



No. S EC

**IN THE SUPREME COURT OF VICTORIA  
AT MELBOURNE  
COMMERCIAL COURT  
GROUP PROCEEDINGS LIST**

Case: S ECI 2020 04566

Filed on: 05/07/2021 03:42 PM

BETWEEN

**GREG LIEBERMAN**

Plaintiff

-and-

**CROWN RESORTS LIMITED (ACN 125 709 953)**

Defendant

**FURTHER AMENDED STATEMENT OF CLAIM**

(filed pursuant to the Order of the Honourable Justice Nichols dated 5 July 2021) ~~rule 36.04(1)(a) of~~  
~~the Supreme Court (General Civil Procedure) Rules 2015 (Vic)~~

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**Table of Contents**

<b>A.</b>	<b><i>INTRODUCTION</i></b> .....	<b>4</b>
<b>A.1.</b>	<b><i>The Plaintiff and Group Members</i></b> .....	<b>4</b>
<b>A.2.</b>	<b><i>The Defendant</i></b> .....	<b>5</b>
<b>A.3.</b>	<b><i>Consolidated Press Holdings</i></b> .....	<b>6</b>
<b>A.4.</b>	<b><i>Riverbank Investments Pty Ltd and Southbank Investments Pty Ltd</i></b> .....	<b>10</b>
<b>A.5.</b>	<b><i>Directors and officers of Crown</i></b> .....	<b>11</b>
<b>A.5.1.</b>	<b><i>The Chief Executive Officer</i></b> .....	<b>11</b>
<b>A.5.2.</b>	<b><i>The Chairman</i></b> .....	<b>12</b>
<b>A.5.3.</b>	<b><i>The Non-Executive Directors</i></b> .....	<b>15</b>
<b>A.5.4.</b>	<b><i>Chief Legal Officer</i></b> .....	<b>19</b>
<b>B.</b>	<b><i>CROWN'S BUSINESS</i></b> .....	<b>21</b>
<b>B.1.</b>	<b><i>Crown's assets</i></b> .....	<b>21</b>
<b>B.2.</b>	<b><i>Crown's dealings with junkets</i></b> .....	<b>21</b>
<b>B.3.</b>	<b><i>The Anti-Money Laundering and Counter-Terrorism Financing regime governing Crown</i></b> .....	<b>25</b>
<b>B.3.1.</b>	<b><i>General requirements</i></b> .....	<b>26</b>

<b>B.3.2.</b>	<b><i>Ongoing customer due diligence including as to politically exposed persons.....</i></b>	<b>29</b>
<b>B.3.3.</b>	<b><i>Crown’s reporting and record keeping obligations .....</i></b>	<b>33</b>
<b>B.3.4.</b>	<b><i>Role of Crown’s AML/CTF Compliance Officer .....</i></b>	<b>35</b>
<b>B.4.</b>	<b><i>Other obligations on Crown .....</i></b>	<b>35</b>
<b>B.5.</b>	<b><i>Other regulators of Crown .....</i></b>	<b>36</b>
<b>B.6.</b>	<b><i>Crown and Melco.....</i></b>	<b>37</b>
<b>C.</b>	<b><i>CROWN’S REPRESENTATIONS TO THE MARKET PRIOR TO 19 OCTOBER 2020 AND THEIR CONTEXT.....</i></b>	<b>42</b>
<b>C.1.</b>	<b><i>Crown’s 2014 statements.....</i></b>	<b>42</b>
<b>C.2.</b>	<b><i>Crown’s 2015 statements.....</i></b>	<b>45</b>
<b>C.3.</b>	<b><i>Crown’s 2016 statements.....</i></b>	<b>47</b>
<b>C.4.</b>	<b><i>Crown’s 2017 statements.....</i></b>	<b>49</b>
<b>C.5.</b>	<b><i>Crown’s 2018 statements.....</i></b>	<b>54</b>
<b>C.6.</b>	<b><i>Crown’s 2019 statements.....</i></b>	<b>57</b>
<b>C.7.</b>	<b><i>Crown’s 2020 statements.....</i></b>	<b>67</b>
<b>C.8.</b>	<b><i>Crown’s General Compliance Representations.....</i></b>	<b>69</b>
<b>C.9.</b>	<b><i>Crown’s Regulator Relationship Representations.....</i></b>	<b>70</b>
<b>C.10.</b>	<b><i>Crown’s Corporate Governance Representations .....</i></b>	<b>73</b>
<b>C.11.</b>	<b><i>Crown’s VIP and Junket Representations.....</i></b>	<b>74</b>
<b>C.12.</b>	<b><i>Continuing Representations.....</i></b>	<b>77</b>
<b>D.</b>	<b><i>THE TRUE POSITION .....</i></b>	<b>77</b>
<b>D.1.</b>	<b><i>Features of Crown’s systems – general .....</i></b>	<b>77</b>
<b>D.1.1.</b>	<b><i>AML/CTF training and awareness .....</i></b>	<b>77</b>
<b>D.1.2.</b>	<b><i>Crown’s AML/CTF Compliance Officer .....</i></b>	<b>79</b>
<b>D.1.3.</b>	<b><i>Deficiencies in Crown’s AML/CTF Program.....</i></b>	<b>80</b>
<b>D.1.4.</b>	<b><i>Other matters relating to Crown’s general systems.....</i></b>	<b>81</b>
<b>D.2.</b>	<b><i>Features of Crown’s systems – assessment of JTOs, JTRs and their associates.....</i></b>	<b>82</b>
<b>D.3.</b>	<b><i>The Suncity Room at Crown Melbourne .....</i></b>	<b>91</b>
<b>D.4.</b>	<b><i>Overseas deposits in the Philippines and Macau .....</i></b>	<b>95</b>
<b>D.5.</b>	<b><i>The Riverbank Account and the Southbank Account.....</i></b>	<b>96</b>
<b>D.6.</b>	<b><i>Failure to properly investigate AML/CTF risks/systems deficiencies and correct them</i></b>	<b>107</b>
<b>D.7.</b>	<b><i>Relationship with CPH and Packer .....</i></b>	<b>111</b>
<b>D.8.</b>	<b><i>Deficiencies in Crown’s systems .....</i></b>	<b>113</b>
<b>D.9.</b>	<b><i>Exposure of Crown to AUSTRAC enforcement.....</i></b>	<b>114</b>
<b>E.</b>	<b><i>CROWN KNEW OR OUGHT TO HAVE KNOWN THE TRUE POSITION .....</i></b>	<b>114</b>
<b>E.1.</b>	<b><i>Knowledge of the risk of money-laundering.....</i></b>	<b>114</b>
<b>E.2.</b>	<b><i>Knowledge of features of Crown’s systems and risks - general.....</i></b>	<b>118</b>
<b>E.3.</b>	<b><i>Knowledge of Crown’s JTO/JTR and associates assessment systems.....</i></b>	<b>120</b>

<i>E.4.</i>	<i>Knowledge concerning Alvin Chau, Suncity Junket and the Suncity Cash Desk .....</i>	<i>123</i>
<i>E.5.</i>	<i>Knowledge of overseas deposits in the Philippines and Macau.....</i>	<i>128</i>
<i>E.6.</i>	<i>Knowledge of the manner of operation of the Riverbank and Southbank Accounts and ‘cuckoo smurfing’.....</i>	<i>129</i>
<i>E.7.</i>	<i>Knowledge of the deficiencies in investigating AML/CTF and corporate governance red flags.....</i>	<i>135</i>
<i>E.8.</i>	<i>Crown’s knowledge.....</i>	<i>136</i>
<i>F.</i>	<b><i>CROWN’S CONTRAVENING CONDUCT.....</i></b>	<b><i>137</i></b>
<i>F.1.</i>	<i>Misleading or deceptive conduct.....</i>	<i>137</i>
<i>F.1.1A.</i>	<i>General Compliance Representations.....</i>	<i>137</i>
<i>F.1.1.</i>	<i>Crown’s Seriousness Representations.....</i>	<i>137</i>
<i>F.1.2.</i>	<i>Crown’s Corporate Governance Representations .....</i>	<i>138</i>
<i>F.1.3.</i>	<i>Crown’s Regulator Relationship Representations.....</i>	<i>138</i>
<i>F.1.4.</i>	<i>Crown’s VIP International and Junket Program Representations.....</i>	<i>139</i>
<i>F.2.</i>	<i>Continuous Disclosure Contraventions.....</i>	<i>140</i>
<i>F.2.1.</i>	<i>The ML/TF Risk Systems Continuous Disclosure Contraventions .....</i>	<i>140</i>
<i>F.2.2.</i>	<i>The Corporate Governance Risk Systems Continuous Disclosure Contravention .....</i>	<i>144</i>
<i>F.2.3.</i>	<i>The Regulatory Exposure Continuous Disclosure Contraventions.....</i>	<i>147</i>
<i>G.</i>	<b><i>THE OCTOBER 2020 DISCLOSURES AND THEIR IMPACT.....</i></b>	<b><i>151</i></b>
<i>G.1.</i>	<i>ILGA Inquiry.....</i>	<i>151</i>
<i>G.2.</i>	<i>October announcement .....</i>	<i>152</i>
<i>G.3.</i>	<i>The price impact of Crown’s 19 October 2020 Announcement.....</i>	<i>153</i>
<i>G.4.</i>	<i>Events of February 2021 .....</i>	<i>153</i>
<i>H.</i>	<b><i>CONTRAVENING CONDUCT CAUSED LOSS .....</i></b>	<b><i>156</i></b>
<i>H.1.</i>	<i>Market-based causation.....</i>	<i>156</i>
<i>H.2.</i>	<i>Reliance.....</i>	<i>158</i>
<i>H.3.</i>	<i>Loss or damage suffered by the Plaintiff and Acquiring Group Members .....</i>	<i>158</i>
<i>I.</i>	<b><i>CONDUCT OF THE AFFAIRS OF CROWN CONTRARY TO MEMBERS’ INTEREST</i></b> <i>.....</i>	<b><i>159</i></b>
<i>I.1.</i>	<i>The affairs of Crown have been conducted contrary to the interests of members as a whole .....</i>	<i>159</i>
<i>J.</i>	<b><i>COMMON QUESTIONS.....</i></b>	<b><i>172</i></b>
	<b><i>SCHEDULE A – defined terms .....</i></b>	<b><i>178</i></b>
	<b><i>SCHEDULE B – particulars of knowledge in sections E.1. to E.6.....</i></b>	<b><i>185</i></b>

## A. INTRODUCTION

### A.1. The Plaintiff and Group Members

1. This proceeding is commenced as a group proceeding pursuant to Part 4A of the *Supreme Court Act 1986* (Vic) by the Plaintiff on his own behalf and on behalf of all persons who or which:
  - (a) acquired an interest in fully paid ordinary shares in Crown Resorts Limited (**Crown** and **Crown Shares** respectively) during the period between 11 December 2014 and 18 October 2020 (inclusive) (**Relevant Period**) (**Acquiring Group Members**) or held an interest in Crown Shares throughout the Relevant Period (**Holding Group Members**);
  - (b) were not during any part of the Relevant Period, and are not as at 11 December 2020 any of the following:
    - i. Consolidated Press Holdings Group comprising Consolidated Press Holdings Pty Ltd and its related corporations (**CPH**);
    - ii. Melco Resorts & Entertainment Limited and its related corporations;
    - iii. a related party (as defined by s 228 of the *Corporations Act 2001* (Cth) (**Corporations Act**)) of Crown or CPH;
    - iv. a related body corporate (as defined by s 50 of the *Corporations Act*) of Crown or CPH;
    - v. an associated entity (as defined by s 50AAA of the *Corporations Act*) of Crown or CPH;
    - vi. an officer or close associate (as defined in s 9 of the *Corporations Act*) of Crown or CPH;
    - vii. a Justice, Associate Justice, Judicial Registrar, Registrar or Deputy Registrar of the High Court of Australia or Supreme Court of Victoria; or
    - viii. an officer or employee of, or other legal practitioner engaged by, Maurice Blackburn Pty Limited in relation to this proceeding.
2. The Plaintiff:
  - (a) held 3,000 Crown Shares at the commencement of trading on 11 December 2014;
  - (b) acquired 5,500 Crown Shares during the Relevant Period;

- (c) did not dispose of any Crown Shares during the Relevant Period; and
- (d) held 8,500 Crown Shares at the end of the Relevant Period.

### Particulars

*The details of the acquisitions of Crown Shares by the Plaintiff are:*

<b>Greg Lieberman Trading History</b>				
<b>Date</b>	<b>Quantity</b>	<b>Trade type</b>	<b>Stock Code</b>	<b>Unit Price</b>
29/08/2014	900	Acquisition	CWN	16.00
04/09/2014	700	Acquisition	CWN	15.13
25/11/2014	1,000	Acquisition	CWN	14.13
28/11/2014	400	Acquisition	CWN	14.35
14/04/2015	500	Acquisition	CWN	13.86
17/08/2015	500	Acquisition	CWN	12.90
24/08/2015	500	Acquisition	CWN	11.61
03/08/2016	2,000	Acquisition	CWN	13.04
16/03/2020	2,000	Acquisition	CWN	7.45
<b>Closing balance</b>	<b>8,500</b>			

- 3. As at the date of the commencement of this proceeding, there are seven or more persons who have claims against Crown in respect of the matters set out herein.

#### A.2. The Defendant

- 4. Crown is and at all material times was:
  - (a) incorporated pursuant to the *Corporations Act* and capable of being sued;
  - (b) a person within the meaning of s 1041H of the *Corporations Act*;
  - (c) a person within the meaning of s 12DA of the *Australian Securities and Investments Commission Act 2001 (Cth) (ASIC Act)*;
  - (d) a person within the meaning of s 18 of the Australian Consumer Law set out in Schedule 2 of the *Competition and Consumer Act 2010 (Cth)*, as applicable pursuant to:
    - i. s 7 of the *Fair Trading (Australian Consumer Law) Act 1992 (ACT)*;
    - ii. s 28 of the *Fair Trading Act 1987 (NSW)*;
    - iii. s 12 of the *Australian Consumer Law and Fair Trading Act 2012 (Vic)*;
    - iv. s 16 of the *Fair Trading Act 1989 (Qld)*;

- v. s 6 of the *Australian Consumer Law (Tasmania) Act 2010* (Tas);
- vi. s 19 of the *Fair Trading Act 2010* (WA);
- vii. s 14 of the *Fair Trading Act 1987* (SA); and/or
- viii. s 27 of the *Consumer Affairs and Fair Trading Act 1990* (NT),

(individually, or collectively, **the ACL**).

5. Crown is and at all material times was included in the official list of the financial market operated by the Australian Securities Exchange (**ASX**), and by reason thereof:

(a) Crown Shares are:

- i. ED securities for the purposes of s 111AE of the *Corporations Act*;
- ii. quoted ED securities for the purposes of s 111AM of the *Corporations Act*; and
- iii. able to be acquired and disposed of by investors and potential investors in Crown Shares (**Affected Market**) on the financial market operated by the ASX;

(b) Crown is and at all material times was:

- i. a listed disclosing entity within the meaning of s 111AL(1) of the *Corporations Act*;
- ii. subject to and bound by the Listing Rules of the ASX (**ASX Listing Rules**);
- iii. obliged, by s 111AP(1) and/or s 674(1) of the *Corporations Act* and/or ASX Listing Rule 3.1 to, once it is, or becomes aware of, any information concerning Crown that a reasonable person would expect to have a material effect on the price or value of Crown Shares, tell the ASX that information immediately (unless the exceptions in ASX Listing Rule 3.1A apply); and
- iv. bound by s 674(2) of the *Corporations Act* as in force from time to time,

(**Crown's Continuous Disclosure Obligations**).

### **A.3. Consolidated Press Holdings**

6. At all material times until on or around 11 June 2019, CPH held at least 46% of Crown's fully paid ordinary shares.

**Particulars**

- i. *Crown's 2014 Annual Report states that as at 31 August 2014, CPH held 50.01% of Crown's fully paid ordinary shares (p 124).*
  - ii. *Crown's 2015 Annual Report states that as at 1 September 2015, CPH held 50.01% of Crown's fully paid ordinary shares (p 131).*
  - iii. *Crown's 2016 Annual Report states that as at 30 June 2016, CPH held 53.01% of Crown's fully paid ordinary shares (p 119).*
  - iv. *Crown's 2017 Annual Report states that as at 30 June 2017, CPH held 49.72% of Crown's fully paid ordinary shares (p 120).*
  - v. *Crown's 2018 Annual Report states that as at 7 March 2018, CPH held 46.10% of Crown's fully paid ordinary shares (p 117).*
7. At all material times from around 11 June 2019 to the end of the Relevant Period, CPH held at least 36.81% of Crown's fully paid ordinary shares.

**Particulars**

- i. *Announcement titled 'Melco Resorts CPH Transaction Update' attached a media release from CPH stating that its sale of the tranche of shares representing a 9.99% interest in Crown was completed on 6 June 2019.*
  - ii. *As at 11 June 2019, CPH held 36.81% of Crown's fully paid ordinary shares (Crown's 2019 Annual Report, p 123).*
  - iii. *As at 31 August 2020, CPH held 36.81% of Crown's fully paid ordinary shares (Crown's 2020 Annual Report, p 133), with 35% of issued capital in Crown, with other CPH entities holding 1.8%.*
8. At all material times throughout the Relevant Period, CPH had significant influence (within the meaning of AASB Standard 128 'Investments in Associates and Joint Ventures') over the Crown Group, including Crown as the ultimate parent entity of the Crown Group.

**Particulars**

- i. *Crown's 2014 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 124).*
- ii. *Crown's 2015 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 131).*
- iii. *Crown's 2016 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 119).*

- iv. *Crown's 2017 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 120).*
  - v. *Crown's 2018 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 117).*
  - vi. *Crown's 2019 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 123).*
  - vii. *Crown's 2020 Annual Report states that CPH was an entity with significant influence over the Crown Group (p 133).*
  - viii. *Services Agreement dated 1 July 2016 between Crown and CPH.*
  - ix. *Controlling Shareholder Protocol dated 31 October 2018 between Crown and CPH.*
9. At all material times, CPH was owned or controlled by and/or related to James Packer **(Packer)**.
10. At all material times throughout the Relevant Period, Crown's board of directors has had at least two CPH nominated directors.
11. In the Relevant Period, Crown had in place agreements or arrangements with CPH which:
- (a) enabled Crown to request the provision of services by key CPH executives (excluding Packer) **(Services Agreement)**; and
  - (b) enabled or facilitated the sharing of Crown's confidential information with CPH and Packer **(Controlling Shareholder Protocol)**,
- (together, **Crown/CPH Services and Information Sharing Arrangement**).

#### **Particulars**

- i. *As to (a) and (b), the Plaintiff refers—to the extent he is able prior to discovery—to the Services Agreement dated 1 July 2016 between Crown and CPH and the Controlling Shareholder Protocol dated 31 October 2018 between Crown and CPH.*
  - ii. *Further particulars may be provided following discovery.*
12. At all material times:
- (a) it was a term of the Services Agreement that CPH may disclose such confidential information of Crown to third parties provided that the disclosure of such confidential information does not constitute a breach of a confidentiality or secrecy



obligation owed by Crown to a third party and CPH is aware, or Crown has notified CPH, that such disclosure would not constitute such a breach;

- (b) it was a term of the Controlling Shareholder Protocol that to the extent the protocol dealt with the provision by Crown of confidential information to Packer, the Controlling Shareholder Protocol prevailed;
- (c) it was a term of the Controlling Shareholder Protocol that each Crown director or officer was required to act carefully before revealing information of Crown to anyone else (including CPH) and must consider, among other things, whether the disclosure is in the best interests of Crown, whether the disclosure will be to the detriment of Crown or someone else's benefit, whether the disclosure was 'improper' and whether the disclosure would breach an obligation of confidence owed by either the director or officer of Crown to someone other than Crown; and
- (d) it was a term of the Controlling Shareholder Protocol that Crown recognised that in certain instances it may be appropriate to disclose information to CPH and Packer as the ultimate controller of CPH if disclosure would benefit Crown and not benefit CPH in any other capacity other than as a shareholder of Crown.

#### **Particulars**

- i. As to (a), the term was an express term in writing. The Plaintiff refers to the Services Agreement cl 14.4(c) referred to in the Commissioner Report, Volume 1, Chapter 2.8 at [63].*
- ii. As to (b), the term was an express term in writing. The Plaintiff refers to the Controlling Shareholder Protocol cl 1.5 referred to in the Commissioner Report, Volume 1, Chapter 2.8 at [96].*
- iii. As to (c), the term was an express term in writing. The Plaintiff refers to the Controlling Shareholder Protocol cl 2.3 referred to in the Commissioner Report, Volume 1, Chapter 2.8 at [97].*
- iv. As to (d), the term was an express term in writing. The Plaintiff refers to the Controlling Shareholder Protocol cl 2.4 referred to in the Commissioner Report, Volume 1, Chapter 2.8 at [97].*

13. In the Relevant Period, and from 1 July 2016, pursuant to the Services Agreement, CPH charged to Crown and its controlled entities:

- (a) during the financial year ending 30 June 2014, \$100,000 for corporate secretarial and administrative services;
- (b) during the financial year ending 30 June 2015, \$200,000 for corporate secretarial and administrative services;

- (c) during the financial year ending 30 June 2016, \$200,000 for corporate secretarial and administrative services;
- (d) during the financial year ending 30 June 2017, \$4 million for management services, corporate secretarial and administrative services;
- (e) during the financial year ending 30 June 2018, \$4 million for management services, corporate secretarial and administrative services;
- (f) during the financial year ending 30 June 2019, \$3.5 million for management services, corporate secretarial and administrative services; and
- (g) during the financial year ending 30 June 2020, \$1.2 million for management services, corporate secretarial and administrative services.

**Particulars**

- i. As to (a), Crown's 2014 Annual Report at p 124.*
- ii. As to (b), Crown's 2015 Annual Report at p 131.*
- iii. As to (c), Crown's 2016 Annual Report at p 119.*
- iv. As to (d), Crown's 2017 Annual Report at p 120.*
- v. As to (e), Crown's 2018 Annual Report at p 118.*
- vi. As to (f), Crown's 2019 Annual Report at p 123.*
- vii. As to (g), Crown's 2020 Annual Report at p 133.*

14. On or about 21 October 2020, Crown published an announcement to the ASX that it had terminated the Crown/CPH Services and Information Sharing Arrangement.

**Particulars**

*Announcement titled "Termination of Agreements with CPH", in which Crown stated that it had terminated the Services Agreement and the Controlling Shareholder Protocol (namely, the Crown/CPH Services and Information Sharing Arrangement).*

**A.4. Riverbank Investments Pty Ltd and Southbank Investments Pty Ltd**

15. At all material times Riverbank Investments Pty Ltd (**Riverbank**) was:
- (a) a related body corporate of Crown (within the meaning of s 50 of the *Corporations Act*); and

- (b) an associated entity of Crown (within the meaning of s 50AAA of the *Corporations Act*).

16. At all material times Southbank Investments Pty Ltd (**Southbank**) was:

- (a) a related body corporate of Crown (within the meaning of s 50 of the *Corporations Act*); and
- (b) an associated entity of Crown (within the meaning of s 50AAA of the *Corporations Act*).

## A.5. Directors and officers of Crown

### A.5.1. *The Chief Executive Officer*

17. Rowan Craigie (**Craigie**) was:

- (a) from the beginning of the Relevant Period to 28 February 2017, Managing Director and Chief Executive Officer of Crown;
- (b) from the beginning of the Relevant Period to 28 February 2017, a member of the Risk Management Committee (being a Crown board sub-committee with delegated responsibility for the oversight of risk management and internal controls of major risks) and the Responsible Gaming Committee of Crown;
- (c) from the beginning of the Relevant Period to 28 February 2017, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;
- (d) from the beginning of the Relevant Period to 22 March 2017, a director of Riverbank; and
- (e) from the beginning of the Relevant Period to 22 March 2017, a director of Southbank.

18. Kenneth Barton (**Barton**) was:

- (a) from the beginning of the Relevant Period to 20 August 2020, Chief Financial Officer of Crown;
- (b) from 24 January 2020 to 15 February 2021, Chief Executive Officer of Crown;
- (c) effective from 3 March 2020 until 15 February 2021, Managing Director of Crown;
- (d) at all times in the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;

- (e) at all times in the Relevant Period, a director of Riverbank and was in that office at the date of the commencement of this proceeding; and
- (f) from 30 June 2017 to the end of the Relevant Period, a director of Southbank and remains in that office at the date of the commencement of this proceeding.

19. Barry Felstead (**Felstead**) was:

- (a) at all times in the Relevant Period, the Chief Executive Officer – Australian Resorts at Crown;
- (b) in the period 2014 to 2016, the Crown Executive responsible for Crown’s VIP International Business (as defined in paragraph 40 below);
- (c) from a date in 2013 to at least October 2016, a member of an informal “VIP working committee” being an advisory group comprising VIP International executives and senior CPH personnel with responsibility for, or influence on, the conduct of Crown’s VIP International Business (as defined in paragraph 40 below) (**the VIP International Working Committee**);
- (d) at all times in the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;
- (e) at all times in the Relevant Period, a director of Riverbank and remains in that office at the date of the commencement of this proceeding; and
- (f) at all times in the Relevant Period, a director of Southbank and remains in that office at the date of the commencement of this proceeding.

#### **A.5.2. The Chairman**

20. Packer was:

- (a) from the beginning of the Relevant Period to 30 July 2015, Chairman of Crown;
- (b) from the beginning of the Relevant Period to 21 December 2015, executive director of Crown and nominee of CPH;
- (c) from 3 August 2017 to 21 March 2018, a non-executive director of Crown and nominee of CPH;
- (d) [not used]
- (e) from at least 1 July 2016 to the end of the Relevant Period:
  - i. a person in accordance with whose wishes some or all of the directors of Crown were accustomed to act;

### Particulars

- i. *Jalland, Johnston, Alexander, Barton and Demetriou, as directors of Crown were, from time to time, accustomed to act, as directors of Crown, in accordance with Packer's instructions or wishes as to how they should act. Further particulars as to other directors of Crown who were accustomed to act, and did so act, as directors of Crown, in accordance with Packer's instructions or wishes as to how they should act may be provided following discovery.*
  
- ii. *Insofar as the Plaintiff can do so prior to discovery, he refers to:*
  - A. *the evidence of Johnston at the ILGA Inquiry that in respect of the sale of Crown Shares held by CPH Crown (as defined in sub-paragraph 31(b) below) to Melco Resorts, he was "happy to follow [Packer's] wishes" (T3047.40-45) notwithstanding his role as sole director of CPH Crown placed him in a position of actual or perceived conflict with the discharge of his duties as a director of Crown;*
  
  - B. *Johnston joined the VIP International Working Committee at Packer's request in about March 2013 (T2935.8);*
  
  - C. *Johnston updated Packer from time to time on the issues Packer had asked Johnston to focus on and Johnston's practice was to bring matters to Packer's attention insofar as they related to Crown's VIP International Business (T2938.32-39);*
  
  - D. *in November 2018, Packer directed Alexander not to upset Felstead and Barton notwithstanding Alexander had reached the view that Felstead and Barton were not responding to budget shortfalls: Commissioner Report, Volume 1, Chapter 2.8 at [126];*
  
  - E. *the finding of the Commissioner in Chapter 2.8 at [117] and [120] that Packer "perceived [Barton] owed [Packer], rather than Crown, an obligation to do his 'job'";*
  
  - F. *the finding of the Commissioner in Chapter 2.8 at [125] and [127] that Packer had a deep involvement in very important decision making affecting both the operations of Crown and its employees and officers notwithstanding the fact that he had departed from the Crown board and held no position at Crown after March 2018;*
  
  - G. *in around November 2018, Packer requested Barton provide him with confidential information and issued an instruction to Barton to specially prepare that information in accordance with the conservative parameters he had*

*specifically identified: Commissioner Report, Volume 1, Chapter 2.8 at [118];*

*H. on 1 March 2019, Packer directed Barton to ensure that Crown met its FY2020 plan “for his own sake”. This language was characterised by the Commissioner as reflecting “aggressive expectation and entitlement and properly characterises [Packer’s] communications as instructions, not mere requests for information or the giving of ‘advice’”: Commissioner Report, Volume 1, Chapter 2.8 at [141] and [144]; and*

*I. the particulars subjoined to paragraph 210 below.*

*iii. Further particulars may be provided following discovery.*

- ii. a person with whom Crown’s confidential material was shared by reason of the Crown/CPH Services and Information Sharing Arrangement;
- iii. a person who made kes, or participateds in making, decisions that affected ed the whole, or a substantial part, of the business of Crown;

#### **Particulars**

- i. The Plaintiff repeats the particular E to the particulars subjoined to sub-paragraph 20(e)i above.*
- ii. Further particulars may be provided following discovery.*

- (f) from the beginning of the Relevant Period until 27 June 2018, a director of CPH; and
- (g) at all times in the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

21. Robert Rankin (**Rankin**) was:

- (a) from 30 July 2015 to 21 June 2017, a non-independent director of Crown and nominee of CPH;
- (b) from 13 August 2015 to 1 February 2017, Chairman of Crown;
- (c) from 30 July 2015 to 21 June 2017, an officer of Crown, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12; and
- (d) at all times when he was an officer of Crown until February 2017, the Chief Executive Officer of CPH.

22. John Alexander (**Alexander**) was:

- (a) at all times during the Relevant Period, a non-independent director of Crown;
- (b) from the beginning of the Relevant Period to 1 February 2017, Deputy Chairman of Crown;
- (c) from 1 February 2017 to 24 January 2020, Executive Chairman of Crown;
- (d) in the financial year ending 30 June 2017, a member of the Risk Management Committee;
- (e) in the financial years ending 30 June 2017, 30 June 2018 and 30 June 2019, a member of the Responsible Gaming Committee of Crown;
- (f) at all times in the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;
- (g) from 22 March 2017 to 24 January 2020, a director of Riverbank; and
- (h) from 22 March 2017 to 24 January 2020, a director of Southbank.

23. Helen Coonan (**Coonan**) was:

- (a) at all times during the Relevant Period, a non-executive director of Crown, and was in that office at the date of the commencement of this proceeding;
- (b) from 24 January 2020 until around 15 February 2021, Chairman of Crown, and was in that office at the date of the commencement of this proceeding;
- (c) from around 15 February 2021, Executive Chairman of Crown; and
- (d) at all times in the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

### **A.5.3. The Non-Executive Directors**

24. Benjamin Brazil (**Brazil**) was:

- (a) from the beginning of the Relevant Period to 12 April 2017, a non-executive director of Crown; and
- (b) an officer of Crown during that time, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

25. Rowena Danziger (**Danziger**) was:

- (a) from the beginning of the Relevant Period to 26 October 2017, a non-executive director of Crown;

- (b) from the beginning of the Relevant Period to 26 October 2017, a member of the Risk Management Committee of Crown; and
- (c) an officer of Crown during that time, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

26. Andrew Demetriou (**Demetriou**) was:

- (a) from 29 January 2015 to 11 February 2021, a non-executive director of Crown, and was in that office at the date of the commencement of this proceeding;
- (b) from 25 October 2017 to 11 February 2021, a member of the Risk Management Committee of Crown;
- (c) since 30 January 2020 to 11 February 2021, the Chairman of Crown Melbourne (as defined in sub-paragraph 39(a) below); and
- (d) in the period 29 January 2015 to 11 February 2021, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

27. Geoffrey Dixon (**Dixon**) was:

- (a) from the beginning of the Relevant Period to 24 October 2019, a non-executive director of Crown;
- (b) from the beginning of the Relevant Period to 24 October 2019, the Chair of the Risk Management Committee of Crown; and
- (c) an officer of Crown during that time, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

28. Jane Halton (**Halton**) was:

- (a) from 23 May 2018 to the end of the Relevant Period, a non-executive director of Crown, and remained in that office at the date of the commencement of this proceeding;
- (b) from 20 June 2018, a member of the Risk Management Committee of Crown;
- (c) from around 2020, Chair of the Risk Management Committee of Crown; and
- (d) in the period from 23 May 2018 to the end of the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.



