure out where it might have been in the list that's given to you.

COMMISSIONER: So it's exhibit R?

15 MR BELL: 37.

COMMISSIONER: Now, Ms Tegoni, do you have a folder with exhibit R documents in it or not?

20 MS TEGONI: I don't have any alphabetical exhibits at all, Commissioner.

COMMISSIONER: I see. Yes, thank you.

25 MR BELL: I'm being told that you were given two folders and it's the volume 1 of the two folders that you were given at tab 2. That may or may not be right.

MS TEGONI: A different volume, right. Thank you. I have three volumes, just check to correct that. I have three volumes. Yes, so this is reference ending in 2132, Mr Bell?

30

MR BELL: That's right.

MS TEGONI: Thank you.

35 MR BELL: Did you read that email?

MS TEGONI: Sorry, can I just read it. I don't know.

40 MR BELL: It's likely that you did in accordance with your usual practice, isn't it?

MS TEGONI: It's at 10.54 pm, I'm not sure.

45 MR BELL: Yes, but it's likely that you read it either then or the next day, in accordance with your usual practice, isn't it?

MR YOUNG: Question – her evidence was quite clearly that she mostly read emails, not every one.

COMMISSIONER: Yes, that's her usual practice, Mr Young. There's no problem with the question.

MR YOUNG: Yes, I understand that.

5

COMMISSIONER: Her usual practice is that she mostly read the emails.

MR YOUNG: Yes.

10 COMMISSIONER: There's no problem with the question. Yes, Mr Bell.

MR BELL: Is it likely that you read this email in accordance with your usual practice, Ms Tegoni?

15 MS TEGONI: I suspect it's less likely because it was at 10.54 pm.

MR BELL: Isn't it likely you were – if you didn't read it that evening that you read it the next day; is that the likelihood in accordance with your usual practice?

20 MS TEGONI: No, the likelihood, Mr Bell, would be the next morning I would see Ms Williamson as soon as I arrived for work, and we would have a conversation. And she might say, "I sent you an email last night," and we would have a discussion.

25 MR BELL: So you're resisting the proposition that it's likely you ever read this email; is that right?

MS TEGONI: Yes. I think so.

30 COMMISSIONER: But you see, isn't that unlikely, because the email says that she was not intending to be in the office. And so it's probable that, if she wasn't intending to be in the office, it's probably likely that you would have read it so that you could have made contact with her; don't you think?

35 MS TEGONI: I don't know, Commissioner. You know, Jan would sometimes say she was not going to be in. She was very diligent. She probably would have come in. I – I don't know.

40 COMMISSIONER: So she writes to you in the middle of the night saying that she wasn't planning to work in the office tomorrow, but was going to work from home. And so that's why – it appears that's why she sent you this email, so you could catch up with what she was dealing with. It looks like – and let me tell you what it looks like to me at the moment – it looks like she was communicating with you so that you could make contact, either telephonically or otherwise, to deal with these matters that had arisen, as it appears from Ms Williamson's emails, was somewhat urgent. Do  
45 you agree with that?

MS TEGONI: I can only tell you what I recall, Commissioner. And my recollection is about the signing of that letter and who would sign it.

5 COMMISSIONER: Yes. No. I understand all that, and please don't think that I don't. But from this email about which you're being asked, it would appear that Jan Williamson, late at night, wrote to you telling you that she wasn't intending to come in the following day, but giving you this information so you could deal with it. That seems to be the position that one might reasonably conclude from these communications. You understand that?

10

MS TEGONI: That could be an assumption from the communications. Yes. But, I – I don't recall that's how it unfolded.

COMMISSIONER: I understand you don't recall.

15

MS TEGONI: No. I understand – well, I – I do recall the letter and having discussions around the letter. That's why I'm talking about that, because that's what I do recall.

20 COMMISSIONER: Yes. No. I understand that, but I just want you to know that, from my point of view in looking at these, it appears to me that Ms Williamson wrote to you so that she could give you the detail of something that was urgent, and she wasn't intending to come in to the office the following day. And it may be that one could conclude, reasonably, from that, that you would, more probably than not, have read this email. Do you understand that?

25

MS TEGONI: I understand the proposition. I – I can't – I – I can only recall, quite clearly, what happened and what the discussions I had around that letter.

30 COMMISSIONER: Yes. Yes, Mr Bell.

MR BELL: This email was stating, in the email that's being forwarded to you, the signed statement was needed as a matter of urgency prior to 11 am China time. Do you see that?

35

MS TEGONI: Yes.

MR BELL: And Ms Williamson was asking you a question: who should sign the Crown Resorts PTE? Who should sign this, this document that needed to be signed urgently? Do you see this?

40

MS TEGONI: Yes.

MR BELL: Would you not accept, in accordance with your usual practice, either that night or the next day, the probability is that you read this email in order to discharge your responsibilities?

45

MS TEGONI: If there was a response from me, yes. But if it was urgent it would be more likely that I would deal with it by phone or in person.

5 MR BELL: But you wouldn't have known that a response was required unless you read the email; correct? It's asking you for your advice - - -

MS TEGONI: Yes.

10 MR BELL: - - - about who should sign it.

MS TEGONI: Yes.

15 MR BELL: So I will ask this one more time, in fairness to you. Do you not accept that it's likely that, either that night or the next day, that you read this email in accordance with your usual practice in order to discharge your responsibilities?

MS TEGONI: I don't know.

20 MR BELL: You did - - -

MS TEGONI: I remember the conversation. So it may have been this email, it may have been a discussion I had with Jan. I remember discussing the letter. I don't remember this specific email.

25 MR BELL: Well, I won't ask you again, but you do see that this email from Mr Chen says that:

*This needs to be signed by someone in legal in Melbourne in order to protect those of us working overseas.*

30 Did that register with you at any time when you spoke with Ms Williamson or when you received these emails?

35 MS TEGONI: I don't remember talking about that. No.

MR BELL: You do understand that Mr Chen could only have been talking about protection for the employees in China against the risk of regulatory action by the Chinese authorities?

40 MS TEGONI: Sorry. What was the question?

MR BELL: Yes. You do understand that Mr Chen could only have been referring to protection for the employees in China against the risk of regulatory action by the Chinese authorities?

45 MS TEGONI: That – that probably is what he was talking about. Yes.

MR BELL: Now, just look at the attachment to this email, which is exhibit R39. Confidentiality is reserved. It's CRL.636.001.2133. And in your list – and we will have a bash at trying to figure out where it is in your list.

5 MS TEGONI: Thank you.

MR BELL: We think it might be tab 1 in the same folder that you're in.

MS TEGONI: Yes.

10

MR BELL: Now, you'll see this is the draft letter attached to the email.

MS TEGONI: Was it attached to the email?

15 MR BELL: Yes.

MS TEGONI: Okay.

MR BELL: You can take my word for that.

20

MS TEGONI: Thank you.

MR BELL: Now – I beg your pardon?

25 MS TEGONI: I said “thank you”.

MR BELL: Now, you were focused on this draft letter, weren't you, because that was the subject matter of your discussion with Ms Williamson?

30 MS TEGONI: No, I wasn't focused on the content of the letter. I was focused on who was going to sign it.

MR BELL: So are you telling this Inquiry that you probably didn't read the letter either?

35

MS TEGONI: No. I left that with Jan.

MR BELL: So you are agreeing with me, are you, that you probably didn't read this letter either?

40

MS TEGONI: Yes, I'm agreeing with you.

MR BELL: And so it didn't register with you, in July 2015, that the last sentence of this letter omitted any mention of the fact that Crown Resorts ran casinos?

45

MS TEGONI: No.

MR BELL: And did you authorise Ms Williamson to proceed with the issue of the letter?

5 MS TEGONI: I didn't authorise her to do anything other than get the right person to sign the letter, which was HR.

MR BELL: I'm sorry to interrupt. Were you content for her to proceed with the letter as she saw fit, were you?

10 MS TEGONI: Yes. She's a very senior lawyer.

MR BELL: So, sorry, if you have already been asked this, but doing the best you can, what was the substance of your discussion with Ms Williamson, as you remember it?

15 MS TEGONI: The substance of my discussion, Mr Bell, was she was asked to sign the letter, because it was stated to me to be a letter of employment, I suggested to her that HR should sign the letter with the correct employer that employed this individual.

20 MR BELL: Did Ms Williamson mention to you that Mr Felstead was involved in approving the letter?

25 MS TEGONI: No.

MR BELL: Apart from your discussion with Ms Williamson, do you recall discussing the information either in these emails or discussed between you and Ms Williamson with anyone else at Crown Resorts or Crown Melbourne?

30 MS TEGONI: No.

MR BELL: To the best of your recollection, did you provide any of the information in this email or any of the information conveyed to you by Ms Williamson to any director of Crown Resorts at any time up to October 2016?

35 MS TEGONI: Definitely not.

MR BELL: And why do you say "definitely not"?

40 MS TEGONI: Because it wasn't a matter of significance with my discussion with Jan. As I said, it was about who was going to sign the letter. HR was going to sign the letter of employment. It wasn't a matter that I deemed significant to report to anybody.

45 MR BELL: And you were the executive at Crown Melbourne with ultimate responsibility for risk management in this period, you told us yesterday; is that correct?



MS TEGONI: That's correct.

MR BELL: And do I take it from your evidence that it didn't occur to you to raise  
5 this matter with the audit committee of Crown Melbourne which was responsible for  
risk management?

MS TEGONI: That's correct.

MR BELL: And you say that because nothing that you'd seen or been told you  
10 considered was serious?

MS TEGONI: That's correct.

MR BELL: After the arrest of the Crown Resorts staff in China in October 2016,  
15 did you become aware that the Crown Resorts legal department in Melbourne did not  
have a significant number of the legal advices and government relations advices  
being provided to Mr Chen by WilmerHale and the Mintz Group?

MS TEGONI: That's correct.  
20

MR BELL: And that both WilmerHale and the Mintz Group had to be requested,  
after the date of the arrests, to provide copies of all of those advices; correct?

MS TEGONI: That's correct.  
25

MR BELL: Commissioner, I have no further questions in public hearing. I do have  
a few questions that I need to ask in private hearing, if that's convenient?

COMMISSIONER: Yes, that's convenient. What we'll do, then, in terms of the  
30 video link is to ask Ms Case to – we will just terminate the link to you, Ms Case, for  
the moment. And we'll terminate the live stream while we just move, shortly, into a  
private session and we'll return in due course. Thank you, Ms Case.

35 **ADJOURNED** **[10.57 am]**

**RESUMED** **[11.12 am]**

40 COMMISSIONER: All right. So, operator, can we re-establish the link to Ms Case,  
please and the live stream, please. Mr Aspinall, are you ready to proceed?

MR ASPINALL: Yes.  
45

COMMISSIONER: All right.

MR YOUNG: Just to clarify, Commissioner, I do have some questions arising from the public aspect of Mr Bell's questioning, but I take it I defer those until the end of the witness's examination?

5 COMMISSIONER: Yes, I think it's probably most efficient to do it that way, thank you.

MR YOUNG: Thank you.

10 COMMISSIONER: Yes, so thank you, Ms Case. You have now returned. We have now resumed the public hearings. Ms Tegoni, counsel assisting, Mr Aspinall, will now ask you some questions. Yes, Mr Aspinall.

15 <EXAMINATION BY MR ASPINALL [11.13 am]

MR ASPINALL: Thank you, Commissioner. Ms Tegoni, you commenced work at Crown in 2007; is that correct?

20

MS TEGONI: That's correct.

MR ASPINALL: And prior to that time, what had your employment history been?

25 MS TEGONI: Right. Prior to that time, I was working as senior corporate counsel at Optus. Prior to that time, I worked at Mallesons and law firms prior to that.

MR ASPINALL: And in terms of your educational qualifications, what do you hold?

30

MS TEGONI: I hold a Bachelor of Arts, a Bachelor of Laws, a Masters of Laws and an MBA.

35 MR ASPINALL: And in terms of those qualifications, did any of that training involve specialist training in anti-money laundering or the AML Act?

MS TEGONI: Not specific training, no.

MR ASPINALL: Now, you joined, as you said, Crown Resorts in 2007; correct?

40

MS TEGONI: That's correct.

MR ASPINALL: At the time you joined, was your title executive general manager legal and regulatory services?

45

MS TEGONI: No.

MR ASPINALL: What was your title?

MS TEGONI: My title was general manager – general manager, legal and regulatory services.

5

MR ASPINALL: I see. And is executive general manager a step above that?

MS TEGONI: Yes.

10 MR ASPINALL: And when did you achieve that level?

MS TEGONI: I think it was about two years into my tenure.

15 MR ASPINALL: Now, I note that you became a company secretary of Southbank Investments Pty Limited on 17 December 2007; does that accord with your recollection?

MS TEGONI: Probably. I don't know the dates.

20 MR ASPINALL: Do you have any understanding of why you were appointed company secretary of that company?

MS TEGONI: I was appointed company secretary of all the Crown Melbourne subsidiaries, I understood.

25

MR ASPINALL: I see. Now, at the time you joined you were the general manager of legal and regulatory services. Was there an executive general manager at that time?

30 MS TEGONI: No.

MR ASPINALL: I see. So in terms of a legal department within Crown Melbourne, the general manager was the head of that department; is that correct?

35 MS TEGONI: That's correct.

MR ASPINALL: And subsequent to that you were made the executive general manager. Does that mean that there was also – continued to be a general manager beneath you?

40

MS TEGONI: No.

MR ASPINALL: In terms of Southbank Investments, when did you become aware of that company first?

45

MS TEGONI: I'm sorry, I don't recall.