29. John Horvath (**Horvath**) was:
- (a) from the beginning of the Relevant Period to 24 January 2020, a non-executive director of Crown;
  - (b) from 24 January 2020 to the end of the Relevant Period, Deputy Chairman of Crown; and
  - (c) at all times during the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.
30. Guy Jalland (**Jalland**) was:
- (a) from 16 April 2018 to 10 February 2021, a non-executive director of Crown and nominee of CPH, and was in that office at the date of the commencement of this proceeding;
  - (b) an officer of Crown during that time, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;
  - (c) at all times when he was an officer of Crown, also a director of CPH;
  - (d) since January 2017, the Chief Executive Officer of CPH; and
  - (e) from 9 November 2005 to 6 December 2007, a Secretary of Riverbank.
31. Michael Johnston (**Johnston**) was:
- (a) from Crown's establishment in 2007 to 10 February 2021, a non-executive director of Crown and nominee of CPH, and was in that office at the date of the commencement of this proceeding;
  - (b) from 10 December 2014 to the end of the Relevant Period, the sole director of CPH Crown Holdings Pty Limited (**CPH Crown**), a subsidiary of CPH;
  - (c) a member of the following Crown Board Committees:
    - i. in the financial years ending 30 June 2014 to 30 June 2018, Audit and Corporate Governance; Finance; and Occupational Health and Safety;
    - ii. in the financial year ending 30 June 2019, Audit and Corporate Governance; Finance, Investment; Nomination and Remuneration; and Occupational Health and Safety; and
    - iii. in the financial year ending 30 June 2020, Audit and Corporate Governance; Finance; Investment, People, Remuneration and Nomination; Occupational Health and Safety; and Risk Management;

- (d) from a date in 2013 to at least October 2016, a member of the VIP International Working Committee;
- (e) from 25 October 2019, a member of the Crown Board committee established with respect to the proposed Crown Sydney casino (as defined in sub-paragraph 39(c) below);
- (f) at all times during the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12; and
- (g) at all times when he was an officer of Crown, also a director of CPH.

32. Antonia Korsanos (**Korsanos**) was:

- (a) from 23 May 2018, a non-executive director of Crown, and remained in that office at the date of the commencement of this proceeding;
- (b) from 24 October 2019, a member of the Risk Management Committee of Crown;
- (c) from February 2020, Chair of the Audit and Corporate Governance Committee of Crown; and
- (d) in the period from 23 May 2018 to the end of the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

33. Harold Mitchell (**Mitchell**) was:

- (a) from the beginning of the Relevant Period to the end of the Relevant Period, a non-executive director of Crown, and was in that office at the date of the commencement of this proceeding; and
- (b) at all times during the Relevant Period, an officer of Crown, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

34. John Poynton (**Poynton**) was:

- (a) from 20 November 2018 to the end of the Relevant Period, a non-executive director of Crown and nominee of CPH, and remained in that office at the date of the commencement of this proceeding; and
- (b) an officer of Crown during that time, within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12.

#### A.5.4. Chief Legal Officer

##### 35. Joshua Preston (**Preston**):

- (a) was, from around January 2007 to a date not presently known to the Plaintiff, Executive General Manager, Legal Services at Crown Perth (as defined in sub-paragraph 39(b) below);
- (b) was, from around November 2007, Crown's designated anti-money laundering compliance officer at Crown Perth (as defined in sub-paragraph 39(b) below);
- (c) was, from around 1 March 2017 to the end of the Relevant Period, Chief Legal Officer Australian Resorts at Crown and reported to Felstead;
- (d) was, from around May 2017, Crown's designated anti-money laundering compliance officer at Crown Melbourne (as defined in sub-paragraph 39(a) below);
- (e) from dates not presently known to the Plaintiff to the end of the Relevant Period, had responsibilities for anti-money laundering and counter-terrorism financing, legal, risk, audit, regulatory compliance, responsible gaming, security and surveillance at both Crown Perth and Crown Melbourne (as defined in sub-paragraphs 39(a) and 39(b) below), and responsibility for security and surveillance functions at Crown Perth;

#### **Particulars**

*The particulars of Preston's functions, duties and responsibilities are not presently known to the Plaintiff prior to discovery and are wholly within Crown's knowledge. To the extent that the Plaintiff is able to say, the Plaintiff refers to the evidence of Preston given at the ILGA Inquiry at T368.31 – T372.10. Further particulars may be provided following discovery.*

- (f) was, from dates not presently known to the Plaintiff to the end of the Relevant Period, an officer of Crown within the meaning of s 9 of the *Corporations Act* and ASX Listing Rule 19.12;

#### **Particulars**

- i. *Preston's functions and duties are—to the best of the Plaintiff's knowledge prior to discovery—pleaded in sub-paragraphs 35(a) to (e) above and are in any event known to Crown.*
- ii. *Preston attended Crown Board meetings by invitation if there was a specific matter to be dealt with that he could best speak to (T425).*

- iii. *From around May 2017, Preston was both the Chief Legal Officer Australian Resorts at Crown, and Crown's designated anti-money laundering compliance officer at Crown Melbourne with duties encompassing the matters pleaded at sub-paragraph 35(e) and paragraph 84.*
- iv. *By reason of (i) to (iii) above, Preston was a person who made or participated in making decisions that affected the whole, or a substantial part, of the business of Crown and/or had the capacity to affect significantly Crown's financial standing.*
- v. *The Plaintiff also refers to the findings of the Commissioner that the Crown Board placed much reliance on Preston: Commissioner Report, Volume 2, Chapter 4.3 at [3].*
- vi. *Further particulars may be provided following discovery.*

- (g) was, at all times in the Relevant Period, a Secretary of Riverbank; and
- (h) was, from 30 June 2017 to the end of the Relevant Period, a Secretary of Southbank.

36. At all material times each director and officer of Crown was obliged:

- (a) by s 180 of the *Corporations Act* and/or in equity and/or at general law, to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they were a director or officer of Crown in Crown's circumstances and occupied the office held by, and had the same responsibilities within Crown as the director or officer;
- (b) by s 181 of the *Corporations Act* and/or in equity and/or at general law, to exercise their powers and discharge their duties in good faith in the best interests of Crown, and for a proper purpose;
- (c) by s 182 of the *Corporations Act* and/or in equity and/or at general law, to not improperly use their position to gain an advantage for themselves or someone else or cause detriment to Crown;
- (d) by s 183 of the *Corporations Act* and/or in equity and/or at general law, to not improperly use information obtained because they are, or have been, a director or other officer or employee of Crown, to gain an advantage for themselves or someone else, or cause detriment to Crown; and
- (e) by s 184 of the *Corporations Act* and/or in equity and/or at general law not to recklessly fail to exercise their powers and discharge their duties in good faith and for a proper purpose.

37. At all material times any information of which each person who was a director or officer of Crown as pleaded above (**Crown Officers**) became aware, or which ought reasonably to have come into his or her possession in the course of the performance of his or her respective duties as an officer of Crown, was information of which Crown was aware (as awareness is defined in ASX Listing Rule 19.12).

## **B. CROWN'S BUSINESS**

### **B.1. Crown's assets**

38. At all material times, Crown carried on a business as one of Australia's largest gaming and entertainment groups with operations and investments in Australia, Asia, the United Kingdom and the United States of America.

39. At all material times, Crown's assets and interests included:

- (a) ownership of assets comprising the Melbourne casino, hotel and entertainment facility (**Crown Melbourne**);
- (b) ownership of assets comprising the Perth casino, hotel and entertainment facility (**Crown Perth**);
- (c) ownership of assets comprising the proposed Sydney casino, hotel and entertainment facility (**Crown Sydney**); and
- (d) the licences to operate the casinos at Crown Melbourne, Crown Perth and Crown Sydney.

### **B.2. Crown's dealings with junkets**

40. At all material times, the business of Crown included providing services to patrons who travelled to Australia from other countries, including China and:
- (a) attended Crown Melbourne and/or Crown Perth as part of a 'junket' within the meaning of s 3 of the *Casino Control Act 1991* (Vic) (**CCA (Vic)**) and/or s 25A(3) of the *Casino Control Act 1984* (WA) (**CCA (WA)**) (**Crown's Junket Program**);
  - (b) were considered by Crown to be 'high net worth individuals';
  - (c) were considered by Crown to be 'VIP patrons', and also referred to as 'VVIPs' (Very, Very Important Persons), 'whales', 'high rollers', 'rolling chip players' or 'rebate players';

- (d) were considered by Crown to be ‘Premium Players’, being those VIP patrons who placed large bets with Crown directly rather than through junket tour operators (JTOs) as an intermediary;
- (e) placed bets in private gaming rooms (also known as ‘private gaming salons’) at Crown Melbourne and/or Crown Perth;
- (f) were extended credit lines to gamble at Crown Melbourne and/or Crown Perth;
- (g) were extended cheque cashing facilities; and/or
- (h) were provided with assistance with organising visa and travel plans, and other benefits including accommodation, meals and refreshments while in Australia, (together, **Crown’s VIP International Business**).

#### **Particulars**

- i. As to sub-paragraph 40(b), that Crown considered some patrons described above to be ‘high net worth individuals’, is to be inferred from the existence of Crown’s VIP International Business which involved a practice of facilitating customers it identified as high net worth customers to travel to Australia and attend Crown Melbourne and/or Crown Perth (T1186).*
- ii. As to sub-paragraph 40(c), that Crown considered some patrons described above to be ‘VIP Patrons’, is to be inferred from the existence of Crown’s VIP International Business which involved the operation of VIP gambling rooms, credit lines and/or cheque cashing facilities and travel and accommodation assistance as alleged in sub-paragraphs 40(a) to 40(h) above.*
- iii. As to sub-paragraph 40(d), that Crown considered some patrons described above to be ‘Premium Players’, is to be inferred from the existence of Crown’s VIP International Business.*

41. At all material times, Crown entered into agreements with JTOs for the purpose of facilitating individuals (**Crown’s Junket Participants**) to travel to and place bets in private gaming rooms at Crown Melbourne and/or Crown Perth (**Junket Program Agreements**).

#### **Particulars**

- i. The Junket Program Agreements are written agreements between Crown Melbourne and/or Crown Perth and the applicable JTO entered into from time to time during the Relevant Period.*
- ii. Further particulars may be provided following discovery.*

42. At all material times, it was a term of the Junket Program Agreements that a JTO was to provide set minimum funds (known as ‘buy-ins’ or ‘front money’) in cash or cash equivalent,

and in cleared funds to Crown Melbourne and/or Crown Perth (as the case may be) for the purpose of providing gaming chips to Crown's Junket Participants.

**Particulars**

*The terms are express written terms contained in applicable Junket Program Agreements in force from time to time during the Relevant Period.*

43. At all material times, JTOs provided front money to Crown Melbourne and/or Crown Perth:
- (a) by transferring funds to Crown Melbourne and/or Crown Perth;
  - (b) by way of the provision of credit from the casino operator to the JTO; and/or
  - (c) by way of a cheque cashing facility, whereby a JTO provided the casino operator with a cheque held by the casino operator for the purpose of redeeming funds against that cheque.

**Particulars**

*Evidence of Preston at the ILGA Inquiry at T461.38 – T462.15.*

44. At all material times, it was to Crown's advantage to deal with JTOs, rather than a patron directly.

**Particulars**

*Insofar as the Plaintiff can say prior to discovery and the filing of expert evidence, the advantage of dealing with JTOs and junkets was to transfer the credit risk so Crown could enforce debts against the JTO rather than the patron. Further particulars may be provided following discovery and the filing of expert evidence.*

45. Between 2014 and 2020, Crown derived a substantial portion of its revenue from:
- (a) VIP gambling; and
  - (b) Crown's VIP International Business, including Crown's Junket Program.
46. From 2013, Crown became increasingly reliant upon junkets to generate revenue in Crown's VIP International Business.

**Particulars**

- i. *In relation to Crown Melbourne, in 2014, the VIP revenue as a percentage of total revenue was 25.95%.*
- ii. *In relation to Crown Perth, in 2014, the VIP revenue as a percentage of total revenue was 19.59%.*

- iii. *In relation to Crown Melbourne, in 2015, the VIP revenue as a percentage of total revenue was 31.63%.*
  - iv. *In relation to Crown Perth, in 2015, the VIP revenue as a percentage of total revenue was 25.56%.*
  - v. *In relation to Crown Perth, in 2016, the VIP revenue as a percentage of total revenue was 22%.*
  - vi. *VIP revenue as a percentage of total revenue of both Crown Melbourne and Crown Perth was significant (T3085 and T3387).*
  - vii. *Junkets were necessary to make the proposed Sydney casino at Barangaroo commercially viable (T3708-3709).*
  - viii. *The finding of the Commissioner that from 2013, Crown became increasingly reliant on junkets to generate turnover in the VIP International segment: Commissioner Report, Volume 1, Chapter 1.2 at [68].*
  - ix. *Further particulars may be provided following discovery and the filing of expert evidence.*
47. In late 2014 or early 2015, Crown developed a strategy referred to as the ‘Platform Junket Strategy’ (**the Platform Junket Strategy**).
48. The Platform Junket Strategy involved, in part:
- (a) aligning Crown’s VIP International sales team with major junkets;
  - (b) focussing Crown’s sales efforts on selling large junkets;
  - (c) aligning Chinese Premium Players to, or steering them towards, junkets;
  - (d) supporting major junkets so as to lower Crown’s credit risk and grow Crown’s VIP International Business faster;
  - (e) identifying junkets for Crown to develop ties with, involve, collaborate or partner in Crown’s Platform Junket Strategy (identified as ‘Platform Junkets’) namely Suncity (**Suncity Junket**), Guangdong Club (being associated with or related to the Neptune Group Junket), David Group, Jimei, Song Junket/Gold Group, MegStar, Tak Chun, Chinatown and Oriental Group.

#### **Particulars**

- i. *The 2015 document titled ‘Junket Platform Strategy’ referred to in the Commissioner Report, Volume 1, Chapter 1.2 at [75].*



- ii. *The Key Accounting Issues paper contained within the 16 August 2016 Crown Board Papers referred to in the Commissioner Report, Volume 1, Chapter 1.2 at [78].*
- iii. *The Plaintiff refers to paragraphs [73] to [79] of the Commissioner Report, Volume 1, Chapter 1.2.*
- iv. *Further particulars may be provided following discovery and the filing of expert evidence.*

### **B.3. The Anti-Money Laundering and Counter-Terrorism Financing regime governing Crown**

49. At all material times, Crown was:

- (a) subject to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007* (Cth) (**AML/CTF Rules**) (together, **AML/CTF Laws**);
- (b) a ‘person’ and ‘reporting entity’ within the meaning of s 5 of the AML/CTF Act;
- (c) a provider of designated services to customers within the meaning of s 6 of the AML/CTF Act; and
- (d) bound by all provisions of the AML/CTF Laws applicable from time to time to Crown, including those pleaded in paragraphs 51 to 80 below.

#### **Particulars**

*Crown provides, among others, the following designated services:*

- i. *Table 3, items 1, 3, 4, 7, 8 and 9.*
- ii. *Table 3, items 11-13, where the ‘account provider’ is a person who provides one of the “gaming services” listed in items 1, 2, 3, 4, 6, 7, 8 or 9 of Table 3 and the purpose(s) of the account is to facilitate the provision of one of those gambling services and the service is provided in the course of carrying on a business.*
- iii. *Table 1, items 31 and 32.*

50. In the Relevant Period, the objects of the AML/CTF Act included:

- (a) to address measures to detect, deter and disrupt money laundering, the financing of terrorism, and other serious financial crimes (AML/CTF Act, s 3(1)(aa));

- (b) to promote public confidence in the Australian financial system through the enactment and implementation of controls and powers to detect, deter and disrupt money laundering, the financing of terrorism, and other serious financial crimes (AML/CTF Act, s 3(1)(ad)); and
- (c) to address matters of international concern including the need to combat money laundering and financing of terrorism (AML/CTF Act, s 3(1)(b)).

### ***B.3.1. General requirements***

51. At all material times, Crown was obliged by ss 81, 82 and 83 of the AML/CTF Act and rule 1.2.1 of the AML/CTF Rules to adopt and maintain an anti-money laundering and counter terrorism financing program that applies to Crown, and comply with Part A of that program (this being a civil penalty provision).
52. At all material times, Crown was obliged by s 84(2)(c) of the AML/CTF Act and rule 8.1.5 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.1.5 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) to design Part A of its program to enable Crown to:
  - (a) identify significant changes in the risk that a reporting entity may reasonably face in that the provision by the reporting entity of designated services might (whether inadvertently or otherwise) involve or facilitate money laundering or the financing of terrorism (**ML/TF Risk**) for the purposes of Crown's Part A and Part B programs;
  - (b) understand the nature and purpose of the business relationship with its customer types, including, as appropriate, the collection of information relevant to that understanding;
  - (c) understand the control-structure of non-individual customers;
  - (d) in the period from the commencement of the Relevant Period until approximately 12 January 2018, assess the ML/TF Risk posed by, inter alia, changes arising in the nature of the business relationship, control structure or beneficial ownership of its customers; and
  - (e) in the period from approximately 12 January 2018 to the end of the Relevant Period, identify, mitigate and manage any ML/TF Risk arising from, inter alia, changes arising in the nature of the business relationship, control structure or beneficial ownership of its customers.

53. At all material times, Crown was obliged by s 84(2)(c) of the AML/CTF Act and rule 8.1.6 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.1.6 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) to design Part A of its program so that it included a requirement that, in determining what is an appropriate risk-based procedure for inclusion in Part B of the reporting entity's standard or joint AML/CTF Program (as the case may be), to have regard to ML/TF Risk relevant to the provision of the designated service.
54. At all material times, Crown was obliged by s 84(2)(c) of the AML/CTF Act and rule 8.1.7 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.1.7 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) to apply Part A of Crown's AML/CTF Program to all areas of its business that are involved in the provision of a designated service, including in relation to any function carried out by a third party.
55. At all material times, s 84(2)(c) of the AML/CTF Act and rule 8.1.4 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.1.4 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) obliged Crown, in identifying its ML/TF Risk, to consider the risk posed by the following factors:
- (a) the customer types, including any politically exposed persons (within the meaning of Part 1.2 of the AML/CTF Rules);
  - (b) the types of designated services provided;
  - (c) the methods by which designated services are delivered; and
  - (d) the foreign jurisdictions dealt with.
56. At all material times, s 84(2)(c) of the AML/CTF Act and Part 8.2 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and Part 9.2 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program), obliged Crown to design Part A of its program to include an AML/CTF risk awareness training program that:
- (a) is designed so that Crown gives its employees appropriate training at appropriate intervals, having regard to ML/TF Risk it may reasonably face;
  - (b) is designed to enable employees to understand:
    - i. Crown's obligations under the AML/CTF Laws;
    - ii. the consequences of non-compliance with the AML/CTF Laws;

- iii. the type of ML/TF Risk that Crown might face and the potential consequences of such risk; and
  - iv. those processes and procedures provided for by Crown's AML/CTF Program that are relevant to the work carried out by the employee.
57. At all material times, s 84(2)(c) of the AML/CTF Act and rule 8.4.1 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.4.1 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) required Crown's Part A program to be approved by its governing board and senior management and be subject to the ongoing oversight of Crown's board and senior management.
58. At all material times, s 84(2)(c) of the AML/CTF Act and rule 8.5.1 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rule 9.5.1 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) required Crown's Part A program to designate a person as the 'AML/CTF Compliance Officer' at the management level (the AML/CTF Compliance Officer may have other duties).
59. At all material times, s 84(2)(c) of the AML/CTF Act and rules 8.6.1, 8.6.5 and 8.6.6 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF Act and rules 9.6.1, 9.6.5 and 9.6.6 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) required Crown's Part A program to be the subject of independent review:
- (a) the purpose of which should be to:
    - i. assess the effectiveness of the Part A program having regard to Crown's ML/TF Risk;
    - ii. assess whether Crown's Part A program complies with the AML/CTF Rules;
    - iii. assess whether Crown's Part A program has been effectively implemented;
    - iv. assess whether Crown complied with its Part A program; and
  - (b) the results of which, including any report prepared, must be provided to Crown's senior management and, where applicable, Crown's board.
60. At all material times, s 84(2)(c) of the AML/CTF Act and rule 8.9.1 of the AML/CTF Rules (insofar as Crown had in place a standard AML/CTF Program) or s 85(2)(c) of the AML/CTF

Act and rule 9.9.1 of the AML/CTF Rules (insofar as Crown had in place a joint AML/CTF Program) required Crown's Part A program to include, inter alia:

- (a) the obligations that apply to Crown under ss 41, 43, 45 and 47 of the AML/CTF Act (**Crown's Reporting Obligations**); and
- (b) appropriate systems and controls of the reporting entity designed to ensure compliance with Crown's Reporting Obligations.

61. At all material times, ss 36(1)(b), 84(2)(c) and 85(2)(c) of the AML/CTF Act and rules 15.4, 15.5, 15.6 and 15.7 of the AML/CTF Rules required Crown to include a transaction monitoring program in Crown's Part A program which:

- (a) must include appropriate risk-based systems and controls to monitor the transactions of customers;
- (b) must have the purpose of identifying, having regard to ML/TF Risk, any transaction that appears to be suspicious within the terms of s 41 of the AML/CTF Act; and
- (c) should have regard to complex, unusual large transactions and unusual patterns of transactions which have no apparent economic or visible lawful purpose.

62. At all material times, Crown had an anti-money laundering and counter-terrorism financing program (**Crown's AML/CTF Program**), Part A of which contained procedures for managing ML/TF Risk.

### ***B.3.2. Ongoing customer due diligence including as to politically exposed persons***

63. At all material times, s 36(1) of the AML/CTF Act obliged Crown to:

- (a) monitor Crown's customers in relation to the provision by Crown of designated services at or through a permanent establishment of Crown in Australia, with a view to:
  - i. identifying; and
  - ii. mitigating; and
  - iii. managing,

the risk Crown may reasonably face that the provision by Crown of a designated service at or through a permanent establishment of Crown in Australia might (whether inadvertently or otherwise) involve or facilitate money laundering or financing of terrorism; and

- (b) do so in accordance with the AML/CTF Rules.
64. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.1.3 of the AML/CTF Rules obliged Crown, in identifying its ML/TF Risk, to consider the risk posed by:
- (a) its customer types including beneficial owners of customers and any politically exposed persons;
  - (b) its customers' sources of funds and wealth;
  - (c) the nature and purpose of the business relationship with its customers, including, as appropriate, the collection of information relevant to that consideration;
  - (d) the control structure of its non-individual customers;
  - (e) the types of designated services it provides;
  - (f) the methods by which it delivers designated services; and
  - (g) the foreign jurisdictions with which it deals.
65. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.2 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-based systems and controls that are designed to enable Crown to be reasonably satisfied, where a customer is an individual, that the customer is the individual that he or she claims to be.
66. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.3 of the AML/CTF Rules required Crown's AML/CTF Program to include a procedure to enable Crown to collect, at a minimum, the following 'know your customer information' (as defined in Part 1.2 of the AML/CTF Rules (**KYC information**)) from or about a customer:
- (a) the customer's full name; and
  - (b) either:
    - i. the customer's date of birth; or
    - ii. the customer's residential address.
67. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.5 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-based systems and controls for Crown to determine whether, in addition to

the KYC information referred to, inter alia, in paragraph 66 above, any other KYC information will be collected from or about a customer.

68. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.6 of the AML/CTF Rules required Crown's AML/CTF Program to include a procedure for Crown to verify, at a minimum, the following KYC information about a customer:
- (a) the customer's full name; and
  - (b) either:
    - i. the customer's date of birth; or
    - ii. the customer's residential address.
69. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.7 of the AML/CTF Rules required Crown's AML/CTF Program to require that the verification of information collected about a customer be based on:
- (a) reliable and independent documentation;
  - (b) reliable and independent electronic data; or
  - (c) a combination of sub-paragraphs (a) and (b) above.
70. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.2.9 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-based systems and controls for Crown to respond to any discrepancy that arises in the course of verifying KYC information collected from or about a customer so that Crown can determine whether it is reasonably satisfied that the customer is the person he or she claims to be.
71. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.13.1 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-management systems to determine whether a customer or beneficial owner is a politically exposed person. The determination must occur either before the provision of a designated service to the customer or as soon as practicable after the designated service has been provided.
72. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.13.2 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-management systems for Crown to undertake each of the following steps for

domestic politically exposed persons and international organisation politically exposed persons:

- (a) in the case of a beneficial owner, comply with the identification requirements specified in rules 4.2.3 to 4.2.9 of the AML/CTF Rules as if the politically exposed person was the customer; and
- (b) determine whether the person is of high ML/TF Risk; and
- (c) if the person is determined to be of high ML/TF Risk, then, in addition to the action specified in rule 4.13.2(1), carry out the actions specified in rules 4.13.3(2), (3) and (4).

73. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.13.3 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-management systems for Crown to undertake each of the following steps for foreign politically exposed persons and for high ML/TF Risk for domestic or international organisation politically exposed persons:

- (a) in the case of a beneficial owner, comply with the identification requirements specified in rules 4.2.3 to 4.2.9 of the AML/CTF Rules as if the politically exposed person was the customer;
- (b) obtain senior management approval before establishing or continuing a business relationship with the customer and before the provision, or continued provision, of a designated service to the customer;
- (c) take reasonable measures to establish the politically exposed person's source of wealth and source of funds; and
- (d) comply with the obligations in Chapter 15 of the AML/CTF Rules.

74. At all material times, ss 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and rule 4.13.4 of the AML/CTF Rules required Crown's AML/CTF Program to include appropriate risk-based systems and controls for Crown to respond to any discrepancy that arises in the course of verifying information collected about a politically exposed person so



that Crown can be reasonably satisfied that the politically exposed person is the person that he or she claims to be.

75. At all material times, ss 36(1)(b), 84(2)(c) and 85(2)(c) of the AML/CTF Act and rules 15.8 and 15.9 of the AML/CTF Rules required Crown to include an enhanced customer due diligence program in Part A of Crown's AML/CTF Program, to be applied relevantly where:
- (a) Crown determines under its risk-based systems and controls that the ML/TF Risk is high;
  - (b) a designated service is being provided to a customer who is, or who has a beneficial owner who is, a foreign politically exposed person; and
  - (c) a suspicion has arisen for the purposes of s 41 of the AML/CTF Act.

***B.3.3. Crown's reporting and record keeping obligations***

76. At all material times, where a suspicious matter reporting obligation arose (as defined in s 41(1) of the AML/CTF Act) in relation to a person, s 41(2) of the AML/CTF Act required Crown to give the Australian Transaction Reports and Analysis Centre (AUSTRAC) CEO a report about the matter within the times specified in s 41(2)(a) and (b) of the AML/CTF Act (this being a civil penalty provision).
77. At all material times, Crown was obliged by s 43(2) of the AML/CTF Act to report to the AUSTRAC CEO 'threshold transactions' (being transactions involving the transfer of physical currency in the amount of \$10,000 or more) within 10 business days after the transaction occurred (this being a civil penalty provision).
78. At all material times, Crown was obliged by s 45(2) of the AML/CTF Act to report to the AUSTRAC CEO 'international funds transfer instructions' of the type provided in s 46 of the AML/CTF Act (this being a civil penalty provision).
79. At all material times, Crown was obliged by s 47(2) of the AML/CTF Act, within the applicable lodgement period, to give a report to the AUSTRAC CEO relating to Crown's compliance with the AML/CTF Act, the AML/CTF Rules and applicable regulations, in the approved form and containing such information as required by the approved form (this being a civil penalty provision).
80. At all material times, Crown was obliged to comply with the record keeping requirements provided in Part 10 of the AML/CTF Act, with the exception of ss 106 and 107 of the AML/CTF Act as provided for in rule 10.1.8 of the AML/CTF Rules in respect of the designated services described in:
- (a) items 1, 2 or 6 of table 3 of section 6 of the AML/CTF Act; or

- (b) item 4 of table 3 of section 6 of the AML/CTF Act to the extent that the service is provided by giving the customer only gaming chips or tokens,

**(Crown's record keeping obligations).**

81. At all times in the Relevant Period, Crown was subject to:

- (a) reputational risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts and regulators, with adverse reputational risk outcomes flowing from any failure by Crown to adequately manage risk (including risks associated with Crown's compliance with the AML/CTF Laws); and
- (b) the risk of loss of reputation if it failed to comply with its obligations under the AML/CTF Laws.

82. Further, at all material times in the Relevant Period:

- (a) Crown would be potentially liable to civil penalties if it did not comply with its obligations under the AML/CTF Laws, including if:
  - i. it did not comply with Part A of Crown's AML/CTF Program in contravention of s 82 of the AML/CTF Act;
  - ii. it did not comply with Crown's Reporting Obligations in contravention of ss 41, 43, 45 and 47 of the AML/CTF Act;
  - iii. it did not comply with Crown's record keeping obligations in contravention of Part 10 of the AML/CTF Act; and
- (b) anti-money laundering and counter-terrorism financing compliance had been the subject of increasing regulatory change and enforcement, and if Crown failed to comply with the requirements of laws regulating money laundering and counter-terrorism financing (including the AML/CTF Laws), it may become subject to significant regulatory investigations, regulatory fines, regulatory sanctions and suffer material financial loss or loss of reputation. Further, the increasing volume, complexity and global reach of such regulatory requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements could exacerbate the severity of the risk.

83. JTOs and Junket Tour Representatives (being agents of JTOs who have authority to transact on the JTO's behalf) (**JTRs**), are not reporting entities for the purposes of the AML/CTF Laws or directly regulated by AUSTRAC.

#### **B.3.4. Role of Crown's AML/CTF Compliance Officer**

84. On a date presently unknown to the Plaintiff, AUSTRAC published a guideline titled 'AML/CTF compliance officers', which relevantly provides examples of the duties of the designated AML/CTF Compliance Officer including:
- (a) making sure a business complies with its AML/CTF obligations according to both the AML/CTF Act and AML/CTF Rules;
  - (b) reporting regularly to the company's board and senior management about how the business is meeting its obligations, including alerting the board and senior management if the business is not complying;
  - (c) taking day-to-day responsibility for the AML/CTF program;
  - (d) helping to create, implement and maintain internal policies, procedures and systems for AML/CTF compliance;
  - (e) being the contact point for the business's dealings with AUSTRAC, for example submitting reports such as suspicious matter or threshold transaction reports, or liaising about compliance audits and other AUSTRAC requests; and
  - (f) addressing any feedback from AUSTRAC about how the business is managing its risks or about the businesses' AML/CTF program.

#### **Particulars**

*The guideline is available on AUSTRAC's website:  
<https://www.austrac.gov.au/business/how-comply-guidance-and-resources/amlctf-programs/compliance-officers> (accessed 11 February 2021).*

#### **B.4. Other obligations on Crown**

85. At all material times, an agreement dated 21 September 1993 and made pursuant to the CCA (Vic), between the Victorian Casino Control Authority and Crown Casino Limited (**Melbourne Casino Agreement**) has imposed various obligations including:
- (a) on Crown Melbourne, to conduct its operations in Crown Melbourne in a manner that has regard to the best operating practices in casinos of a similar size and nature (cl 28);
  - (b) on Crown Melbourne, to comply with all laws applicable to the matters arising under the Melbourne Casino Agreement (cl 48.1(b));
  - (c) on Crown Melbourne, to make available for inspection by the Victorian Commission for Gambling and Liquor Regulation (and its predecessor names)

(**VCGLR**) all records, accounts and information held by or on behalf of Crown Melbourne and allow the VCGLR to take copies of or extracts from all such records, accounts and information (cl 23); and

- (d) on Crown, to use its best endeavours to conduct the business of any other Australian casino in a manner which is beneficial to that business and to Crown Melbourne, which promotes tourism and economic development in Victoria, and in a manner which is not detrimental to the interests of Crown Melbourne (cl 22.1(r)).

86. At all material times, the Casino (Burswood Island) Agreement (as Schedule 1 to the *Casino (Burswood Island) Agreement Act 1985 (WA)*) has imposed various obligations including that the operation of Crown Perth shall comply with the lawful requirements of Acts of the State of Western Australia and the Commonwealth.

#### **B.5. Other regulators of Crown**

87. At all material times, Crown's operations in Victoria (including Crown Melbourne) have been subject to regulation by the VCGLR, the *CCA (Vic)* and the *Gambling Regulation Act 2003 (Vic)*.

88. At all material times, Crown's operations and proposed operations in New South Wales (including Crown Sydney) have been subject to regulation by the NSW Independent Liquor and Gaming Authority (**the ILGA**) and the *Casino Control Act 1992 (NSW) (CCA (NSW))*.

89. At all material times, Crown's operations in Western Australia (including Crown Perth) have been subject to regulation by the Gaming and Wagering Commission (**WA Commission**) and the *CCA (WA)*.

90. At all material times, the VCGLR, the ILGA and the WA Commission (collectively, **Casino Regulators**) have had capacity to:

- (a) conduct inquiries and investigations into Crown's compliance with applicable legislation, and the fitness or suitability of Crown (or its subsidiaries) to hold a casino licence in their respective States;
- (b) take disciplinary action against Crown, including based on whether Crown (or its subsidiaries) are fit or suitable to hold a casino licence in their respective States, including by reason of the suitability of its associates; and
- (c) impose conditions on continuation or renewal of casino licences held by Crown (or its subsidiaries) in their respective States.

**Particulars**

- i. *CCA (Vic) ss 20, 23, 24, 25, 26, 28A, 141 and 166.*
- ii. *CCA (NSW) ss 12, 13A, 15, 23, 24, 26, 29, 30, 31, 32, 141, 143 and 149.*
- iii. *CCA (WA) ss 21, 21A, 21B, 21C and 29.*
- iv. *Further particulars may be provided.*

91. At all material times, Crown would incur significant costs and expenses in the event that one or more of the Casino Regulators took one of the steps referred to in paragraph 90(a)-(c) above.

**Particulars**

*Costs would include: diverted management time, costs of external consultants (including lawyers), and costs of complying with any recommendations or conditions made by the Casino Regulators (including costs of restructuring or altering Crown's business so as to satisfy such recommendations or conditions).*

**B.6. Crown and Melco**

92. In the Relevant Period, Melco International Development Ltd (**Melco International**) was a multinational leisure and entertainment group based in Hong Kong.
93. At all material times in the Relevant Period, Lawrence Ho was associated with Melco International.

**Particulars**

- i. *Since 2006 and at all times in the Relevant Period, Lawrence Ho has been the Chairman and Chief Executive Officer of Melco International.*
- ii. *As at 31 December 2014, Lawrence Ho held approximately 49.77% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the Hong Kong Securities and Futures Ordinance (SFO) to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2014 Melco International Annual Report records that Lawrence Ho is taken to have interests in the 303,982,187 shares held by Great Respect Limited (**Great Respect**), representing approximately 19.66% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the*

*SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 52).*

- iii. *As at 31 December 2015, Lawrence Ho held approximately 51.20% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2015 Melco International Annual Report records that Lawrence Ho is taken to have interests in the 306,382,187 shares held by Great Respect, representing approximately 19.81% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 66).*
- iv. *As at 31 December 2016, Lawrence Ho held approximately 52.51% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2016 Melco International Annual Report records that Lawrence Ho is taken to have interests in the 306,382,187 shares held by Great Respect, representing approximately 19.85% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 70).*
- v. *As at 31 December 2017, Lawrence Ho held approximately 53.19% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2017 Melco International Annual Report records that Lawrence Ho is taken to have interests in the 306,382,187 shares held by Great Respect, representing approximately 19.94% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 67).*

- vi. *As at 30 June 2018, Lawrence Ho held approximately 53.61% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2018 Melco International Interim Report records that Lawrence Ho is taken to have interests in the 306,382,187 shares held by Great Respect, representing approximately 19.98% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 70).*
  
- vii. *As at 31 December 2019, Lawrence Ho held approximately 55.54% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, family interests, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2019 Melco International Annual Report records that Lawrence Ho is taken to have interests in the 309,476,187 shares held by Great Respect, representing approximately 20.44% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 64).*
  
- viii. *As at 30 June 2020, Lawrence Ho held approximately 57% of the total issued shares in Melco International comprising interests held in his personal capacity as beneficial owner, family interests, corporate interests of corporations, trusts or persons controlled by Lawrence Ho and deemed by operation of the SFO to be interested in those entities and interests held by Lawrence Ho via a discretionary trust of which he is a beneficiary. In relation to the beneficial interests, the 2020 Melco International Interim Report records that Lawrence Ho is taken to have interests in the 311,976,187 shares held by Great Respect, representing approximately 20.60% of the total issued shares of Melco International, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Lawrence Ho and his immediate family members (p 68).*
  
- ix. *Further particulars may be provided following discovery.*

94. At all material times in the Relevant Period until his death in around May 2020, Dr Stanley Ho was associated with Melco International.

**Particulars**

- i. *Great Respect is a limited liability company incorporated in the British Virgin Islands. In an announcement to the Hong Kong Stock Exchange released on 17 May 2005 (9.01am), Melco International described Great Respect as “a company controlled by a discretionary trust of Dr Stanley Ho”. Between 12 September 2012 and 19 September 2012, Great Respect exercised the conversion rights attaching to convertible notes and was issued with 298,982,187 shares in Melco International, representing a 19.5% interest at that time.*
- ii. *The 2018 Annual Report for SJM Holdings Limited—the holding company of Sociedade de Jogos de Macau, S.A., and one of the six companies authorised to operate casino games in Macau of which Dr Stanley Ho was a director until 12 June 2018—records that Dr Stanley Ho had beneficial interests in Melco International through its interest in Melco Resorts & Entertainment Limited and that as at 12 June 2018, he was one of the beneficiaries of a discretionary trust which, via a company controlled by it, was interested in 306,382,187 shares in Melco International, representing approximately 19.97% of the issued share capital of Melco International (p 59).*
- iii. *The 2018 Annual Report for SJM Holdings Limited records that Dr Stanley Ho was also a beneficial owner of 342 shares of Melco International (p 59).*
- iv. *Further particulars may be provided following discovery.*

95. In the Relevant Period, prior to 15 May 2017, Crown:

- (a) operated a joint venture with Melco International; and
- (b) owned an equity stake of not less than 27.4% in Melco Crown Entertainment Limited (formerly known as Melco PBL Entertainment (Macau) Limited), which company developed, owned and operated casinos and integrated resorts in Macau (Altira Macau, City of Dreams and Studio City) and the Philippines (City of Dreams Manila).

**Particulars**

- i. *As at 30 June 2014, Crown held a 33.6% equity interest in Melco Crown Entertainment Limited.*
- ii. *As at 30 June 2015, Crown held a 34.3% equity interest in Melco Crown Entertainment Limited.*



iii. *As at 30 June 2016, Crown held a 27.4% equity interest in Melco Crown Entertainment Limited.*

96. In around May 2017, Melco Crown Entertainment Limited became known as Melco Resorts & Entertainment Limited (**Melco Resorts**).
97. In around May 2017, Melco Resorts repurchased Crown's remaining interest in Melco Resorts.
98. In around May 2019, Melco Resorts entered into a Share Sale Agreement (**SSA**) with CPH Crown to acquire approximately 19.99% of the shares in Crown for an aggregate purchase price of A\$1.76 billion.
99. In around late May or early June 2019:
- (a) CPH Crown, in accordance with the terms of the SSA, disposed of approximately 9.99% of its shares in Crown to Melco Resorts or its nominee, MCO (KittyHawk) Investments Limited (**KittyHawk**), a company registered in the Cayman Islands;
  - (b) Melco Resorts announced its proposal to increase its shareholding in Crown;
  - (c) Melco Resorts announced its proposal to seek representation on the board of Crown by any combination of Lawrence Ho, Geoff Davis, Stephanie Cheung, Akiko Takahashi, Evan Winkler and Clarence Chung; and
  - (d) Melco Resorts announced its proposal that it and Lawrence Ho, Geoff Davis, Stephanie Cheung, Akiko Takahashi, Evan Winkler and Clarence Chung become close associates of Crown Sydney Gaming Pty Limited (the holder of the restricted casino license in respect of Crown Sydney) (**Barangaroo restricted gaming licence**).
100. On or about 28 August 2019, Melco Resorts entered into a deed with CPH Crown to amend the SSA which made the sale of the remaining 9.99% of the shares in Crown subject to certain conditions (**Second Tranche**).
101. On or around 6 February 2020, Melco Resorts entered into an agreement with CPH Crown which terminated its obligation to purchase the Second Tranche and announced that it did not currently intend to increase its existing shareholding in Crown.
102. In or around late April 2020, Melco Resorts sold its investment in Crown to an entity owned by funds managed or advised by The Blackstone Group Inc and its affiliates.

**C. CROWN'S REPRESENTATIONS TO THE MARKET PRIOR TO 19 OCTOBER 2020 AND THEIR CONTEXT**

**C.1. Crown's 2014 statements**

103. On 12 September 2014, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2014 (that is, **the 2014 Annual Report**).
104. In the 2014 Annual Report, Crown made the following statements:
- (a) “The [Crown] Board is committed to the implementation and maintenance of good corporate governance practices” (p 33);
  - (b) “[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks” (p 33);
  - (c) “Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times. The Code of Conduct for Employees is a detailed statement of the:
    - i. practices required by employees to maintain confidence in Crown's integrity;
    - ii. legal obligations of employees and the reasonable expectations of their stakeholders; and
    - iii. responsibility and accountability of individuals for reporting and investigating reports of unethical practices” (p 36);
  - (d) “Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates” (p 39);
  - (e) “As required by the Board, Crown's management have devised and implemented risk management systems appropriate to Crown. Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee” (p 39);
  - (f) “The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported to the Crown Board” (p 39);
  - (g) “A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines. The Plan

identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group” (pp 39-40); and

- (h) “The Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 40).

105. On 15 September 2014, the Australian Broadcasting Corporation’s (**ABC**) Four Corners broadcast a program titled “High Rollers – High Risk” (**2014 Four Corners Show**) which, inter alia, alleged that:

- (a) Dr Stanley Ho had connections to a gambling identity who had been named by the CIA in the 1990s as a triad figure and heroin trafficker;
- (b) it was likely that significant amounts of money played at casinos in Macau had come from illegitimate sources in China;
- (c) junkets used links to organised crime to collect gambling debts;
- (d) criminal triad gangs had always had strong links to Macau’s junkets;
- (e) Crown (via Melco Crown Entertainment limited) had dealt with a number of junkets which had links to organised crime including Ng Man Sun (of the **AMAX Junket**), Cheung Chi Tai (of the **Neptune Junket**) and Cheok Wa (Alvin) Chau (**Alvin Chau**) (of the Suncity Junket);
- (f) Crown (via Melco Crown Entertainment Limited) had arrangements with, or entities associated with the AMAX Junket pursuant to which the AMAX Junket would take high roller gamblers to Altira, being a casino operated in Macau by Melco Crown Entertainment Limited;
- (g) persons associated with the AMAX Junket had links to organised crime and/or criminal triad gangs;
- (h) several junket operators in Melco Crown Entertainment Limited’s Macau casinos were connected to organised crime and/or criminal triad gangs;
- (i) the Ocean Star Junket, associated with one of the largest junket operators in Macau, being the Neptune Junket, operated in Melco Crown Entertainment Limited’s Macau casino City of Dreams and had links, via Neptune, to persons associated with organised crime and criminal activity;
- (j) the Neptune Junket was bringing international high-rollers to Crown Perth and Crown Melbourne;

- (k) the ultimate beneficiary of the Macau-based Suncity Junket, which operated a VIP room in Melco Crown Entertainment Limited's Macau casino City of Dreams, had been named in 1992 in the US Senate as a leader of the Sun Yee On triad;
- (l) the Suncity Junket was associated with persons alleged to be followers of Wan Kuok-Koi (also known as 'Broken Tooth Koi') of the Macau 14K triad; and
- (m) the Suncity Junket was bringing Chinese high-rollers to Crown's casinos in Australia, including a VIP gaming room at Crown Melbourne.

### **Particulars**

*A copy of the transcript of the 2014 Four Corners Show is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

106. Crown published a document titled "Response to Questions from Four Corners" (**2014 Response to Four Corners**) dated 11 September 2014 which was published at or around the time that the 2014 Four Corners Show was broadcast, in a manner likely to bring the document to the attention of the Affected Market.
107. In the 2014 Response to Four Corners, Crown made the following statements:
- (a) "Junket operators do not have any say in the operation of Crown's casinos. They are not major shareholders nor are they represented on the Board. All casino operations (conduct of games, security, surveillance and cage operations) are undertaken by the casino operator. Junket operators are independent contractors who bring customers to the casino for which they receive a commission – they do not operate the casino business" (p 1);
  - (b) "All international VIP customers of Crown's casinos in Australia (ie those persons who come to the casinos, play the games, place bets and receive winnings (if they win)), and all junket operators that bring those customers, are identified with appropriate Know Your Customer (KYC) procedures, have due diligence undertaken on them and appropriate reports are submitted to AUSTRAC and relevant gaming regulators as required by law" (p 1);
  - (c) "Crown is required under Federal anti-money laundering legislation to:
    - i. have an approved anti-money laundering compliance program;
    - ii. report all significant cash transactions to AUSTRAC;
    - iii. report all suspicious transactions to AUSTRAC; and
    - iv. report all international fund transfers to AUSTRAC.

Crown's compliance with this anti-money laundering legislation is audited regularly by AUSTRAC and no major compliances issues have been found.

Crown has a strong reputation for cooperation with law enforcement agencies and works closely with Australian State and Federal law enforcement to assist them with their intelligence gathering and operations" (p 2).

108. On 17 September 2014, the Sydney Morning Herald published an article titled "Silence speaks volumes on alleged links between Crown and Echo casinos and organised crime" which, inter alia, stated that the 2014 Four Corners Show found: "Packer's [Melco Crown Entertainment Limited] have links with colourful Macau junket operators (some of which are said to be associated with triad crime gangs). These junkets bring Chinese high-rollers across from the mainland to gamble in Macau, and now, it appears, to Australia as well".

## C.2. Crown's 2015 statements

109. On 17 August 2015, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2015 (that is, **the 2015 Annual Report**).
110. In the 2015 Annual Report, Crown made the following statements:
- (a) "The Crown Resorts Limited Board is committed to the implementation and maintenance of good corporate governance practices" (p 33);
  - (b) "[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks" (p 33);
  - (c) "Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and its employees at all times ... The purpose of the Code of Conduct for Directors is to ensure they have a clear understanding of Crown's expectations of their conduct and reinforces the statutory duties of directors to, among other things:
    - i. act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
    - ii. use due care and diligence in fulfilling the functions of office; and
    - iii. avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest" (p 41);
  - (d) "Crown directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions

taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown” (p 41);

- (e) “Finally, directors are obliged to, at all times, comply with the spirit as well as the letter of the law, the principles of the Code of Conduct and are encouraged to the [sic] report suspected unlawful or unethical behaviour” (p 41);
- (f) “The Code of Conduct for Employees is a detailed statement of the:
  - i. practices required by employees to maintain confidence in Crown’s integrity;
  - ii. legal obligations of employees and the reasonable expectations of their stakeholders; and
  - iii. responsibility and accountability of individuals for reporting and investigating reports of unethical practices” (p 41);
- (g) “Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board ... The Chairman of the Risk Management Committee, Mr Geoff Dixon is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations” (p 43);
- (h) “Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates” (p 43);
- (i) “Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee. The Board convened Risk Management Committee administers Crown’s Risk Management Policy” (p 44);
- (j) “The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the results of those procedures are reported to the Crown Board” (p 44);
- (k) “A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines. The Plan identifies specific Head Office risks in light of major risks identified at an

operational level and provides the framework for the reporting and monitoring of material risks across the Crown group” (p 44);

- (l) “Management are required to conduct an annual review of the Risk Management Plan to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage risk” (p 44); and
- (m) “[T]he Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 44).

### C.3. Crown’s 2016 statements

111. On 19 September 2016, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2016 (that is, **the 2016 Annual Report**).

112. In the 2016 Annual Report, Crown made the following statements:

- (a) “The Crown Resorts Limited Board is committed to the implementation and maintenance of good corporate governance practices” (p 23);
- (b) “[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks” (p 23);
- (c) “Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and its employees at all times... The purpose of the Code of Conduct for Directors is to ensure they have a clear understanding of Crown’s expectations of their conduct and reinforces the statutory duties of directors to, among other things:
  - i. act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
  - ii. use due care and diligence in fulfilling the functions of office; and
  - iii. avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest” (p 31);
- (d) “Crown directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and

are prohibited from engaging in conduct likely to bring discredit upon Crown” (p 31);

- (e) “Finally, directors are obliged to, at all times, comply with the spirit as well as the letter of the law, the principles of the Code of Conduct and are encouraged to the [sic] report suspected unlawful or unethical behaviour” (p 31);
- (f) “The Code of Conduct for Employees is a detailed statement of the:
  - i. practices required by employees to maintain confidence in Crown’s integrity;
  - ii. legal obligations of employees and the reasonable expectations of their stakeholders; and
  - iii. responsibility and accountability of individuals for reporting and investigating reports of unethical practices” (p 31);
- (g) “Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board ... The Chairman of the Risk Management Committee, Mr Geoff Dixon is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations” (p 33);
- (h) “Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates” (p 33);
- (i) “Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee” (p 34);
- (j) “The Board convened Risk Management Committee administers Crown’s Risk Management Policy. The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the results of those procedures are reported to the Crown Board. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines” (p 34);
- (k) “The Plan identifies specific Head Office risks in light of major risks defined at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group” (p 34);



- (l) “Management are required to conduct an annual review of the Risk Management Plan to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage risk” (p 34); and
- (m) “[T]he Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 34).

#### **C.4. Crown’s 2017 statements**

113. On 21 September 2017, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2017 (that is, **the 2017 Annual Report**).
114. In the 2017 Annual Report, Crown made the following statements:
- (a) “The Board of [Crown] is committed to the implementation and maintenance of good corporate governance practices” (p 23);
  - (b) “[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks” (p 23);
  - (c) “Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times... The purpose of the Code of Conduct for Directors is to ensure that they have a clear understanding of Crown’s expectations of their conduct and reinforces the statutory duties of Directors to, among other things:
    - i. act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
    - ii. use due care and diligence in fulfilling the functions of office; and
    - iii. avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest” (p 31);
  - (d) “Crown Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown” (p 31);

- (e) “Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and are encouraged to report suspected unlawful and unethical behaviour” (p 31);
- (f) “The Code of Conduct for Employees is a detailed statement of the:
  - i. practices required by employees to maintain confidence in Crown’s integrity;
  - ii. legal obligations of employees and the reasonable expectations of their stakeholders; and
  - iii. responsibility and accountability of individuals for reporting and investigating reports of unethical practices” (p 31);
- (g) “Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board ... The Chairman of the Risk Management Committee, Mr Geoff Dixon is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations” (p 33);
- (h) “Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates” (p 33);
- (i) “Management is charged with monitoring the effectiveness of Crown’s risk management systems and is required to report to the Board via the Risk Management Committee” (p 33);
- (j) “The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the results of those procedures are reported to the Crown Board. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines” (p 33);
- (k) “The Plan identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for reporting and monitoring of material risks across the Crown group” (p 34);
- (l) “Management is required to conduct an annual review of the Risk Management Plan to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage risk” (p 34); and

- (m) “[T]he Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 34).

115. On 18 October 2017, Andrew Wilkie MP gave an address in the House of Representatives and made the following statements:

- (a) “Regrettably, the alleged misconduct at Crown is not limited to poker machines. Indeed, the whistleblowers also allege that the casino avoids AUSTRAC’s scrutiny of individuals involved in transactions over \$10,000 by sometimes tolerating and even encouraging the misuse of identity documents” (Hansard, p 11184);
- (b) “If these allegations are true, then Crown would be facilitating money laundering for any number of nefarious reasons, like tax fraud, drug running and even terrorism” (Hansard, p 11184);
- (c) “Other examples of alleged misconduct at Crown include the sanctioned use of illicit drugs at the casino, the practice of covering up domestic violence, and management’s disinterest in staff flaunting the law prohibiting them gambling at the venue” (Hansard, p 11184);
- (ca) “There are too many allegations to address in this short speech, so I encourage members and senators, law enforcement and regulatory agencies, and the media to scrutinise the video record of the whistleblowers’ testimonies. You will see that the identities of the whistleblowers have been obscured for their personal safety, and because it was a condition of them speaking out. However, their identities have been confirmed by me, and I’m confident we must consider very seriously the information they provide. These whistleblowers know the risks they’re taking by speaking up. I pay tribute to them for doing this” (Hansard, p 11184); and
- (d) “I also call on the federal and Victorian governments to ensure that the allegations are investigated thoroughly. Many laws have possibly been broken, and the truth will not be uncovered without a parliamentary inquiry and investigations by law enforcement and regulatory agencies. I seek leave to table a copy of the record of interview with the Crown Casino whistleblowers” (Hansard, p 11184).

### **Particulars**

*A copy of the Hansard extract containing Andrew Wilkie MP’s address is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

116. On 18 October 2017, Crown published and lodged with the ASX a document titled “Response to Media Reports” (**18 October 2017 Announcement**).

117. In the 18 October 2017 Announcement, Crown stated that “Crown Resorts Limited (ASX:CWN) (“Crown”) rejects the allegations made today under parliamentary privilege by Mr Andrew Wilkie MP, as reported in the media, concerning the improper manipulation of poker machines and other illegal or improper conduct at Crown Casino in Melbourne”.
118. On 21 October 2017, Crown published an advertisement in The Daily Telegraph and the Australian (**21 October 2017 Announcement**) in a manner likely to bring it to the attention of the Affected Market.

### Particulars

*A copy of the 21 October 2017 Announcement is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

119. In the 21 October 2017 Announcement, Crown made the following statements:
- (a) that the allegations levelled against Crown by Andrew Wilkie MP were “outrageous”;
  - (b) “Mr Wilkie, using parliamentary privilege, has this week tried to unfairly smear Crown with unfounded allegations from anonymous persons that we have acted improperly in relation to our gaming machines and operations. Crown Resorts emphatically rejects these allegations”;
  - (c) “Crown operates in a strictly regulated environment, with multiple Government agencies and State law enforcement bodies supervising our operations. We have a sophisticated anti-money laundering program and we take compliance with AUSTRAC requirements very seriously”;
  - (d) “Mr Wilkie’s inferences and commentary are deeply offensive to Crown, our Board of Directors and our employees”; and
  - (e) “We stand ready to cooperate fully with any inquiries by authorities and again condemn the unfair and unfounded attack by Mr Wilkie”.
120. On 26 October 2017, Alexander (then the Executive Chairman of Crown) gave an address at Crown’s Annual General Meeting.
121. On 26 October 2017, Crown published and lodged with the ASX a document titled “Crown Resorts Limited 2017 Annual General Meeting Executive Chairman’s Address John Alexander” (**the 26 October 2017 Executive Chairman’s Announcement**).

122. In the 26 October 2017 Executive Chairman’s Announcement, Crown made the following statements:

- (a) that the allegations made by Andrew Wilkie MP were “outrageous” and “unfounded”;
- (b) that the allegations made by Andrew Wilkie MP “unfairly smeared Crown” by asserting that it had acted improperly in relation to its gaming machines and operations;
- (c) that it “emphatically reject[ed]” the allegations of Andrew Wilkie MP;
- (d) “Mr Wilkie’s inferences and commentary are deeply offensive to Crown, our Board of Directors and our employees. This is amplified by the fact that these allegations have been made by anonymous persons and Mr Wilkie has admitted that he does not know whether there is any substance to them”;
- (e) “We will of course work closely, and co-operate fully, with any inquiries by authorities”;
- (f) “As you would all appreciate, Crown operates in one of the most highly regulated and supervised industries in Australia, involving multiple government agencies and State law enforcement bodies”; and
- (g) “We have a sophisticated anti-money laundering program and we take compliance with AUSTRAC requirements very seriously”.

123. On 26 October 2017, at around 9.33 am, Andrew Wilkie MP commenced giving an address to the House of Representatives and made the following statements:

- (a) a whistle-blower had made allegations of serious misconduct at Crown casino, including money laundering (Hansard, p 12125); and
- (b) State regulators were not regulating Crown effectively, and there needed to be a Federal parliamentary inquiry into Crown and the gambling industry (Hansard, pp 12125-6).

#### **Particulars**

*A copy of the Hansard extract containing Andrew Wilkie MP’s address is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

124. [Not used]

125. [Not used]

### C.5. Crown's 2018 statements

126. On 3 August 2018, Crown published and lodged with ASX an ASX Announcement titled "Review of Crown Melbourne Casino Licence in Victoria" which attached a letter dated 2 July 2018 from Alexander to Catherine Myers, Chief Executive Officer of the VCGLR (2018 Response to the VCGLR).
127. The 2018 Response to the VCGLR contained the following statements:
- (a) "Crown has a strong history of compliance with its AML/CTF obligations and attends to its AML/CTF compliance with commitment and rigour" (p 3);
  - (b) "Crown strives to ensure that its corporate governance framework and risk management measures accord with best practice in the industry" (p 3);
  - (c) "These are areas for continuous improvement for all major companies with extensive operations. The [VCGLR] observed Crown's commitment to such improvement and strengthening of its compliance function by the addition, during the Review Period, of executive capacity at the Crown group level across risk and audit, regulatory and AML/CTF compliance" (p 3);
  - (d) "Crown endeavours at all times to comply fully with its legal and regulatory obligations and to operate in accordance with guidance provided by regulators" (p 3);
  - (e) "When human errors occur, as they can in a business the size and complexity of Crown's, the response of Crown is to work hard to rectify any underlying issues and improve on relevant systems and operating procedures, where appropriate" (p 3);
  - (f) "There have been three disciplinary matters in recent times. They involved:
    - ... omission of information (which was otherwise recorded) from six forms relating to junket operations, illegible handwriting in six further forms and a failure by an employee to notify the [VCGLR] of a new junket operator in 2013. The [VCGLR] described the breaches as generally administrative in nature but considered them to be significant because of the importance of an audit trail for junket operations" (pp 3-4);
  - (g) "[Recommendation 3]: The VCGLR recommends that, by 1 July 2019, Crown assess the robustness and effectiveness of its risk framework and systems,

including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice.

[Crown response]: Recommendation accepted. It should be noted that the risk framework has already been reviewed and an enhanced framework is currently being implemented, which is supported by an IT based reporting, recording and management framework. Also, a Group General Manager – Risk and Audit was appointed in 2017 to oversee the group function of risk and audit. Additional resources have also been committed to support the enhanced framework” (p 5);

- (h) “[Recommendation 4]: The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review of internal controls to ensure that Crown’s regulatory and compliance department is aware of all projects and works in progress for which regulatory approvals might be relevant.

[Crown response]: Recommendation accepted. In this respect, a new business-wide compliance framework has been designed and the roll out has commenced across the business. Further a new process has been implemented to address any proposed changes to the regulatory environment” (p 5); and

- (i) “[Recommendation 17]: The VCGLR recommends that by, 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed.

[Crown response]: Recommendation accepted” (p 9).

128. On 21 September 2018, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2018 (that is, **the 2018 Annual Report**).

129. In the 2018 Annual Report, Crown made the following statements:

- (a) “The Board of [Crown] is committed to the implementation and maintenance of good corporate governance practices” (p 23);
- (b) “[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks” (p 23);
- (c) “Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times... The purpose of the Code of Conduct for Directors is to ensure that they

have a clear understanding of Crown's expectations of their conduct and to reinforce the statutory duties of Directors to, among other things:

- i. act with proper purpose and honesty, in good faith and in the best interests of Crown as a whole;
  - ii. use due care and diligence in fulfilling the functions of office; and
  - iii. avoid improper use of information acquired as a Director, improper advantage of the position of Director and conflicts of interest" (p 32);
- (d) "Crown Directors have an obligation to be independent in judgement and action and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Directors are required to maintain the confidentiality of confidential information received in the course of the exercise of their duties and are prohibited from engaging in conduct likely to bring discredit upon Crown" (p 32);
- (e) "Finally, Directors are obliged to, at all times, comply with the spirit as well as the letter of the law and with the principles of the Code of Conduct and must encourage the reporting and investigating of unlawful and unethical behaviour" (p 32);
- (f) "The Code of Conduct for Employees is a detailed statement of the:
- i. practices required by employees to maintain confidence in Crown's integrity;
  - ii. legal obligations of employees and the reasonable expectations of their stakeholders; and
  - iii. responsibility and accountability of individuals for reporting and investigating reports of unethical practices" (p 32);
- (g) "Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board ... The Chairman of the Risk Management Committee, Mr Geoff Dixon, is an independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations" (p 34);
- (h) "Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates" (p 35);



- (i) “Management is charged with monitoring the effectiveness of Crown’s risk management systems and is required to report to the Board via the Risk Management Committee” (p 35);
- (j) “The policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the result of those procedures are reported in a Risk Profile to the Crown Board. The Framework has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines” (p 35);
- (k) “Crown’s Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis” (p 35);
- (l) “Management is required to conduct an annual review of its Risk Profile to ensure that risk ratings and definitions remain appropriate for Crown, and that adequate controls are in place to manage them” (p 35); and
- (m) “[T]he Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 35).

#### **C.6. Crown’s 2019 statements**

130. Between 27 and 31 July 2019, various media reports were published in relation to Crown, namely:
- (a) on 27 July 2019, The Age published an article titled “Gangsters, gamblers and Crown casino: How it all went wrong” which, inter alia, alleged that Crown had dealings with JTOs who had links to organised crime syndicates and triads, including a drug-trafficking syndicate known as ‘The Company’;
  - (b) on 27 July 2019, The Age and The Sydney Morning Herald published an article titled “Crown casino’s links to Asian organised crime exposed” which, inter alia, alleged that:
    - i. Crown may have exploited weaknesses in visa processes to fly VIP gamblers to Australia without sufficient vetting;
    - ii. a criminal syndicate known as ‘The Company’ used Crown-linked bank accounts and high-roller rooms to launder funds;

- iii. Crown partnered with junket operators with links to drug traffickers, money launderers, human traffickers and Chinese government influence agents; and
  - iv. Crown relied heavily on junket operators to promote its casinos to Chinese high rollers, arranging them lines of credit and chasing bad debts;
- (c) on 28 July 2019, the Nine Network's 60 Minutes program broadcast a show titled "Crown Casino Exposed: Sex, Trafficking, Drugs and Money Laundering" which, inter alia:
- i. alleged that Crown facilitated, or turned a blind eye, to money laundering;
  - ii. included footage taken in 2012 of Roy Moo collecting \$191,000 in cash in a shopping bag and taking it to Crown Melbourne and asserted that it was laundered on behalf of 'The Company';
  - iii. alleged that Crown partnered with seven junkets all of whom had links to organised crime, namely: The Company, Roy Moo, Hot Pot Junket, Suncity Junket, Neptune Junket, Chinatown Junket and Song Junket;
- (d) on 29 July 2019, The Sydney Morning Herald published an article titled "Crown's unsavoury business links: how Australia's casino got tied up with criminals" which, inter alia, alleged that:
- i. Tom Zhou was a Crown Melbourne high-roller with links to the Chinatown Junket;
  - ii. Tom Zhou was an international criminal fugitive, the subject of an Interpol red notice for financial crimes;
  - iii. Chinese court files revealed that by 2013, Wuhan's Bureau of Public Security had built a case that Tom Zhou was involved in a serious criminal scheme to defraud a company of tens of millions of dollars and that he was involved in 'mafia-style' extortion and standover tactics; and
  - iv. Tom Zhou was heavily involved in organisations aligned with the Chinese Communist Party's United Front operation;
- (e) on 29 July 2019, The Age published an article titled "Border Force official worked for Crown high-roller and wanted criminal" which, inter alia, alleged that Crown staff lobbied Australian officials to expedite the provision of hundreds of visas for the Suncity Junket, which is accused of organised crime links; and

- (f) on 31 July 2019, The Age published an article titled “China’s alleged influence agent Huang Xiangmo was Crown high roller” which, inter alia, alleged that:
- i. Huang Xiangmo was an \$800 million a year high roller at Crown’s casinos, and had been expelled from Australia over his foreign influence activities;
  - ii. Huang Xiangmo was the leader of the peak Chinese Communist Party lobbying and influence organisation in Australia;
  - iii. Huang Xiangmo was close to Crown and some of its employees, including appointing a Crown employee as his personal adviser; and
  - iv. documents indicated that Crown supplied Huang Xiangmo with free gambling cash and VIP access to high-society sporting events to encourage him to keep gambling as he sought Australian citizenship,
- (collectively, **July 2019 Media Reports**).

#### **Particulars**

*Copies of the July 2019 Media Reports are in the possession of the solicitors for the Plaintiff and may be inspected on request.*

131. On 30 July 2019, Crown published a document titled “Response to Media Reports” (**2019 Response to Media Reports**) in a manner likely to bring the document to the attention of the Affected Market.
132. In the 2019 Response to Media Reports, Crown made the following statements:
- (a) “Crown has a comprehensive Anti-Money Laundering and Counter-Terrorism Financing Program which is subject to regulatory supervision by AUSTRAC”;
  - (b) “Crown works closely with all of its regulatory agencies, including law enforcement, both state and federal. In this respect, Crown provides a range of information in a proactive manner consistent with its obligations, including reporting all transactions over \$10,000 and suspect transactions of any value”; and
  - (c) “Crown has a robust process for vetting junket operators with whom it deals and undertakes regular ongoing reviews of these operators in the light of new or additional information that comes to its attention”.
133. On 31 July 2019, Crown published a document titled “A message from the Crown Resorts Board of Directors” (**2019 Board Message**) in a manner likely to bring the document to the attention of the Affected Market.