MR ASPINALL: Was your appointment as company secretary of that company commensurate with the time you found out about its existence?

5 MS TEGONI: It was probably more likely drawn to my attention when I knew it was a company that had an account registered with the VCGLR.

MR ASPINALL: And when was that, do you think?

10 MS TEGONI: I don't know, I'm sorry.

MR ASPINALL: Would it be after you were appointed company secretary?

MS TEGONI: I don't know.

15 MR ASPINALL: What did you see your duties as company secretary of Southbank Investments as being?

20 MS TEGONI: I don't think the company held any meetings. I don't recall any meetings. It was just a matter of practice that I was asked to be company secretary for all the Crown Melbourne subsidiaries. I don't remember particular duties.

MR ASPINALL: As you understood it, the role entailed no duties; is that correct?

25 MS TEGONI: Well, other than legal duties, I suppose.

MR ASPINALL: In terms of your department – legal department at Crown Melbourne, was dealing with anti-money laundering issues concerning Southbank Investments part of the role of that department?

30 MS TEGONI: Not the legal department. It would have been in the compliance department, which is where the anti-money laundering cash transaction reporting manager sat.

35 MR ASPINALL: And was dealing with legal questions arising in relation to Southbank Investments part of the responsibility of your department?

MS TEGONI: I – I wouldn't have – yes. Yes.

40 MR ASPINALL: And as you saw it, did the office of the general counsel of Crown Resorts have any role in dealing with legal questions or anti-money laundering issues with relation to Southbank Investments Pty Ltd.

MS TEGONI: Crown Resorts, did you say?

45 COMMISSIONER: General counsel.

MR ASPINALL: As general counsel.

MS TEGONI: Any responsibilities?

MR ASPINALL: With respect to money laundering or in dealing with legal questions relating to that entity.

5

MS TEGONI: No probably not; not formally, no.

MR ASPINALL: Were you aware at any time that there was a twin or sister company of Southbank Investments called Riverbank Investments which related to Crown Perth?

10

MS TEGONI: I did become aware of that, yes.

MR ASPINALL: Can you recall when that might have been?

15

MS TEGONI: Around – it was – I probably could get the date but – around the time of maybe 2014/15.

MR ASPINALL: You said at some stage you became aware of the existence of Southbank Investments. At what time did you become aware of the operations that it performed?

20

MS TEGONI: I think it only had one which was to hold the bank account, that was registered with the VCGLR.

25

MR ASPINALL: And when did you become aware that it held a bank account that was registered with VCGLR, do you think?

MS TEGONI: I can't recall, I'm sorry.

30

MR ASPINALL: At some stage did you become the AML compliance officer at Crown Melbourne?

MS TEGONI: No, I think that role was held by Scott Howell.

35

MR ASPINALL: Do you hold any compliance role at Crown Melbourne?

MS TEGONI: Well, he reported to me so, ultimately, I was responsible for the AML program.

40

MR ASPINALL: With respect of the AML compliance program, did you not hold some role with respect to that?

COMMISSIONER: I think Ms Tegoni said she was responsible for the AML program.

45

MR ASPINALL: But do you not officially hold some role, some designated role?

MS TEGONI: Is there a statutory officer under the Act? I - - -

MR ASPINALL: Yes.

5 MS TEGONI: I know Scott held one office and I held the other, I think. Whatever was under the Act, if there was an officer under the Act, that would have been my responsibility, ultimately.

10 MR ASPINALL: Correct. So am I right in thinking that you were the AML compliance officer at Crown Melbourne at some stage?

MS TEGONI: No, I think that position was held by the cash transactions reporting manager, Scott Howell.

15 MR ASPINALL: I might come back to that. Now, were you aware that in around 2013 Southbank Investments held bank accounts with the HSBC Bank?

MS TEGONI: I think I knew that, yes.

20 MR ASPINALL: And were you aware in around September 2013 that HSBC informed Southbank that it would be unable to provide banking services or accounts to it and that it intended to close the accounts?

MS TEGONI: I think I was aware of that, yes.

25

MR ASPINALL: When did you become aware of that, do you think?

MS TEGONI: I'm not sure.

30 MR ASPINALL: And who would have informed you, do you think?

MS TEGONI: I think it's probably the head of cage.

MR ASPINALL: Who was that?

35

MS TEGONI: At the time, it could have been – I can't remember exactly who was the head of cage at the relevant time.

40 MR ASPINALL: And did you know the reason that HSBC had now declined to provide banking services or accounts to Southbank Investments?

MS TEGONI: I think probably based on their risk profile, the risk appetite.

45 MR ASPINALL: Was it drawn to your attention that HSBC did not want to deal with Southbank Investments because of potential risks relating to money laundering?

MS TEGONI: Yes, I may have been aware of that, yes.

MR ASPINALL: Now, as company secretary of Southbank Investments and the person to whom the AML compliance officer answered, that must have been concerning to you?

5 MS TEGONI: Not – well, it was concerning, yes.

MR ASPINALL: And why was it concerning to you?

10 MS TEGONI: Because I understood those accounts were important for the ongoing business of Crown.

MR ASPINALL: So in relation to the accounts which Southbank held, what steps did you take to prevent future accounts being subject to the same problems at that time?  
15

MS TEGONI: I don't think I took any specific steps in relation to that. It would just be an ongoing assurance of compliance and anti-money laundering program regime.

20 MR ASPINALL: Did you discuss it with anyone?

MS TEGONI: Not the HSBC one, I don't think.

MR ASPINALL: Am I right in thinking that at some stage around 2013 you became aware that HSBC was closing the accounts of Southbank Investments because they were worried about potential risks of money laundering but that you didn't discuss that with anyone or take any steps in relation to that; is that correct?  
25

MS TEGONI: I think there were financial people that were taking steps to find other banks that had different risk profiles.  
30

MR ASPINALL: I'm sorry, did you say that you thought that financial people were finding other accounts that had different risk profiles; is that correct?

35 MS TEGONI: Other banks that would be – that had different risk profiles.

MR ASPINALL: Yes. So as you understood it, persons within Crown were looking for a different bank - - -

40 MS TEGONI: Yes.

MR ASPINALL: - - - to run the account; is that right?

MS TEGONI: Yes.  
45

MR ASPINALL: Did it not occur to you that unless steps were taken in respect of the new accounts, that the risks of money laundering through Southbank Investments' accounts could recur?

5 MS TEGONI: Well, I understood it as a risk profile of the banks.

MR ASPINALL: So am I right in thinking that, in respect of money laundering through Southbank accounts, you did not regard that as your concern?

10 MS TEGONI: Well, my concern was to ensure that our anti-money laundering program was operating effectively, and I had no reason to believe that it wasn't.

MR ASPINALL: Wouldn't the fact that HSBC were closing the accounts out of money laundering concerns be a reason to indicate that it wasn't?  
15

MR YOUNG: Now, Commissioner, can I object to this line of questioning?

COMMISSIONER: Yes.

20 MR YOUNG: I'm happy to do it in the absence of the witness, if that would assist. But this is proceeding on, as I understand the evidence, a false basis concerning HSBC.

COMMISSIONER: I see. Yes. You may proceed.  
25

MR YOUNG: Commissioner, the – at the time of Mr Felstead's examination, he was examined by reference to what was then called exhibit T.

COMMISSIONER: Well, just pause, Mr Young. Just pause there. Perhaps, we  
30 should do it in the absence of Ms Tegoni - - -

MR YOUNG: Yes.

COMMISSIONER: - - - if we're going over other evidence. All right.  
35

MR YOUNG: Yes.

COMMISSIONER: Ms Tegoni, we'll just ask the operator to mute the sound from the hearing room and Mr Young to yourself for a moment. Do you understand that?  
40

MS TEGONI: Yes. Thank you.

COMMISSIONER: All right, then. We won't be long, I hope. Yes. Mr Young, please proceed.  
45

MR YOUNG: Thank you, Commissioner. At the time I took - - -



COMMISSIONER: Just pardon me, Mr Young. Just pardon me. Ms Tegoni only. Yes. If you can just ensure that Ms Tegoni can't hear what is happening. We'll need a moment, Mr Young. Won't be long.

5 MR YOUNG: Sure.

<THE WITNESS WITHDREW

[11.27 am]

10

COMMISSIONER: Yes. Yes, Mr Young.

MR YOUNG: Commissioner, these questions are proceeding on the premise that HSBC terminated the accounts because it had expressed specific concerns about money laundering transactions in the Southbank account. As I understand the evidence, that is not the evidence. At the time that Mr Felstead was examined, a folder was tendered called – then called exhibit T. Exhibit T8, as it stood at that time, was the communication from HSBC to Mr Costin of Crown Limited. That communication made it clear that the bank's decision was not specific to any aspect of the particular Crown accounts, but was a consequence of HSBC discontinuing all relationships with all customers in the money services business area following a strategic review of the sector. And I'm reading, there, from what was then called exhibit T8.

25 COMMISSIONER: Thank you.

MR YOUNG: I can't give the Ringtail number, because - - -

30 COMMISSIONER: That's all right. That's all right.

MR YOUNG: The number – what I was provided with was an HSB number - - -

COMMISSIONER: That's all right, Mr Young.

35 MR YOUNG: - - - The Hongkong Shanghai Bank.

COMMISSIONER: Yes. Mr Aspinall, what do you say?

40 MR ASPINALL: Commissioner, I asked Ms Tegoni whether or not she was aware that they closed the accounts because of the risk of potential money laundering through them. And she said that she was.

COMMISSIONER: Yes.

45 MR ASPINALL: So I questioned her upon that basis of that answer.

COMMISSIONER: Yes.

MR ASPINALL: What was in HSBCs mind, I do not know. But the fact is the accounts were closed and, on Ms Tegoni's evidence, she understood it was based upon a risk of money laundering. And I wanted to ask her about what steps she took in respect of that.

5

COMMISSIONER: All right. Yes.

MR YOUNG: Now, Commissioner, that - - -

10 COMMISSIONER: Now, there are two aspects to it, Mr Young. The first is, certainly, the communication is as you have indicated; secondly, Ms Tegoni had an understanding of the position. And she's already told me that she understood that the bank didn't have a risk appetite, and I'm aware of that.

15 MR YOUNG: Yes.

COMMISSIONER: But so far as the actual – actual question to which objection is taken is concerned, what I will do is I'll ask you, Mr Aspinall, to go back, because what – the question was:

20

*Wouldn't the fact that HSBC were closing the accounts out of money laundering concerns be a reason to indicate that it wasn't?*

25 Now, I think there's a difference between what HSBC said it was doing to – in the communication to Crown and what Ms Tegoni understood. So I think I'll reject that question, on what Mr Young has put to me. And you can ask a different question, if you wish.

30 MR YOUNG: Yes.

COMMISSIONER: Yes. Thank you, Mr Young.

MR YOUNG: Commissioner, can I make one further point, Commissioner, not traversing anything you have said.

35

COMMISSIONER: No.

MR YOUNG: Mr Aspinall misstated Ms Tegoni's evidence. What she acceded to was that the bank, she understood, to have money laundering concerns.

40

COMMISSIONER: Yes.

MR YOUNG: She never gave evidence to the effect that they were concerns about transactions within these particular accounts. And, further, she explained that with later evidence saying her understanding was it was the bank's risk appetite position which - - -

45

COMMISSIONER: No. I understand.

5 MR YOUNG: Yes. So she hasn't given any evidence of any awareness that the bank was concerned about particular operations within the Southbank or Riverbank accounts.

COMMISSIONER: And so far as the next question is concerned, I think we just have to take it as it comes, Mr Young.

10 MR YOUNG: Yes.

COMMISSIONER: And you may object - - -

15 MR YOUNG: Thank you.

COMMISSIONER: - - - appropriately when you are ready.

MR YOUNG: Thank you.

20 COMMISSIONER: Yes. Operator, would you be kind enough to re-establish the technology link to Ms Tegoni. Thank you very much. And the live stream is restored, operator. The live stream has been brought – yes. Ms Tegoni, can you hear me? Obviously not.

25 <DEBRA MARISA TEGONI, ON FORMER AFFIRMATION [11.33 am]

30 <EXAMINATION BY MR ASPINALL

COMMISSIONER: Ms Tegoni, can you hear me now?

35 MS TEGONI: Yes, I can, Commissioner.

COMMISSIONER: Yes, thank you. Yes, Mr Aspinall.

40 MR ASPINALL: Ms Tegoni, did you become aware, at some stage, that Southbank Investments had bank accounts with the ANZ Bank?

MS TEGONI: Yes.

MR ASPINALL: When was that?

45 MS TEGONI: I think around 2013, '14.

MR ASPINALL: Yes. Did you become aware in, approximately, January 2014, that ANZ Bank had raised with Mr Costin from Crown Resorts concerns that money laundering had been occurring through the accounts at ANZ held by Riverbank Investments?

5

MS TEGONI: Yes.

MR ASPINALL: And what was the nature of your understanding of that?

10 MS TEGONI: My understanding was that there were some transactions that had – were potentially structuring transactions. And ANZ had decided that they didn't want to hold those accounts any longer.

15 MR ASPINALL: Yes. And in respect of those, the details of those structuring transactions, did you see a spreadsheet which ANZ provided to Mr Costin which set out numerous examples of those?

MS TEGONI: No. I don't recall seeing that.

20 MR ASPINALL: But you were informed, were you, that that was what they were saying?

MS TEGONI: Yes.

25 MR ASPINALL: And, at that time, did it occur that you that if structuring our money laundering was occurring through the accounts of Riverbank Investments it might well be occurring also through the accounts of Southbank?

MS TEGONI: It occurred to me. Yes.

30

MR ASPINALL: Yes. And what steps did you take in respect to that current thought?

35 MS TEGONI: My recollection was I would – I would have talked to Scott Howell about that. I did talk to Scott Howell about that.

MR ASPINALL: Do you remember what the content of that conversation was?

40 MS TEGONI: Well, it was exactly the understanding that that had occurred in Perth. What were the controls to ensure that that wasn't occurring in Melbourne.

MR ASPINALL: And what did Mr Howell tell you?

45 MS TEGONI: I recall that he gave me comfort that he would be checking those, for those indicators, and would be reporting on them, and he would tell me if he saw those.

MR ASPINALL: Did the fact that he may not have found them in respect of Riverbank raise any concerns with you that he may not be able to find them in Southbank?

5 MS TEGONI: He wasn't responsible for the AML program at Perth.

MR ASPINALL: Did the fact that the AML program in Perth had not detected them give you any cause for concern in respect of the Southbank accounts?

10 MS TEGONI: Well, tangentially, that I was responsible for Crown Melbourne, not Crown Perth.

MR ASPINALL: And in respect of his assurance, did you take any steps to monitor whether or not that occurred?

15 MS TEGONI: Scott was extremely good at his job. And if he was looking at things, I got great comfort from that.

MR ASPINALL: Did you examine how it was that the money laundering could have occurred through the Riverbank account?

20

MS TEGONI: I didn't look in detail what happened at Perth. No.

MR ASPINALL: Did you attend any meeting with ANZ Bank around this time with respect to the concerns that they had?

25

MS TEGONI: No.

MR ASPINALL: Were you informed of the outcome of any meeting with ANZ Bank in respect of that matter?

30

MS TEGONI: Yes. I think, ultimately, I was told that ANZ were closing those accounts.

MR ASPINALL: And in respect of the ANZ accounts which Southbank had, what did you understand to be the position?

35

MS TEGONI: I understood that they had made a decision, because of Perth, that they were going to close the Melbourne accounts as well.

40

MR ASPINALL: Can I show you a document, which is CRL.557.001.0807. Behind your tab 19, exhibit Crown confidential list 1, tab 35.

MS TEGONI: Yes. Is that 0807 ending?

45

MR ASPINALL: Correct.

MS TEGONI: Yes. Thank you.

MR ASPINALL: You see that that's an email at the bottom of the page from Mr Costin to you and others - - -

5

MS TEGONI: Yes.

MR ASPINALL: - - - regarding the closure of the accounts?

10 MS TEGONI: I'm reading it now. Do you want me to read it now?

MR ASPINALL: Yes, you might as well.

MS TEGONI: Yes. Thank you.

15

MR ASPINALL: Do you see in that account – in that email, it refers to a meeting a few weeks back with ANZ?

MS TEGONI: Yes.

20

MR ASPINALL: Who do you understand attended that meeting?

MS TEGONI: I'm not sure, but I know Ken Barton was involved, and Travis, and, potentially, Michael Neilson.

25

MR ASPINALL: Yes. And did you hear back any reports from what happened at that meeting?

MS TEGONI: I think this is what this advice – this email's about.

30

MR ASPINALL: I see. So at the time – I mean, this is weeks later, obviously. But, at the time, you didn't hear - - -

MS TEGONI: Weeks later from when? Sorry.

35

MR ASPINALL: I'm sorry. The start of the email is:

*Following from our meeting a few weeks back with ANZ - - -*

40 MS TEGONI: Yes, yes.

MR ASPINALL: So this email seems to be written some weeks after that meeting. I was wondering whether you could help me with what occurred at that meeting?

45 MS TEGONI: No, I can't. I wasn't at that meeting.

MR ASPINALL: Now, you see, they say:

*ANZ advised they will be closing the Riverbank accounts, both AUD and foreign currency accounts, and also advise the patron deposit accounts for Southbank in Hong Kong and Singapore are to be closed.*

5 They've given Crown 90 days to transition to other banks. Do you see?

MS TEGONI: Yes.

MR ASPINALL:

10

*The closure of the Riverbank accounts is expected. And these accounts are in the process of being transitioned to CBA with AUD account open. And I under the foreign currency accounts may also be active.*

15 Do you see that?

MS TEGONI: Yes.

MR ASPINALL:

20

*Can customers be advised by relevant people that multiple cash deposits in-branch under \$10,000 reporting threshold will not be accepted in the new CBA accounts, as we don't want this process to occur again with CBA in six months time, we're starting to close the Riverbank and Southbank accounts due to suspect transactions.*

25

Do you see?

MS TEGONI: Yes.

30

MR ASPINALL: Now, did you understand that requesting customers not to deposit multiple amounts under \$10,000 in cash into a bank account was an effective mitigation strategy to prevent money laundering?

35 MS TEGONI: No, that's not an effective strategy.

MR ASPINALL: Did you say anything to Mr Costin in relation to that proposal?

MS TEGONI: I don't recall I did. No.

40

MR ASPINALL: You accept that it's, effectively, a strategy of asking potential money launderers not to engage in money laundering?

MS TEGONI: No. I don't accept that.

45

MR ASPINALL: You accept, though, that it cannot be an effective mitigation strategy in respect of the Southbank and Riverbank accounts?

MS TEGONI: I accept that. Yes.

MR ASPINALL: Now, if we go to the next paragraph, it says:

5           *Ken and I –*

and I assume that means Ken Barton and Mr Travis –

10           *were surprised by the decision to close the Southbank accounts in Asia. And Ken stressed the importance of the accounts to our VIP team with ANZ. Ken is trying to set up a meeting with more senior management within ANZ to discuss these accounts. In the interim, I will attempt to find another bank who will be willing to off us patron accounts in Hong Kong and Singapore. I will let you know of the –*

15           process. The –

*progress.*

20       Sorry. Do you see that?

MS TEGONI: Yes.

25       MR ASPINALL: Were you aware whether Mr Costin was able to set up other accounts in Hong Kong and Singapore?

MS TEGONI: I think he – I think CBA, I think, took the accounts, from memory.

30       MR ASPINALL: Yes. And, after this time, Southbank, itself, had a CBA account, didn't it?

MS TEGONI: Yes, I think so. Yes.

35       MR ASPINALL: In Australia, an AUD account?

MS TEGONI: I can't remember the details of which account was which, but I know we have some CBA accounts.

40       MR ASPINALL: Yes. And in respect of Mr Costin's warning that customers should be advised they should not make multiple cash deposits under \$10,000, because they did not want that happening again in the CBA accounts, did you take any steps to ensure that that did not occur in the Southbank CBA accounts?

45       MS TEGONI: Well, first of all, I think he was talking about Riverbank, because that's where the issue had arisen. And my staff would well know that advising customers of that, it would be tipping off - - -



MR ASPINALL: Yes.

MS TEGONI: - - - and they would not do that.

5 MR ASPINALL: Yes. All right. If you look up at the next email, which is from Mr Theiler to you and others. Do you see on that point that, at point 3, at the top of the page.

MS TEGONI: Sorry. Yes.

10

MR ASPINALL: They say:

*We have already instructed our relevant office managers to advise customers not to make multiple deposits under \$10,000, and will continue to remind them.*

15

See, doesn't that strategy suffer from the problem that you just identified?

MS TEGONI: Yes.

20 MR ASPINALL: And given that this email was sent to you, what action did you take in respect of that?

MS TEGONI: I can't recall.

25 MR ASPINALL: Can we take that to mean none?

MS TEGONI: No, not necessarily.

MR ASPINALL: Do you recall taking any action in respect of that?

30

MS TEGONI: No, I can't recall specifically. No.

MR ASPINALL: Now, you see, the first point there relates to:

35

*...our ANZ accounts in Hong Kong and Singapore in the name of Crown Australia. The concern ANZ has expressed at the meeting was the high cost of compliance means that these accounts weren't profitable for them. In any case, we would prefer it if you could find another bank in Hong Kong, as the ANZ have been quite restrictive in the use of these accounts, hence, the accounts are not being used as often.*

40

And they then suggest a series of restrictions which ANZ had put upon the accounts. Do you see?

45 MS TEGONI: Yes.

MR ASPINALL:

*That cash deposits not accepted; company deposits not accepted; and that cheque deposits could only be made by certain persons.*

MS TEGONI: Yes.

5

MR ASPINALL: Now, given that money laundering had been said to have occurred through the Riverbank account in respect of structuring through cash deposits, would you not have thought, at this time, that it was a good idea to adopt these sort of strategies in respect of Southbank's accounts?

10

MS TEGONI: Sorry. Can I just go back. I don't think that the assertion was money laundering had occurred. There were structuring transactions that were of concern, but that doesn't necessarily mean money laundering had occurred. So I just - - -

15

MR ASPINALL: Well, isn't structuring an example of money laundering?

MS TEGONI: It can indicate money laundering, but it doesn't mean that money laundering had occurred.

20

MR ASPINALL: Right. But in terms of the - I mean, you didn't look at the accounts, I presume? And you didn't look at the bank account, the bank statements?

MS TEGONI: No. But there would be other people in my team that would have. And the cage would have looked at them as well.

25

MR ASPINALL: Yes. And amongst those people that you spoke to, was there any doubt that money laundering had occurred through the Riverbank accounts?

30

MS TEGONI: As I said, I wasn't responsible for the Perth accounts, so I didn't look at that.

MR ASPINALL: So you didn't know either way?

35

MS TEGONI: Well, I don't accept that, just because there were structuring indications that money laundering had occurred.

MR ASPINALL: Well, the ANZ Bank were telling you that they wanted to close the accounts, because they had been concerned about suspicious transactions which were consistent with structuring; correct?

40

MS TEGONI: Well, I think they say here that it actually because it was a high compliance cost, because they were looking - looking at those transactions. So that was what they were saying.

45

MR ASPINALL: I think we covered this earlier. Didn't we cover this earlier?

MS TEGONI: I said that it was - - -

MR ASPINALL: I asked you if you were aware, in January 2014, that ANZ had raised with Mr Costin a series of transactions which were consistent with structuring; correct?

5 MS TEGONI: Yes.

MR ASPINALL: And I think you agreed with me that, ultimately, ANZ closed the ANZ accounts because they were concerned about potential money laundering through them.

10

MS TEGONI: I don't – I don't know exactly why ANZ closed the accounts. I understood that it was their risk profile, and this is all consistent with – with that.

MR ASPINALL: But, in terms of the risk profile, isn't the obvious risk profile the risk of money laundering through the accounts in circumstances where they told you they were concerned about that?

15

MS TEGONI: Or it could be to monitoring those risks was too high in compliance costs, so it's a commercial decision not to engage in those services any more.

20

MR ASPINALL: Is this a convenient time?

COMMISSIONER: It is. We're going to take a short adjournment, Ms Tegoni. I will adjourn for about 10 minutes. Thank you.

25

MS TEGONI: Thank you. Thank you.

**ADJOURNED**

**[11.48 am]**

30

**RESUMED**

**[12.02 pm]**

35 COMMISSIONER: Yes. Thank you. I apologise for the delay. Yes, Mr Aspinall.

MR ASPINALL: Ms Tegoni, can we go to a new document now, please. It is CRL.612.001.0286. And it is Crown confidential list 5, tab 131. If we put that up to the hearing room. Ms Tegoni, it's tab 23 of your bundle.

40

MS TEGONI: Thank you. Yes.

MR ASPINALL: Do you have that one?

45 MS TEGONI: Yes. Thank you.

MR ASPINALL: Do you see that's an a risk and assurance memorandum?

MS TEGONI: Yes.

MR ASPINALL: And it relates, if you look under the line, the text, it relates to an audit as part of Crown Melbourne's internal audit plan.

5

MS TEGONI: Yes.

MR ASPINALL: And it's dated January 2016.

10 MS TEGONI: Yes.

MR ASPINALL: And if we turn over the page, to 0287, you can see it's an:

*Anti-money laundering program, review of compliance.*

15

Do you see that?

MS TEGONI: Yes.

20 MR ASPINALL: And, then, if we turn to page 0291.

MS TEGONI: Yes.

MR ASPINALL: Do you see that you have signed it?

25

MS TEGONI: Yes.

MR ASPINALL: And that the title in your signature block is:

30 *Executive general manager, legal and regulatory services, anti-money  
laundering counterterrorism and financing compliance officer.*

MS TEGONI: Yes.

35 MR ASPINALL: And so is it not the case that you were, in fact, the compliance officer for Crown Melbourne?

MS TEGONI: I've said that I had responsibility for that. Yes.

40 MR ASPINALL: I asked you if you were the compliance officer for Crown Melbourne, and you said you weren't.

MS TEGONI: I thought Scott was.

45 MR ASPINALL: Is it the case, Ms Tegoni, that you did not know whether you were the AML compliance officer or not?

MS TEGONI: I thought Scott was. But I was always under the impression that it was my ultimate responsibility.

5 MR ASPINALL: Ms Tegoni, what you've signed off on a solemn document like this under a signature block that says you the AML compliance officer for Crown Melbourne, a major casino in this country, how can you say to this Commission that you did not know that you were such an officer?

10 MS TEGONI: I think I said I took full responsibility. The title is neither here nor there.

COMMISSIONER: I don't think that you really mean that, do you, Ms Tegoni?

15 MS TEGONI: Well, you know. I don't know whether I was the stated officer. I thought Scott held that title, Commissioner. But I – I am ultimately responsible. I thought I was the statutory officer. I thought there was a difference between the statutory officer and the compliance officer, but I may be wrong.

20 COMMISSIONER: Anything to do money laundering and statutory titles is rather than an important matter; is it not?

MS TEGONI: Yes.

25 COMMISSIONER: So I'm going to assume that what you said a little while ago needs to be tempered by that answer. Please take a little more care. Yes, Mr Aspinall.