134. In the 2019 Board Message, Crown made the following statements:

- (a) “The ‘60 Minutes’ programme on Sunday night and related articles in the Fairfax Press have unfairly attempted to damage Crown’s reputation. As a Board, we are extremely concerned for our staff, shareholders and other stakeholders, as much of this unbalanced and sensationalised reporting is based on unsubstantiated allegations, exaggerations, unsupported connections and outright falsehoods”;
- (b) “Crown operates in one of the most highly regulated industries in Australia and takes its responsibility to comply with its obligations very seriously”;
- (c) “There are numerous examples of poor or misleading journalism which include:
  - i. there was no sense conveyed in either the ‘60 Minutes’ programme or in subsequent media reporting that junkets are an established and accepted part of the operations of international casinos; and
  - ii. no reference was made to the facts that:
    - A. the parent of the SunCity junket is a large company listed on the Hong Kong Stock Exchange, which operates globally; and
    - B. Crown does not now deal with any of the other junket operators or players mentioned in the programme, apart from one local player, and none of the international players mentioned have gambled at Crown venues for at least three years”;
- (d) “Much was sought to be made in the programme of the conduct of ‘Crown’s junket operators’. In fact the junkets are not Crown’s. They are independent operators who arrange for their customers to visit many casinos globally”;
- (e) “Crown deals with junkets and their customers in essentially the same way as other international casinos. Macau-based junkets are required to be licensed there and are subject to regulatory oversight and probity checks. There are also other casino regulators in Australia and overseas which review junket operators and their dealings with licensed casinos”;
- (f) “Crown itself has a robust process for vetting junket operators, including a combination of probity, integrity and police checks, and Crown undertakes regular reviews of these operators in the light of new or additional information”;
- (g) “The programme also made various allegations of money laundering, implying that Crown facilitates it, or turns a ‘blind eye’ to it. In fact Crown has a

comprehensive anti-money laundering and counter-terrorism financing program which is subject to ongoing regulatory supervision by AUSTRAC”;

- (h) “Crown takes its regulatory obligations very seriously, and works closely with all of its regulatory agencies, including state and federal law enforcement bodies. Crown provides a range of information in a proactive manner in accordance with its regulatory obligations, including the reporting of all transactions over \$10,000 and the reporting of suspect transactions of any value”;
- (i) “As Nine/Fairfax would be aware, Crown is bound by non-disclosure provisions in legislation relating to anti-money laundering and counter-terrorism financing, and by privacy considerations. Crown is therefore constrained in responding to many of the unfounded allegations made in the media reports relating to various individuals/organisations, or in disclosing details of matters it has reported to AUSTRAC or to other investigative/enforcement authorities”;
- (j) “As an ASX listed company and a Board we are always striving to ensure we have the highest levels of governance and a commitment to the highest standards”.

135. On 31 July 2019, Crown published and lodged with ASX an ASX Announcement titled “Crown Resorts Limited (CWN) – Price Query” (**2019 Price Query Response**).

136. In the 2019 Price Query Response, Crown made the following statements:

“[Crown] confirms that it is not aware of any information concerning it that has not been announced to the ASX which a reasonable person would expect to have a material effect on the price or value of [Crown’s] shares. In providing this confirmation:

- i. [Crown] has taken into account the matters raised in media reports over recent days which make various allegations regarding [Crown’s] business dealings and also that the Federal Government has referred certain aspects of the allegations to the Australian Commission for Law Enforcement Integrity. [Crown] also notes that it released an announcement to the ASX on 30 July 2019 referring to these matters, a copy of which is attached; and
- ii. [Crown] has also taken into account information known to it concerning its earnings for the year ended 30 June 2019. [Crown] anticipates releasing its Appendix 4E for the year ending 30 June 2019 on 21 August 2019 and notes that it has not yet finalised its full year

results (including completing its year-end audit and Board approval process)”).

137. On 8 August 2019, The Age published an article titled “Crown investment companies were used to launder drug funds, authorities believe” which:
- (a) inter alia, alleged that:
    - i. each of the Riverbank Account and the Southbank Account (as defined in paragraph 195 below) were used by drug traffickers and money launderers to deposit suspected proceeds of crime;
    - ii. in 2013, HSBC had shut down bank accounts linked to Southbank and Riverbank;
    - iii. in 2015, a cocaine trafficker and money launderer made multiple deposits into the Riverbank Account and the Southbank Account;
    - iv. in 2015, another drug trafficker had deposited \$200,000 via a known money laundering agent into a Southbank Account;
    - v. in 2017, a Crown bank account was used to send hundreds of thousands of dollars to a drug trafficker and that Crown had failed to alert AUSTRAC about the transfer; and
    - vi. the Riverbank Account and the Southbank Account were used by criminal entities because they believed that the money they deposited into them would not be closely scrutinised; and
  - (b) quoted a Crown spokeswoman as follows:
    - i. “In a statement in response to questions, a Crown Resorts spokeswoman said the two companies were set up for ‘receiving and transferring funds to and from casino customers of Crown Perth and Crown Melbourne respectively’”;
    - ii. “‘Both accounts are authorised to be used for that purpose in accordance with casino-regulated and legislative requirements’ the spokeswoman said”;
    - iii. “‘Transactions through those accounts are subject to all of our usual reporting obligations, including our obligations under AML/CTF legislation’”.

### Particulars

*A copy of the article is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

138. On 21 August 2019, the Australian Financial Review published an article titled “Crown Gets a Gold Star on Anti-Money Laundering” (**August 2019 AFR Article**) containing statements from Alexander on behalf of Crown, that:
- (a) Crown’s board had been informed by Neil Jeans, a consultant with the firm Initialism and an expert in the field of anti-money laundering, that Crown was “completely compliant” and was a “gold star customer”;
  - (b) AUSTRAC chief executive Nicole Rose said that Crown was “very good at complying with what we require them to comply with”;
  - (c) “These sorts of allegations have a very negative impact on our staff. This is a very good, compliant company”; and
  - (d) “When we get sprayed with allegations ... some of our staff find it difficult to cope”.

### Particulars

*A copy of the August 2019 AFR Article is in the possession of the solicitors for the Plaintiff and may be inspected on request.*

139. On 13 September 2019, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2019 (that is, **the 2019 Annual Report**).
140. In the 2019 Annual Report, Crown made the following statements:
- (a) “Crown operates in one of the most highly regulated industries in Australia with our business subject to ongoing review and monitoring by State gaming regulators and Governmental agencies such as AUSTRAC. Crown runs a compliant business and has zero tolerance for criminal elements” (p 2);
  - (b) “The Board of [Crown] is committed to the implementation and maintenance of good corporate governance practices” (p 27);
  - (c) “[T]he Board (in conjunction with management) is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks” (p 27);
  - (d) “Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board... The Chairman of the Risk Management Committee, Mr Geoff Dixon, is an

independent Director who has extensive experience in risk management having previously held a number of senior executive positions in large corporations” (p 38);

- (e) “Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy and articulated its Risk Appetite. Risk management is an integral part of the industry in which Crown operates” (p 39);
- (f) “Management is charged with monitoring the effectiveness of Crown’s risk management systems and is required to report to the Board via the Risk Management Committee. The Board convened Risk Management Committee administers Crown’s Risk Management Policy and monitors management’s performance against the risk management framework, including whether it is operating within the Risk Appetite set by the Board” (p 39);
- (g) “The Risk Management Policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the results of those procedures are reported in a Risk Profile to the Crown Board. The framework has been developed using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines” (p 39);
- (h) “Crown’s Risk Profile identifies specific head office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis” (p 39);
- (i) “Management is required to conduct an annual review of the Risk Profile to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage them” (p 39);
- (j) “A review has been conducted during the reporting period and presented to the Risk Management Committee for approval. In the course of that review, the current Risk Profiles of Crown’s major operating businesses were taken into account and the risk environment of its investments were also considered” (p 39);  
and
- (k) “[T]he Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 39).

141. On 14 October 2019, Reuters published an article titled “The hunt for Asia’s El Chapo” which, inter alia, alleged that the criminal syndicate known as ‘The Company’ was an alliance



of crime groups, including the 14K and Sun Yee On triads, in Asia with links to drug-trafficking in Australia.

141A. On 15 October 2019, the ABC published an online article titled ‘Crown Casino whistleblower alleges gambling giant skirting money-laundering laws’, which:

- (a) inter alia:
  - i. included CCTV footage showing a person unpacking stacks of \$50 and \$100 notes in cash from an Aldi cooler bag at the Suncity Cash Desk;
  - ii. alleged that the VCGLR:
    - A. had detailed concerns in 2017 about the types of transactions such as the one shown in the CCTV footage, and the lack of record-keeping by Crown;
    - B. had raised concerns about transactions in JTO rooms including the Suncity Cash Desk;
  - iii. reported whistle-blower claims that:
    - A. VIP high-rollers at Crown avoided customs inspections and would exchange “huge amounts of cash with no trace”;
    - B. this was the “tip of the iceberg about what [was] going on at Crown”;
    - C. “money [was] coming [into Crown] illegally”; and
    - D. “[Crown] don’t know where [the cash] has come from, [if] it’s the result of drug trafficking, of prostitution or child exploitation”; and
- (b) quoted a Crown spokesperson as follows:
  - i. “A Crown spokesperson said there was no basis to the allegations”;
  - ii. “Crown has a comprehensive Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) program, which has been and continues to be subject to ongoing regulatory supervision by AUSTRAC”;
  - iii. “Crown provides a range of information in a proactive manner in accordance with its regulatory obligations, including the reporting of all transactions over \$10,000, international funds transfer instructions and the reporting of suspicious transactions of any value”; and
  - iv. “Crown has a strong history of compliance with and commitment to its AML/CTF obligations and we work closely with law enforcement and regulatory agencies in support of that commitment”.

142. On 24 October 2019, Alexander (then the Executive Chairman of Crown), Barton, Coonan and Demetriou spoke at Crown’s Annual General Meeting (**2019 AGM**) in a manner likely to bring what was said to the attention of the Affected Market.
143. During the course of the 2019 AGM, the following statements were made (which, so far as they were made by Alexander, were also repeated in substantially identical form in an ASX Announcement published by Crown on 24 October 2019 titled “Crown Resorts Limited 2019 Annual General Meeting Executive Chairman’s Address John Alexander”):
- (a) “There have been a number of sensationalist and unproven claims made with many focused on allegations from over 5 years ago.” (Alexander, p 3);
  - (b) “Crown does not tolerate any illegal activity by its employees or patrons. There are a number of interests and activists who continue to pursue an anti-Crown agenda” (Alexander, p 3);
  - (c) “Crown operates in one of the most highly regulated and supervised industries in Australia. Our business is subject to ongoing review and monitoring by multiple State gaming regulators and federal agencies. Crown has undergone multiple formal assessments by AUSTRAC on its compliance with its AML and Counter T[errorism] Finance Programs, both in Melbourne and Perth” (Alexander, p 3);
  - (d) “Every year, we report many thousands of transactions to AUSTRAC in compliance with our obligations” (Alexander, p 3);
  - (e) “The CEO of AUSTRAC, Nicole Rose, recently said that Crown is, and I’ll quote her, “very good at complying with what we require them to comply with. They’ve got good systems and good compliance for AML/CTF”” (Alexander, p 3);
  - (f) “We have a strong record of cooperation with law enforcement bodies and regulators” (Alexander, p 4);
  - (g) “[L]et me make this very clear – Crown has no interest in being used by those who seek to do the wrong thing. Crown has the greatest interest in implementing and maintaining good corporate governance practices” (Alexander, p 4);
  - (h) “The current reporting aside, Crown continues to progress the implementation of the 20 recommendations from the last 5 yearly review by the VCGLR” (Alexander, p 4);
  - (i) “Crown remains on track to respond to all the recommendations within the timeframes agreed with that regulator” (Alexander, p 4);

- (j) “we’ve had an arrangement with CPH where they provide a range of services to Crown, valuable services and our management, around our strategy. In order for them to fulfil those services, we provide information to CPH, so information is provided to them to enable them to prepare those services. And that’s been disclosed for many years now in our account, both the existence of those arrangements as well as the amounts that are being paid under those arrangements” (Barton, p 9);
- (k) “the unsubstantiated and unproven allegations that have been made against Crown have been, of course, deeply distressing to all of us. But I remind everyone, all shareholders that allegations are not facts. They're not facts” (Coonan, p 22);
- (l) “we provide, I think, very effective supervision and guidance to management. And we test management thoroughly in respect of matters that are brought to Crown” (Coonan, p 22);
- (m) “these unfounded, so it would seem, allegations made with scant regard to the facts, allegations that are not facts and not evidence, but the independent directors take it very seriously, as do the non-independent directors and certainly, the Chair. We take it all very seriously. And when warranted we do set up committees and have extensive examination of issues as we should” (Coonan, p 22); and
- (n) “we operate in a very compliant environment” (Demetriou, p 27).

### **C.7. Crown’s 2020 statements**

- 144. On 18 September 2020, Crown published and lodged with the ASX its Annual Report for the year ending 30 June 2020 (that is, **the 2020 Annual Report**).
- 145. In the 2020 Annual Report, Crown made the following statements:
  - (a) “The Board of Crown Resorts Limited (Crown or the Company) is committed to the implementation and maintenance of good corporate governance practices” (p 27);
  - (b) “Crown has established a formal Risk Management Committee to provide strategic risk management leadership, oversight and analysis to the Crown Board... The Chair of the Risk Management Committee, Ms Halton, is an independent Director who served a 33 year career in the public service” (p 38);
  - (c) “Crown has established a framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy and articulated

its Risk Appetite. Risk management is an integral part of the industry in which Crown operates” (p 38);

- (d) “Management is charged with monitoring the effectiveness of Crown’s risk management systems and is required to report to the Board via the Risk Management Committee. The Board convened Risk Management Committee administers Crown’s Risk Management Policy and monitors management’s performance against the risk management framework, including whether it is operating within the Risk Appetite set by the Board” (p 38);
- (e) “The Risk Management Policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown’s controlled businesses and requires that the result of those procedures are reported in a Risk Profile to the Crown Board. The framework has been developed using the model outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines” (p 38);
- (f) “Crown’s Risk Profile reflects major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group on an ongoing basis” (p 38);
- (g) “Management is required to conduct an annual review of its Risk Profile to ensure that risk ratings and risk definitions remain appropriate for Crown, and that adequate controls are in place to manage them” (p 38);
- (h) “A review has been conducted during the reporting period and presented to the Risk Management Committee for approval. In the course of that review, the current Risk Profiles of Crown’s major operating businesses were taken into account and the risk environment of its operations was also considered” (p 39);
- (i) “In addition, the Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown” (p 39);
- (j) “Crown has in place legal, governance and compliance frameworks at each of its operations and continuously monitors its legislative and regulatory requirements in the jurisdictions in which it operates” (p 45);
- (k) “Crown’s internal control framework is designed to ensure effectiveness of, and compliance with, relevant legislative and regulatory requirements” (p 45);
- (l) “Crown will shortly commence the progressive implementation of its Joint AML/CTF Program and its associated AML/CTF Framework to align the processes across Crown’s Australian Resorts” (p 45);

- (m) “Internal audit periodically reviews the effectiveness of the controls and processes in place to manage Crown’s compliance frameworks and the overall internal control framework” (p 45); and
- (n) “Crown engages external consultants from time to time to review and advise on components of its legal, governance and compliance frameworks” (p 45).

### **C.8. Crown’s General Compliance Representations**

146. In the premises, at all times in the Relevant Period Crown represented to the Affected Market that:

- (a) Crown had in place robust or effective systems for ensuring:
  - i. compliance by Crown with relevant Australian regulatory requirements (including AML/CTF Laws compliance); and/or
  - ii. Crown’s directors were in a position where they could effectively monitor compliance by Crown with relevant Australian regulatory requirements (including AML/CTF Laws compliance); and/or
- (b) Crown’s risk management systems had ensured appropriate monitoring and reporting of compliance activities (including compliance with AML/CTF Laws) and any allegations to the contrary were unfounded,

**(Crown’s General Compliance Representations).**

#### **Particulars**

- i. *Crown’s General Compliance Representations are partly express and partly implied.*
- ii. *As to paragraph (a):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 104, 107(b)-(c), 110, 112, 114, 119(c), 122(g), 127(a)-(e), (g)-(i), 129, 132, 134(b), (f)-(j), 136, 137(b)i-iii, 138(a)-(b), 140, 141A(b), 143(c)-(i), (l)-(n) and 145 above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 117, 119, 122, 138(c)-(d) and 143(a)-(b), (m)-(n) above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*

iii. *As to paragraph (b):*

- A. *to the extent they are express, the Plaintiff refers to paragraphs 104(f)-(h), 107, 110(j)-(m), 112(j)-(m), 114(j)-(m), 117, 119, 122, 127(a), (d), (e), (g)-(h), 129(j)-(m), 132, 134(a)-(c), (f)-(j), 136.i, 137(b)i-iii, 138(a)-(d), 140(a), (g)-(k), 143(a)-(i), (k)-(n), 141A(b) and 145(e)-(k), (m)-(n) above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
- iv. *To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that Crown's General Compliance Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

### **C.9. Crown's Regulator Relationship Representations**

147. In the premises, at all times in the Relevant Period Crown represented to the Affected Market that:

- (a) Crown took its regulatory obligations seriously, including as to AML/CTF Laws compliance; and/or
- (b) if potential regulatory or compliance issues became known to Crown, its systems were such that such issues were thoroughly investigated,

**(Crown's Seriousness Representations).**

#### **Particulars**

- i. *Crown's Seriousness Representations are partly express and partly implied.*
- ii. *As to paragraph (a):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 104, 107(b)-(c), 110, 112, 114, 117, 119, 122, 127, 129, 132, 134, 136, 137(b)i-iii, 138(a)-(c), 140, 141A(b), 143 and 145 above and the context in which they*

*occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*

*B. to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*

*iii. As to paragraph (b):*

*A. to the extent they are express, the Plaintiff refers to paragraphs 104(c), (f)-(h), 107(b)-(c), 110(e), (f), (j)-(m), 112(e), (f), (j)-(m), 114(e), (f), (j)-(m), 119(c), (e), 122(e)-(g), 127(a)-(e), (g)-(h), 129(e)-(f), (j)-(m), 132, 134(b), (f)-(j), 136, 138(a)-(c), 140(a), (g)-(k), 143(c)-(g), (l)-(n), 141A(b) and 145(e)-(k), (m)-(n) above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*

*B. to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*

*iv. To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that Crown's Seriousness Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

148. In the premises, at all times in the Relevant Period Crown represented to the Affected Market that Crown's systems (including AML/CTF Laws compliance systems):

(a) were appropriate, having regard to the highly regulated industry in which Crown operated in Australia, and did not have characteristics that were, or may be, of concern to AUSTRAC, which was a regulator with which Crown regularly appropriately and cooperatively engaged; and/or

- (b) had not resulted in, and were not likely to result in, AUSTRAC initiating formal investigation or enforcement activities in respect of Crown's compliance with AML/CTF Laws,

**(Crown's Regulator Relationship Representations).**

**Particulars**

- i. *Crown's Regulator Relationship Representations are partly express and partly implied.*
- ii. *As to paragraph (a):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 104(a), 107(b)-(c), 110(a), 112(a), 114(a), 119(c), (e), 122(e)-(g), 127, 129(a), 132(a)-(b), 134(b), (g), (h), (i), 136, 137(b), 138(a)-(c), 140(a), (b), 141A(b), 143(c)-(i), (n) and 145(a), (j)-(n) above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
- iii. *As to paragraph (b):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 138(b) and 143(e) and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137 and 141 above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
- iv. *To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that Crown's Regulator Relationship Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*



### **C.10. Crown's Corporate Governance Representations**

149. In the Premises, at all times in the Relevant Period Crown represented to the Affected Market that:

- (a) Crown had in place effective systems for ensuring compliance by the directors and officers of Crown with relevant statutory provisions requiring the directors and officers of Crown to:
  - i. act for a proper purpose and honestly;
  - ii. act in good faith and in the best interests of Crown as a whole;
  - iii. use due care and diligence in fulfilling the functions of office;
  - iv. avoid improper use of information acquired by reason of their position;
  - v. maintain the confidentiality of confidential information received in the course of the exercise of their duty; and/or
  - vi. avoid engaging in conduct likely to bring discredit upon Crown; and/or
- (b) Crown's risk management systems had ensured appropriate monitoring and reporting of compliance activities as they related to the directors and officers of Crown to:
  - i. act for a proper purpose and honestly;
  - ii. act in good faith and in the best interests of Crown as a whole;
  - iii. use due care and diligence in fulfilling the functions of office;
  - iv. avoid improper use of information acquired by reason of their position;
  - v. maintain the confidentiality of confidential information received in the course of the exercise of their duty; and/or
  - vi. avoid engaging in conduct likely to bring discredit upon Crown,

**(Crown's Corporate Governance Representations).**

#### **Particulars**

- i. *Crown's Corporate Governance Representations are partly express and partly implied.*
- ii. *As to paragraph (a):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 104, 110, 112, 114, 127(b)-(d), 129, 134(j), 140, 143(g), (l)-(n) and 145 above and the context in which*

*they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137 and 141 above; and*

*B. to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*

*iii. As to paragraph (b):*

*A. to the extent they are express, the Plaintiff refers to paragraphs 104(a), (c), 110(a), (c), (d), (e), 112(a), (c), (d), (e), 114(a), (c), (d), (e), 127(a), (b), 129(a), (c), (d), (e), 134(j), 140(b), 143(g), (m) and 145(a), (j), (k), (n) and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137 and 141 above; and*

*B. to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., and from paragraphs 103 – 145 and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*

*iv. To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that Crown's Corporate Governance Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

### **C.11. Crown's VIP and Junket Representations**

150. In the premises, at all times in the Relevant Period Crown represented to the Affected Market that:

- (a) Crown had in place effective systems for ensuring compliance by Crown with relevant regulatory requirements (including AML/CTF Laws compliance) as they related to Crown's VIP International Business; and/or
- (b) Crown's risk management systems had ensured appropriate monitoring and reporting of compliance activities (including compliance with AML/CTF Laws) as they related to Crown's VIP International Business,

**(Crown's VIP International Business Compliance Representations).**

### Particulars

- i. *Crown's VIP International Business Compliance Representations are partly express and partly implied.*
  - ii. *As to paragraph (a):*
    - A. *to the extent they are express, the Plaintiff refers to paragraphs 107, 132, 134, 136, 137(b), 140(a), 141A(b) and 143(a)-(k), (m)-(n) and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
    - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted the statements in A, and from paragraphs 104, 110, 112, 114, 127, 129, 138, 140(b)-(k), 143 and 145 above and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
  - iii. *As to paragraph (b):*
    - A. *to the extent they are express, the Plaintiff refers to paragraphs 107, 117, 119, 122, 132, 134, 136, 140(a), 141A(b) and 143(a)-(g), (k), (m)-(n) above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
    - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., paragraphs 104, 110, 112, 114, 127, 129, 137(b), 138, 140, 143 and 145 above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
  - iv. *To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that Crown's VIP International Business Compliance Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*
151. In the premises, at all times in the Relevant Period Crown represented to the Affected Market that:
- (a) Crown had in place effective systems for ensuring compliance by Crown with relevant regulatory requirements (including AML/CTF Laws compliance) as they

related to Crown's Junket Program, Crown's Junket Participants, JTOs, JTRs and/or Junket Program Agreements; and/or

- (b) Crown's risk management systems had ensured appropriate monitoring and reporting of compliance activities (including compliance with the AML/CTF Laws) as they related to Crown's Junket Program, Crown's Junket Participants, JTOs, JTRs and/or Junket Program Agreements,

**(Crown's Junket Program Compliance Representations).**

**Particulars**

- i. *Crown's Junket Program Compliance Representations are partly express and partly implied.*
- ii. *As to paragraph (a):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 107, 132, 134, 136, 137(b), 140(a), 141A(b) and 143(a)-(k), (m)-(n) above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., paragraphs 104, 110, 112, 114, 127, 129, 138, 140(b)-(k), 143 and 145 above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
- iii. *As to paragraph (b):*
  - A. *to the extent they are express, the Plaintiff refers to paragraphs 107, 117, 119, 122, 132, 134, 136, 140(a), 141A(b) and 143(a)-(g), (k), (m)-(n) above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above; and*
  - B. *to the extent they are implied, they are to be implied from the absence of Crown making any statement that qualified or contradicted those statements in A., paragraphs 104, 110, 112, 114, 127, 129, 137(b), 138, 140, 143 and 145 above, and the context in which they occurred being the matters alleged in paragraphs 105, 108, 115, 123, 130, 137, 141 and 141A(a) above.*
- iv. *To the extent that the matters set out in sub-paragraphs (ii) and (iii) above relate to different points of time, the Plaintiff says that*

*Crown's Junket Program Compliance Representations were made as at the beginning of the Relevant Period (11 December 2014) by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

## **C.12. Continuing Representations**

152. Crown did not qualify or contradict Crown's General Compliance Representations, Crown's Seriousness Representations, Crown's Regulator Relationship Representations, Crown's Corporate Governance Representations, Crown's VIP International Business Compliance Representations and/or Crown's Junket Program Compliance Representations (together, **the Compliance Representations**) at any time in the Relevant Period.

### **Particulars**

*The Plaintiff repeats the particulars subjoined to paragraphs 146 to 151 above.*

153. Each of the Compliance Representations was a continuing representation throughout the Relevant Period.

### **Particulars**

*The Compliance Representations were by their nature continuing until corrected or qualified, and paragraph 152 is repeated.*

## **D. THE TRUE POSITION**

### **D.1. Features of Crown's systems – general**

#### ***D.1.1. AML/CTF training and awareness***

154. At no time in the Relevant Period prior to around September-October 2020 did Crown develop, provide or require Crown's directors or executives to undertake specific training on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown.

### **Particulars**

- i. In around September-October 2020 (and during the latter parts of the ILGA Inquiry), Crown introduced an internal one-hour online AML training program.*
- ii. During the course of the ILGA Inquiry, Barton's evidence was that as far as he was aware, the only AML training offered to directors was that which was being progressively introduced as part of Crown's internal AML training program (T2756.35).*

- iii. *During the course of the ILGA Inquiry, Dixon's evidence was that, to his knowledge, there was no formal training offered to Crown's directors regarding, among other matters, anti-money laundering and that it was 'learn on the job' (T4680.35-47).*
- iv. *It is to be inferred from the fact that Crown did not introduce its internal online training program until around September-October 2020 (and the fact that it was being progressively rolled out during the course of the ILGA Inquiry) that no such program existed prior to this time.*
- v. *Further particulars may be provided following discovery.*

155. Throughout the Relevant Period, neither the entirety of the Crown Board nor its Chief Financial Officer or Chief Executive Officer had specific training on AML/CTF risk and compliance with AML/CTF Laws as they applied to Crown.

**Particulars**

- i. *The Plaintiff repeats the particulars sub-joined to paragraph 154 above.*
- ii. *Further particulars may be provided following discovery.*

156. Throughout the Relevant Period, Crown had no formal system for ensuring that its executives and directors had specific training on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown.

**Particulars**

- i. *The Plaintiff repeats the particulars sub-joined to paragraph 154 above.*
- ii. *Further particulars may be provided following discovery.*

157. Throughout the Relevant Period, Crown had no or no adequate system for ensuring that its executives and directors were aware of, or adequately understood, their roles, functions and duties as they applied to AML/CTF risk and AML/CTF Laws generally, or as they applied to Crown.

**Particulars**

- i. *The Plaintiff repeats the particulars sub-joined to paragraph 154 above insofar as they relate to the absence of an AML/CTF training program prior to around September-October 2020. The Plaintiff also refers to the matters alleged at paragraphs 230 to 241 below. Prior to discovery and the filing of expert evidence, the Plaintiff:*

- A. *is not able to say whether Crown had no system in place or, alternatively, it had a system which was not adequate and the respects in which it was not adequate; and*
  - B. *says that a system or adequate system that ensured that its executives and directors were aware of, or adequately understood, their roles, functions and duties as they applied to AML/CTF compliance risk and AML/CTF Laws generally, or as they applied to Crown would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters alleged in paragraphs 154 to 209 and 214 to 217 herein.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

#### **D.1.2. Crown's AML/CTF Compliance Officer**

158. By 2016, Debra Tegoni held the position of Executive General Manager, Legal and Regulatory Services, Anti-Money Laundering, Counterterrorism and Financing Compliance Officer at Crown.
159. By January 2016, Debra Tegoni was under the impression, or held the belief that, Scott Howell was Crown's AML/CTF Compliance Officer, when in fact, he was not.

##### **Particulars**

- i. *On 10 September 2020, Debra Tegoni, during the course of her evidence at the ILGA Inquiry, admitted that she thought Scott Howell was Crown's AML/CTF Compliance Officer, when she in fact held that position.*
  - ii. *Further particulars may be provided following discovery.*
160. By reason of the matters in paragraphs 158 and 159 above, in the Relevant Period, Crown had no or no adequate system for ensuring that its staff were aware of, or adequately understood, their roles, functions and duties as they applied to AML/CTF compliance risk and AML/CTF Laws generally, or as they applied to Crown.

##### **Particulars**

- i. *Prior to discovery and the filing of expert evidence, the Plaintiff:*
  - A. *says that the roles, functions and duties of Crown's AML/CTF Compliance Officer together with other staff within Crown's AML/CTF team and more generally are wholly known to it;*

- B. *is not able to say whether Crown had no system in place or, alternatively, it had a system which was not adequate and the respects in which it was not adequate; and*
  - C. *says that a system or adequate system that ensured that its staff were aware of, or adequately understood, their roles, functions and duties as they applied to AML/CTF compliance risk and AML/CTF Laws generally, or as they applied to Crown would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters alleged in paragraphs 154 to 209 and 214 to 217 herein.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

### **D.1.3. Deficiencies in Crown's AML/CTF Program**

161. In the Relevant Period, there was no Crown director or executive with responsibility for directly reporting to the board of Crown in relation to AML issues.

#### **Particulars**

- i. *On 23 September 2020, Barton, during the course of his evidence at the ILGA Inquiry, admitted that there were deficiencies in Crown's AML/CTF Program insofar as it related to reporting and transparency because there was no direct reporting line to the Crown Board in relation to AML issues (T2760.30).*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

162. In the Relevant Period, Crown's AML/CTF Program relied to a large degree on the manual input and recording of information as it related to Crown's record keeping obligations and/or Crown's Reporting Obligations, and not automation.

#### **Particulars**

- i. *On 11 September 2019, Neil Jeans, during the course of his evidence at the ILGA Inquiry, stated that his written report dated around 31 May 2019, contained statements to the effect that Crown had a very manual, intensive monitoring program and that automation would need to take place (T2388.4).*
- ii. *On 11 September 2019, Neil Jeans, during the course of his evidence at the ILGA Inquiry, stated that Crown have a very manual, intensive monitoring program and that automation would need to take place (T2388.25-31).*



- iii. *Further particulars may be provided following discovery and the filing of expert evidence.*

163. In the Relevant Period, Crown did not adequately resource, staff or structure its AML/CTF compliance team.

#### **Particulars**

- i. *On 23 September 2020, Barton, during the course of his evidence at the ILGA Inquiry admitted that Crown's AML team was under-resourced and that this could be described as a deficiency (T2760.11-25).*
  - ia. *Prior to discovery and the filing of expert evidence, the Plaintiff:*
    - A. *is not able to say to what extent and in what respects Crown's AML/CTF compliance team was not adequately resourced; and*
    - B. *says that an adequately resourced AML/CTF compliance team would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters alleged in paragraphs 154 to 209 and 214 to 217 herein.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

164. The Group General Manager of AML for the Crown Group in 2017 was not Crown's AML/CTF Compliance Officer.

#### ***D.1.4. Other matters relating to Crown's general systems***

165. Throughout the Relevant Period until around 2016, the Risk Management Committee Charters required Crown's Risk Management Committee to meet only twice a year at a minimum.

166. Neil Jeans did not make the statements set out in paragraph 138 above and attributed to him by Alexander on Crown's behalf on 21 August 2019 as published in the August 2019 AFR Article.