30 MR ASPINALL: Can we look at new document, which is CRL.563.001.4251, please. It is exhibit Crown confidential list 52, Commissioner. I

COMMISSIONER: Thank you.

MR ASPINALL: And it's behind your tab 24, Ms Tegoni.

35 MS TEGONI: Thank you.

MR ASPINALL: Do you have that?

40 MS TEGONI: Yes, I do. Thank you.

MR ASPINALL: If you go to page 4252.

MS TEGONI: Yes.

45 MR ASPINALL: Do you see that's an email from 10 January 2017 from you to Ms Williamson?

MS TEGONI: Yes.

MR ASPINALL: Asking to discuss a query that had been made by AUSTRAC as to whether or not Southbank Investments should be enrolled and registered as a  
5 reporting entity in its own right; do you see?

MS TEGONI: Yes, yes.

MR ASPINALL: Can you tell me how AUSTRAC made that query?  
10

MS TEGONI: No. I can't recall exactly.

MR ASPINALL: Was it in writing or at a meeting?

15 MS TEGONI: If I may, at that point, I was dealing with – I wasn't in my normal role. I was dwelling with the detentions. And so I – I can't recall whether it was a phone call or an email. I was doing other things at that point in time.

MR ASPINALL: But wasn't part of your role, as we have just seen to be, the AML  
20 compliance officer for Crown Melbourne?

MS TEGONI: Yes.

MR ASPINALL: Is what you are telling me that – that you were so distracted with  
25 other matters at this time that you weren't giving much attention to that particular role that you had?

MS TEGONI: No. I knew it was important, which is why I would have provided it  
30 to Jan.

MR ASPINALL: So is the - - -

MS TEGONI: But I don't remember how AUSTRAC contacted me.

35 MR ASPINALL: So is the answer that you were so busy with other matters that that explains why you cannot recall how AUSTRAC, the regulator, made the query that is referred to in that email?

MS TEGONI: I think so. Yes.  
40

MR ASPINALL: And is that a reflection of the fact that, at this time, you had so many duties that you could not attend, efficiently, to your duties as AML compliance officer; do you think?

45 MS TEGONI: No. I think I had very good staff that were attending to these matters.

MR ASPINALL: In other words, did you deal with the problem of a lack of time by delegating the duties of the AML compliance officer?

5 MS TEGONI: Not entirely. As I said, I remain responsible.

MR ASPINALL: Yes. But in terms of – in terms of the ability of someone within the organisation to do the work of the AML compliance problem, do you see it as a problem that you had so many other duties?

10 MS TEGONI: Well, no. As I said, I think I had staff that were able to deal with these matters.

MR ASPINALL: And so, in relation to this email, you cannot tell me anything further about the way in which AUSTRAC made the query?

15 MS TEGONI: No. I'm sorry.

MR ASPINALL: Are you able to give me any background to why AUSTRAC made the query?

20 MS TEGONI: No, I don't recall.

MR ASPINALL: Do you recall anything about AUSTRAC's involvement with Southbank Investments at this time?

25 MS TEGONI: No.

MR ASPINALL: You have no recollection, at all, beyond what's contained in this email; is that right?

30 MS TEGONI: That's right.

MR ASPINALL: Now, if we turn over the page, you see Ms Williamson has given you a reply on the following day, 5.06 pm; do you see?

35 MS TEGONI: Yes.

MR ASPINALL: At the time, you asked Ms Williamson to answer the question that you had posed, were you aware that she had no expertise in money laundering law?

40 MS TEGONI: Yes. No specific expertise.

MR ASPINALL: And were you aware that the query from AUSTRAC was a serious query from the regulator?

45 MS TEGONI: Yes.

MR ASPINALL: Why, in those circumstances, would you ask Ms Williamson, who had no expertise in that area, to answer the question?

5 MS TEGONI: Because she was a senior lawyer. And I thought that she could look at the legislation and give the matter consideration.

MR ASPINALL: And why did you tell me earlier that you thought the duties of the AML compliance officer could be delegated to persons such as Ms Williamson?

10 MS TEGONI: I didn't say I was delegating those responsibilities. I was asking her a legal interpretation question.

MR ASPINALL: But you knew that Ms Williamson had no expertise in that area, didn't you?

15 MS TEGONI: But she can read legislation and provide me with advice.

MR ASPINALL: The issue of whether or not Southbank or Riverbank Investments were reporting entities was a complicated question. Do you agree with that? Or you don't even know?

MS TEGONI: I think it required some legal analysis.

MR ASPINALL: Had you turned your mind to whether it was a complicated legal question or not?

MS TEGONI: I don't think I did.

MR ASPINALL: Thank you. Did you have any understanding of the operation of the AML Act at this time?

MS TEGONI: Yes.

MR ASPINALL: Did you ever turn your mind to whether or not Southbank Investments Pty Limited might be carrying on a designated remittance service?

MS TEGONI: I don't think I thought that specific question, but I can think about it now.

40 MR ASPINALL: Do you have any understanding of what a designated remittance service is?

MS TEGONI: I do remember looking at that in detail at the time. I'm not sure I can remember the detail now.

45 MR ASPINALL: So you say to me you did give consideration to whether or not Southbank was a designated remittance service?



MS TEGONI: Not specifically Southbank, but the designated remittance provisions of the legislation, we looked at carefully. Yes.

MR ASPINALL: When was that?

5

MS TEGONI: I think around the time where I had had discussions with AUSTRAC around the interpretation of what a designated remittance service was. I'm not sure exactly when that was. I'm sorry.

10 MR ASPINALL: You can give me no indication, at all?

MS TEGONI: No. I'm sorry. I remember considering it. I'm not sure when.

15 MR ASPINALL: But you said to me that you did not consider it in relation to Southbank Investments; is that correct?

MS TEGONI: Well, it was a consideration of the transactions rather than, actually, the entity.

20 MR ASPINALL: Which transactions are you referring to?

MS TEGONI: Transactions of money movements that were reportable under the legislation as a designated remittance arrangements.

25 MR ASPINALL: And so you were looking at that question from the point of view of Crown Melbourne, were you?

MS TEGONI: The movement of moneys?

30 MR ASPINALL: Yes.

MS TEGONI: Yes.

35 MR ASPINALL: Were you looking at the question of whether or not Crown Melbourne was providing a designated remittance service rather than whether Southbank Investments were providing one?

40 MS TEGONI: We were looking at all the movements of moneys. So it could have included Southbank Investments. But all the movements of moneys from Melbourne to other – I think, even, to Perth as well. We were looking at all the transactions that could occur to see whether they were designated remittance transactions. And we were reporting them appropriately.

45 MR ASPINALL: Do you see in the response that Ms Williamson gives you on the 11th of January, there's no mention, at all, of the question of whether or not Southbank Investments provides a designated remittance service.

MS TEGONI: I see that. Yes.

MR ASPINALL: And that you've replied:

5           *Thanks, Jan.*

MS TEGONI: Yes.

10          MR ASPINALL: Did you report back to AUSTRAC that, in Crown's view, Southbank Investments was not a reporting entity?

MS TEGONI: I know I would have reported back to AUSTRAC. But I'm not sure exactly what I said to them or reported to them.

15          MR ASPINALL: Do you not know, either way, whether you told them it was a reporting entity or not?

MS TEGONI: I don't believe it was a reporting entity.

20          MR ASPINALL: Did you take any further consideration beyond what Jan had told you to answer that question?

MS TEGONI: I may have. I may have discussed it with Scott Howell, as well, which was my practice.

25          MR ASPINALL: Did Scott Howell have any – did Scott Howell have a legal degree?

MS TEGONI: No.

30          MR ASPINALL: Did you ever consider whether or not this question of whether or not Southbank Investments was a reporting entity was of sufficient importance that you should obtain specialist external advice on the question?

35          MS TEGONI: There weren't many people that had more expertise than my team had in application of AML.

MR ASPINALL: But, as I understand it, you understood that Ms Williamson had no expertise?

40          MS TEGONI: Well, she had – she a lot of expertise in reading legislation and providing advice.

MR ASPINALL: Is that a serious answer?

45          MS TEGONI: Yes.

MR ASPINALL: That being able to read legislation makes one have expertise in an area of law?

5 MS TEGONI: No. Not – I didn't say that. I said she could read legislation and provide me with advice.

10 MR ASPINALL: Your evidence to me was that it was – there was no one that you knew of, was – is it, that could have given specialist legal advice on this question externally? Is that a serious answer?

COMMISSIONER: I don't think that was the evidence. Ms Tegoni indicated that she had experts in her own team. So, I think, we can proceed on the basis that you can ask a different question.

15 MR ASPINALL: Looking back now, do you think it would have been wise to try and obtain external specialist advice upon this question?

MS TEGONI: I don't – I don't think it warranted that. No.

20 MR ASPINALL: Are you aware of the effect of section 51 of the AML Act?

MS TEGONI: I don't remember that section off the top of my head.

25 MR ASPINALL: Are you aware of the effect of the Act – that the effect of the Act is that, if you are a reporting entity and you reported in accordance with your obligations under the AML Act, that you are, thereby, declared an essential element of the criminal offence of dealing with the proceeds of crime?

30 MS TEGONI: I don't recall that specifically. I accept what you're saying that's what it says.

35 MR ASPINALL: Did you have – did you ever turn your mind to the fact that, if Southbank and Riverbank were actually reporting entities and were not making those reports that they would be breaching the AML Act?

MS TEGONI: We – I'm satisfied that we would be – we would be reporting on transactions going through those accounts, which was – which was the most important thing.

40 MR ASPINALL: But that wasn't my question. I'm talking about Southbank Investments, of which you were the company secretary.

MS TEGONI: Yes.

45 MR ASPINALL: Did it not occur to you that if that company was, in fact, a reporting entity and was not making the reports which the AML Act required, it would be breaching the AML Act?

MS TEGONI: That's assuming it was a reporting entity.

MR ASPINALL: Yes.

5 MS TEGONI: Which I don't accept it was, necessarily.

MR ASPINALL: Did you ever turn your mind to that possibility?

10 MS TEGONI: Well, I think I did. At this point here, it would indicate that I, perhaps, would have turned my mind to it then.

15 MR ASPINALL: Did you ever have any awareness that, if Southbank Investments was not registered as a reporting entity and dealt with proceeds of crime, it would not receive the protection that it would otherwise have received from section 51 of the AML Act.?

MS TEGONI: I don't think I would have considered it in that way. No.

20 MR ASPINALL: Did it ever occur to you that, having these companies within the structure of Crown Resorts, dealing with money which patrons paid in and passing it on to Crown Melbourne, in circumstances where they were not reporting entities and did not receive the protection of section 51, was inherently dangerous?

25 MS TEGONI: Did I consider that – sorry – did you say?

MR ASPINALL: Yes. Did you ever consider that?

30 MS TEGONI: I don't think so. As I said, I was focused on were transactions being monitored and reported.

MR ASPINALL: I see. And that was in your role as AML compliance officer at Crown Melbourne; is that right?

35 MS TEGONI: With what I've said about Scott Howell, I thought holding that position, yes.

MR ASPINALL: But we've just seen that you were wrong in that assumption, haven't we?

40 MS TEGONI: I'm still not sure.

MR ASPINALL: But Ms Tegoni, we saw a document upon which you had applied your signature which said that you were; are you saying that was a false document?

45 MS TEGONI: No, I'm not saying that's a false document. I accept that.

COMMISSIONER: I think the question that Mr Aspinall asked you about obtaining specialist external advice, in answer to that question, you said that there weren't many people that had more expertise than your team had in the application of AML. Do you remember saying that?

5

MS TEGONI: Yes, I do.

COMMISSIONER: And are you able to indicate to me, then, who it was that had the expertise in the application of AML – anti-money laundering law?

10

MS TEGONI: Myself and Michelle Fielding probably as well.

COMMISSIONER: I see; so it was yourself and Ms Fielding?

15

MS TEGONI: Yes.

COMMISSIONER: And Ms Fielding was, what was her role at the time, just remind me, if you wouldn't mind?

20

MS TEGONI: She was general manager, compliance.

COMMISSIONER: Right. And so was she in your team?

MS TEGONI: Yes.

25

COMMISSIONER: Yes, and she was a lawyer?

MS TEGONI: Yes.

30

COMMISSIONER: And so when you said that not many people had more experience than your team, you meant more than yourself and Ms Fielding?

MS TEGONI: And Scott Howell as well, in the application of the law.

35

COMMISSIONER: But he not being a lawyer, as I understood your evidence; is that right?

MS TEGONI: That's correct.

40

COMMISSIONER: Did you ever consult with AML experts outside Crown; lawyers?

MS TEGONI: No, I don't recall, sorry.

45

COMMISSIONER: You don't recall you did?

MS TEGONI: I don't recall I did, no.

COMMISSIONER: Yes, thank you. Yes, Mr Aspinall, I'm sorry to interrupt.

MR ASPINALL: That's all right. Ms Tegoni could we have a look at another document please; it's CRL.563.001.0700\_R. That can go to the VC only, please.

5

COMMISSIONER: It goes to the hearing room only.

MR ASPINALL: Yes.

10 COMMISSIONER: 0700.

MR ASPINALL: It's Crown confidential list 1, tab 190. And it is behind your tab 29, Ms Tegoni.

15 MS TEGONI: Thank you.

COMMISSIONER: When you were working with Crown – I think you've ceased working for Crown now, as I understand it; is that right?

20 MS TEGONI: That's correct.

COMMISSIONER: When you were working with Crown, you had a practising certificate, did you?

25 MS TEGONI: I did.

COMMISSIONER: And you have one now?

MS TEGONI: I do.

30

COMMISSIONER: Yes, I understand. And that's a practising certificate issued by Victorian authorities.

MS TEGONI: Yes.

35

COMMISSIONER: Yes, thank you. Yes, Mr Aspinall.

MR ASPINALL: Commissioner, I'm informed that it may be easier for Ms Tegoni to look at this on the screen because the redacted version is the part that I will be referring to and she has the unredacted copy.

40

COMMISSIONER: I'm not sure that that can happen. It can happen; yes, all right. Thank you.

45 MR ASPINALL: It may be easier for you to look at it on the screen, if you have the screen there, Ms Tegoni. If you need it blown up, just let me know.

COMMISSIONER: That's not going to the live stream, is it?

MR ASPINALL: You see that's a bank account statement for Southbank Investments.

5

MS TEGONI: Yes.

MR ASPINALL: And it's from March to April 2014.

10 MS TEGONI: Yes.

MR ASPINALL: If we go down under the first redacted block, you see that on 3 March there are a series of transactions.

15 MS TEGONI: Yes.

MR ASPINALL: And all of them are under \$10,000?

MS TEGONI: Yes.

20

MR ASPINALL: And do you see the reference numbers under the cash deposit description?

MS TEGONI: Are they the numbers under the cash deposit branch number?

25

MR ASPINALL: Yes. You see they are all 1203527

MS TEGONI: Yes.

30 MR ASPINALL: Do you understand what that means?

MS TEGONI: No.

35 MR ASPINALL: You are not familiar with the way in which these accounts were used by patrons?

MS TEGONI: No. I didn't look – I've never looked at a bank statement like this.

40 MR ASPINALL: I understand. Well, you can take it from me that that refers to a patron number.

MS TEGONI: Right. Okay.

45 MR ASPINALL: And the patrons were told that they could deposit money into this account using their patron number as a reference and it would then be available to them at the casino.

MS TEGONI: Yes, okay.

MR ASPINALL: You see that the deposits on this page were all made at different branches of the Commonwealth Bank in Sydney?

5

MS TEGONI: I don't know Sydney, yes, but if you say that, yes.

MR ASPINALL: If we go over to the next page, you see that those top three accounts there were made at different branches as well but the number is the same?

10

MS TEGONI: Yes.

MR ASPINALL: And they're all under \$10,000?

15

MS TEGONI: Yes.

MR ASPINALL: They're all on 3 March?

MS TEGONI: And 4 March.

20

MR ASPINALL: Yes. Do you see on 4 March it goes on with the same reference number?

MS TEGONI: Yes.

25

MR ASPINALL: And if you scroll down a bit, operator, you see that they are again made at different branches of the Commonwealth Bank?

MS TEGONI: If you say so, yes.

30

MR ASPINALL: And on 5 March you see it continues?

MS TEGONI: Yes.

35

MR ASPINALL: Now, we have probably looked at enough of that, but do you see that the irresistible inference from these statements is that money laundering was occurring through this account, isn't it?

MS TEGONI: No, there's structuring potentially going on below \$10,000.

40

MR ASPINALL: Other than money laundering, why would someone make deposits of this nature at different branches under \$10,000 on the same day at different branches around - - -

45

MS TEGONI: I don't know.

MR ASPINALL: There is no plausible explanation, is there?



MS TEGONI: I don't know.

MR ASPINALL: The only other explanation is that some eccentric person might be visiting different branches of the Commonwealth Bank in Sydney. It's - - -

5

MS TEGONI: I believe - - -

MR ASPINALL: The irresistible inference is that it is money laundering, isn't it?

10 MS TEGONI: I believe it's suspicious.

MR ASPINALL: That's not a reasonable answer, is it? Is that your serious answer on those?

15 MS TEGONI: I do believe it's suspicious.

MR ASPINALL: But you cannot give me any other plausible explanation for why someone would do this?

20 MS TEGONI: I don't know what someone would be doing, no.

COMMISSIONER: I suppose it's not unreasonable to conclude that if someone is traipsing around the city and the suburbs doing this, it could be more probable than not that they may be laundering some money from ill-gotten gains; would you agree with that?

25

MS TEGONI: Which is why they're suspicious, yes.

COMMISSIONER: And it could be more probable than not that they're laundering it?

30

MS TEGONI: They could be doing something suspicious, yes, and - - -

COMMISSIONER: Would you please answer my question.

35

MS TEGONI: Yes.

COMMISSIONER: See, if you resist answering the question, I have to press on with it. Now, as a lawyer, having worked in legal firms, you understand the process. Please pay attention to the question, if you would be so kind. Yes, Mr Aspinall.

40

MR ASPINALL: Ms Tegoni, did you understand that the AML compliance officer was a mandatory statutory office under the provisions of the AML Act?

45 MS TEGONI: Yes.

MR ASPINALL: And did you understand that under the compliance program, that person had particular duties?

MS TEGONI: Yes.

5

MR ASPINALL: What did you understand those duties to be?

MS TEGONI: To ensure that the company had an AML program consistent with the Act, and conducted transaction monitoring in accordance with the Act and reported accordingly.

10

MR ASPINALL: Did you also understand that one of the duties of the AML compliance officer was to report any systemic concerns to the CEO?

15 MS TEGONI: Yes.

MR ASPINALL: And did you ever do that in respect of Southbank Investments?

MS TEGONI: I don't think so, no. I don't know whether – sorry.

20

MR ASPINALL: Did you ever form any systemic concerns in regard to the operations of the Southbank accounts?

MS TEGONI: No.

25

MR ASPINALL: I have no further questions.

COMMISSIONER: Yes. Mr Young.

30 MR YOUNG: Thank you, Commissioner. I do have some questions going back to earlier this morning.

COMMISSIONER: Yes.

35

**<EXAMINATION BY MR YOUNG**

**[12.30 pm]**

40 MR YOUNG: Ms Tegoni, I want to take you to a document that Mr Bell took you to. It is exhibit R37, which is found in your slim folder under tab 2. I don't know how else to describe that, that folder.

MS TEGONI: Thank you; ending in 2132?

45 MR YOUNG: Yes, the Ringtail number is CRL.636.001.2132.

MS TEGONI: Yes, I have that, thank you.

MR YOUNG: Now, you were asked some questions and Mr Bell drew your attention to the timing – or the time recorded as to when Ms Williamson sent this email to you. Do you see that?

5 MS TEGONI: Yes.

MR YOUNG: It was 10.54 pm on 9 July.

MS TEGONI: Yes.

10

MR YOUNG: And he also drew your attention to her stated intention not to be in the office tomorrow.

MS TEGONI: Yes.

15

MR YOUNG: But to work from home. Do you see that?

MS TEGONI: Yes.

20

MR YOUNG: Now, I want to take you to some emails immediately the next morning. For this, you will need exhibit R33 and I believe a copy of that document has been emailed to you, Ms Tegoni.

MS TEGONI: Yesterday or today, Mr Young?

25

MR YOUNG: Today.

MS TEGONI: I don't think I've looked at that, I'm sorry.

30

COMMISSIONER: Would you like it brought up on the screen, Mr - - -

MR YOUNG: Yes, we will get it brought up, Commissioner, as well. It's Ringtail CRL.638.001.0655.

35

MS TEGONI: I don't have – I haven't opened my emails, this morning, I'm sorry.

COMMISSIONER: That shouldn't be on the live stream, I don't think.

MR YOUNG: No, this is a confidential document.

40

COMMISSIONER: Yes. Yes, thank you, Mr Young. Ms Tegoni, do you have access to that document?

MS TEGONI: No, I don't.

45

COMMISSIONER: I see. So there's no access to that document because it's a confidential document, I think, Mr Young. Perhaps you might manage it by

indicating the communications between Ms Williamson and Mr Neilson and we can go on that basis, if you can.

MR YOUNG: Could I ask a question of the witness first, Commissioner?

5

COMMISSIONER: Of course.

MR YOUNG: I may do that. Ms Tegoni, if we pause this for a moment. Do you have access to a device where you can see an email that may have been sent to you in the last hour or so?

10

MS TEGONI: I can, Mr Young, yes. Could I ask that you use my work email because it will be easier for me to locate it. I think you have that.

MR YOUNG: Well, I'm sure those instructing me are hearing this, Ms Tegoni. Commissioner, I will just see if we can do that because it will be easier with the text in front of the witness. If we can't, I will proceed as you suggested, Commissioner.

15

COMMISSIONER: What's the point of this? I don't mean that pejoratively, of course, Mr Young.

20

MR YOUNG: It's really to ask Ms Tegoni a question about the exchanges that took place immediately the next morning.

COMMISSIONER: To which she wasn't a party?

25

MR YOUNG: Yes. But I need to ask the question.

COMMISSIONER: Yes.

30

MR YOUNG: I think it's about to be sent to you, Ms Tegoni.

MS TEGONI: Thank you.

MR YOUNG: I'm told you should have it.

35

MS TEGONI: At my work email?

MR YOUNG: Yes.

40

MS TEGONI: It hasn't come through yet. It's come through. Thank you.

MR YOUNG: Could you read the chain of emails. The bottom one is the longer one, but you're familiar with that. But could you read the emails exchanged early on the morning of Friday, the 10th of July? Just to yourself for a moment.

45

MS TEGONI: Yes. Thank you.

MR YOUNG: Now, Ms Tegoni, you will see from that email chain, in exhibit 33, that, immediately, the next morning, the Friday, Ms Williamson asks a series of questions as to, first, of Mr Zhou, as to who the letter is to come from. Then, a similar question to Mr Neilson, the company's general counsel.

5

MS TEGONI: Yes.

MR YOUNG: And her final email is to Mr Neilson, at 9.41, confirming that the letter should come from Crown Resorts Pte Ltd.

10

MS TEGONI: Yes.

MR YOUNG: Now, you're not involved in those email exchanges.

15

MS TEGONI: No.

MR YOUNG: Can you – are you able to explain how it is that you weren't involved in those exchanges. And why, the next morning, Ms Williamson was having recourse to Mr Neilson to get these questions addressed?

20

COMMISSIONER: Well, Mr Young, I don't know that that's, in the circumstances, reasonable. There's no suggestion that Ms Williamson had to have recourse to anyone in the circumstances; that's rejected. Yes. Or had to have recourse. She may have had recourse from willingly – willingly, going to him. But it is objectionable and it's not assisting me.

25

MR YOUNG: Well, I will rephrase it, Commissioner.

COMMISSIONER: All right.

30

MR YOUNG: I didn't realise I inserted the words "had to have recourse". Ms Tegoni, given that you weren't involved in these exchanges and those questions were being posed to others, including Mr Neilson, are you able to provide any explanation to the Commissioner as to why you weren't involved the next morning?

35

MS TEGONI: It seems that she had assumed that - - -

COMMISSIONER: In these emails, you mean?

40

MR YOUNG: In these emails. Yes.

COMMISSIONER: Yes.

MS TEGONI: It seems she had assumed that Crown Resorts Limited needed to sign the letter. And so my call was the general manager at Crown Resorts Limited.

45

MR YOUNG: Yes. Now, were you - - -

COMMISSIONER: Did you report to – did you report to Mr Neilson? I'm sorry, Mr Young. Did you report to Mr Neilson, Ms Tegoni?

MS TEGONI: No.

5

COMMISSIONER: So what – you said that Michael was - - -

MS TEGONI: The general counsel of Crown Resorts Limited.

10 COMMISSIONER: I see. And so you had a concurrent role in your legal position; is that right?

MS TEGONI: No. I was employed by Crown Melbourne Limited, a separate entity.

15

COMMISSIONER: Yes. And so you were the head of the legal department for Crown Melbourne; is that right?

MS TEGONI: That's correct.

20

COMMISSIONER: And Mr Neilson was the general counsel for Crown Resorts?

MS TEGONI: That's correct.

25 COMMISSIONER: In one of his roles. Yes. Thank you. Yes. Yes, Mr Young.

MR YOUNG: Ms Tegoni, did you play any role in the identification of the signatory as Crown Resorts Pty Ltd for the purposes of this letter?

30 MS TEGONI: No.

MR YOUNG: All right. Thank you.

COMMISSIONER: It'd be Pte Ltd.

35

MR YOUNG: Pte Ltd. Yes.

COMMISSIONER: Yes, that's right.

40 MR YOUNG: Ms Tegoni, now, in answer to Mr Aspinall, at one point, as I understand it, you said that you were the statutory officer – office holder in relation to AML compliance, but you understood it was Mr Scott Howell who, within the company, had the title compliance officer?

45 MS TEGONI: That's correct.

MR YOUNG: Yes. Do you know what the official statutory title was that applied to your statutory office?

MS TEGONI: I'm sorry. I can't recall.

5

MR YOUNG: Yes. At all times, did you carry out the duties of statutory office holder?

MS TEGONI: Yes.

10

MR YOUNG: Thank you. Commissioner, they are my only questions for Ms Tegoni.

COMMISSIONER: Yes, thank you, Mr Young. Mr Barnett, anything?

15

MR BARNETT: No questions from me, Commissioner.

COMMISSIONER: And, Ms Case, I presume there are none from yourself?

20

MS TEGONI: No, there are not, Commissioner.

COMMISSIONER: Now, Ms Tegoni, I just wanted to clarify a matter that was raised in the evidence with you in regard to the employee who was questioned in China. Do you remember that line of questioning?

25

MS TEGONI: Yes, I do.

COMMISSIONER: And you gave evidence to me that you were not made aware that there was a suggestion that that employee had given a false version of events to the Chinese authorities. Do you remember giving me that evidence?

30

MS TEGONI: I do.