#### **Particulars**

- i. *On 2 October 2020, Alexander, during the course of his evidence at the ILGA Inquiry, admitted that Neil Jeans did not say that Crown was a 'gold star customer' and that Crown was 'completely compliant' (T3540.9-16).*

- ii. *Following publication of the August 2019 AFR Article, Neil Jeans contacted Louise Lane (then Group General Manager of AML at Crown) and Barton to express his concerns about Alexander's statements.*
- iii. *Further particulars may be provided following discovery.*

## **D.2. Features of Crown's systems – assessment of JTOs, JTRs and their associates**

167. In the Relevant Period, to the extent it occurred, due diligence on JTOs, JTRs and/or Crown's Junket Participants was conducted by Crown's credit team within Crown's VIP International Business Unit, and:

- (a) prior to around late 2016, the ultimate decision maker as to whether to approve a junket operator was Jason O'Connor or Felstead; and
- (b) after around late 2016 or early 2017, the final decision maker was a working committee comprising Felstead, Preston and Johnston (who claimed he was acting under the Services Agreement with CPH) (**the Junket Approval Working Committee**),

but there was no formal documentation or record keeping in either case of these due diligence procedures and processes (to the extent they occurred).

### **Particulars**

- i. *The Junket Approval Working Committee or its members did not document the rationale for the continuation of Crown's relationship with Alvin Chau, including after Crown had received material new information in the form of AUSTRAC's communication of 8 June 2017 referred to in the particulars subjoined to paragraph 169 below.*
- ii. *Due diligence carried out in the period October 2014 to October 2016 was often limited to World Checks.*
- iii. *Prior to mid-2017, due diligence was focussed on a junket's creditworthiness rather than probity.*
- iv. *The scope of Crown's due diligence had historically been too narrowly focussed on the operator of the junket, not those who finance, guarantee and represent the junket.*
- v. *Crown's compliance and AML teams did not have a clear role in the approval process for junkets or a right of veto over junket relationships independent from the operating business.*

- vi. *Due diligence carried out on some junket operators either did not identify all necessary information or was not analysed sufficiently to accurately assess risks associated with the junket.*
- vii. *Due diligence of junkets and the approval process did not involve a comprehensive analysis and technology by reference to a customer's transaction history.*
- viii. *Decisions whether to approve junkets were made via email or by way of telephone call and were not formally documented.*
- ix. *The Plaintiff refers to Johnston's evidence on 29 September 2020 at the ILGA Inquiry to the effect that the Junket Approval Working Committee did not keep formal minutes of its meetings (T3154.40).*
- x. *Johnston, as the only director of Crown on the Junket Approval Working Committee (notwithstanding that he purported to act under the Services Agreement), failed to, and did not keep, minutes of the meetings of the committee.*
- xi. *Further particulars may be provided following discovery.*

168. Throughout the Relevant Period:

- (a) Crown undertook no or no adequate formal assessment of new JTOs, JTRs and/or Crown's Junket Participants;
- (b) Crown undertook no or no adequate formal assessment of existing JTOs, JTRs and/or Crown's Junket Participants; and/or
- (c) there was no or no adequate formal documentation regarding approving JTOs, JTRs or for approving the continuance of Crown's relationship with a JTO.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 167 above.*
- ii. *In the period 2017 until July 2019, there were only five occasions on which information was escalated to the Junket Approval Working Committee for the purpose of the committee's review of the ongoing relationship with that junket.*
- iii. *The Suncity Junket was not escalated to the Junket Approval Working Committee at any time for it to consider whether Crown should continue working with Suncity Junket or Alvin Chau, including after Crown had received material new information in the form of AUSTRAC's communication of 8 June 2017 referred to in the particulars subjoined to paragraph 169 below.*

- iv. *Prior to discovery and the filing of expert evidence, the Plaintiff:*
  - A. *is not able to say whether Crown undertook no formal assessment of new or existing JTOs, JTRs and/or Crown's Junket Participants or alternatively, its assessments undertaken were not adequate and the respects in which they were not adequate;*
  - B. *is not able to say whether Crown undertook no formal documentation regarding approving JTOs, JTRs or for approving the continuance of Crown's relationship with a JTO or, alternatively, the documentation was not adequate and the respects in which it was not adequate; and*
  - C. *says that an adequate assessment and documentation in respect of the matters referred to in particulars A. and B. above would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters alleged in paragraphs 167 to 188, 205 to 209 and 214 to 217 herein.*
- v. *Further particulars may be provided following discovery (including of internal Crown training policies, programs and procedures) and the filing of expert evidence.*

169. In the Relevant Period, Crown undertook no or no adequate assessment of JTOs or the persons or groups of persons who financed, guaranteed, were associated with or represented a junket and their connections or potential connections with organised crime in Australia and overseas.

#### **Particulars**

- i. *The Plaintiff repeats paragraphs 105 and 108 and the particulars subjoined to paragraphs 167 and 168 above. Prior to discovery and the filing of expert evidence, the Plaintiff:*
  - A. *is not able to say whether Crown undertook no formal assessment of JTOs or the persons or groups of persons who financed, guaranteed, were associated with or represented a junket and their connections with organised crime in Australia and/or overseas or alternatively, its assessments undertaken were not adequate and the respects in which they were not adequate;*
  - B. *says that an adequate assessment of the matters referred to in particular A. above would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters*

*alleged in paragraphs 167 to 188, 205 to 209 and 214 to 217 herein; and*

- C. says further that prior to discovery (including of internal Crown training policies, programs and procedures) and expert evidence, the paragraph is adequately particularised.*
- ii. By 1 April 2016, Crown had credible information in its possession regarding one JTO, Alvin Chau, to the effect that the US government thought that Alvin Chau was linked with organised crime and notwithstanding that information, Crown continued its relationship with Alvin Chau and the Suncity Junket. Alvin Chau (and his association with the Suncity Junket) was the subject of adverse comments in the 2014 Four Corners Show. The credible information is the due diligence report received by Crown on 1 April 2016 which purportedly stated to the effect that in 2012 the US Government reported that Alvin Chau and two other individuals were identified in organised crime and were restricted to do business only in Macau and China. A copy of the due diligence report is in the possession of Crown. Prior to discovery, the Plaintiff is unable to give particulars of the persons who had actual knowledge of the due diligence report.*
- iii. In around April 2016, Crown had obtained a dossier from WealthInsight.*
- iv. In around December 2016, Crown had obtained an enhanced due diligence report from C6 Group.*
- v. Crown obtained due diligence by way of Wealth X confidential reports in May 2016 and January 2017. The reports purportedly stated that Alvin Chau appeared to be a former member of the 14K triad's Macau branch in the 1990s and was reportedly in charge of loan sharking and gambling under the leadership of Wan Kuok-Koi/Broken Tooth Koi.*
- vi. Crown obtained a World Check result in June 2017 which identified Alvin Chau as a Foreign Politically Exposed Person.*
- vii. Crown had credible information in its possession in the form of an email dated 8 June 2017 from AUSTRAC that Alvin Chau was a foreign politically exposed person and requested Crown to provide documentation evidencing Crown's consideration of the appropriateness of continuing to deal with Alvin Chau in light of Crown's obligations under the AML/CTF Act. Crown did not communicate further with AUSTRAC in regard to its enquiry. AUSTRAC's enquiry was not escalated to the Risk Management Committee or the board of Crown. The credible information is the AUSTRAC email dated 8 June 2017. Prior to discovery, the Plaintiff is unable to give particulars of the persons who had actual knowledge of the AUSTRAC email.*

- viii. *Notwithstanding the information in sub-paragraphs (i) to (vii) above, Crown did not form the view that Alvin Chau was not a person of good repute and continued to deal with him and the Suncity Junket. Further, that Crown did not form the relevant 'view' is to be inferred from the fact that it continued to deal with Alvin Chau and the Suncity Junket notwithstanding having in its possession the information set out in the particulars above.*
- ix. *At the ILGA Inquiry, Crown accepted that it dealt with a JTO said to be linked to organised crime—Hot Pot Junket—via its operator Ng Chi Un.*
- x. *Crown continued its relationship with members of the Neptune Junket notwithstanding persons connected to it were the subject of adverse media reports that they were linked to organised crime groups.*
- xi. *Prior to 2016, Crown was aware that Tom Zhou was the financier of Chinatown Junket and that Chinatown Junket operators were linked to him. Because Tom Zhou was not a JTO, Crown's due diligence did not extend beyond a World Check and as at August 2019, Crown's credit control department did not have a due diligence summary file on him. Since July 2019, there have been adverse media reports detailing Tom Zhou's alleged links to criminal activity. Crown's knowledge is actual: Commissioner Report, Volume 1, Chapter 3.4 at [77] and the exhibit BB19 a copy of which is in the possession of Crown. Prior to discovery, the Plaintiff is unable to give particulars of the persons who had actual knowledge of these matters.*
- xii. *On 12 December 2016, Crown obtained an Enhanced Due Diligence Report from the C6 Group in relation to Zezhai Song (of the Song Junket). The report purportedly included allegations that Zezhai Song had been engaged in illegal gambling operations and had been convicted in China in 2003 and sentenced to imprisonment. The C6 report was discussed at a VIP Operations meeting on 20 December 2016. The minutes of that meeting purportedly record an action item listed as "Ask Ishan/Veng to ask Song about imprisonment issue". The ILGA Inquiry found no evidence that anyone from Crown asked Zezhai Song about this matter and nothing is recorded in the VIP Operation Team Minutes that such a conversation took place: Commissioner Report, Volume 1, Chapter 3.4 at [89]. Zezhai Song continued to be approved as a JTO in January 2017, June 2018 and March 2019 and continued to deal with Zezhai Song as the Song JTO until all Crown's junket operations were suspended in August 2020.*
- xiii. *At the commencement of the Relevant Period, Crown knew that in 2013, Roy Moo (a JTO at Crown between approximately 1997 and 2013) had been convicted for money laundering in 2013 and that the 60 Minutes program referred to in sub-paragraph 130(c) had asserted that the money was laundered on behalf of 'The Company'. Crown could have discovered the connections between*

*junkets it had worked with and 'The Company' after the Reuters publication on 14 October 2019 referred to in paragraph 141 above and linking its contents with a case study relating to Roy Moo in the VCGLR Sixth Review of Crown published in June 2018. Crown's knowledge is actual and arises from the fact that soon after becoming aware of Roy Moo's criminal conduct Crown barred him from attending Crown Melbourne and Mr Moo's subsequent applications to have a prohibition removed have been unsuccessful: Commissioner Report, Volume 1, Chapter 3.4 at [43].*

- xiiiA. Further to particulars (ii), (vii), (viii), (ix) and (xiii), each Crown Officer who did not know the matters referred to in particulars (ii), (vii), (viii), (ix) and (xiii) above ought to have known these matters because it would have been reasonable for the relevant Crown Officer to learn of those matters had Crown had in place:*
- A. a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - B. a system for bringing to the attention of the Crown board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*
  - C. a system for bringing to the attention of the Crown board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*
  - D. a system for bringing to the attention of the Crown board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth;*
  - E. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient; and/or*
  - F. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively*

*monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited that was not deficient.*

- xiv. *Further particulars may be provided following discovery and the filing of expert evidence.*

170. In the Relevant Period, there was no or no adequate process regarding approving or approving the continuance of Crown's relationship with the persons or groups of persons who financed, guaranteed, were associated with or represented a junket once information came into Crown's possession implicating or associating those persons or groups with criminal activity.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraphs 167 and 169 above. Prior to discovery and the filing of expert evidence, the Plaintiff:*
- A. *is not able to say whether there was no such process or, alternatively no adequate process and the respects in which it was not adequate; and*
- B. *says that an adequate process would have prevented, minimised the risk of the occurrence of, mitigated and/or brought to the attention of the Crown Board, the Risk Committee and/or Crown's AML/CTF Compliance Officer the matters alleged in paragraphs 167 to 188, 205 to 209 and 214 to 217 herein.*
- ii. *There was no adequate consultation with, and direction from, the Risk Management Committee or the board of Crown as to the circumstances in which Crown should reject an application, or terminate an agreement, with a JTO/junket about whom there existed serious allegations implicating or associating those persons or groups with criminal activity. The Plaintiff otherwise repeats the particulars subjoined to paragraph 171 below.*
- iii. *Further particulars may be provided following discovery (including of internal Crown training policies, programs and procedures) and the filing of expert evidence.*

171. Throughout the Relevant Period, neither Crown, the board of Crown or the Risk Management Committee set a standard of proof Crown required when reviewing or considering allegations made against JTOs and junkets, including allegations involving criminal activity.

**Particulars**

- i. *There was no bar of tolerance set against which relevant Crown decision makers could test the information and allegations made against junkets and JTOs.*



- ii. *On 2 October 2020, Alexander, during the course of his evidence at the ILGA Inquiry, stated that prior to the July 2019 Media Reports, the Crown Board did not have a set risk appetite for junkets (T3548.28).*
- iii. *Further particulars may be provided following discovery and the filing of expert evidence.*

172. In the Relevant Period, the scope of Crown's due diligence was narrowly focussed on the operator of the junket and not those who financed, guaranteed and represented the junket.

**Particulars**

- i. *The nature of Crown's due diligence is known wholly to it.*
- ii. *The Plaintiff repeats the particulars subjoined to paragraphs 167 and 169 above.*
- iii. *Further particulars may be provided following discovery (including of internal Crown training policies, programs and procedures) and the filing of expert evidence.*

173. In the Relevant Period until August 2020, Crown continued to deal with:

- (a) JTOs and JTRs; and/or
- (b) persons who financed, guaranteed, were associated with, or represented junkets,

despite credible information, including from Australian law enforcement agencies, that those JTOs, JTRs and/or persons were associated with or implicated in criminal activity.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 169 above.*
- ii. *On 16 June 2016, and after receipt of the AUSTRAC enquiry referred to in particular (vii) subjoined to paragraph 169 above, Preston granted approval for Crown to continue its relationship with Alvin Chau without any documentation of his rationale for doing so.*
- iii. *Media coverage—which is the subject of consideration in the Commissioner Report, Volume 1, Chapter 3.4 at [61]—suggested that Alvin Chau received a large amount of cash that had been stolen from the Bangladesh Central Bank. The receipt of this information led to a review of Alvin Chau's risk rating but did not lead to any re-consideration of whether he or the Suncity Junket should remain as a JTO at Crown.*

- iv. *Crown did not terminate its relationship with Alvin Chau and Suncity Junket after: (1) the Suncity Cash Desk was found to have \$5.6 million in cash at its desk and drawers in around April 2018; or (2) media publications that Alvin Chau had links to organised crime.*
- v. *Further particulars may be provided following discovery and the filing of expert evidence.*

174. In the Relevant Period to August 2020, Crown continued to deal with:

- (a) JTOs and JTRs; and/or
- (b) persons who financed, guaranteed, were associated with, or represented junkets,

despite its own information suggesting that those JTOs and/or persons were associated with or implicated in organised crime.

#### **Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraphs 169 and 173 above.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

175. In the Relevant Period, Crown relied on the Australian Border Force (and its predecessors) to undertake character checks of Crown's:

- (a) VIP international gamblers;
- (b) Crown's Junket Participants;
- (c) JTOs; and/or
- (d) persons who financed, guaranteed, were associated with, or represented junkets,

without any or any adequate due diligence of its own.

#### **Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 167 above.*
- ii. *Crown relied on the Australian Border Force (and its predecessors) to undertake background checks on visa applicants and considered that to be a reasonable check on the character of a person. Otherwise, prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether there was any such due diligence or, alternatively no adequate due diligence and the respects in which it was not adequate.*

iii. *Further particulars may be provided following discovery and the filing of expert evidence.*

176. By reason of the matters alleged in paragraphs 167 to 175 above, in the Relevant Period, Crown did not have rigorous processes for assessing the probity of JTOs, JTRs and those who finance and guarantee junkets.

#### **Particulars**

i. *The Plaintiff repeats paragraphs 168 and 170 above and the particulars subjoined to paragraphs 167 to 171, 173 and 175 above. Otherwise, prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether there was any such process for assessing the probity of JTOs, JTRs and those that finance and guarantee junkets or, alternatively there was no adequate process and the respects in which it was not adequate.*

ii. *Further particulars may be provided following the filing of expert evidence.*

177. By reason of the matters alleged in paragraphs 167 to 176 above, in the Relevant Period, the manner in which Crown assessed, approved or approved the continuance of Crown's relationship with the persons or groups of persons who financed, guaranteed, were associated with or represented a junket, was likely to facilitate money laundering.

#### **D.3. The Suncity Room at Crown Melbourne**

178. In early January 2014, Crown Melbourne entered into arrangements with one JTO, Alvin Chau, to open a VIP Room at Crown Melbourne for the exclusive use of the Suncity Junket (**Suncity Room**).

179. From early January 2014 and in the Relevant Period until around August 2019, a cash desk was operated inside the Suncity Room for the exclusive use of the Suncity Junket (**Suncity Cash Desk**).

180. Neither Alvin Chau, the Suncity Junket nor the Suncity Cash Desk were reporting entities for the purposes of AML/CTF Laws and Crown's AML/CTF Program.

181. Alvin Chau was one of Crown's largest JTOs, with turnover in the billions of dollars in some years.

182. According to documents in Crown's possession since at least 1 April 2016, Alvin Chau was a former member of the 14K triad branch, and associated with Wan Kuok-Koi/Broken Tooth Koi.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 169 above.*
- ii. *Further particulars may be provided following discovery.*

183. In the Relevant Period substantial sums of cash were processed through the Suncity Cash Desk.

**Particulars**

- i. *According to evidence given by Preston on 3 August 2018 at the ILGA Inquiry, Alvin Chau/Suncity Junket had a turnover of billions of dollars in some years (T759.15).*
- ii. *In May 2017, video footage showed a person unpacking hundreds of thousands of dollars in cash from an Aldi cooler bag at the Suncity Cash Desk.*
- iii. *In December 2017, video footage showed a man removing multiple bundles of cash amounting to many hundreds of thousands of dollars from a black cardboard shopping bag.*
- iv. *In December 2017, video footage depicted a man placing chips on the Suncity Cash Desk for which the Suncity cashier exchanges cash. The Suncity staff are seen using a calculator and reaching into a drawer under the desk which contains cash. The cash is counted by the staff and is handed to the man. The man then appears to give some of the cash back to the Suncity staff, which they place off to the side of the desk.*
- v. *On 5 January 2018, CCTV still photographs showed Suncity staff assisting a man to remove bundles of cash from a suitcase on the floor. The denomination appears to be \$50 notes.*
- vi. *On 9 February 2018, CCTV still photographs showed bundles of cash on the Suncity Cash Desk wrapped in cellophane and elastic bands. The denomination of the cash appears to be \$100 notes.*
- vii. *In March 2018, there was a report from the Crown Melbourne business unit that large amounts of cash were being stored at the Suncity Cash Desk.*
- viii. *The Suncity Cash Desk was found to have \$5.6 million in cash at its desk and drawers in around April 2018.*
- ix. *On 19 December 2018, a backpack containing \$250,000 was taken from behind a curtain in the Suncity Room to two men waiting in a car outside Crown Melbourne. The men in the car were*

*subsequently arrested by police as they were attempting to deposit the cash at a branch of Westpac Bank in Melbourne.*

- x. On 15 October 2019, video footage showed many hundreds of thousands of dollars in cash being removed from opaque shopping bags and a suitcase and counted at the Suncity Cash Desk.*
- xi. Further particulars may be provided following discovery and the filing of expert evidence.*

184. In the Relevant Period, Crown did not report cash handling transactions at the Suncity Cash Desk to AUSTRAC at all, or in any timely way, even though in mid-2017 AUSTRAC suggested to Crown that it should lodge suspicious matter reports in respect of large cash transactions at the Suncity Cash Desk.

**Particulars**

- i. The Plaintiff repeats particular (vii) subjoined to paragraph 169 above. Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether there was no such reporting or, alternatively, no timely reporting and the respects in which the reporting was not timely.*
- ii. Further particulars may be provided following discovery and the filing of expert evidence.*

185. In the Relevant Period, Crown undertook no, or no adequate, monitoring of surveillance of transactions at the Suncity Cash Desk for the purpose of ensuring AML/CTF Act compliance.

**Particulars**

- i. Barton—during the course of his evidence at the ILGA Inquiry—accepted that one of the problems with the arrangements was that Crown had very little visibility over transactions that were occurring at the Suncity Cash Desk (T2759.29).*
- ii. Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether there was no such monitoring of surveillance of transactions at the Suncity Cash Desk for the purpose of ensuring AML/CTF Act compliance or, alternatively, no adequate monitoring of surveillance and the respects in which the monitoring of surveillance was not adequate.*
- iii. Further particulars may be provided following discovery and the filing of expert evidence.*

186. In the Relevant Period to around 2018, Crown made no adjustments to the anti-money laundering controls at the Suncity Cash Desk to prevent the accounts being exploited for the purposes of money laundering.

187. In the Relevant Period:

- (a) Crown took no, or no adequate, steps to ensure that the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) was made aware of the nature and extent of transactions at the Suncity Cash Desk, and Crown's AML/CTF compliance risk;
- (b) alternatively, neither the Risk Management Committee nor the board of Crown (alternatively all members of the board of Crown) took no, or no adequate, steps to investigate the nature and extent of transactions at the Suncity Cash Desk and Crown's AML/CTF compliance risk.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraphs 154 and 157 above.*
- ii. *On 8 June 2017 AUSTRAC requested Crown provide it with "documentation evidencing Crown's consideration of the appropriateness of continuing to provide designated services to Alvin Chau".*
- iii. *AUSTRAC's enquiry was not escalated to the Risk Management Committee or the board of Crown.*
- iv. *Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether: (1) there was no such steps to ensure that the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) was made aware of the nature and extent of transactions at the Suncity Cash Desk, and Crown's AML/CTF compliance risk; or (2) whether the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) took no such steps to investigate the nature and extent of transactions at the Suncity Cash Desk and Crown's AML/CTF compliance risk or alternatively, that such steps taken were not adequate and the respects in which they were not adequate.*
- v. *Further particulars may be provided following discovery and the filing of expert evidence.*

188. By reason of the matters alleged in paragraphs 178 to 187 above, in the Relevant Period, the manner in which Crown permitted the Suncity Cash Desk to be operated was likely to facilitate money laundering.

#### **D.4. Overseas deposits in the Philippines and Macau**

189. In the Relevant Period to around October 2016, Crown permitted customers to deposit funds (in cash or casino chips) in its casino operations in the Philippines and Macau to facilitate debt repayment or front money deposits, which funds would be subsequently released to customers at Crown Melbourne and/or Crown Perth or would be released to Crown Melbourne and/or Crown Perth (**the Overseas Debt Repayment Facility**), prior to that facility being terminated by City of Dreams (not Crown).
190. Customers depositing funds (in cash or casino chips) in the Philippines or Macau are not subject to any transaction monitoring or reporting requirements in Australia under the AML/CTF Laws.
191. In the Relevant Period to around October 2016, the manner in which Crown permitted funds to be deposited in its casinos in the Philippines and Macau as pleaded in paragraphs 189 to 190 was likely to facilitate money laundering.
192. In the Relevant Period to around October 2016:
- (a) Crown took no, or no adequate, steps to ensure that the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) was made aware of the nature and extent of fund deposits in overseas casino operations, and Crown's AML/CTF compliance risk;
  - (b) alternatively, the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) took no, or no adequate, steps to investigate the nature and extent of fund deposits in overseas casino operations, and Crown's AML/CTF compliance risk.

#### **Particulars**

- i. The Plaintiff repeats the particulars subjoined to paragraphs 154 and 157 above.*
- ii. On 28 September 2020, Johnston, during the course of his evidence at the ILGA Inquiry, admitted that he was not aware of the Overseas Debt Repayment Facility until that facility was closed (T3127.31).*
- iii. On 20 October 2020, Coonan, during the course of her evidence at the ILGA Inquiry, admitted that at no time when she was a director of Crown was she made aware of the Overseas Debt Repayment Facility at City of Dreams in Macau and Manila (T4545.14).*
- iv. Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether: (1) there was no such steps to ensure that*

*the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) was made aware of the nature and extent of fund deposits in overseas casino operations, and Crown's AML/CTF compliance risk; or (2) the Risk Management Committee or the board of Crown (alternatively all members of the board of Crown) took no such steps to investigate the nature and extent of fund deposits in overseas casino operations and Crown's AML/CTF compliance risk or alternatively, that such steps taken were not adequate and the respects in which they were not adequate.*

- v. *Further particulars may be provided following discovery and the filing of expert evidence.*

193. By reason of the matters alleged in paragraphs 189 and 192 above, in the Relevant Period to around October 2016, Crown took no, or no adequate, steps to consider the AML/CTF implications of permitting funds to be deposited overseas and thereafter released in Australia.

#### **Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 192 above.*
- ii. *Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether Crown took no steps to consider the AML/CTF implications of permitting funds to be deposited overseas and thereafter released in Australia or alternatively, that such steps taken were not adequate and the respects in which they were not adequate.*
- iii. *Further particulars may be provided following discovery and the filing of expert evidence.*

#### **D.5. The Riverbank Account and the Southbank Account**

194. Prior to and during the Relevant Period, neither:

- (a) Riverbank; or
- (b) Southbank,

were reporting entities within the meaning of and for the purpose of the AML/CTF Act.

195. In the Relevant Period, Crown permitted Riverbank and Southbank to operate bank accounts with various banks (the **Riverbank Account** and the **Southbank Account**) which:

- (a) were in the name of Riverbank and Southbank, being companies with no commercial purpose other than to operate these accounts;



- (b) did not form part of Crown's transaction monitoring processes as part of Crown's AML/CTF Program; and
- (c) by reason of the matter in sub-paragraph (b) above, were not the subject of oversight or scrutiny by Crown's AML Compliance Officer.

196. In the Relevant Period, Crown's transaction monitoring program was deficient by reason of staff aggregating numerous deposits made into the Southbank Account and the Riverbank Account to the credit of a single patron account into one entry in Crown's electronic customer relationship management system called 'SYCO' with the effect of obscuring the number and nature of deposits which constituted aggregated amounts.

**Particulars**

- i. During the course of the ILGA Inquiry, Crown accepted that there was aggregation of certain transactions in the entries in the SYCO system and that this compromised the AML Team's capacity to identify examples of structuring occurring in the Riverbank Account and the Southbank Account when they were reviewing them in the SYCO system.*
- ii. Further particulars may be provided following discovery and the filing of expert evidence.*

197. Substantial deposits were made into the Riverbank Account and the Southbank Account during the Relevant Period.

**Particulars**

- i. In the period May to August 2016, 53 deposits were made by Pai Pai Supply Chain Limited totalling \$31.8 million by at least 20 different patron accounts.*
- ii. Transfers made by Mobicrea Innovation Furniture (HK) Limited, which made 41 deposits between September 2016 and January 2018 to various patron numbers totalling \$19.7 million.*
- iii. In the two years to 2 November 2018, payments totalling \$15 million were made into a Southbank Account with ASB Bank by one Crown patron.*
- iv. Over \$320 million of credits and debits occurred through the accounts in the 12 months to 4 August 2019 according to a memorandum received by Johnston on 4 August 2019.*
- v. Further particulars may be provided following discovery and the filing of expert evidence.*

198. In the Relevant Period, transactions indicative of money laundering (including transactions known as ‘structuring’, ‘smurfing’ or ‘cuckoo smurfing’) occurred in the Riverbank Account and the Southbank Account.

**Particulars**

- i. *Structured cash deposits (aka ‘cuckoo smurfing’) being:*
  - A. *407 deposits to the Riverbank Account under the \$10,000 reporting threshold between July 2014 and July 2017 totalling \$3,252,796;*
  - B. *280 deposits into the Southbank Account under the \$10,000 reporting threshold between November 2013 and April 2019 totalling \$2,144,620.*
- ii. *Large QuickCash deposits comprising 269 QuickCash deposits between August 2014 and December 2015 totalling \$11,359,589.50 to the Riverbank Account and the Southbank Account.*
- iii. *International electronic funds transfers by third-party individuals comprising 90 transfers in the period July 2013 to July 2019 totalling \$35,491.196 to the Riverbank Account and the Southbank Account.*
- iv. *International electronic funds transfers by third-party companies comprising 31 transfers in the period January 2014 to July 2019 totalling \$19,612.787 in the period January 2014 to July 2019.*
- v. *Electronic funds transfers by overseas money remitters comprising 599 transfers in the period July 2013 to November 2019 totalling \$271,102,231 to the Riverbank Account and the Southbank Account.*
- vi. *Domestic electronic funds transfers by third party individuals comprising 25 transfers in the period October 2013 to July 2016 totalling \$3,380,552 to the Riverbank Account and the Southbank Account.*
- vii. *Transfers containing inconsistent payment descriptors, including “Payment for Goods”; “Travel money and expenses”; “Personal investment in company”; “purchase house”; “medical expenses”; “returning loan”; and “for business”.*
- viii. *A report prepared by Initialism provided to the ILGA Inquiry in mid-November 2020 and referred to in the Commissioner Report, Volume 1, Chapter 3.2 at [150] identified 100 payments into the Riverbank Account and 502 payments into the Southbank Account between 2013 and 2019 by overseas money lenders.*

ix. *Further particulars may be provided following discovery and the filing of expert evidence.*

199. In the Relevant Period, there was no regulatory visibility by the VCGLR of the actual deposits made into the Southbank Account because Crown only provided to the VCGLR quarterly reports of the total assets and total liabilities of Southbank, and not details of the deposits to the account.
200. Crown continued to permit the Riverbank Account and the Southbank Account to be operated notwithstanding that:
- (a) in 2013, HSBC had closed the Riverbank Account and the Southbank Account;
  - (b) ANZ:
    - i. on 31 January 2014, notified Crown that it had detected suspicious transactions, namely structuring (being an indicator of money laundering), in the Riverbank Account over a number of days in January 2014, indicating that the amount of these deposits was under the \$10,000 reporting threshold and the fact that they were made to the same patron account but at different branches of the bank on the same or following day;
    - ii. on 31 January 2014, sought answers to the questions set out in particular (i) subjoined to paragraph 204 below;
    - iii. on 31 March 2014, had queried Crown's practice of aggregating amounts paid into the Riverbank Account;
    - iv. closed the Riverbank Account and the Asian patron deposit accounts for Southbank in Hong Kong and Singapore in July 2014;
  - (c) in December 2016, AUSTRAC had queried Crown whether Southbank should be enrolled as a reporting entity in its own right;
  - (d) ASB Bank in New Zealand (**ASB Bank**):
    - i. in 2018, raised the concerns set out in particular (v) subjoined to paragraph 204 below;
    - ii. in January 2019, closed the Southbank Account;
  - (e) the Commonwealth Bank of Australia (**CBA**):
    - i. in 2018, raised the concerns set out in particular (vii) subjoined to paragraph 204 below; and

- ii. in or around late 2019, closed the Riverbank Account and the Southbank Account.