COMMISSIONER: And I am right to presume, am I not, that had you been informed that such an occurrence was the case, that he had given a false version to the Chinese authorities, that would have concerned you?

35

MS TEGONI: Yes.

COMMISSIONER: And whatever steps one can look at taking, in retrospect, are all very interesting, but I just need to be sure that, at no time, you were advised that such an occurrence was the case?

40

MS TEGONI: I don't recall that, at all. No.

45

COMMISSIONER: Sorry?

MS TEGONI: I don't recall that, at all, that I was advised of that at the time. No.

COMMISSIONER: And so it's probable, because it's such a matter about which  
5 you would be concerned if you were advised, it's probable, in those circumstances,  
that you were not advised; is that right?

MS TEGONI: I'm sorry, Commissioner. I don't know why that employee would  
have said that. So I would have to inquire as to - - -

10 COMMISSIONER: It's a different question. Just listen again. I'm sorry. It may  
well be the way I put it, and for which I apologise. You've said that, if you had been  
advised that this employee of Crown's had given a false version of events to the  
Chinese authority, it would have concerned you. Now, in those circumstances, what  
15 I'm suggesting to you is that it's probable that you weren't so advised, because, if  
you had been, you would have remembered it?

MS TEGONI: Yes.

COMMISSIONER: Yes. All right. Anything arising, Mr Young? I'm sorry.  
20

MR YOUNG: I said no, Commissioner. Thank you.

COMMISSIONER: Anything arising, Mr Bell or Mr Aspinall? Yes. Thank you,  
25 Ms Tegoni, that's the completion of your evidence. And, as I've said to others, it is  
more probable than not that you won't be asked to give any further evidence, but if  
that were to occur in the unlikely event, of course, you'll be notified by those  
assisting via the lawyers for Crown or directly. You understand that?

MS TEGONI: Yes. Thank you, Commissioner.  
30

COMMISSIONER: Yes. Thank you, Ms Tegoni. Yes. The link to Ms Tegoni may  
be terminated. Thank you.

35 <THE WITNESS WITHDREW [12.45 pm]

COMMISSIONER: And, yes, Mr Bell?

40 MR BELL: I call Mr Michael Neilson.

COMMISSIONER: Yes. Mr Neilson. Is it convenient to establish the link or  
should I take the adjournment? I see. All right. Well, what I think I'll do is to take  
45 the luncheon adjournment now and resume at - do you think you'll be finishing this  
afternoon with Mr Neilson?

MR BELL: Yes.



COMMISSIONER: Excellent. All right then. Well, I'll adjourn until 2 pm.

**ADJOURNED** [12.45 pm]

5

**RESUMED** [2.00 pm]

10 COMMISSIONER: Thank you, yes, Mr Bell.

MR BELL: I call Mr Michael Neilson.

COMMISSIONER: Mr Neilson, can you hear me?

15

MR M.J. NEILSON: Yes, Commissioner, I can hear you.

COMMISSIONER: Mr Neilson, would you prefer to take an oath or an affirmation to give your evidence?

20

MR NEILSON: Oath would be fine.

COMMISSIONER: Do you have a Bible nearby. That's all right, I have one here so I will assume you will take, in this virtual way, the oath on this Bible. Are you happy to do that?

25

MR NEILSON: Yes, Commissioner.

30 <MICHAEL JAMES NEILSON, SWORN [2.00 pm]

<EXAMINATION BY MR BELL

35

COMMISSIONER: Yes, Mr Bell.

MR BELL: Mr Neilson, would you please state your full name.

40 MR NEILSON: Michael James Neilson.

MR BELL: And your business address is known to those assisting this inquiry. What is your occupation?

45 MR NEILSON: I'm a solicitor.

MR BELL: And were you the general counsel of Crown Resorts from 2004 to 2017?

5 MR NEILSON: No. I was general counsel and company secretary of Crown Resorts from 2007 to 2017.

MR BELL: Thank you.

10 MR NEILSON: And I was general counsel of Crown Melbourne from 2004 to 2007.

15 MR BELL: So, in the period from 2007 to 2017, when you were general counsel of Crown Resorts Limited, were you the most senior lawyer employed by Crown Resorts?

MR NEILSON: Yes. I think so, yes.

MR BELL: And - - -

20 COMMISSIONER: Senior, in the sense of the hierarchy, as opposed to anything else, Mr Neilson?

MR NEILSON: Yes, that's what I was hesitating on.

25 COMMISSIONER: Yes, I understand. Yes.

MR BELL: And was it your practice to attend the board meetings of Crown Resorts Limited in the period 2014 to 2016?

30 MR NEILSON: I'm sorry. You cut out then, Mr Bell.

MR BELL: Sorry. I asked if it was your practice to attend meetings of the board of Crown Resorts Limited ..... '14 to 2016?

35 MR NEILSON: Again, you cut out right at the end. I assume you said 2014 to 2016; is that right?

COMMISSIONER: Yes.

40 MR BELL: Yes.

MR NEILSON: Yes. Well, I was company secretary, so I attended the board meetings in the capacity as company secretary.

45 MR BELL: Were you responsible for the preparation of the minutes of the board meetings of Crown Resorts Limited?

MR NEILSON: Yes, I was.

MR BELL: Now, in the period up to October 2016, were you ever asked to apply  
5 your mind to consider whether the activities of the staff employed by Crown Resorts,  
or its subsidiary in China, were complying with the criminal laws of China in relation  
to gambling?

MR NEILSON: Prior to October 2016?

10 MR BELL: That's right.

MR NEILSON: Not specifically. No. Not that I can remember, Mr Bell.

MR BELL: All right. And, in that period up to October 2016, were you ever asked  
15 to apply your mind to considering or reviewing advice from any other lawyers on the  
issue whether the activities of the staff employed by Crown Resorts, or its subsidiary  
in China, were complying with the criminal laws of China in relation to gambling?

MR NEILSON: No. I wasn't asked to look at anything during that period.  
20

MR BELL: And, in that period, did you ever, in fact, apply your mind to consider  
whether the activities of the staff employed by Crown Resorts, or its subsidiary in  
China, were complying with the criminal laws of China in relation to gambling? I'm  
25 talking about the period up to October 2016.

MR NEILSON: Yes. Remembering, for a time right at the beginning of my career  
with Crown, I was actually the general counsel of Crown Melbourne. So I have a  
distant memory of ensuring we had appropriate legal advice around our operations in  
China. Those operations had been going before I joined Crown. But I don't have a  
30 specific recollection of what that advice was or who gave it.

MR BELL: And you're referring to advice that you may have considered, are you,  
in the period whilst you were general counsel for Crown Melbourne prior to 2007?

35 MR NEILSON: Yes. I think – I think that's right. I have a very vague memory of  
that, but – yes.

MR BELL: And should we take it that you no longer have any recollection of the  
substance of the advice you saw or the process of reasoning that you employed in  
40 considering it?

MR NEILSON: Not with any specificity. No. Certainly not the process. I may  
have some vague recollections as to certain characteristics of behaviours that needed  
45 to be followed.

MR BELL: But would it be fair to say that the process which you would have adopted would have, first, been to request an advice from lawyers who you perceived to have expertise on that issue?

5 MR NEILSON: Well, I didn't do that, Mr Bell. Advice had already been obtained, because they had been operating in China for some time before I joined. I – my – again, it's a very vague memory, because it's a long, long time ago, is that I checked that we had advice that would have been obtained by somebody before I got there.

10 MR BELL: And do you recall whether you applied your own mind to considering the reasonableness of that advice and the reasonableness of the factual assumptions on which it was based?

15 MR NEILSON: I don't have a specific recollection. I assume I would have. But I don't have a specific recollection of that.

MR BELL: But, certainly, I understand from your evidence that, from the time that you became general counsel of Crown Resorts Limited in 2007, up until October 2016, you did not apply your mind to the question of whether the activities of the staff employed in China were complying with the criminal laws of China in relation to gambling, because you were not asked to do so?

20

MR NEILSON: No. That's correct.

25 MR BELL: And in the period, up to October 2016, were you ever asked to apply your mind to consider whether the activities of the staff employed by Crown Resorts, or its subsidiary in China, were complying with the business laws of China?

30 MR NEILSON: I don't remember ever doing that.

MR BELL: Now, could I ask you to look at a document, which is exhibit M for Mike, 202. It's CRL.522.001.4220.

35 MR NEILSON: 202, did you say, Mr Bell?

MR BELL: That's right.

COMMISSIONER: You said 202, not 220?

40 MR BELL: 202.

COMMISSIONER: Yes. Thank you.

45 MR NEILSON: Yes, I see that. That's an email from Barry Felstead; is that that one?

MR BELL: That's the one.

COMMISSIONER: Yes.

MR BELL: So you should have in front of you an email from Mr Felstead to you and others, dated the 28th of June 2015; is that right?

5

COMMISSIONER: Is this a confidential document?

MR BELL: No.

10 COMMISSIONER: Yes. That can go to the live stream.

MR BELL: Now, is it the case that you became aware, in late June 2015, that staff of South Korean casinos operating in China had been arrested?

15 MR NEILSON: I became aware, at some time, that staff in China of a Korean casino had been detained. I don't precisely remember when.

MR BELL: But does this – do these emails assist you to recall that it was in or about late June 2015 that you became aware of that matter?

20

MR NEILSON: I – by then, it would appear that I was aware of it.

MR BELL: Now, do you recall, at a Crown Resorts Limited board meeting after that time, Mr Michael Johnston was saying something about the arrest of the South Korean casino employees in China?

25

MR NEILSON: I don't remember that, Mr Bell. He might have, but I don't remember it.

30 MR BELL: Do you recall whether Mr Michael Johnston raised that matter during informal discussions which occurred on the day of a board meeting?

MR NEILSON: Are you saying at - during the board meeting or at informal discussions before or after a board meeting?

35

MR BELL: Yes, so you've said you have no recollection of Mr Johnston raising that matter at a board meeting.

MR NEILSON: Yes.

40

MR BELL: So my question to you is whether you have a recollection of Mr Johnston raising that matter in informal discussions on the day of a board meeting but outside the formal board meeting itself?

45 MR NEILSON: Yes, I see. I don't have a recollection of that. Again, it might have happened, but I don't have a recollection of it.

MR BELL: All right. Now, were you aware in the period up to October 2016 that the staff in China, among other things, were organising gambling tours to Crown Resorts casinos in Australia?

5 MR NEILSON: Broadly I was aware that that activity was going on, yes.

MR BELL: Yes. And was it your practice, as general counsel and company secretary of Crown Resorts in the period up to October 2016, to read business emails which your subordinates considered important enough to send to you?

10

MR NEILSON: Yes.

MR BELL: No, confidentiality is reserved on the next document, Mr Neilson. It's exhibit R33, CRL.638.001.0655.

15

MR NEILSON: It's an email dated 10 July 2015?

COMMISSIONER: Yes, that's the one.

20 MR NEILSON: Yes, I have that.

COMMISSIONER: Thank you.

MR BELL: Now, you see that on 10 July 2015 Ms Jan Williamson forwarded you a series of emails relating to a staff member in China being questioned by the Chinese police?

25

MR NEILSON: Sorry, I'm just reading the chain of emails, Mr Bell.

30 COMMISSIONER: Thank you.

MR NEILSON: Yes, I've read that chain of emails. I'm sorry, what was the question, Mr Bell?

MR BELL: Well, the question that I asked was whether you see that on 10 July 2015 that Ms Jan Williamson had forwarded you a series of emails relating to a staff member in China being questioned by the Chinese police.

35

MR NEILSON: Yes, she seems to have sent me two emails within about 18 minutes of each other.

40

MR BELL: Do you have any recollection of these emails or the issue that was being raised with you?

45 MR NEILSON: No, I don't have any recollection of that.

MR BELL: But we can take it that in accordance with your practice, it's likely that you read these emails at the time?

5 MR NEILSON: Again, I don't have a memory of it. I would assume that I did but I don't have a memory of it.

MR BELL: Yes.

10 MR NEILSON: And I don't know whether I read each one as they came in or only read the last one when it came in because it took me more than 18 minutes to look at my emails.

MR BELL: If you look at the second page, .0656, you will see that there's an email from Kenneth Zhou of WilmerHale.  
15

MR NEILSON: Yes.

MR BELL: Did you know that they were lawyers in Beijing who were providing advice to Crown Resorts or its subsidiary?  
20

MR NEILSON: I know that now, but I don't remember knowing that at the time.

MR BELL: Right. And you see that, according to that email, the Chinese police had asked the employee what he did and he said that he was an employee of Crown Hotel and assisted Chinese tourists who were interested in going to Australia and visit the hotel and preparing visas application materials. Do you see that?  
25

MR NEILSON: Yes.

30 MR BELL: And the email went on:

*The police department said that somebody had reported that he organised overseas gambling tours and he said that he had no knowledge about it.*

35 Do you see that?

MR NEILSON: Yes, I can see that's in the email, yes.

MR BELL: Yes, and that according to this email, the Chinese police required a letter from Crown to confirm that he is an employee of Crown.  
40

MR NEILSON: Yes. I can see that.

MR BELL: Are you able to recall whether it occurred to you at the time that the questioning of a staff member by the Chinese police concerning the organisation of gambling tours coming so soon after the arrest of the South Korean casino employees was a serious matter?  
45

MR NEILSON: I – I’m sorry, I don’t recall receiving this email so, therefore, I don’t recall what I thought about it.

5 MR BELL: Were these two emails the first time that you became aware that an employee in China had been questioned by the police and that a letter was required by the Chinese police from Crown Resorts?