201. After Crown became aware in 2014 that ANZ was concerned about the possibility of structuring in the Riverbank Account, Crown:

- (a) took no or no adequate or timely steps to undertake a comprehensive examination of the ANZ bank accounts held by Riverbank to ascertain the extent to which those accounts may have been used to launder money;

**Particulars**

- i. *Bank statements from January 2014 until the accounts were closed by ANZ showed 61 further deposits indicative of structuring being made after 31 January 2014.*
- ii. *Despite the concerns raised by ANZ in January 2014, Barton did not direct any review take place of the actual activity of the bank accounts.*
- iii. *Prior to discovery and the filing of expert evidence, other than the matters particularised in (i) and (ii) above, the Plaintiff is not able to say whether Crown took no such steps or, alternatively, no adequate or timely steps to undertake a comprehensive examination of the ANZ bank accounts held by Riverbank to ascertain the extent to which those accounts may have been used to launder money and the respects in which any such steps taken were not adequate or timely.*
- iv. *Further particulars may be provided following discovery and the filing of expert evidence.*

- (b) took no or no adequate or timely steps to stop or deter patrons from making multiple in-branch cash deposits below the \$10,000 reporting threshold;

**Particulars**

- i. *The step taken by Crown in relation to the concerns raised by ANZ was a direction by Barton that customers be told to refrain from making multiple deposits under the reporting threshold and that direction was ineffective: Commissioner Report, Volume 1, Chapter 3.2 at [134].*
- ii. *Prior to discovery and the filing of expert evidence, other than the matter particularised in (i) above, the Plaintiff is not able to say whether Crown took no such steps or, alternatively, no adequate or timely steps to stop or deter patrons from making multiple in-branch cash deposits below the \$10,000 reporting threshold and the respects in which any such steps taken were not adequate or timely.*

- iii. *Further particulars may be provided following discovery and the filing of expert evidence.*
- (c) took no or no adequate or timely steps to undertake a comprehensive review of the bank account statements of Riverbank or Southbank, or Crown's AML/CTF Program and processes, with such a review only being instigated by Crown in around September 2020;

#### **Particulars**

- i. *Structuring activity occurred in the CBA Southbank Account from November 2013 to April 2019 and in the CBA Riverbank Account from May 2014 to July 2017.*
- ii. *Despite the concerns raised by ANZ (in 2014) and CBA (in 2019), Barton did not direct any review take place of the actual activity of the bank accounts prior to their closure by CBA in 2019.*
- iii. *Louise Lane (then Group General Manager of AML at Crown) commenced a manual review of the Southbank bank statements in the period 6-20 August 2019 following publication of the July 2019 Media Reports as they related to Southbank and Riverbank.*
- iv. *On 20 August 2019, Louise Lane suggested to Preston that Crown obtain the assistance of external advisers to provide forensic assistance with the analysis of the bank accounts.*
- v. *At some time after 21 August 2019, Preston formed the view that it was not necessary to conduct a comprehensive review of the Riverbank Account and Southbank Account on the basis that: (1) nothing had been specifically identified as matching the allegations raised in the July 2019 Media Reports; (2) Preston's understanding that Crown's transaction monitoring program covered those accounts; and (3) such a report would not be protected by legal professional privilege.*
- vi. *Neither Barton (then, CFO at Crown) nor Preston (as AML Compliance Officer and Chief Legal Officer at Crown) looked at the bank statements of either Riverbank or Southbank before Crown issued the 2019 Response to Media Reports.*
- vii. *Preston did not inform the Risk Management Committee or the board of Crown that he had rejected Louise Lane's suggestion to conduct a review of the Riverbank Account and Southbank Account.*
- viii. *No further steps were taken in relation to the matters in particulars (ii) to (iv) above until around September 2020.*

- ix. *Prior to discovery and the filing of expert evidence, other than the matters particularised in (i) to (viii) above, the Plaintiff is not able to say whether Crown took no such steps or, alternatively, no adequate or timely steps to undertake a comprehensive review of the bank account statements of Riverbank or Southbank, or Crown's AML/CTF Program and processes and the respects in which any such steps taken were not adequate or timely.*
- x. *Further particulars may be provided following discovery and the filing of expert evidence.*

- (d) made no adjustments to the anti-money laundering controls in the Riverbank Account or the Southbank Account to prevent the accounts being exploited for the purposes of money laundering;

**Particulars**

- i. *Notwithstanding its own banking instructions provided to patrons indicating that payments must be from a personal bank account (and not a company, business or trust account), Crown accepted hundreds of transfers from companies and money remitters.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

- (e) did not notify AUSTRAC of the fact of the closures of the Riverbank Account and the Southbank Account by ANZ, ASB Bank and CBA or the reasons for the closures;

- (f) took no action to close down the Riverbank Account or the Southbank Account;  
and

**Particulars**

- i. *Each of ANZ, ASB Bank and CBA initiated the closure of the Riverbank Account and the Southbank Account. This was not done at Crown's request or in recognition of the problems associated with the accounts. Rather, the accounts were closed at the various banks' instigation.*
- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

- (g) took no action to close down the operations of Riverbank or Southbank until September 2020.

- 202. Crown did not disclose the existence of the Riverbank Account and the Southbank Account to Neil Jeans of Initialism (who had been engaged to review Crown's transaction monitoring

program) during the course of two investigations, including prior to Alexander's statements referred to in paragraph 138 above.

203. In the Relevant Period, the manner in which Crown permitted the Riverbank Account and the Southbank Account to be operated was likely to facilitate, or enabled, money laundering.

#### **Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraphs 197 and 198 above.*
- ii. *Crown permitted deposits to be made into the Riverbank Account and the Southbank Account held with the CBA using a 'QuickCash' facility. This permits cash deposits via a sealed envelope, provided anonymity for the person making the deposit and meant the person's identity could not be verified.*
- iii. *On 18 November 2020, Crown admitted during the course of the ILGA Inquiry that there were funds deposited into the Riverbank Account and the Southbank Account which were indicative of 'cuckoo smurfing', itself an indicator of money laundering (T5585.10).*
- iv. *On 18 November 2020, Crown admitted during the course of the ILGA Inquiry that an inference can be drawn that at some point in time deposits into the Riverbank Account and the Southbank Account were more probably than not part of cuckoo smurfing (T5585.15).*
- v. *A report prepared by Initialism provided to the ILGA Inquiry in mid-November 2020 and referred to in the Commissioner Report, Volume 1, Chapter 3.2 at [128] concluded that the activity indicative of money laundering in the accounts is more likely to be representative of cuckoo smurfing due to the way in which Crown operates the bank accounts in an omnibus fashion.*
- vi. *A report prepared by Initialism provided to the ILGA Inquiry in mid-November 2020 and referred to in the Commissioner Report, Volume 1, Chapter 3.2 at [141] concluded that the QuickCash deposits appear to be indicative of cuckoo smurfing based upon the number of deposits at different branches, the value of the deposits, the customer not being domiciled in Australia and cash deposits being made in a different state of Australia to the location of Crown's casinos.*
- vii. *A report prepared by Initialism provided to the ILGA Inquiry in mid-November 2020 and referred to in the Commissioner Report, Volume 1, Chapter 3.2 at [142] identified the use of third party companies and overseas money remitters to deposit money into the Riverbank Account and the Southbank Account as indicative of cuckoo smurfing.*

- viii. *A report prepared by Initialism provided to the ILGA Inquiry in mid-November 2020 and referred to in the Commissioner Report, Volume 1, Chapter 3.2 at [150] records that overseas money remitters used unrelated company names to make payments into the Riverbank Account and Southbank Account in order to conceal that the payment was in fact made by an overseas money remitter.*
- ix. *Further particulars may be provided following discovery and the filing of expert evidence.*

204. In the Relevant Period:

- (a) Crown took no, or no adequate or timely, steps to ensure that the Risk Management Committee and the board of Crown (alternatively all members of the board of Crown) was made aware of the nature of the Riverbank Account and the Southbank Account as pleaded in paragraphs 194 to 203, and their AML/CTF compliance risk;
- (b) alternatively, the Risk Management Committee and the board of Crown (alternatively all members of the board of Crown) took no, or no adequate or timely, steps to investigate the nature of the Riverbank Account and the Southbank Account as pleaded in paragraphs 194 to 203, and their AML/CTF compliance risk.

**Particulars**

- i. *By email dated 31 January 2014, ANZ notified Crown that it had detected suspicious transactions, namely structuring (being an indicator of money laundering) in the Riverbank Account over a number of days in January 2014, indicating that the amount of these deposits was under the \$10,000 reporting threshold and the fact that those deposits were made to the same patron account but at different branches of the bank on the same or following day. ANZ sought answers to a number of questions in relation to the operation of this account being:*
  - A. *“What is the Purpose of the account / what is it currently being used for?”*
  - B. *All funds are being transferred from this account to the Burswood account. Why are deposit being made into this account and not directly in to the Burswood account? Why is this account being used as a conduit account?*
  - C. *What is the reason for establishing a separate legal entity to conduct this activity?*
  - D. *How does the customer keep track of who is depositing into the account?*
  - E. *Who is actually depositing into the account? Are they local, foreign or a combination of both? What countries*



*are the depositors from? How many depositors use this account?*

- F. *Is it common practice for the customer to accept cash deposits?*
  - G. *This account appears to be being used as a patron account for Burswood, what is the regular (other) patron accounts utilised by Burswood*
  - H. *Why has the entity utilised “investments” in their company name?*
  - I. *What other ‘investment’ accounts under the crown group are also being utilised in a similar fashion.*
  - J. *What (if any) monitoring is occurring over the account by the customer? Has the customer made any reports to any regulator body on the activity occurring through the account?”*
- ii. *ANZ’s concerns or queries were not elevated to the Risk Management Committee or any member of the board of Crown (alternatively, all members of the board of Crown) at the time they were made or any time thereafter (including after the publication of the July 2019 Media Reports) and there is no evidence that any written response to ANZ’s queries was ever provided by Crown to ANZ.*
  - iii. *Crown’s meeting with ANZ on 27 March 2014 which related to issues of money laundering was not brought to the Risk Management Committee’s attention, or the attention of any member of the board of Crown (alternatively, all members of the board of Crown) or any time thereafter.*
  - iv. *Over the period July to November 2018, ASB Bank sought from Crown a range of answers concerning the Southbank Account held with ASB Bank. The questions related to whether the Southbank Account with ASB Bank was subject to board/senior management oversight and governance, covered by Crown’s AML/CTF Program, whether the account was the subject of regulatory audits and sought various information and confirmations relating to transaction monitoring in place and processes and procedures to identify cash deposits and unusual activity. The responses provided by Crown to ASB Bank were characterised as misleading in the Commissioner Report, Volume 1, Chapter 3.2 at [70]. On 2 November 2018 ASB Bank also raised urgent queries regarding payments totalling \$15 million over the previous two years by a Crown patron which were said to require investigation.*
  - v. *On 2 January 2019, ASB Bank notified Crown it was closing the Southbank Account held with ASB Bank.*
  - vi. *Neither ASB Bank’s concerns nor the fact of the closure of the Southbank Account by ASB Bank were escalated to the Risk Management Committee or any member of the board of Crown*

*(alternatively, all members of the board of Crown) or at any time thereafter.*

- vii. *On 10 December 2018, the CBA raised queries with Crown regarding the operation of the Riverbank Account and the Southbank Account, including: (1) whether Southbank is covered under Crown's existing AML Program as a Designated Business Group; (2) the measures Southbank undertakes to identify and verify identity of the individuals for whom it was accepting funds; (3) the measures Southbank has in place to identify and prevent the receipt of illegitimate funds; (4) the remedial actions taken in respect of the VCGLR's findings regarding junket arrangements. Crown's response to CBA of 20 December 2018 (to the effect set out in the Commissioner Report, Volume 1, Chapter 3.2 at [86]) was made in circumstances where during this period Crown Melbourne and Crown Perth were receiving moneys which had been deposited by companies in cash into the Riverbank Account and the Southbank Account, and thus Crown could not have ascertained the identity of those persons making cash deposits into those accounts (including when the deposits were made via the anonymous QuickCash facility). Southbank and Riverbank also accepted transfers from companies obscuring the source of funds.*
- viii. *In February 2019, Louise Lane (then Group General Manager AML at Crown) met with CBA's account management team to discuss Crown's AML controls. These meetings and the CBA's concerns were not notified to the Risk Management Committee or any member of the board of Crown (alternatively, all members of the board of Crown) or at any time thereafter.*
- ix. *In or around October 2019 (or shortly thereafter), CBA closed the Riverbank Account and the Southbank Account. Neither Barton nor Preston drew to the board's attention that CBA was closing the accounts because it had concerns about money laundering.*
- x. *Preston did not inform the Risk Management Committee or the board of Crown that he had rejected Louise Lane's suggestion to conduct a review of the Riverbank Account and Southbank Account.*
- xi. *Coonan—a member of the board of Crown at all times in the Relevant Period and Chairperson since 25 January 2020—was not aware of the existence of Riverbank and Southbank prior to the July 2019 Media Reports.*
- xii. *Coonan was not advised in 2014 that the ANZ had closed the Riverbank Account and the Southbank Account due to AML concerns and she was not advised in 2019 that the CBA had closed the accounts because of the risk of money laundering through the accounts.*

- xiii. *Barton was not aware prior to 27 August 2019 that ASB had closed the Southbank Account in January 2019 due to money laundering concerns.*
- xiv. *Demetriou was not aware of the Riverbank Account or the Southbank Account, and was not aware of the 'QuickCash' facility with CBA in respect of those accounts.*
- xv. *Alexander only became aware in around September 2020 of the reasons for ANZ's closure of the Riverbank Account in 2014.*
- xvi. *Prior to discovery and the filing of expert evidence, other than the matters particularised in (i) to (xv) above, the Plaintiff is not able to say whether Crown, alternatively, the Risk Management Committee and the board of Crown (alternatively, all members of the board of Crown) took no such steps or, alternatively, no adequate or timely steps and the respects in which any such steps taken were not adequate or timely.*
- xvii. *Further particulars may be provided following discovery and the filing of expert evidence.*

#### **D.6. Failure to properly investigate AML/CTF risks/systems deficiencies and correct them**

205. Crown did not undertake any or any adequate investigation in relation to the matters reported on in the 2014 Four Corners Show referred to in paragraphs 106 and 107 above, before publishing the 2014 Response to Four Corners, or at any time thereafter.

##### **Particulars**

- i. *Prior to discovery and the filing of expert evidence, the Plaintiff is not able to say whether Crown undertook no such investigation or, alternatively, no adequate investigation and the respects in which any such investigation taken was not adequate.*
  - ii. *Further particulars may be provided following discovery and the filing of expert evidence.*
206. In around 2016 to 2017, Crown undertook a process (through Johnston (who claimed he was acting under the Services Agreement with CPH), Felstead and on some occasions Craigie and Preston) styled as a review of Crown's existing relationships with JTOs and/or Crown's Junket Participants (**2016-17 Review**), which found:
- (a) due diligence on JTOs and/or Crown's Junket Participants was conducted by Crown's credit team within the VIP International Business unit;
  - (b) due diligence of JTOs included a World Check, a requirement of a visa to enter Australia and a credit check with other casinos;

- (c) Crown did not require Macau-based junkets to be licensed with the Macau-based Gaming Inspection and Coordination Bureau (known as the **DICJ**);
- (d) only a small percentage of JTOs Crown dealt with had been confirmed as holding DICJ licences; and
- (e) Crown did not have a process for vetting non-DICJ approved JTOs,

but in making recommendations for Crown's future management or engagement with JTOs and/or Crown's Junket Participants it did not relate to JTOs or Crown's Junket Participants with whom Crown already had relationships (without regard to the fact that due diligence on JTOs and/or Crown's Junket Participants had been performed prior to 2016 in the circumstances set out in sub-paragraphs (a) to (e) above).

207. Crown did not undertake any or any adequate investigation in relation to the matters reported on in the July 2019 Media Reports referred to in paragraphs 131 and 132 above, before publishing the 2019 Response to Media Reports, or at any time thereafter.

#### **Particulars**

- i. The Plaintiff repeats the particulars subjoined to sub-paragraph 201(c) above.*
- ii. On 31 July 2019, Mr Nick Toscano, a journalist with The Age wrote to Crown asking for a response to questions about the Riverbank Account and the Southbank Account. One question posed by Mr Toscano requested a response to "concerns from law enforcement agencies that multiple crime entities" had deposited proceeds of crimes into those accounts and asking how such entities had been able to deposit those funds. Neither Barton (then, CFO at Crown) nor Preston (as AML Compliance Officer and Chief Legal Officer at Crown) in investigating these matters, looked at the bank statements of either Riverbank or Southbank. Preston provided incorrect advice to the board of Crown, alternatively to Johnston and Felstead and Andy Carr (Senior Vice President, Business Development), by way of a memorandum dated 4 August 2019 that those accounts were dealt with in the same manner as all of Crown's other accounts and were covered by Crown's AML/CTF Policy.*
- iii. Prior to discovery and the filing of expert evidence, other than the matters particularised in (i) and (ii) above, the Plaintiff is not able to say whether Crown undertook any investigation in relation to the matters reported on in the July 2019 Media Reports before publishing the 2019 Response to Media Reports (or at any time thereafter) or, alternatively, no adequate investigation was undertaken and the respects in which any such investigation taken was not adequate.*

- iv. *Further particulars may be provided following discovery and the filing of expert evidence.*

208. Such reviews and investigations as Crown conducted in the Relevant Period did not result in:

- (a) Crown materially altering the way in which the Suncity Cash Desk operated;
- (b) Crown materially altering the way in which Crown permitted funds to be deposited in its casino operations in the Philippines and Macau until the Overseas Debt Repayment Facility was terminated by City of Dreams in around October 2016;
- (c) Crown materially altering the way in which the Riverbank Account and Southbank Account were permitted to operate without being monitored for AML/CTF compliance; and/or
- (d) Crown implementing a robust process for vetting and performing AML/CTF compliance due diligence on JTOs, JTRs and/or Crown's Junket Participants.

#### **Particulars**

- i. *In 2014, Crown retained a consultancy firm, Promontory Australasia (Sydney) Pty Ltd (**Promontory**) to undertake a review of the AML/CTF Programs at Crown Melbourne and Crown Perth. Promontory was not alerted to the existence of the Riverbank Account or the Southbank Account and it was not advised of the issues which ANZ had identified in those accounts.*
- ii. *Promontory produced a written report (**Promontory Report**) which stated that the procedures and documentation for Crown's cash transactions report monitor's (CTRM) review for bank statements was deficient and continued "without such procedures and documentation the transaction monitoring process seems to depend largely on the CTRMs experience with AML/CTF issues and familiarity with Crown Melbourne's business".*
- iii. *The Promontory Report was provided by Barton to ANZ. On 5 March 2015, Paul Birch of ANZ provided Barton with some commentary on Promontory's analysis and suggested that Barton have Crown's AML team review that commentary.*
- iv. *Despite the concerns raised by ANZ in January 2014, and the commentary provided by Paul Birch, no changes to the operation or monitoring of the Riverbank Account or Southbank Account were made.*
- v. *Despite the concerns raised by ASB Bank in 2018, no changes to the operation or monitoring of the Southbank Account were made.*

- vi. *Despite the concerns raised by CBA in 2018-2019, no changes to the operation or monitoring of the Riverbank Account or Southbank Account were made.*
  - vii. *The 2016-17 Review was forward-looking and did not relate to JTOs or Crown's Junket Participants with whom Crown already had relationships (without regard to the fact that due diligence on JTOs and/or Crown's Junket Participants had been performed prior to 2016 in the circumstances set out in paragraph 208 above).*
  - viii. *Neil Jeans' investigations of Crown's transaction monitoring program prior to 2019 did not review the entirety of Crown's AML/CTF Program and his investigations were limited to: (1) Crown's transaction monitoring program; and (2) the question of the amendment by Crown of its internal control statement that it lodges with the VCGLR.*
  - ix. *Neil Jeans' investigations of Crown's transaction monitoring program was limited to the transaction monitoring elements contained in that program, in particular he reviewed and considered: (1) a sample of reports generated by Crown's management system known as 'SYCO' (and not the underlying documents or data inputted to generate reports via SYCO) as they related to Crown Melbourne; and (2) Scott Howell's monitoring of those reports.*
  - x. *Neil Jeans' investigations of Crown's transaction monitoring program did not encompass Crown Perth and Neil Jeans did not have access to Crown Perth documents.*
  - xi. *Neil Jeans/Initialism had not been retained to review Crown's full AML/CTF Program.*
  - xii. *Further particulars may be provided following discovery and the filing of expert evidence.*
209. In the premises, such reviews and investigations as Crown performed in the Relevant Period were inadequate to:
- (a) ensure AML/CTF Laws compliance by Crown;
  - (b) amount to taking Crown's regulatory obligations seriously; or
  - (c) remove or reduce the risk of AUSTRAC or the Casino Regulators taking investigatory or enforcement steps against Crown.

#### **Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 208 above.*

- ii. *Further particulars may be provided following discovery and the filing of expert evidence.*

#### **D.7. Relationship with CPH and Packer**

210. In the Relevant Period, the Crown/CPH Services and Information Sharing Arrangement facilitated and enabled the provision of confidential information of Crown to CPH and Packer (**Confidential Information**).

##### **Particulars**

- i. *Confidential financial forecasts and financial plans for the financial years ending 30 June 2021 and 30 June 2022.*
- ii. *Following execution of the Controlling Shareholder Protocol, Confidential Information was provided to Packer by Alexander (in his capacity as Crown's Executive Chairman), Barton (in his capacity as Chief Financial Officer), Felstead (in his capacity as Chief Executive Officer of Australian Resorts at Crown), Todd Nisbet (in his capacity as Executive Vice President of Strategy and Development at Crown) (Nisbet). Information was also provided by Demetriou (in his capacity as a Crown director) to Packer: Commissioner Report, Volume 1, Chapter 2.8 at [103]-[104].*
- iii. *Alexander regularly provided high level information to Packer in meetings and by email on topics including trading results and financial forecasts, his proposed initiatives as Executive Chairman and considerations at Board meetings: Commissioner Report, Volume 1, Chapter 2.8 at [105].*
- iv. *Barton provided financial reports to Packer on an almost daily basis from the time the Controlling Shareholder Protocol was executed, including the provision of EBITDA reports, monthly management accounts and financial forecasts: Commissioner Report, Volume 1, Chapter 2.8 at [106].*
- v. *~~Todd~~ Nisbet provided reports to Packer on Crown's development projects, including construction and sales data in connection with the Barangaroo Casino as well as litigation updates and new investment sources: Commissioner Report, Volume 1, Chapter 2.8 at [108].*
- vi. *Demetriou provided reports by email to Packer on what occurred at Board meetings: Commissioner Report, Volume 1, Chapter 2.8 at [109].*
- vii. *Packer was provided with confidential information concerning Crown by Johnston: Commissioner Report, Volume 1, Chapter 2.8 at [110].*

- viii. *On 12 June 2019, Alexander provided Packer with Confidential Information regarding deliberations at an 'in camera' board meeting which should have remained secret to those who took part in the session.*
- ix. *Further particulars may be provided following discovery.*

211. In the Relevant Period, Confidential Information was provided to Packer by Barton and/or Johnston and ultimately Melco Resorts (or a subsidiary or person associated with Melco Resorts) during the course of the sale of Crown Shares by CPH Crown to Melco Resorts in the circumstances described in paragraphs 92 to 100 above.

**Particulars**

*The Plaintiff refers to and repeats particular (i) subjoined to paragraph 210 above.*

212. Barton did not disclose the existence of the Controlling Shareholder Protocol at the 2019 AGM referred to in paragraph 143 above.

**Particulars**

*At the 2019 AGM, a shareholder asked a specific question in relation to whether there was an arrangement with Packer to receive information from Crown in a manner different to other shareholders. The answer given by Barton did not deal with the Controlling Shareholder Protocol with the result that Crown's regime for sharing confidential financial information with Packer (and CPH) was not disclosed at that time.*

213. In the Relevant Period, Crown had no or no adequate system for ensuring that each request for the provision of Confidential Information was considered and approved subject to the conditions contained in the Controlling Shareholder Protocol, including cl 2.3 and cl 2.4.

**Particulars**

- i. *The Plaintiff repeats the particulars subjoined to paragraph 210 above.*
- ii. *Prior to discovery and the filing of expert evidence, other than the matter particularised in (i) above, the Plaintiff is not able to say whether Crown had no system for ensuring that each request for the provision of Confidential Information was considered and approved subject to the conditions contained in the Controlling Shareholder Protocol or, alternatively, had no adequate system and the respects in which any system was not adequate.*
- iii. *Further particulars may be provided following discovery and the filing of expert evidence.*



## D.8. Deficiencies in Crown's systems

214. In the Relevant Period, Crown's systems for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program, were deficient (**the ML/TF Risk Systems Information**) by reason of each and any combination of the matters pleaded in paragraphs 154 to 209 above.

215. In the Relevant Period, Crown's:

- (a) systems for bringing to the attention of the Crown board matters relevant to ensuring all directors were in a position where they could effectively monitor:
    - i. compliance by Crown with relevant Australian regulatory requirements (including AML/CTF Laws compliance);
    - ii. the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited (as the holder of the Barangaroo restricted gaming licence); and
    - iii. the suitability of the subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth;
  - (b) systems for bringing to the attention of the Risk Management Committee matters relevant to ensuring all members were in a position where they could effectively monitor:
    - i. compliance by Crown with relevant Australian regulatory requirements (including AML/CTF Laws compliance);
    - ii. the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited (as the holder of the Barangaroo restricted gaming licence); and
    - iii. the suitability of the subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth;
  - (c) corporate governance systems generally,
- were deficient (**the Corporate Governance Risk Systems Information**) by reason of each and any combination of the matters pleaded in paragraphs 154 to 209 above.

**D.9. Exposure of Crown to AUSTRAC enforcement**

216. In the Relevant Period, Crown's systems (including AML/CTF Laws compliance systems) had characteristics that were, or may be, of concern to AUSTRAC and were likely to result in AUSTRAC initiating investigation or enforcement activities in respect of Crown's compliance with AML/CTF Laws (**the Regulatory Exposure Information**) by reason of each and any combination of the matters pleaded in paragraphs 154 to 209 above.

217. Crown was and is exposed to:

- (a) substantial financial penalties;
- (b) conditions or additional regulation being imposed by AUSTRAC or other Australian regulators (including the Casino Regulators) affecting Crown's operation of its business, including Crown Melbourne, Crown Perth and Crown Sydney (or putting at risk Crown's ability to retain or obtain licences to conduct those businesses); and
- (c) substantial additional compliance costs in order to rectify Crown's systems (including AML/CTF Laws compliance systems), or as required or necessitated by reason of additional conditions, restrictions or regulations being imposed on Crown's business by Australian regulators such as AUSTRAC, and the Casino Regulators,

(**the Regulatory Exposure Consequence Information**), by reason of each and any combination of the matters pleaded in paragraphs 154 to 209 and 216 above.

**E. CROWN KNEW OR OUGHT TO HAVE KNOWN THE TRUE POSITION**

*Particulars of the allegations in sections E.1 to E.6 below are set out in the table annexed as Schedule B to this amended statement of claim and further particulars may be provided following discovery.*

**E.1. Knowledge of the risk of money-laundering**

218. In the Relevant Period, Barton knew that:

- (a) casinos were vulnerable to infiltration by organised crime;
- (b) casinos are vulnerable to money laundering;
- (c) there was a risk that JTOs may have associations with organised crime; and
- (d) a number of major JTOs in Macau have links with organised crime.

219. In the Relevant Period, Packer:

- (a) knew that casinos can be vulnerable to infiltration by organised crime;
- (b) knew that there was a risk that junkets can be involved in organised crime;
- (c) had no or no adequate understanding of the due diligence that Crown undertook with respect to junket operators;
- (d) knew there were rumours that a number of Macau casino junkets have links with organised crime; and
- (e) was one of the key driving forces in bringing Macau junkets into Crown's casinos in Australia.

#### **Particulars**

- i. With the exception of Suncity Junket, Packer was not monitoring Crown's relationship with junket operators.*
- ii. The Plaintiff may provide further particulars following discovery and the filing of expert evidence.*

220. In the Relevant Period, Alexander knew that casinos are vulnerable to infiltration by organised crime.

221. In the Relevant Period, Coonan knew that:

- (a) money laundering was a significant risk in casinos;
- (b) there were links between Macau junkets and organised crime;
- (c) junkets are subject to the risks of associations with organised crime or with criminal elements; and
- (d) Crown's VIP International Business carried risks of criminal infiltration and money laundering.

222. In the Relevant Period, Halton knew that:

- (a) junket operations in Australian casinos are vulnerable to exploitation by organised crime; and
- (b) there is a significant risk that junket operators may have associations with organised crime.

223. In the Relevant Period, Horvath knew that casinos are vulnerable to infiltration by organised crime.

224. In the Relevant Period, Jalland knew that:
- (a) infiltration by organised crime is a risk for casinos;
  - (b) money laundering through casinos, particularly through JTOs, was a risk for casinos; and
  - (c) junket operations are vulnerable to exploitation by organised crime.
225. In the Relevant Period, Johnston knew that:
- (a) if a casino operator does not have the appropriate systems in place, there is a vulnerability to money laundering;
  - (b) there was a risk that casinos can be infiltrated by organised crime;
  - (c) there was a significant risk that JTOs may have associations with organised crime;
  - (d) a number of major junket operators in Macau have links with organised crime; and
  - (e) the AMAX Junket, the Neptune Junket and the Suncity Junket were alleged to have links to organised crime.
226. In the Relevant Period, Mitchell knew of the potential links between casinos generally and organised crime.
227. In the Relevant Period, Poynton knew that:
- (a) there was a risk that casinos can be infiltrated by organised crime; and
  - (b) there is a significant potential risk of money laundering through casinos, particularly junket operations.
228. In the Relevant Period, Preston knew that:
- (a) it was alleged that the Suncity Junket was one of the most powerful junkets in Macau with links to triads;
  - (b) it was alleged that Crown Melbourne had been infiltrated by a large international drug trafficking syndicate; and
  - (c) there was a substantial risk that junket operators are or can be infiltrated by organised crime.
229. In the Relevant Period, Crown Officers who did not actually know the matters pleaded in paragraphs 218 to 228 above ought to have known the following matters referred to in those paragraphs at the time they were officers of Crown:
- (a) casinos are vulnerable to infiltration by organised crime (as referred to in paragraphs 218(a), 219(a), 220, 223, 224(a), 225(a), 226, 227(a));

- (b) casinos are vulnerable to money laundering (as referred to in paragraphs 218(b), 225(a));
- (c) there is a significant potential risk of money laundering through casinos, particularly junket operations (as referred to in paragraphs 221(a), 224(b), 227(b));
- (d) there is a risk that junkets or JTOs may have associations with, or be involved in, or linked to, organised crime (as referred to in paragraphs 218(c), 219(c), 221(c), 222(b), 224(c), 225(c), 228(c));
- (e) a number of major JTOs in Macau have links with organised crime (as referred to in paragraphs 218(d), 219(d), 221(b), 225(d));
- (f) junket operations in Australian casinos are vulnerable to infiltration or exploitation by organised crime (as referred to in paragraphs 220, 222(a), 223, 224(b));
- (g) Crown's VIP International Business carried risks of criminal infiltration and money laundering (as referred to in paragraph 221(d)); and
- (h) the AMAX Junket, the Neptune Junket and the Suncity Junket may have links to organised crime (as referred to in paragraphs 225(e), 228(a)).

#### **Particulars**

- i. *The Crown Officers pleaded in paragraphs 218 to 228 above had the knowledge pleaded in those paragraphs.*
- ii. *Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 218 to 228 above.*
- iii. *Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. *a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. *a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*

- D. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*
- E. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*
- F. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*

*iv. Further particulars may be provided following discovery and expert evidence.*

## **E.2. Knowledge of features of Crown's systems and risks - general**

- 230. In the Relevant Period, Craigie knew he had no training in AML.
- 231. In the Relevant Period, Barton:
  - (a) knew he had no specific training in AML;
  - (b) knew that the only training provided by Crown to its employees in respect of AML/CTF risk was an online training module, covering a range of areas, including AML;
  - (c) knew that there was no training in AML/CTF risk available to directors until the online module was made available or rolled-out in around September 2020; and
  - (d) had no knowledge to indicate whether any of the directors of Crown have had any training in AML.
- 232. In the Relevant Period, Alexander knew he had no training in AML.
- 233. In the Relevant Period, Coonan:
  - (a) knew that Crown's systems, processes and structures in place in relation to risk and compliance required enhancement; and
  - (b) knew she had received no training from Crown in relation to Crown's AML risk until she undertook Crown's online AML training module at a time presently unknown to the Plaintiff shortly prior to October 2020.
- 234. In the Relevant Period, Brazil knew he was given no AML training as part of his induction to the board of Crown.

235. In the Relevant Period, Demetriou:

- (a) knew he had undertaken no formal training in casino regulation since he had been on the board of Crown (other than reading the papers presented to the Board from time to time);
- (b) knew he did not receive any information about the manner in which casinos are regulated or money laundering issues at the time of his induction to the board of Crown;
- (c) knew he had undertaken no AML training prior to joining the board of Crown;
- (d) knew he had received no formal training in the management or governance aspects of Crown's business as it relates to its VIP International Business;
- (e) knew that at the time he joined the board of Crown that he had no real familiarity with what a junket was;
- (f) knew he had received no training from Crown in relation to AML until he undertook Crown's online AML training module at a time presently unknown shortly prior to November 2020.

236. In the Relevant Period, Dixon:

- (a) knew he received no formal training in casino regulation and casino management when he joined the board of Crown;
- (b) knew he subsequently received no formal training in relation to casino management; and
- (c) knew he received no formal training in relation to AML during his tenure at Crown, including at the time of his induction to the board of Crown.

237. In the Relevant Period, Halton:

- (a) took no steps to familiarise herself with junket operations in Macau; and
- (b) knew she had received no training from Crown in relation to Crown's AML risk until she undertook Crown's online AML training module at a time presently unknown to the Plaintiff shortly prior to October 2020.

238. In the Relevant Period, Jalland:

- (a) knew he had never read the AML/CTF Act;
- (b) did not know Crown had an online training program in respect of money laundering risk; and

- (c) was not aware until around mid to late-2020 that Crown offered such an online training program.

239. In the Relevant Period, Johnston knew he had no training in AML.

240. In the Relevant Period, Mitchell:

- (a) knew he was given no training or information in relation to the way casinos were regulated at the time of induction to the board of Crown;
- (b) did not read the Casino Control Acts for the states in which Crown operated in Australia and had never asked for training or an explanation in relation to those Acts;
- (c) knew he had received no training from Crown in relation to AML until he undertook Crown's online AML training module at a time presently unknown to the Plaintiff shortly prior to October 2020; and
- (d) knew the information in Crown's online training module was 'new' to him.

241. Preston knew he had received no specialist training before taking on the role as the designated AML/CTF Compliance Officer for both Crown Melbourne and Crown Perth.

242. [Not used]

### **E.3. Knowledge of Crown's JTO/JTR and associates assessment systems**

243. Prior to the 2016-17 Review, Felstead knew:

- (a) due diligence on JTOs and/or Crown's Junket Participants was conducted by Crown's VIP International Business unit; and
- (b) there was no or no adequate formal documentation regarding approving JTOs or approving the continuance of Crown's relationship with a JTO.

#### **Particulars**

*In relation to sub-paragraph (b), the Plaintiff repeats the particulars subjoined to paragraphs 167 and 168 above.*

244. In the Relevant Period, Johnston knew:

- (a) he was a member of the VIP International Working Committee;
- (b) he was the only director of Crown on the Junket Approval Working Committee (the other members being Felstead and Preston);



- (c) by late 2016 that the Junket Approval Working Committee was reviewing and making decisions about Crown's approval of new JTOs and Crown's relationships with existing JTOs;
- (d) that the Junket Approval Working Committee did not document its decisions, with some decisions being made via email or telephone;
- (e) that Crown's systems and processes relating to Crown's review of its relationship with existing JTOs lacked robustness;
- (f) that decisions about Crown's existing relationships with JTOs were escalated to the Junket Approval Working Committee on only five occasions between June 2017 and July 2019;
- (g) that he and Craigie were the only directors engaged in the 2016-17 Review, but did not bring any information obtained during the course of that review to the formal attention of the Crown Board, relying on the Risk Management Committee (of which he was not a member until 21 January 2020) to bring such matters to the attention of the Board; and
- (h) that the due diligence process on junkets prior to October 2016 and the 2016-17 Review was a "less rigorous process" to the one that evolved thereafter.

### **Particulars**

*As to (h) the Plaintiff refers to the evidence of Johnston at the ILGA Inquiry at T3141.*

245. After the 2016-17 Review, Craigie, Johnston, Felstead and Preston knew of the findings of the 2016-17 Review as set out in paragraph 206 above.
246. In the Relevant Period, Crown Officers who did not actually know the matters in paragraphs 243 to 245 above ought to have known each of the following matters referred to in those paragraphs at the time they were officers of Crown:
- (a) prior to the 2016-17 Review, that due diligence on JTOs and/or Crown's Junket Participants was conducted by Crown's VIP International Business unit (as referred to in paragraph 243(a));
  - (b) prior to the 2016-17 Review, that Crown had no or no adequate formal documentation regarding approving JTOs or approving the continuance of Crown's relationship with a JTO (as referred to in paragraph 243(b));

- (c) that the Junket Approval Working Committee was reviewing and making decisions about Crown's approval of new JTOs and Crown's relationships with existing JTOs (as referred to in paragraph 244(c));
- (d) the Junket Approval Working Committee did not document its decisions, with some decisions being made via email or telephone (as referred to in paragraph 244(d));
- (e) the due diligence process on junkets prior to October 2016 and the 2016-17 Review was not as rigorous as the one that evolved thereafter (as referred to in paragraph 244(f));
- (f) that decisions about Crown's existing relationships with JTOs were escalated to the Junket Approval Working Committee on few occasions (as referred to in paragraph 244(g)); and
- (g) after the 2016-17 Review was conducted, of the findings of the 2016-17 Review (as set out in paragraph 206, and referred to in paragraph 245).

#### **Particulars**

- i. The Crown Officers pleaded in paragraphs 243 to 245 above had the knowledge pleaded in those paragraphs.*
- ii. Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 243 to 245 above.*
- iii. Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*

*D. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*

*E. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*

*F. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*

*iv. Further particulars may be provided following discovery and expert evidence.*

**E.4. Knowledge concerning Alvin Chau, Suncity Junket and the Suncity Cash Desk**

247. Felstead met with Alvin Chau in October 2014.

248. Packer:

(a) met with Alvin Chau in Macau in 2015 and understood that Alvin Chau was associated with the Suncity Junket;

(b) knew, by at least 2015, that Suncity was the biggest junket operator in Macau; and

(c) monitored Crown's relationship with the Suncity Junket.

249. By at least 2017, Preston knew from the 2014 Four Corners Show that it was alleged that the Suncity Junket was one of the most powerful junkets in Macau with links to triads.

250. In the Relevant Period, Crown:

(a) had in its records due diligence that suggested that Alvin Chau was a former member of the 14K triad branch, involved in loan sharking and gambling under the leadership of Wan Kuok-Koi/Broken Tooth Koi; and

(b) received a report from AUSTRAC about Alvin Chau which contained statements to the effect that the US government reported that Alvin Chau was identified in organised crime.

**Particulars**

- i. The Plaintiff repeats particulars (ii) to (iv) subjoined to paragraph 169 above.*
- ii. Further particulars may be provided following discovery.*

251. In the Relevant Period, Preston knew:

- (a) of the existence of the Suncity Room at Crown Melbourne;
- (b) that Alvin Chau and the Suncity Junket were alleged to have links with organised crime;
- (c) that Alvin Chau was one of Crown's largest junket operators with turnover in the billions in some years;
- (d) that AUSTRAC considered Alvin Chau to be a foreign politically exposed person who had a substantial criminal history;
- (e) that AUSTRAC had requested Crown provide an explanation to it as to how Crown considered its business relationship with Alvin Chau to be consistent with its commitment to striving to achieve the objectives of the AML/CTF Act;
- (f) of the presence of \$5.6 million in cash at the Suncity Cash Desk;
- (g) that Crown had identified potential money laundering risks in respect of Alvin Chau and/or the operation of the Suncity Cash Desk and that this was not communicated to Crown's risk committee;
- (h) that the Suncity Cash Desk breached additional controls in the form of a \$100,000 petty cash limit and no cash deposits over \$300,000 per day without senior management approval placed on its operation by Crown on 20 April 2018 and that notwithstanding this matter, Crown's arrangements with Alvin Chau and the Suncity Cash Desk continued and were not brought to the attention of Crown's board; and
- (i) that AUSTRAC had encouraged Crown Melbourne to submit suspicious matters reports when it observed unusually large cash transactions being processed over the Suncity Cash Desk.

252. By 21 May 2018, Alexander and Felstead knew:

- (a) of the presence of \$5.6 million in cash at the Suncity Cash Desk;
- (b) that Crown had identified potential money laundering risks in respect of Alvin Chau and/or the operation of the Suncity Cash Desk; and

- (c) that AUSTRAC had encouraged Crown Melbourne to submit suspicious matters reports when it observed unusually large cash transactions being processed over the Suncity Cash Desk.

253. In the Relevant Period, Johnston knew of the existence of the Suncity Cash Desk prior to October 2016 and knew it was for the exclusive use of the Suncity Junket.
254. Crown was not in fact constrained from responding to money laundering allegations due to non-disclosure provisions in the AML/CTF Act to the extent that allegations were made about cash transactions in the Suncity Room at the Suncity Cash Desk, as asserted in the 2019 Board Message referred to at paragraph 134 above.

### **Particulars**

*To the extent that allegations were made about cash transactions in the Suncity Room, cash transactions did not involve 'designated services' (within the meaning of s 6 of the AML/CTF Act) provided by Crown and the non-disclosure provisions in the AML/CTF Act did not apply.*

255. In the Relevant Period, Crown Officers who did not actually know the matters in paragraphs 247 to 254 above ought to have known each of the following matters referred to in those paragraphs at the time they were officers of Crown:
- (a) Suncity was one of or the biggest junket operator in Macau (as referred to in paragraph 248(b));
  - (b) of the existence of the Suncity Room at Crown Melbourne (as referred to in paragraph 251(a));
  - (c) of the existence of the Suncity Cash Desk at Crown Melbourne and that it was for the exclusive use of the Suncity Junket (as referred to in paragraph 253);
  - (d) Alvin Chau was associated with the Suncity Junket (as referred to in paragraph 248(b)), and that both Felstead and Packer had met him (as referred to in paragraphs 247 and 248(a));
  - (e) that Alvin Chau was one of Crown's largest junket operators with turnover in the billions in some years (as referred to in paragraph 251(c));
  - (f) that:
    - i. Alvin Chau may have links with organised crime (as referred to in paragraph 251(b));
    - ii. further, or alternatively, from a time no later than when the due diligence records referred to in paragraph 250(a) were created, that Crown's due diligence suggested that Alvin Chau was a former member of the 14K triad

branch, involved in loan sharking and gambling under the leadership of Wan Kuok-Koi/Broken Tooth Koi (as referred to in paragraph 250(a));

- (g) from the time the AUSTRAC report referred to in paragraph 250(b) was received:
- i. of the receipt and content of the AUSTRAC report, including that AUSTRAC considered Alvin Chau to be a foreign politically exposed person who had a substantial criminal history and that AUSTRAC had encouraged Crown Melbourne to submit suspicious matters reports when it observed unusually large cash transactions being processed over the Suncity Cash Desk; and
  - ii. that AUSTRAC had requested Crown provide an explanation to it as to how Crown considered its business relationship with Alvin Chau to be consistent with its commitment to striving to achieve the objectives of the AML/CTF Act;
- (h) by no later than the time when Preston, Alexander and Felstead knew these things, that:
- i. there was \$5.6 million in cash at the Suncity Cash Desk (as referred to in paragraphs 251(f) and 252(a));
  - ii. that Crown had identified potential money laundering risks in respect of Alvin Chau and/or the operation of the Suncity Cash Desk and that this was not communicated to Crown's Risk Committee (as referred to in paragraphs 251(g) and 252(b));
- (i) that the Suncity Cash Desk breached additional controls in the form of a \$100,000 petty cash limit and no cash deposits over \$300,000 per day without senior management approval placed on its operation by Crown on 20 April 2018 and that notwithstanding this matter, Crown's arrangements with Alvin Chau and the Suncity Cash Desk continued (as referred to in paragraph 251(h)); and/or
- (j) at the time the 2019 Board Message was published, that Crown was not in fact constrained from responding to money laundering allegations due to non-disclosure provisions in the AML/CTF Act to the extent that allegations were made about cash transactions in the Suncity Room at the Suncity Cash Desk (as referred to in paragraph 254).

#### **Particulars**

- i. *The Crown Officers pleaded in paragraphs 247 to 254 above had the knowledge pleaded in those paragraphs.*

- ii. *Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 247 to 254 above.*
- iii. *Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. *a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. *a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*
  - D. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*
  - E. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*
  - F. *a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*
- iv. *Further particulars may be provided following discovery and expert evidence.*

256. In the Relevant Period, Crown Officers ought to have known that the way in which Crown permitted the Suncity Cash Desk to be operated was likely to facilitate, or enable, money laundering.

**Particulars**

*The Plaintiff refers to and repeats the particulars subjoined to paragraph 255 above.*

**E.5. Knowledge of overseas deposits in the Philippines and Macau**

257. In the Relevant Period, Felstead knew of the Overseas Debt Repayment Facility.
258. In the Relevant Period, Johnston knew of the Overseas Debt Repayment Facility.
259. In the Relevant Period, Crown Officers who did not actually know the matters in paragraphs 257 to 258 ought to have known each of those matters at the time they were officers of Crown.

**Particulars**

- i. The Crown Officers pleaded in paragraphs 257 and 258 had the knowledge pleaded in those paragraphs.*
- ii. Prior to discovery, the Plaintiff cannot say which Crown Officers did not know of the matters referred to in paragraphs 257 and 258.*
- iii. Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*



*D. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*

*E. a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*

*F. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*

*iv. Further particulars may be provided following discovery and expert evidence.*

260. In the Relevant Period, Crown Officers ought to have known that the way in which Crown permitted the Overseas Debt Repayment Facility to be operated was likely to facilitate money laundering.

#### **Particulars**

*The Plaintiff refers to and repeats the particulars subjoined to paragraph 259 above.*

#### **E.6. Knowledge of the manner of operation of the Riverbank and Southbank Accounts and ‘cuckoo smurfing’**

261. In the Relevant Period, each of:

- (a) Felstead;
- (b) Barton;
- (c) Alexander; and
- (d) Craigie,

were directors or former directors of Riverbank.

262. In the Relevant Period, Preston was the Secretary of Riverbank.

263. In the Relevant Period, each of:

- (a) Felstead;

- (b) Barton;
- (c) Alexander; and
- (d) Craigie,

were directors or former directors of Southbank.

264. In the Relevant Period, Preston was the Secretary of Southbank.
265. From 2014, Johnston knew about the existence of the Riverbank Account and Southbank Account.
266. Prior to the commencement of the Relevant Period, Barton had been forwarded the email from Paul Birch of the ANZ referred to in the particulars to paragraph 204(b) above which notified Crown that it had detected suspicious transactions, namely structuring (being an indicator of money laundering) in the Riverbank Account over a number of days in January 2014.
267. By the commencement of the Relevant Period:

- (a) Preston; and/or
- (b) Barton,

knew that ANZ:

- i. closed the Riverbank Account in July 2014;
- ii. closed the Southbank Account in Hong Kong and Singapore (in AUD and foreign currency); and/or
- iii. had given Crown 90 days to transition to new banks, in part, due to multiple cash deposits under \$10,000.

268. Barton:
- (a) knew that structuring was an indicia that money laundering was occurring in 2014;
  - (b) gave an instruction to Crown staff to the effect that those who were structuring should be directed to cease the practice in 2014;
  - (c) knew of the content, conclusions and limitations of the Promontory Report referred to in the particulars to paragraph 208(d) above;

### **Particulars**

- i. The particulars subjoined to paragraph 267 are repeated.*

ii. *Barton's knowledge of the limitations of the Promontory Report is to be inferred from his receipt of the report on or about 29 September 2014 which had been prepared in circumstances where:*

- A. *Promontory was not alerted to the existence of the Southbank Account or the Riverbank Account and Promontory was not advised of the issues which ANZ had identified in those accounts (which are set out in the particulars to paragraph 204(a) above);*
- B. *Barton had been appointed a director of Riverbank on 12 August 2014;*
- C. *Barton knew that ANZ closed the Riverbank Account in July 2014 and had closed the Southbank Account in Hong Kong and Singapore; and*
- D. *Barton knew that ANZ had given Crown 90 days to transition to new banks, in part, due to multiple cash deposits under \$10,000.*

- (d) knew of the commentary provided by Paul Birch of ANZ in relation to the Promontory Report referred to in the particulars to paragraph 208(d) above;
- (e) knew, by 27 August 2019, that ASB Bank had closed down the Southbank Account held at that bank in January 2019 due to money laundering concerns;
- (f) knew by August 2019 that the July 2019 Media Reports had raised 'red flags' for CBA in relation to the Riverbank Account and the Southbank Account and the CBA had concerns about money laundering in those accounts;
- (g) knew by August 2019 that CBA had found information in the Riverbank Account and the Southbank Account suggestive of money laundering;
- (h) knew by October 2019 that CBA had closed the Riverbank Account and the Southbank Account due to AML concerns; and
- (i) knew that he had not brought the matters in sub-paragraphs (c) to (h) above to the attention of the Risk Management Committee, alternatively, the Board of Crown.

269. Barton:

- (a) did not know at the time he joined the boards of Riverbank and Southbank that neither entity was a reporting entity for the purposes of the AML/CTF Act; and

- (b) only became aware during 2020 that Riverbank was not part of Crown Perth's designated business group for the purpose of Crown Perth's AML compliance program.
270. In the Relevant Period, Barton knew that the only purpose of each of Riverbank and Southbank was to operate the Riverbank Account and the Southbank Account respectively.
271. In the Relevant Period, Preston knew:
- (a) that ANZ had closed the Southbank Account in Australia due to AML concerns;
  - (b) that ASB Bank closed the Southbank Account due to AML concerns;
  - (c) that CBA closed the Riverbank Account and the Southbank Account due to AML concerns;
  - (d) that as Crown's designated AML/CTF Compliance Officer, he had not notified AUSTRAC of the closure of the Riverbank Account and the Southbank Account by ANZ, ASB Bank and CBA or the reasons for the closure;
  - (e) knew that at some time after 21 August 2019, he had the view that it was not necessary to conduct a comprehensive review of the Riverbank Account and Southbank Account following the July 2019 Media Reports, notwithstanding the preliminary analysis performed by Louise Lane and her suggestion that Crown engage external advisers to provide forensic assistance with the analysis of the bank accounts;
  - (f) knew that he had not brought the matters in sub-paragraphs (a) to (e) above to the attention of the Risk Management Committee, alternatively, the Board of Crown.
272. In the Relevant Period, Craigie knew that each of the Riverbank Account and the Southbank Account were vulnerable to money laundering.
273. In December 2016, a meeting was held between AUSTRAC and Crown representatives at which AUSTRAC queried whether Southbank should be enrolled as a reporting entity under AML/CTF Laws in its own right.
274. In the Relevant Period, Crown Officers who did not actually know the matters in paragraphs 261 to 273 ought to have known each of the following matters referred to in those paragraphs concerning the Riverbank Account and the Southbank Account at the time they were officers of Crown:
- (a) that the Riverbank Account and the Southbank Account had existed;

- (b) that Felstead, Barton, Alexander and Craigie were or had been directors of, and Preston had been the Secretary of, Riverbank and Southbank (as pleaded in paragraphs 261 to 264 above);
- (c) that the only purpose of each of Riverbank and Southbank was to operate the Riverbank Account and the Southbank Account respectively (as pleaded in paragraph 195(a) above, and referred to in paragraph 270 above);
- (d) that Riverbank and Southbank were not reporting entities for the purposes of the AML/CTF Act (as pleaded in paragraph 194 above, and referred to in paragraph 269(a) above);
- (e) that each of the Riverbank Account and the Southbank Account were vulnerable to money laundering;
- (f) that ANZ had notified Crown it had detected suspicious transactions, namely structuring (being an indicator of money laundering) in the Riverbank Account over a number of days in January 2014 (as pleaded in paragraphs 204(b) and 266 above);
- (g) that CBA had found information in the Riverbank Account and the Southbank Account suggestive of money laundering and CBA had concerns about money laundering in those accounts in 2014 (as pleaded in paragraph 268(f) and (g) above);
- (h) that ANZ, CBA and ASB Bank had closed accounts of Riverbank and Southbank due to AML concerns, as referred to in paragraphs 267, 268 and 271 above;
- (i) that Crown's designated AML/CTF Compliance Officer had not notified AUSTRAC of the closure of the Riverbank Account and the Southbank Account by ANZ, ASB Bank and CBA or the reasons for the closure (as pleaded in paragraph 271(d) above); and
- (j) that Crown had not conducted a comprehensive review of the Riverbank Account and Southbank Account following the July 2019 Media Reports, notwithstanding the preliminary analysis performed by Louise Lane and her suggestion that Crown engage external advisers to provide forensic assistance with the analysis of the bank accounts after the July 2019 Media Reports (as pleaded in paragraph 271(e) above).

### **Particulars**

- i. The Crown Officers pleaded in paragraphs 261 to 272 above had the knowledge pleaded in those paragraphs.*

- ii. *Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 261 to 272 above.*
- iii. *Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. *a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. *a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*
  - D. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*
  - E. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*
  - F. *a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*
- iv. *Further particulars may be provided following discovery and expert evidence.*

275. In the Relevant Period, Crown Officers ought to have known that the way in which Crown permitted the Riverbank Account and Southbank Account to be operated was likely to facilitate, or enable, money laundering.

**Particulars**

*The Plaintiff refers to and repeats paragraphs 261 to 273 above and the particulars subjoined to paragraph 274 above.*

**E.7. Knowledge of the deficiencies in investigating AML/CTF and corporate governance red flags**

276. In the Relevant Period, each of the Crown Officers ought to have known the matters in paragraphs 205 to 209 ~~and 213~~ above.

**Particulars**

- i. *Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 205 to 209 ~~and 213~~ above.*
- ii. *Crown Officers should have become aware of each of these matters because Crown should have had in place:*
  - A. *a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which the Crown Officers were required to undertake upon becoming a Crown Officer and thereafter on a periodic basis;*
  - B. *a system for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and/or Crown's Junket Program that was not deficient;*
  - C. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient;*
  - D. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a position where they could effectively monitor the suitability of persons to be close associates of Crown Sydney Gaming Pty Limited;*
  - E. *a system for bringing to the attention of the Crown Board matters relevant to ensuring all directors were in a*

*position where they could effectively monitor the suitability of subsidiaries of Crown (and close associates) to hold each of the casino licences in respect of Crown Melbourne, Crown Sydney and Crown Perth; and/or*

*F. a system for bringing to the attention of the Risk Management Committee matters relevant to ensuring all directors were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws) that was not deficient.*

*iii. Further particulars may be provided following discovery and expert evidence.*

#### **E.8. Crown's knowledge**

277. Crown knew each of the matters which Crown Officers knew as pleaded in paragraphs 218 to 276 above.

278. Crown ought to have known each of the matters which Crown Officers ought to have known as pleaded in paragraphs 218 to 276 above.

#### **Particulars**

*i. The Plaintiff refers to and repeats the particulars subjoined to paragraph 276 above.*

*ii. Prior to discovery, the Plaintiff cannot say which Crown Officers did not know the matters referred to in paragraphs 218 to 276 above. Further particulars may be provided following discovery and expert evidence.*

279. By reason of the matters in paragraphs 218 to 276 above, during the Relevant Period, Crown was aware (within the meaning of ASX Listing Rule 19.12) of the ML/TF Risk Systems Information.

280. By reason of the matters in paragraphs 218 to 276 above, during the Relevant Period, Crown was aware (within the meaning of ASX Listing Rule 19.12) of the Corporate Governance Risk Systems Information.

281. By reason of the matters in paragraphs 218 to 276 above, during the Relevant Period, Crown was aware (within the meaning of ASX Listing Rule 19.12) of the Regulatory Exposure Information and the Regulatory Exposure Consequence Information.



## F. CROWN'S CONTRAVENING CONDUCT

### F.1. Misleading or deceptive conduct

#### F.1.1A. General Compliance Representations

282. The conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's General Compliance Representations alleged at paragraph 146 above) was conduct engaged in by Crown:
- (a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;
  - (b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and
  - (c) in trade or commerce, within the meaning of s 18 of the ACL.
283. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 282 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or qualify Crown's General Compliance Representations, Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.
284. By reason of the matters pleaded in paragraphs 282 and 283 above, on and from the start of the Relevant Period, Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the ACL (**Crown's General Compliance Misleading Conduct Contravention**).

#### F.1.1. Crown's Seriousness Representations

285. The conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's Seriousness Representations alleged at paragraph 147 above) was conduct engaged in by Crown:
- (a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;
  - (b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and
  - (c) in trade or commerce, within the meaning of s 18 of the ACL.
286. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 285 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or

qualify Crown's Seriousness Representations, Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.

287. By reason of the matters pleaded in paragraphs 285 and 286 above, on and from the start of the Relevant Period, Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the ACL (**Crown's Seriousness Misleading Conduct Contravention**).

***F.1.2. Crown's Corporate Governance Representations***

288. The conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's Corporate Governance Representations as alleged in paragraph 149 above) was conduct engaged in by Crown:

- (a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;
- (b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and
- (c) in trade or commerce, within the meaning of s 18 of the ACL.

289. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 288 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or qualify Crown's Corporate Governance Representations, Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.

290. By reason of the matters pleaded in paragraphs 288 to 289 above, on and from the start of the Relevant Period Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the ACL (**Crown's Corporate Governance Compliance Misleading Conduct Contravention**).

***F.1.3. Crown's Regulator Relationship Representations***

291. The conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's Regulator Relationship Representations as alleged in paragraph 148 above) was conduct engaged in by Crown:

- (a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;
- (b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and

(c) in trade or commerce, within the meaning of s 18 of the ACL.

292. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 291 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or qualify Crown's Regulator Relationship Representations Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.

293. By reason of the matters pleaded in paragraphs 291 and 292 above, on and from the start of the Relevant Period, Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the ACL (**Crown's Regulator Relationship Misleading Conduct Contravention**).

***F.1.4. Crown's VIP International and Junket Program Representations***

294. The conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's VIP International Business Compliance Representations as alleged in paragraph 150 above) was conduct engaged in by Crown:

(a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;

(b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and

(c) in trade or commerce, within the meaning of s 18 of the ACL.

295. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 294 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or qualify Crown's VIP International Business Compliance Representations, Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.

296. By reason of the matters pleaded in paragraphs 294 and 295 above, on and from the start of the Relevant Period, Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the ACL (**Crown's VIP International Business Compliance Misleading Conduct Contravention**).

297. Further, the conduct pleaded in paragraphs 103 to 145 above (including the making of Crown's Junket Program Compliance Representations as alleged in paragraph 151 above) was conduct engaged in by Crown:

(a) in relation to financial products (being Crown Shares), within the meaning of subsection 1041H(1) of the *Corporations Act*;

- (b) in trade or commerce, in relation to financial services within the meaning of s 12DA of the *ASIC Act*; and
- (c) in trade or commerce, within the meaning of s 18 of the *ACL*.

298. By reason of the matters pleaded in paragraphs 154 to 209, 214 to 217 and 297 above, and from the start of the Relevant Period, in making, maintaining and/or failing to correct or qualify Crown's Junket Program Compliance Representations, Crown engaged in conduct which was misleading or deceptive, or likely to mislead or deceive.

299. By reason of the matters pleaded in paragraphs 297 and 298 above, on and from the start of the Relevant Period, Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the *ACL* (**Crown's Junket Program Compliance Misleading Conduct Contravention**).

## **F.2. Continuous Disclosure Contraventions**

### ***F.2.1. The ML/TF Risk Systems Continuous Disclosure Contraventions***

300. As at and from the start of the Relevant Period, the ML/TF Risk Systems Information was information that a reasonable person would expect to have had a material effect on the price or value of Crown Shares within the meaning of ASX Listing Rule 3.1 and s 674(2)(c)(ii) of the *Corporations Act*.

301. Further to paragraph 300 above, as at and from 26 May 2020 to the end of the Relevant Period, the ML/TF Risk Systems Information was information that Crown was negligent with respect to whether that information would, if it were generally available, have a material effect on the price or value of Crown Shares.

#### **Particulars**

- i. Prior to 26 May 2020, Crown made statements as pleaded in Section C above, namely paragraphs 104(b) and (d) to (h), 107, 110(b) and (g) to (m), 112(b) and (g) to (m), 114(b) and (g) to (m), 117, 119(c), 122(g), 127(a)-(c), 129(b) and (g) to (m), 132, 134(c) to (i), 137(b), 140(a) and (c) to (k), 141A(b), 143(c) to (e) and (k) to (n).*
- ii. Each of the statements set out in (i) above was published in a manner likely to bring what was said to the attention of the Affected Market, and the Plaintiff repeats paragraphs 103, 106, 109, 111, 113, 116, 118, 121, 126, 128, 131, 133, 135, 139 and 142.*
- iii. By reason of (ii) above, the contents of the statements in (i) above were objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*

- iv. *As at 26 May 2020, the true position was as pleaded in sections D.1, D.2, D.3, D.4, D.5 and D.6 above (and further the Plaintiff repeats paragraph 215(a)i and (b)(i)), but the true position was not known to the Affected Market.*
- v. *Had the true position referred to in (iv) above been revealed to the Affected Market, this would have qualified or contradicted some or all of the statements set out in (i) above, and Crown (and its directors and officers) acting reasonably would have considered that such qualification or contradiction was objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*
- vi. *Crown's directors and officers knew that it had made the statements set out in (i) above, that they had been made to the Affected Market as set out in (ii) above, and having regard to their inherent nature knew or ought reasonably to have known that the contents of the statements were objectively likely to influence investors who were considering whether to buy or sell Crown Shares, as set out in (iii) above.*
- vii. *As at 26 May 2020, as set out in Schedule B to the amended Statement of Claim, some of Crown's directors and officers had actual knowledge of:*
  - a. *the risk of money laundering at casinos, including in connexion with junkets as pleaded in paragraphs 218 to 228;*
  - b. *the features of Crown's systems, as pleaded in paragraphs 230 to 241;*
  - c. *the features of Crown's JTO/JTR and associates assessment systems, as pleaded in paragraphs 243 to 245;*
  - d. *the characteristics of Alvin Chau, the Suncity Junket and the Suncity Cash Desk, as pleaded in paragraphs 247 to 252;*
  - e. *the Overseas Debt Repayment Facility, as pleaded in paragraphs 257 to 258; and*
  - f. *the operation of the Riverbank Account and Southbank Account, as pleaded in paragraphs 261 to 273,*  
  
*and Crown had knowledge of these matters too, as pleaded in paragraph 277.*
- viii. *Having regard to (vi) above, Crown's directors and officers who had actual knowledge as set out in (vii) above failed to:*
  - a. *consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so*

*concluding and then causing a corrective disclosure to be made; and*

- b. communicate their actual knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether the actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*

*(This included Barton, who knew that Crown's systems for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk involved "deficiencies" in terms of the reporting of AML issues, and the under-resourcing of the AML compliance team (and the particulars to paragraphs 161 and 163 are repeated)).*

- ix. Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who had actual knowledge as set out in (vii) above:
 
  - a. considered whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made; and*
  - b. communicated their knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.**
- x. Alternatively, having regard to (iv) above, Crown's directors and officers who did not have actual knowledge as set out in (vii) above failed to obtain that information which they ought to have obtained in the course of their duties and:
 
  - a. consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made; and**

- b. communicate it to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
- xi. Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who did not have actual knowledge as set out in (vii) above obtained that information which they ought to have obtained in the course of their duties and:*
- a. considered whether their knowledge so obtained qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made; and*
  - b. communicated their knowledge so obtained to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
302. By reason of Crown's Continuous Disclosure Obligations, the matters pleaded in paragraph 214 and:
- (a) the matters pleaded in paragraph 300 above, on and from the start of the Relevant Period, Crown became obliged immediately to tell the ASX the ML/TF Risk Systems Information; and
  - (b) the matters pleaded in paragraphs 300 and 301 above, on and from 26 May 2020, Crown became obliged immediately to tell the ASX the ML/TF Risk Systems Information.
303. Crown did not inform the ASX of the ML/TF Risk Systems Information immediately at the start of the Relevant Period or at all during the Relevant Period, and the Affected Market did not become aware of that information until 19 October 2020.

304. By reason of the matters pleaded in paragraphs 300 to 303, Crown contravened ASX Listing Rule 3.1 and s 674(2) of the *Corporations Act* (**the ML/TF Risk Systems Continuous Disclosure Contravention**).

***F.2.2. The Corporate Governance Risk Systems Continuous Disclosure Contravention***

305. As at and from the start of the Relevant Period, the Corporate Governance Risk Systems Information was information that a reasonable person would expect to have had a material effect on the price or value of Crown Shares within the meaning of ASX Listing Rule 3.1 and s 674(2)(c)(ii) of the *Corporations Act*.

306. Further to paragraph 305 above, as at and from 26 May 2020 to the end of the Relevant Period, the Corporate Governance Risk Systems Information was information that Crown was negligent with respect to whether that information would, if it were generally available, have a material effect on the price or value of Crown Shares.