10 MR NEILSON: Look, again, I don’t recall this email or this particular incident. I have, again, a vague memory over my entire time at Crown that occasionally staff members needed to - in China, needed assistance because they’d had questions or requests from - I don’t know whether it was police or other government officials in China. And I was aware that part of the legal support provided to that part of the business included having people on the ground in China who could provide that help if people needed it. But I don’t remember the specifics. I certainly don’t remember  
15 WilmerHale as being a law firm that we used. I might say, I became aware of that after October 2016 but prior to October 2016 I didn’t deal with any of these matters.

20 MR BELL: Would you agree, as a general proposition, that it would be a serious matter or you would regard it as a serious matter for one of the Crown Resorts staff in China to be questioned by the Chinese police about organising gambling tours and Chinese police requiring a letter from Crown about that?

25 MR NEILSON: I don’t – I don’t know. I would need to know all the facts – as a general proposition, I would need to know all the facts and circumstances surrendering the situation before I formed a view about its level of seriousness.

30 MR BELL: And just so I’m clear, you have said you don’t recall the emails but have you also given evidence that you do not recall this incident at all of an employee in China in July 2015 being questioned by the police, being questioned about whether he was organising gambling tours and being required, and Crown being required to provide a letter?

MR NEILSON: I don’t recall that, Mr Bell, no.

35 MR BELL: Now, do you see from Ms Williamson’s email to you at 9.23 am that she asked you to call her about who should be providing the letter?

MR NEILSON: Yes, I can see that.

40 MR BELL: And if you look at the second email, 9.41 am, Ms Williamson confirmed that the letter should be from Crown Resorts Pte Limited.

MR NEILSON: Yes.

45 MR BELL: Do you recall speaking to Ms Williamson as she had asked?

MR NEILSON: I don’t remember, no, I’m sorry.



MR BELL: Did you ever see the letter that was sent by Crown Resorts as requested by the Chinese police?

5 MR NEILSON: Again, I don't – I don't remember, Mr Bell, I'm sorry.

MR BELL: Well, I suppose I should show you the letter. Just bear with me one moment. Sorry, Mr Neilson. Yes. The actual letter is at exhibit O32, which is INQ.55950 – I'll start again: INQ.950.002.0146.

10 MR NEILSON: Sorry. O – can you give me the number again, Mr Bell. I'm sorry.

MR BELL: Yes, that's okay. Exhibit O, tab 32.

15 MR NEILSON: 32. It's a letter dated the 9th of July?

MR BELL: Yes.

MR NEILSON: Yes. I've got that now.

20 MR BELL: Now, have you ever seen that letter – well, I withdraw that. Did you ever see that letter at any time up to October 2016?

MR NEILSON: I don't recall it. I'm sorry.

25 MR BELL: All right. Do you see that, in the last sentence, it says that:

*Crown Resorts is one of the leading hotel resort and entertainment companies in Australia and is listed on the Australian Stock Exchange.*

30 MR NEILSON: Yes. I can see that.

MR BELL: And it makes no mention of the fact that Crown Resorts conducted casinos in Australia?

35 MR NEILSON: That's correct. It doesn't say that.

MR BELL: And do you recall, from the emails that I showed you a little earlier, that the employee had denied conducting – organising gambling tours to Crown's casinos in Australia?

40 MR NEILSON: Yes. I remember that.

MR BELL: And you were aware, generally, that Crown Resorts employees in China were organising gambling tours to Australia, you've told us?

45 MR NEILSON: Yes.

MR BELL: So if you had seen this letter, knowing – and if you did know, that the employee had denied involvement in organising gambling tours, that the Chinese police required a letter, would you have been concerned to see a letter in this form which omitted reference to Crown’s involvement in casinos?

5

MR NEILSON: There’s a lot of hypotheticals in there, but my best guess is – well, I would need to know more of the circumstances. Again, this description of Crown as a “hotel resort and entertainment company” was a common description we used at the time that’s – that wouldn’t have, necessarily, set any alarm bells off. Again, that’s a common way that casino companies describe themselves.

10

MR BELL: So, in fairness to you, you would say, would you, that you would need to have been better acquainted with the facts than you presently recall to express a view about that?

15

MR NEILSON: Yes. If – if I’d seen a combination of pieces of information you’ve put to me at the time, I would have needed more information about it all before I formed a view on it.

20

MR BELL: And I take it you would have requested further information to satisfy yourself that it was appropriate?

MR NEILSON: I might have. Again, hypothetically, and taking an educated guess at it, I – I might well have just asked somebody else to look into it.

25

MR BELL: Yes. Yes. Now, I take it from your evidence – the evidence you’ve given – that you have given that you don’t recall speaking to anyone else at Crown Resorts or Crown Melbourne about these events, that is to say, the questioning of the staff member by the Chinese police in July 2015 and the requirement of the police for a letter. You don’t recall speaking to anyone else at Crown Resorts or Crown Melbourne about those events at any time up to October 2016?

30

MR NEILSON: I don’t recall. No.

35

MR BELL: And are you aware of any communication of the information concerning these events to any director of Crown Resorts at any time up to October 2016?

MR NEILSON: No, I’m not aware.

40

MR BELL: I have no further questions.

COMMISSIONER: Yes, Mr Aspinall. Thank you, Mr Neilson. Mr Aspinall, counsel assisting, will now ask you some questions.

45

MR NEILSON: Thank you.

5 MR ASPINALL: Mr Neilson, do you have a bundle which has some ASIC searches, behind tab 2 and 3, for Riverbank and Southbank investments?

MR NEILSON: I do, Mr Aspinall. Let me just find them.

10 MR ASPINALL: It should have 18 tabs in it, I'm told.

MR NEILSON: Yes. My – my bundle was delivered without some documents. So I actually have two bundles, which, when you add them up, equal 18 tabs. This – this was in the – this was in the missing group. So I've got that.

15 MR ASPINALL: I see. I wanted to ask you about the ASIC search for Riverbank Investments, which is at tab 2 of my folder and, hopefully, at tab 2 of yours.

20 MR NEILSON: No, no. The lawyers have tabbed it the same way for me, so it's tab 2 in my separate folder, as well.

MR ASPINALL: I see. Now, you were a company secretary of Riverbank, I think, from 2007 to 2017, is that right, at 2257?

25 MR NEILSON: Yes, that's what this – that's what - - -

MR ASPINALL: Just for the transcript - - -

MR NEILSON: - - - this document says. You're right and – yes

30 MR ASPINALL: This, just for the transcript, this is INQ.480.001.2253 that I was showing Mr Neilson.

COMMISSIONER: There's no need to bring it up on the screen.

35 MR ASPINALL: 2257. If you turn back, Mr Neilson, do you see that the directors of this company, at 2255 - - -

MR NEILSON: Yes.

40 MR ASPINALL: - - - were senior executives within Crown Resorts, usually the CEO – including the CEO?

MR NEILSON: Crown Resorts and Crown Perth. Yes, both. There's a mixture.

45 MR ASPINALL: Yes. And, as I understand it, you – your secretaryship of this company was a part of your role as general counsel at Perth or, later, in Crown Resorts, generally.

MR NEILSON: I was never general counsel at Perth. So my role as company secretary of Crown Resorts, I was also company secretary of many of the subsidiary companies.

5 MR ASPINALL: Yes. And I was just wondering whether you can shed any light on why senior executives of Crown Resorts would be on the board of companies like this, the small, the subsidiary companies?

10 MR NEILSON: Shed any light? That was – that was the practice of the group, that senior executives filled the role of – of directors on – wholly owned subsidiary companies. That's not - - -

15 MR ASPINALL: And had that been the practice before you became general counsel?

MR NEILSON: I think so, Mr Aspinall. It's certainly my experience, more generally, at other listed companies or other large organisations that that happens.

20 MR ASPINALL: I see. And, as your understanding of the circumstances are, this combination of senior executives being on the board of the smaller subsidiaries, was it across the Crown group, not just in relation to these Southbank and Riverbank?

MR NEILSON: That's my memory of it. Yes.

25 MR ASPINALL: Now, in relation to those companies – and the ASIC search for Southbank is at the next tab, 3, if you need to see it.

MR NEILSON: Yes.

30 MR ASPINALL: But do you recall ever doing anything in relation to those companies, in particular, in your role as company secretary?

35 MR NEILSON: Well, yes. I mean, Mary Manos and myself, who was my assistant company secretary, we administered the corporate registers for those companies.

MR ASPINALL: Yes.

40 MR NEILSON: If those companies needed to make any formal decisions, sign any, you know, formal resolutions, sign any documents, then Mary or I would facilitate that.

MR ASPINALL: I see. So in that sense it was more the formalities of the corporate structure you would attend to?

45 MR NEILSON: Yes.

MR ASPINALL: In terms of the audit of the company, do you know whether these companies were included in the consolidated audits?

5 MR NEILSON: My understanding was they were.

MR ASPINALL: And as far as you know, these companies never held board meetings other than by circular resolution?

10 MR NEILSON: I – I – look, the – whether it was a circular resolution or a very, very quick meeting, given people were generally close by to each other anyway, it would be a – they certainly wouldn't have a board meeting in the traditional sense of the word, not like Crown Resorts Limited would have a board meeting.

15 MR ASPINALL: And were you aware of their function?

MR NEILSON: What do you mean their function, I'm sorry?

MR ASPINALL: What they were used for within the corporate group.

20 COMMISSIONER: Are you referring to both Riverbank and Southbank?

MR ASPINALL: Yes, Riverbank and Southbank.

25 MR NEILSON: My recollection is that Riverbank and Southbank had some bank accounts, but they didn't have any actual operations.

MR ASPINALL: Now, can I have you look at a document which should be behind tab 8 of your bundle, which is CRL.557.001.0807, which is Crown confidential list 1 at tab 35, Commissioner.

30 MR NEILSON: So that's the same bundle that these last two came from?

MR ASPINALL: I'm hoping so, but - - -

35 MR NEILSON: Number 18, yes.

MR BELL: Have a look at the top line and I can tell you more.

40 MR NEILSON: Number 8, did you say it was?

MR ASPINALL: Eight, yes.

MR NEILSON: It's an email from Roland Theiler.

45 MR ASPINALL: Correct. It says ANZ closure of accounts.

MR NEILSON: That's the one.

MR ASPINALL: Can you have a read of it and let me know when you have finished?

MR NEILSON: Yes. Yes, I've read that.

5

MR ASPINALL: Can you shed any light on why Mr Costin would be emailing you? You see at the bottom email you are the first recipient on the To list?

MR NEILSON: Yes. Well, I've seen other documents, Mr Aspinall, about a meeting with the ANZ.

10

MR ASPINALL: Yes.

MR NEILSON: And I do have a vague recollection of a meeting with ANZ. I couldn't have told you when it was, but they were wanting us to explain our anti-money laundering procedures to their compliance people.

15

MR ASPINALL: Yes.

MR NEILSON: And so I can see from the list of people on that which included Deb and Josh Preston, that they've probably - a group of us who met with the ANZ to explain the anti-money laundering program. I also knew, at a reasonably senior level, some of the ANZ people. So possibly I was being involved for partly relationship purposes, partly, you know, a group-wide perspective, partly - - -

20

MR ASPINALL: I see.

MR NEILSON: - - - because I was general counsel.

MR ASPINALL: Well, in that regard, is it correct that your department, the department of the general counsel, was not directly responsible for the operation of these accounts or legal issues arising in relation to them?

30

MR NEILSON: No, that's right.

35

MR ASPINALL: That was Deb's department?

MR NEILSON: Well, bank accounts would have been the finance department.

MR ASPINALL: I see. That's Mr Theiler?

40

MR NEILSON: No, he's VIP. He's finance within VIP. Mr Costin was finance. Who else is on this list; Mr Spence was finance. Craig Spence was the CFO at Crown Perth.

45

MR BELL: I see.

MR NEILSON: Ken Barton who was cc'd was the group CFO.

MR ASPINALL: Can you remember what happened with the meeting at ANZ?

5 MR NEILSON: Look, I don't -- I don't - I'm not even 100 per cent sure exactly  
who was in the room. My very vague memory is there was a discussion about our  
anti-money laundering procedures more generally, our program and our processes.  
But that's the only kind of memory I have. I don't remember if there were any  
10 decisions made or conclusions reached or requests -- I don't remember any of that.

MR ASPINALL: Do you remember that ANZ had raised with Mr Costin concerns  
that suspicious transactions had been going through the Riverbank accounts?

15 MR NEILSON: Well, I've seen that in the emails. I don't have a specific  
recollection of that, but I've seen it in the emails that I've seen in the last couple of  
days.

MR ASPINALL: Do you recall whether that was the issue that ANZ wanted to talk  
20 about at the meeting?

MR NEILSON: I don't remember that. It might have been. I have a memory that  
ANZ - and I don't think it was just ANZ, I think there were other banks at the same  
time doing it -- were -- were not wanting to have patron deposit accounts for casinos,  
not just Crown, in any casinos. I think some banks had taken a policy decision that  
25 the amount of compliance for their own, on their own side for those accounts was too  
costly and they didn't want to do it any more.

MR ASPINALL: But just in terms of your recollection now, you don't recall that  
30 ANZ specifically raised the fact that a number of transactions had been identified  
under the transaction reporting limit which had been made through those accounts?

MR NEILSON: No, I don't have a recollection specifically of that.

35 MR ASPINALL: And in relation to this email that we're looking at, can you see  
that in the third paragraph from the bottom, it says:

*The closure of the Riverbank accounts was expected. These accounts are being  
transitioned to CBA.*

40 MR NEILSON: Yes.

MR ASPINALL: Do you see that?

45 MR NEILSON: Yes, I see that.

MR ASPINALL:

*Can customers be advised by relevant people that multiple cash deposits in branch under \$10,000 reporting threshold not be accepted in the new CBA accounts. We don't want this process to occur again with CBA in six months time.*

5

MR NEILSON: Yes, I can see that.

MR ASPINALL: You would have understood from that, that the reason that ANZ was closing the accounts was because people were making multiple transactions under the reporting limits in branches.

10

MR NEILSON: Well, I don't know whether that's the reason they closed the account.

15 MR ASPINALL: Well, doesn't that follow from what it says that:

*We don't want this process to occur again*

MR NEILSON: Again, I don't know that it follows that's why they were closing the accounts.

20

MR ASPINALL: So you say you wouldn't have taken that from this email?

MR NEILSON: Well, I'm not sure. I don't specifically remember this email and - but not necessarily, no.

25

MR ASPINALL: I see. But you expect you would have read this email at the time in accordance with your usual practice?

30 MR NEILSON: I assume so; again, I just don't have a memory of it.

MR ASPINALL: And then you see that you are also on this email at the top.

MR NEILSON: Yes.

35

MR ASPINALL: And it's a follow-up email saying what has happened in respect of the foreign accounts.

MR NEILSON: Yes.

40

MR ASPINALL: Again, the administration or the legal responsibility for looking after the foreign accounts weren't with the general counsel department, were they?

MR NEILSON: No. No, we had nothing to do with it.

45



MR ASPINALL: Now, in – in respect of this email, the information that you had from ANZ, do you ever recall doing anything in relation to the issues that had been raised here?

5 MR NEILSON: I – I don't – I don't have any memory of that. I'm sorry.

MR ASPINALL: No further questions. Thank you, Mr Neilson.

COMMISSIONER: Yes, Mr Young. Anything?

10

MR YOUNG: Yes, Commissioner. Only a handful of questions.

COMMISSIONER: Yes, Mr Young.

15

**<EXAMINATION BY MR YOUNG**

**[2.40 pm]**

20 MR YOUNG: Mr Neilson, Mr Bell asked you some questions about some steps you took when you were general counsel of Crown Melbourne, in the period prior to 2007, about the obtaining of legal advice about Crown's operations within China. And I have a few questions about that.

25 MR NEILSON: Yes.

MR YOUNG: What – can you describe to the Commissioner whether, at that time, Crown Resorts, or one of its subsidiaries, employed staff members who lived in China?

30 MR NEILSON: Just – just, Mr Young, at that time, Crown was – Crown Melbourne was not a subsidiary of Crown Resorts. Crown – it was a subsidiary of PBL. This was before the demerger of PBL. It's probably irrelevant to your – it's irrelevant to your question. I understand that.

35 MR YOUNG: I withdraw the question to Crown Resorts. I should have known that. At that time, pre 2007 - - -

MR NEILSON: Yes.

40 MR YOUNG: - - - did Crown Melbourne, or one of its subsidiaries, employ staff who lived in China?

MR NEILSON: I – I don't remember. I'm sorry. I just don't remember whether they lived in China or elsewhere or both.

45

MR YOUNG: Yes. Did it employ staff who, within China, engaged with past customers or potential future customers of Crown Melbourne?

MR NEILSON: I'm sorry. Can you just clarify the question. Did we - - -

MR YOUNG: Did Crown Melbourne, pre-2007, engage staff whose job it was to engage with customers, patrons, actual or potential, within China?

5

MR NEILSON: Yes.

COMMISSIONER: Was that separate from the joint venture between Crown and Melco, Mr Neilson, or not?

10

MR NEILSON: Well, at that time, Commissioner, that joint venture hadn't happened yet. That came in - - -

COMMISSIONER: And that's 2007?

15

MR NEILSON: Again, I struggle with the sequencing and the times. But, you know, when I joined Crown in '04, there was no - Crown Melbourne was the only business that PBL had an interest in. But over - over that period, it grew, and part of the growing was the Melco Crown joint venture.

20

COMMISSIONER: And so PBL was, firstly, the corporate group or entity that was in the joint venture with Melco, and that was then, after the assets were obtained by Crown, changed to Crown Melco; is that right?

25 MR NEILSON: Certainly, PBL negotiated the joint venture - - -

COMMISSIONER: Yes.

30 MR NEILSON: - - - between Melco and - between - with Melco. And when PBL demerged its gambling assets into a separate company, that interest in that joint venture was one of the things that moved into the new entity, which was called Crown Resorts.

35 COMMISSIONER: And so Mr Young is questioning you about employees in China in the particular period. And I'm just wanting to be sure whether you're telling me that the Crown entity that was - that had the employees in China were working in a similar way to the employees, later on, in organising gambling trips to Australia. Or were you of the understanding that these employees were involved in the joint venture?

40

MR NEILSON: No, they weren't involved in the joint venture, Commissioner. This was the Crown - what is now known as the Crown Melbourne business that was doing that.

45 COMMISSIONER: So, as long ago as 2007, before - whilst you were with Crown Melbourne, as counsel, there were trips being organised by Crown employees on the ground in China for gamblers to come to Australia; is that right?

MR NEILSON: I – I think – I think that’s right. Precisely where their location was, I’m not sure. But they were certainly in Asia, and were organising Asian gamblers to come to Crown.

5 COMMISSIONER: Yes. Thank you. Yes. Mr Young, I’m sorry to interrupt.

MR YOUNG: Mr Neilson, you said, in the context I’ve been asking you about, that is, operations within mainland China, that you checked that Crown had legal advice about the lawfulness of those operations. Do you recall that?

10

MR NEILSON: I recall that questioning of Mr Bell. Yes.

MR YOUNG: Yes. Now, you told Mr Bell that you remembered, vaguely, some characteristics of that advice; characteristics that needed to be satisfied for the conduct to be lawful.

15

MR NEILSON: Yes.

MR YOUNG: Do you have a recollection of what those characteristics were?

20

MR NEILSON: Look, only very vague, and it may not be all the characteristics. But there was characteristic around advertising material, any – the material that was being used, we weren’t allowed to mention gambling. And there was – there were numerical limits as to how many people you could deal with at a time. But I just don’t remember what those limits were. I’m sorry.

25

MR YOUNG: All right. Thank you. Now, can you recall whether that was written advice that you checked?

30 MR NEILSON: I don’t have a specific recollection. I assume it was, but I don’t specifically recall.

MR YOUNG: Yes. All right. And is it correct that you can’t recall what lawyer or law firm was the provider of the advice?

35

MR NEILSON: No. I’m sorry. I don’t.

MR YOUNG: All right. Now, that’s going back prior to 2007.

40 MR NEILSON: Yes.

MR YOUNG: In the period after you checked the advice, right through until October 2016, did anything come to your attention to indicate that operations in China were other than – otherwise than lawful?

45

MR NEILSON: No, not that I can remember.

MR YOUNG: All right. Thank you. Commissioner, I have nothing further.

COMMISSIONER: Thank you, Mr Young. Just before I ask Mr Barnett and Ms Case, when you “otherwise than lawful”, Mr Neilson, there’s evidence in the inquiry  
5 in relation to a communication that was sent by the former chairman, Mr Robert, or Rob, Rankin. You were working there at the time that Mr Rankine was chairman of Crown, I presume?

MR NEILSON: I was.  
10

COMMISSIONER: And the communication that is in evidence indicates that, to Mr Felstead, that after the Korean arrests, that is, the Korean casino operators arrests in China, that Crown should be on “high alert”. Did anyone ever bring that  
15 communication to your attention?

MR NEILSON: Not that I can remember, Commissioner. I’m sorry.

COMMISSIONER: And so far as your responsibilities as general counsel are concerned, I presume, if that had been brought to your attention, that the company  
20 had to be on high alert, you would want to look at it from the point of view of the legal ramifications?

MR NEILSON: I would certainly want to look at it from a number of ramifications, but legal would be one. Yes.  
25

COMMISSIONER: Yes. So, I presume, also as company secretary?

MR NEILSON: Yes.

COMMISSIONER: Were they the two roles that you held? I know there were many companies, but the role that you held was general counsel and company secretary of both the resort company and the subsidiaries thereunder?  
30

MR NEILSON: Yes, well, my title was general counsel and company secretary. And you’re right; I was company secretary of the listed parent company plus quite a number of subsidiaries.  
35

COMMISSIONER: Yes, and so far as the things that you – I withdraw that. You said that you would want to look at it. Obviously, somebody drew it to your  
40 attention. You would want to consider it both from the legal point of view, I presume, and also from the corporate point of view as company secretary; that’s right, is it not?

MR NEILSON: I think so, yes, I mean, it’s -  
45

COMMISSIONER: Yes.

MR NEILSON: Yes. I think so. I think that's what I would have done.

5 COMMISSIONER: Yes. I know it's retrospective-scope which is always very much more comfortable, Mr Neilson, and I take account of it. But also, in your role and looking at those accounts that Mr Aspinall took you to - or the emails, I mean - am I right in assuming that you had no role in respect of the anti-money laundering legislation within the Crown structure?

10 MR NEILSON: No. We had specific teams at Melbourne and Perth and then later on when we owned Betfair and CrownBet, all those businesses had separate compliance programs that were administered by the teams within those businesses.

15 COMMISSIONER: And your role in respect of the anti-money laundering legislation, I presume from what you have said, that that was dealt with by other officers who were designated as compliance officers and the like; is that right?

MR NEILSON: That's right. I had no official role in respect of that particular legislation and compliance program.

20 COMMISSIONER: And whilst you were company secretary of Southbank, did anyone ever bring to your attention the detail of what was happening in the accounts?

25 MR NEILSON: Not that I can remember. It wasn't my practice to be looking at bank accounts.

30 COMMISSIONER: There is evidence before me that suggests that people were going around, for instance, Sydney from various branch to various branch, depositing amounts of cash under \$10,000, sometimes 10 or 12 of those on a day and then the following day, in the same patron's account. I presume if you had seen that, you would have perhaps explored it further?

35 MR NEILSON: Again, hypothetically, if I had seen that I would have thought I would have raised it with the - depending on which casino was involved, whether it was Melbourne or Perth I would have raised it with the relevant compliance people in those teams.

40 COMMISSIONER: One of the problems that seems to be exposed in the evidence, Mr Neilson, is that there is this structure under the Act, that is the anti-money laundering legislation, that people have to reach a particular point and then report to AUSTRAC. You're aware of that, aren't you?

MR NEILSON: Yes.

45 COMMISSIONER: But one of the concerns that may be extant is once you report to AUSTRAC, there's a necessity to turn your vision back to what is actually happening within the company and work out how to fix things so you don't have to keep reporting. Do you accept that?

MR NEILSON: Yes. My recollection of the way the program worked was, you know, a risk assessment should have been undertaken.

5 COMMISSIONER: Yes. And when you say the program “worked”, if one reached a point of having to make a report to the regulator, then the company itself needed to look at itself and assess its risk; is that what you’re saying?

10 MR NEILSON: I think that’s the way the program was intended to work; that it was a risk-based process and I think that was, again, from my long distant memory of these things, the way the legislation required it to work. And so that, depending on what facts came before you, you needed to add that to your risk assessment.

15 COMMISSIONER: And if you could see, for instance, these accounts with the dollops of cash going into which I have referred to you, obviously you would ensure that steps were taken to prevent that continuing; correct?

MR NEILSON: Well, you would – you would – you would make some more inquiries, I think. You would try and understand what that was about.

20 COMMISSIONER: Yes, and in fact the email to which Mr Aspinall took you was that very thing: that it was suggested that the customers were to be told not to put the money in. Do you recall that email?

25 MR NEILSON: I remember that – I remember what Mr Aspinall showed me, yes, that’s right. I - - -

30 COMMISSIONER: So, from your perspective as the general counsel, though, the things that I’m asking you about was effectively the work that had to be done by those people within the department that might be called the AML department or the compliance department; is that right?

MR NEILSON: Yes, that’s right.

35 COMMISSIONER: And that wasn’t on your plate or your responsibility; is that right?

MR NEILSON: Not – no, that’s right.

40 COMMISSIONER: Yes. Thank you for that, Mr Neilson.

MR NEILSON: That’s all right.

COMMISSIONER: Anything arising, Mr Young?

45 MR YOUNG: No, Commissioner, thank you.

COMMISSIONER: Now, Mr Barnett, I didn't invite you a little earlier, I apologise; anything from you, Mr Barnett?

MR BARNETT: No, Commissioner.

5

COMMISSIONER: And Ms Case?

MS CASE: No, Commissioner.

10 COMMISSIONER: Mr Bell, anything arising? And Mr Aspinall anything arising?

MR ASPINALL: No, thank you Commissioner.

15 COMMISSIONER: Mr Neilson, thank you for making yourself available. I can say to you that that's the conclusion of your evidence and it's very likely that you would not be recalled to give any further evidence but I can't say with certainty that that is the case but it's more probable than not. And so if that were to occur, the solicitors who are assisting will make contact so that we could ask you to return. But at the moment I can't see that occurring, so thank you very much, Mr Neilson. We will  
20 terminate the video link to you.

MR NEILSON: Thank you, Commissioner.

25 <THE WITNESS WITHDREW [2.56 pm]

COMMISSIONER: Yes. Yes, Mr Bell or Mr Aspinall. Mr Aspinall, I'm sorry.

30 MR ASPINALL: Commissioner, the next witness will be Mr Neil Jeans who is available tomorrow morning.

COMMISSIONER: At 10 am.

35 MR ASPINALL: At 10 am.

COMMISSIONER: Yes, all right. I shall adjourn until 10 am tomorrow.

40 **MATTER ADJOURNED at 2.56 pm UNTIL FRIDAY, 11 SEPTEMBER 2020**

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