**Particulars**

- i. *Prior to 26 May 2020, Crown made statements as pleaded in Section C above, namely paragraphs 104(a), (c) to (h), 107, 110(a), (c) to (m), 112(a), (c) to (m), 114(a), (c) to (m), 127(b), (g), (h), 129(a), (c) to (m), 134(j), 140(b), (d) to (k) and 143(g), (l) and (m).*
- ii. *Each of the statements set out in (i) above was published in a manner likely to bring what was said to the attention of the Affected Market, and the Plaintiff repeats paragraphs 103, 106, 109, 111, 113, 126, 128, 131, 133, 142 and 144.*
- iii. *By reason of (ii) above, the contents of the statements in (i) above were objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*
- iv. *As at 26 May 2020, the true position was as pleaded in sections D.1, D.2, D.3, D.4, D.5, D.6, D.8 and D.9, but the true position was not known to the Affected Market.*
- v. *Had the true position referred to in (iv) above been revealed to the Affected Market, this would have qualified or contradicted some or all of the statements set out in (i) above, and Crown (and its directors and officers) acting reasonably would have considered that such qualification or contradiction was objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*
- vi. *Crown's directors and officers knew that it had made the statements set out in (i) above, that they had been made to the Affected Market as set out in (ii) above, and having regard to their inherent nature knew or ought reasonably to have known that the contents of the statements were objectively likely to influence*



*investors who were considering whether to buy or sell Crown Shares, as set out in (iii) above.*

- vii. *As at 26 May 2020, as set out in Schedule B to the amended Statement of Claim, some of Crown's directors and officers had actual knowledge of the features of Crown's systems, as pleaded in paragraphs 230 to 241 (including: (i) Preston, who knew he had not brought the matters set out in paragraph 271(a) to (e) to the attention of the Risk Management Committee, alternatively the Board of Crown; (ii) Barton, who knew he had not brought the matters in paragraph 268(a) to (h) to the attention of the Risk Management Committee, alternatively the Board of Crown; and (iii) Johnston, who knew he did not bring any information obtained during the course of the 2016-17 Review to the attention of the Risk Management Committee, alternatively the Board of Crown as pleaded in paragraph 244(g)). Further Crown had knowledge of these matters too, as pleaded in paragraph 277.*
- viii. *Having regard to (vi) above, Crown's directors and officers who had actual knowledge as set out in (vii) above failed to:*
- a. *consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicate their actual knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether the actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
- ix. *Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who had actual knowledge as set out in (vii) above:*
- a. *considered whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicated their knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their*

*actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*

- x. *Alternatively, having regard to (vi) above, Crown's directors and officers who did not have actual knowledge as set out in (vii) above failed to obtain that information which they ought to have obtained in the course of their duties and:*
  - a. *consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicate it to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
  
- xi. *Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who did not have actual knowledge as set out in (vii) above obtained that information which they ought to have obtained in the course of their duties and:*
  - a. *considered whether their knowledge so obtained qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicated their knowledge so obtained to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*

307. By reason of Crown's Continuous Disclosure Obligations, the matters pleaded in paragraph 215, and:
- (a) the matters pleaded in paragraph 305 above, on and from the start of the Relevant Period, Crown became obliged immediately to tell the ASX the Corporate Governance Risk Systems Information; and
  - (b) the matters pleaded in paragraphs 305 and 306 above, on and from 26 May 2020 Crown became obliged immediately to tell the ASX the Corporate Governance Risk Systems Information.
308. Crown did not inform the ASX of the Corporate Governance Risk Systems Information immediately at the start of the Relevant Period or at all during the Relevant Period, and the Affected Market did not become aware of that information until 19 October 2020.
309. By reason of the matters pleaded in paragraphs 215 and 305 to 308, Crown contravened ASX Listing Rule 3.1 and s 674(2) of the *Corporations Act* (**the Corporate Governance Risk Systems Continuous Disclosure Contravention**).

### ***F.2.3. The Regulatory Exposure Continuous Disclosure Contraventions***

310. As at and from the start of the Relevant Period, the Regulatory Exposure Information and/or Regulatory Exposure Consequence Information was information that a reasonable person would expect to have had a material effect on the price or value of Crown Shares within the meaning of ASX Listing Rule 3.1 and s 674(2)(c)(ii) of the *Corporations Act*.
311. Further to paragraph 310 above, as at and from 26 May 2020 to the end of the Relevant Period, the Regulatory Exposure Information and/or Regulatory Exposure Consequence Information was information that Crown was negligent with respect to whether that information would, if it were generally available, have a material effect on the price or value of Crown Shares.

### **Particulars**

- i. Prior to 26 May 2020, Crown made statements as pleaded in Section C above, namely paragraphs 107(b) and (c), 119(c) and (e), 122(e) to (g), 127(d) to (i), 132(a) and (b), 134(b), 134(g), 134(h), 136.i, 138(a) and (b), 140(a), 141A(b), 143(c) to (f) and (n). It is to be inferred from those statements, together with the AML/CTF Law obligations pleaded in section B.3 above, that Crown knew, or was aware, of the critical importance of compliance with AML/CTF Laws, and that failure to do so was likely to, or would, attract the attention of AUSTRAC and other Australian Regulators, including the Casino Regulators, together with the consequences that flowed from non-compliance with*

*AML/CTF Laws (including those consequences pleaded in paragraphs 90, 216 and 217 above).*

- ii. *Each of the statements set out in (i) above was published in a manner likely to bring what was said to the attention of the Affected Market, and the Plaintiff repeats paragraphs 106, 118, 121, 126, 131, 133, 135, 139, 142 and 144.*
- iii. *By reason of (ii) above, the contents of the statements in (i) above were objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*
- iv. *As at 26 May 2020, the true position was as pleaded in sections D.1, D.2, D.3, D.4, D.5, D.6, D.8 and D.9 above, but the true position was not known to the Affected Market.*
- v. *Had the true position referred to in (iv) above been revealed to the Affected Market, this would have qualified or contradicted some or all of the statements set out in (i) above, and Crown (and its directors and officers) acting reasonably would have considered that such qualification or contradiction was objectively likely to influence investors who were considering whether to buy or sell Crown Shares.*
- vi. *Crown's directors and officers knew that it had made the statements set out in (i) above, that they had been made to the Affected Market as set out in (ii) above, and having regard to their inherent nature knew or ought reasonably to have known that the contents of the statements were objectively likely to influence investors who were considering whether to buy or sell Crown Shares, as set out in (iii) above.*
- vii. *As at 26 May 2020, as set out in Schedule B to the amended Statement of Claim, some of Crown's directors and officers had actual knowledge of:*
  - a. *the risk of money laundering at casinos, including in connexion with junkets as pleaded in paragraphs 218 to 228;*
  - b. *the features of Crown's systems, as pleaded in paragraphs 230 to 241;*
  - c. *the features of Crown's JTO/JTR and associates assessment systems, as pleaded in paragraphs 243 to 245;*
  - d. *the characteristics of Alvin Chau, the Suncity Junket and the Suncity Cash Desk, as pleaded in paragraphs 247 to 252;*
  - e. *the Overseas Debt Repayment Facility, as pleaded in paragraphs 257 to 258; and*
  - f. *the operation of the Riverbank Account and Southbank Account, as pleaded in paragraphs 261 to 273,*

*and Crown had knowledge of these matters too, as pleaded in paragraph 277.*

- viii. *Having regard to (vi) above, Crown's directors and officers who had actual knowledge as set out in (vii) above failed to:*
  - a. *consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicate their actual knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether the actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
  
- ix. *Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who had actual knowledge as set out in (vii) above:*
  - a. *considered whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. *communicated their knowledge to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
  
- x. *Alternatively, having regard to (vi) above, Crown's directors and officers who did not have actual knowledge as set out in (vii) above failed to obtain that information which they ought to have obtained in the course of their duties and:*
  - a. *consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy*

*or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*

- b. communicate it to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether it qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*
- xi. Alternatively, having regard to (vi) above, Crown failed to ensure that its systems involved processes to ensure that those Crown directors and officers who did not have actual knowledge as set out in (vii) above obtained that information which they ought to have obtained in the course of their duties and:*
- a. considered whether their knowledge so obtained qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made;*
  - b. communicated their knowledge so obtained to all Crown directors and officers (and those persons with responsibility for monitoring Crown's compliance with ASX Listing Rule 3.1) so that Crown could properly consider whether their actual knowledge qualified or contradicted all or any of Crown's statements set out in (i) above so as to be likely to influence investors who were considering whether to buy or sell Crown Shares, so concluding and then causing a corrective disclosure to be made.*

312. By reason of Crown's Continuous Disclosure Obligations, the matters pleaded in paragraphs 216 and 217, and:

- (a) the matters pleaded in paragraph 310 above, on and from the start of the Relevant Period, Crown became obliged immediately to tell the ASX the Regulatory Exposure Information and/or the Regulatory Exposure Consequence Information; and
- (b) the matters pleaded in paragraphs 310 and 311 above, on and from 26 May 2020, Crown became obliged immediately to tell the ASX the Regulatory Exposure Information and/or the Regulatory Exposure Consequence Information.

313. Crown did not inform the ASX of the Regulatory Exposure Information and/or Regulatory Exposure Consequence Information immediately at the start of the Relevant Period or at all

during the Relevant Period, and the Affected Market did not become aware of that information until 19 October 2020.

314. By reason of the matters pleaded in paragraphs 310 to 313 above, Crown contravened ASX Listing Rule 3.1 and s 674(2) of the *Corporations Act* (**the Regulatory Exposure Information Continuous Disclosure Contravention**).

## **G. THE OCTOBER 2020 DISCLOSURES AND THEIR IMPACT**

### **G.1. ILGA Inquiry**

315. By instrument of appointment dated 14 August 2019, the ILGA established an inquiry and appointed the Honourable Patricia Bergin SC (**the Commissioner**) under s 143 of the *CCA (NSW)*.
316. Pursuant to Terms of Reference dated 14 August 2019 (as amended on 24 June 2020) (**Terms of Reference**), the Commissioner was appointed by the ILGA to preside over an inquiry into, inter alia, the following matters:
- (a) in relation to the Suitability Review (as defined in the Terms of Reference):
    - i. whether the Licensee is a suitable person to continue to give effect to the Barangaroo restricted gaming licence;
    - ii. whether Crown is a suitable person to be a close associate of the Licensee;
    - iii. in the event that the answer to either matters in sub-paragraphs (i) or (ii) above is no, what, if any, changes would be required to render those persons suitable;
    - iv. whether or not the disposal of shares held by CPH in Crown to Melco Resorts or KittyHawk, on or around 6 June 2019, constituted a breach of the Barangaroo restricted gaming licence or any other regulatory agreement;
    - v. whether or not the agreement by CPH to dispose of a second tranche of shares in Crown to Melco Resorts or KittyHawk on or before 30 September 2019 constituted a breach of the Barangaroo restricted gaming licence or any other regulatory agreement;
    - vi. whether the transfer of the shares in Crown referred to in sub-paragraph (iv) above, constituted a breach of the Barangaroo restricted gaming licence or any other regulatory agreement; and

- vii. any matter reasonably incidental to these matters;
- (b) in relation to the regulatory framework and setting:
- i. inquire into and report upon the efficacy of the primary objects under the *CCA (NSW)* in an environment of growing complexity of both extant and emerging risks for gaming and casinos;
  - ii. undertake a forward-looking assessment of the ILGA's ability to respond to an environment of growing complexity of both extant and emerging risks for gaming and casinos;
  - iii. identify recommendations in order to enhance the ILGA's future capability, having regard to the changing operating environment; and
  - iv. in so inquiring and reporting in respect of sub-paragraphs (i) to (iii), take into account domestic and international best practice with respect to gaming operation and regulatory frameworks,

**(the ILGA Inquiry).**

## **G.2. October announcement**

317. On 19 October 2020, at about 9:01 am Crown published to the ASX an announcement titled "AUSTRAC Enforcement Investigation" in which Crown stated that it had been informed by AUSTRAC's Regulatory Operations branch that it had identified potential non-compliance by Crown Melbourne Limited (Crown Melbourne) with the AML/CTF Act and the AML/CTF Rules (**Crown's 19 October 2020 Announcement**).
318. Crown's 19 October 2020 Announcement, inter alia, stated that:
- (a) AUSTRAC's Regulatory Operations branch had identified potential non-compliance by Crown Melbourne Limited (Crown Melbourne) with the AML/CTF Act and the AML/CTF Rules;
  - (b) the potential non-compliance includes concerns in relation to ongoing customer due diligence, and adopting, maintaining and complying with an anti-money laundering/counter-terrorism financing program;
  - (c) the concerns were identified in the course of a compliance assessment that commenced in September 2019 and focussed on Crown Melbourne's management of customers identified as high risk and politically exposed persons; and



- (d) the matter had been referred to AUSTRAC's Enforcement Team, which has initiated a formal enforcement investigation into the compliance of Crown Melbourne.

### **G.3. The price impact of Crown's 19 October 2020 Announcement**

319. On and from 19 October 2020, Crown's share price declined substantially.

#### **Particulars**

- i. On 16 October 2020, Crown's share price closed at \$8.99 per share.*
- ii. On 19 October 2020, Crown's share price fell to a low of \$8.06 per share and closed at \$8.25 per share.*

### **G.4. Events of ~~February~~ 2021**

320. On 1 February 2021, the Commissioner submitted a report in accordance with paragraph 22 of the instrument of appointment (**Commissioner Report**) and found in part:

- (a) Crown Sydney Gaming Pty Limited (as the holder of the Barangaroo restricted gaming licence) was not a suitable person to continue to give effect to the Barangaroo restricted gaming licence; and
- (b) Crown was not a suitable person to be a close associate of Crown Sydney Gaming Pty Limited (as the holder of the Barangaroo restricted gaming licence).

321. On or around 16 February 2021, the ILGA informed Crown that, having regard to the content of the Commissioner Report, it presently considers that Crown Sydney Gaming Pty Limited (as the holder of the Barangaroo restricted gaming licence) is no longer a suitable person to give effect to the Barangaroo restricted gaming licence and that Crown Sydney Gaming Pty Limited has breached cl 14(a) of the VIP Gaming Management Agreement and has given Crown a notice to this effect.

#### **Particulars**

*Crown ASX announcement dated 16 February 2021.*

322. On or about 16 February 2021, the WA Commission announced it had recommended to the Minister for Racing, Gaming and Liquor the establishment of an independent inquiry under the CCA (WA) with the powers of a Royal Commission into the matters the subject of the Commissioner Report including:

- (a) the suitability of Crown Perth as a casino gaming license operator in Western Australia in light of the findings of the Commissioner Report;

- (b) the suitability of close associates;
- (c) the appropriateness of Crown Perth's responses to the WA Commission prior to and during the ILGA Inquiry;
- (d) the effectiveness of the Department of Local Government, Sport and Cultural Industries and the WA Commission in the discharge of its regulatory responsibilities inclusive of any perceived conflicts of interest; and
- (e) recommendations on potential legislative amendments or regulatory controls that will address strategic risks identified in the ILGA Inquiry

### **Particulars**

*Announcement of the WA Commission dated 16 February 2021 titled "Statement addressing matters related to Crown Perth and the report of the Bergin Inquiry".*

322A. On 5 March 2021, the Honourable Neville Owen AO, the Honourable Lindy Jenkins and Mr Colin Murphy PSM (WA Commissioners) were appointed as Royal Commissioners to conduct the Perth Casino Royal Commission, with a report to be delivered by 14 November 2021, into, inter alia, the following questions:

- (a) whether Crown Perth is a suitable person to be concerned in or associated with the organization and conduct of the gaming operations of a licensed casino and to continue to hold the casino gaming licence for the Crown Casino Perth;
- (b) whether Crown is a suitable person to be concerned in or associated with the organization and conduct of the gaming operations of a licensed casino;
- (c) whether Burswood Resort (Management) Limited ACN 009 396 945 and Burswood Limited ACN 075 071 537 is a suitable person to be concerned in or associated with the organization and conduct of the gaming operations of a licensed casino;
- (d) in the event that the above questions are answered "no", what if any changes would be required to render that entity suitable;
- (e) the adequacy of communications by Crown Perth and/or any Crown Perth Associates with the Gaming and Wagering Commission, including responses and disclosures to the Gaming and Wagering Commission, prior to and during the Bergin Inquiry in relation to matters related to or connected with the Bergin Report and any matters referred to therein.

### **Particulars**

*Perth Royal Commission Terms of Reference dated 12 March 2021.*

323. On 22 February 2021:

- (a) the Victorian Government announced:
  - (i) the establishment of a Royal Commission into Crown Melbourne Ltd's (as the holder of the licence to operate the casino at Crown Melbourne) suitability to hold its Victorian casino licence, as well as the suitability of its associates, including Crown; and
  - (ii) the establishment of an independent casino regulator;
- (b) the Victorian Government appointed the Hon. Ray Finkelstein AO QC as Commissioner and Chairperson of the Royal Commission into the Casino Operator and Licence (**Victorian Commissioner**), with terms of reference requiring the Victorian Commissioner to inquire and report (by 21 August 2021 or a later date as agreed) into matters including the following:
  - (i) whether Crown Melbourne is a suitable person to continue to hold the casino licence under the *CCA (Vic)*;
  - (ii) whether Crown Melbourne is complying with the *CCA (Vic)*, the *Casino (Management Agreement) Act 1993 (Vic)*, the *Gambling Regulation Act 2003 (Vic)* (together with any regulations or other instruments made under any of those Acts), and any other applicable laws;
  - (iii) whether Crown Melbourne is complying with the "Crown Melbourne Contracts" referred to in s 25(1)(c) of the *CCA (Vic)*;
  - (iv) whether it is in the public interest for Crown Melbourne to continue to hold the casino licence in Victoria;
  - (v) if the Victorian Commissioner considers that Crown Melbourne is not a suitable person, or that it is not in the public interest for Crown Melbourne to continue to hold the casino licence in Victoria, what action (if any) would be required for Crown Melbourne to become a suitable person, or for it to be in the public interest for Crown Melbourne to continue to hold the casino licence in Victoria;
  - (vi) whether Crown is a suitable person to be associated with the management of a casino under the *CCA (Vic)* with Crown Melbourne;
  - (vii) if the Victorian Commissioner considers that Crown is not a suitable person to be associated with the management of a casino under the *CCA (Vic)* with

Crown Melbourne, what action (if any) would be required for Crown to become a suitable person; and

- (viii) are any changes to relevant Victorian legislation, including the *CCA (Vic)*, the *Casino (Management Agreement) Act 1993 (Vic)*, the *Gambling Regulation Act 2003 (Vic)* and the “Crown Melbourne Contracts” necessary for Victoria to address the Victorian Commissioner’s findings and implement his recommendations.

### **Particulars**

*Crown ASX announcement dated 22 February 2021 titled “Royal Commission into Crown Melbourne”.*

*Letters patent, and Terms of Reference dated 22 February 2021 (as amended on 25 February 2021).*

323A. On 10 June 2021, the date by which the Victorian Commissioner was to report into the matters referred to in paragraph 323(b) above was extended to 15 October 2021.

## **H. CONTRAVENING CONDUCT CAUSED LOSS**

### **H.1. Market-based causation**

324. The Plaintiff and Acquiring Group Members acquired an interest in Crown Shares in a market of investors or potential investors in Crown Shares:

- (a) operated by the ASX;
- (b) regulated by, inter alia, the ASX Listing Rules;
- (c) where Crown was subject to Crown’s Continuous Disclosure Obligations;
- (d) where the price or value of Crown Shares would reasonably be expected to be informed or affected by information disclosed by Crown to the ASX or publicly in a way in which it came to the attention of the Affected Market;
- (e) where misleading or deceptive conduct had occurred, namely the conduct the subject of:
  - i. Crown’s General Compliance Misleading Conduct Contravention;
  - ii. Crown’s Seriousness Misleading Conduct Contravention;
  - iii. Crown’s Regulator Relationship Misleading Conduct Contravention;
  - iv. Crown’s Corporate Governance Compliance Misleading Conduct Contravention;

- v. Crown's VIP International Business Compliance Misleading Conduct Contravention; and
- vi. Crown's Junket Program Compliance Misleading Conduct Contravention,

(together, **the Misleading Conduct**),

by reason of which information had been released to the ASX and/or the Affected Market that was misleading or deceptive or likely to mislead or deceive;

- (f) where material information that a reasonable person would expect to have a material effect on the price and value of Crown Shares had not been disclosed, namely the information the subject of the contraventions of s 674(2) of the *Corporations Act* pleaded herein (or any of them) (together, **the Contravening Omissions**);
- (g) in which during the Relevant Period each or a combination of the Misleading Conduct and/or the Contravening Omissions (or any of them) (each being a **Market Contravention**) caused or materially contributed to the market price of Crown Shares to be substantially greater than their true value and/or the market price that would have prevailed but for the Market Contraventions, from the respective dates that those Market Contraventions commenced, as pleaded herein.

325. The decline in the price of Crown Shares pleaded in paragraph 319 above:

- (a) was caused or materially contributed to by:
  - i. the market's reaction to the information communicated to the Affected Market in Crown's 19 October 2020 Announcement, in the context of what had been communicated to the Affected Market prior to that announcement; and
  - ii. the Market Contraventions;
- (b) would, to the extent it removed inflation from the price of Crown Shares, have occurred, or substantially occurred, earlier if:
  - i. Crown had not engaged in the Misleading Conduct; and/or
  - ii. Crown had disclosed to the Affected Market the information that was the subject of the Contravening Omissions.

## H.2. Reliance

326. Further, or in the alternative to paragraphs 324 to 325 above, in the decision to acquire an interest in Crown Shares:

- (a) the Plaintiff and some Acquiring Group Members would not have acquired interests in Crown Shares if they had known the information the subject of the Contravening Omissions; and/or
- (b) the Plaintiff and some Acquiring Group Members relied directly on some or all of:
  - i. the representations the subject of the Misleading Conduct as pleaded in paragraphs 146 to 151 above; and/or
  - ii. the absence of any correction or qualification to the representations the subject of the Misleading Conduct as pleaded in paragraphs 152 to 153 above.

## H.3. Loss or damage suffered by the Plaintiff and Acquiring Group Members

327. In the premises, the Plaintiff and Acquiring Group Members have suffered loss and damage by and resulting from the Market Contraventions (or any one or combination of them).

### Particulars

*The loss and damage suffered by the Plaintiff and Acquiring Group Members was suffered by them paying an inflated price for Crown Shares.*

*The Plaintiff's loss will be calculated by reference to:*

- i. the difference between the price at which he acquired his interest in the Crown Shares and the true value of that interest;*
- ii. alternatively, the difference between the price at which he acquired his interest in the Crown Shares and whatever is 'left in hand', or has been realised upon a sale;*
- iii. alternatively, the difference between the price at which he acquired his interest in the Crown Shares and whatever is 'left in hand', or has been realised upon a sale modified to take into account any part of the movement in the market price of the shares which did not 'result from' the contravening conduct;*
- iv. alternatively, the difference between the price at which he acquired his interest in the Crown Shares and the price that would have prevailed but for the Market Contraventions;*

- v. *in addition to the loss in (i) to (iv), the loss of the opportunity to achieve a reasonable rate of return on the monies the Plaintiff used to purchase the interest in the Crown Shares;*
- vi. *the losses in (i) to (v) do not include the losses claimed in Zantran Pty Ltd v Crown Resorts Limited (Federal Court of Australia Proceeding No VID 1317 of 2017) on account of the conduct of Crown pleaded in that proceeding which it is alleged resulted in inflation in the period 6 February 2015 to 16 October 2016.*

*Further particulars in relation to the Plaintiff's losses will be provided after the service of evidence in chief.*

## **I. CONDUCT OF THE AFFAIRS OF CROWN CONTRARY TO MEMBERS' INTERESTS**

### **I.1. The affairs of Crown have been conducted contrary to the interests of members as a whole**

328. Further, by reason of ~~each of (or any combination of):~~ the matters referred to in sub-paragraphs (a) to (ee) below (together, **the Impugned Underlying Business Conduct**), the conduct of Crown's affairs is, and has been, contrary to the interests of the members of Crown as a whole in breach of s 232 of the *Corporations Act*:

#### *Deficiencies in Crown's systems*

- (a) the failure of Crown (through its controllers) to ensure Crown had a system or adequate system that brought the matters alleged in paragraphs 154 to 209 and 214 to 217 above to the attention of the Crown Board, the Risk Management Committee and/or Crown's AML/CTF Compliance Officer;
- (b) the failure of Crown (through its controllers) to ensure Crown had a training system on AML/CTF risk and compliance with AML/CTF Laws either generally or as they applied to Crown which directors and officers of Crown were required to undertake on becoming a Crown Officer and thereafter on a periodic basis;

#### **Particulars**

- i. *Paragraphs 154 to 156, and the particulars thereto are repeated.*
- (c) the failure of Crown (through its controllers) to ensure Crown had a system that made Crown's executives and directors aware of and understand their roles, functions and duties as they applied to AML/CTF risk and AML/CTF Laws generally, or as they applied to Crown;

**Particulars**

- i. Paragraph 157, and the particulars thereto are repeated.*
- (d) the failure of Crown (through its controllers) to ensure Crown had a system that meant that all Crown's staff (and in particular its AML/CTF Compliance Officer and members of its AML/CTF team) were aware of, or adequately understood, their roles, functions and duties as they applied to AML/CTF risk and AML/CTF Laws generally, or as they applied to Crown:

**Particulars**

- i. Paragraph 160, and the particulars thereto are repeated.*
- (e) the failure of Crown (through its controllers) to ensure Crown had a system for bringing to the attention of the board of Crown and the Risk Management Committee matters relevant to ensuring all directors and members of the Risk Management Committee were in a position where they could effectively monitor compliance with relevant Australian regulatory requirements (including AML/CTF Laws):

**Particulars**

- i. Paragraphs 161, 162, 163, 164 and 165, and the particulars thereto are repeated.*
- (f) the failure of Crown (through its controllers) to ensure that Crown's AML/CTF compliance team was adequately resourced:

**Particulars**

- i. Paragraph 163, and the particulars thereto are repeated.*

Deficiencies in the assessments of JTOs, JTRs and their associates

- (g) the failure of Crown (through its controllers) to ensure that Crown had a system that meant that due diligence procedures and processes on JTOs, JTRs and/or Crown's Junket Participants were formally recorded and documented:

**Particulars**

- i. Paragraph 167, and the particulars thereto are repeated.*
- (h) the failure of Crown (through its controllers) to ensure that Crown had a system that meant that:
  - i. formal assessment of new JTOs, JTRs and/or Crown's Junket Participants was undertaken:*



- ii. formal assessment of existing JTOs, JTRs and/or Crown's Junket Participants was undertaken; and
- iii. the reasons for approving JTOs and JTRs, or for approving the continuance of Crown's relationship with a JTO, were formally documented;

**Particulars**

- i. Paragraph 168, and the particulars thereto are repeated.
- (i) the failure of Crown (through its controllers) to ensure that Crown had a system for:
- i. assessing the persons or groups of persons who financed, guaranteed and represented a junket;
  - ii. assessing JTOs or the persons or groups of persons who financed, guaranteed, were associated with or represented a junket and their connections or potential connections with organised crime in Australia and overseas;
  - iii. approving or approving the continuance of Crown's relationship with persons or groups of persons who financed, guaranteed, were associated with or represented a junket once information came into Crown's possession implicating or associating that person or groups with criminal activity;

**Particulars**

- i. Paragraphs 169 to 170, and the particulars thereto are repeated.
- (j) the failure of the board of Crown or the Risk Management Committee and/or Crown's AML/CTF Compliance Officer to cease Crown's dealings with:
- i. JTOs and JTRs; and/or
  - ii. persons who financed, guaranteed, were associated with or represented junkets,

once credible information was in Crown's possession that those persons were associated with or implicated in criminal activity or organised crime;

**Particulars**

- i. Paragraphs 173 to 174, and the particulars thereto are repeated.
- (k) the failure by Crown (through its controllers) to ensure that the manner in which Crown assessed, approved or approved the continuance of Crown's relationship

with persons or groups of persons who financed, guaranteed, were associated with or represented a junket, was not likely to facilitate money laundering;

**Particulars**

- i. Paragraph 177 is repeated.*

Suncity room at Crown Melbourne

- (l) the failure of Crown (through its controllers) to ensure that Crown reported cash handling transactions at the Suncity Cash Desk to AUSTRAC at all, or in a timely way;

**Particulars**

- i. Particular (vii) subjoined to paragraph 169 is repeated.*
- ii. Paragraph 184, and the particulars thereto are repeated.*

- (m) the failure of Crown (through its controllers) to ensure that Crown had a system for monitoring surveillance of transactions at the Suncity Cash Desk for the purpose of ensuring AML/CTF Act compliance;

**Particulars**

- i. Paragraph 185, and the particulars thereto are repeated.*

- (n) the failure of Crown (through its controllers) to make adjustments to anti-money laundering controls at the Suncity Cash Desk to prevent the accounts being exploited for the purposes of money laundering;

**Particulars**

- i. Paragraph 186 is repeated.*

- (o) the failure of Crown (through its controllers) to ensure the nature and extent of transactions at the Suncity Cash Desk and Crown's AML/CTF compliance risk were brought to the attention of the board of Crown and the Risk Management Committee to ensure the nature and extent of transactions at the Suncity Cash Desk and Crown's AML/CTF compliance risk were investigated;

**Particulars**

- i. Paragraph 187, and the particulars thereto are repeated.*

- (p) the failure by Crown (through its controllers) to ensure that the manner in which Crown permitted the Suncity Cash Desk to be operated was not likely to facilitate money laundering;

**Particulars**

- i. Paragraph 188 is repeated.*

*Overseas deposits in the Philippines and Macau*

- (q) the conduct of Crown (through its controllers) in permitting customers to deposit funds in cash or casino chips in its casino operations in the Philippines and Macau (where they were not subject to transaction monitoring or reporting requirements in Australia), and subsequently releasing those funds to customers at Crown Melbourne and/or Crown Perth up until around October 2016, which was likely to facilitate money laundering;

**Particulars**

- i. Paragraphs 189 to 191 are repeated.*

- (r) the failure of Crown (through its controllers) to ensure the nature and extent of fund deposits in overseas casino operations and Crown's AML/CTF compliance risk were brought to the attention of the board of Crown and the Risk Management Committee to ensure the nature and extent of fund deposits in overseas casino operations, and Crown's AML/CTF compliance risk, were investigated;

**Particulars**

- i. Paragraph 192, and the particulars thereto are repeated.*

- (s) the failure of Crown (through its controllers) until around October 2016 to ensure that AML/CTF implications of permitting funds to be deposited overseas and thereafter released in Australia were adequately considered;

**Particulars**

- i. Paragraph 193, and the particulars thereto are repeated.*

*The Riverbank Account and the Southbank Account*

- (t) the conduct of Crown (through its controllers) in permitting Riverbank and Southbank to operate the Riverbank Account and the Southbank Account which did not form part of Crown's transaction monitoring processes as part of Crown's AML/CTF program (and were not the subject of oversight by Crown's AML Compliance Officer) and into which substantial deposits were made;

**Particulars**

- i. Paragraphs 195 and 197, and the particulars thereto are repeated.*

- (u) the conduct of Crown (through its controllers) in permitting Riverbank and Southbank to operate the Riverbank Account and the Southbank Account in a manner which was likely to facilitate or enable money laundering;

**Particulars**

- i. Paragraph 198, and the particulars thereto are repeated.
- ii. Paragraph 203, and the particulars thereto are repeated.

- (v) the conduct of Crown (through its controllers) in permitting the Riverbank Account and the Southbank Account to continue to be operated, notwithstanding that the banks with whom the accounts were held had raised concerns about indicators of money laundering in those accounts, in the circumstances alleged in paragraph 200 above;

**Particulars**

- i. Paragraphs 200 and 201(b), (f) and (g), and the particulars thereto are repeated.

- (w) the failure of Crown (through its controllers) to undertake a comprehensive review of the bank account statements of Riverbank and Southbank, or Crown's AML/CTF program and processes so far as they related to the Riverbank Account and Southbank Account prior to around September 2020, notwithstanding that the banks with whom the accounts were held had raised concerns about indicators of money laundering in those accounts;

**Particulars**

- i. Paragraphs 200 and 201(a) and (c), and the particulars thereto are repeated.

- (x) the failure of Crown (through its controllers) to ensure each Crown director and the Risk Management Committee was made aware of the existence, nature and purpose of each of Riverbank and Southbank and their AML/CTF compliance risk, and that they did not form part of Crown's transaction monitoring processes as part of Crown's AML/CTF program (and were not the subject of oversight by Crown's AML Compliance Officer), or to investigate the nature and purpose of Riverbank and Southbank and their AML/CTF compliance risk;

**Particulars**

- i. Paragraph 204, and the particulars thereto are repeated.

(y) the failure of Crown (through its controllers) to ensure Crown had a system which meant transactions indicative of money laundering occurring in the Riverbank Account and the Southbank Account were brought to the attention of:

- i. the board of Crown (alternatively, all members of the board of Crown);
- ii. the Risk Management Committee;
- iii. Crown's AML Compliance Officer;
- iv. AUSTRAC; or
- v. the Casino Regulators,

in a timely manner;

#### **Particulars**

- i. *In relation to (i) to (iii), paragraph 204 and the particulars thereto are repeated.*
- ii. *In relation to (iv), paragraph 201(e) and the particulars thereto are repeated.*
- iii. *In relation to (v), paragraph 202 is repeated.*

(z) the failure of Crown (through its controllers) to ensure Crown had a system which brought to the attention of the board of Crown (alternatively, all members of the board of Crown) and the Risk Management Committee:

- i. the matters the subject of ANZ's email of 31 January 2014 to Crown regarding the Riverbank Account, as alleged in the particulars subjoined to paragraph 204 above;
- ii. the fact of Crown's meeting with ANZ on 27 March 2014 which related to issues of money laundering, as alleged in the particulars subjoined to paragraph 204 above;
- iii. the nature and fact of ASB Bank's communications in the period July to November 2018 and the fact of the closure of the Southbank Account held with ASB Bank and the reasons for its closure, as alleged in the particulars subjoined to paragraph 204 above;
- iv. the nature and fact of CBA's communications on 10 December 2018, as alleged in the particulars subjoined to paragraph 204 above;
- v. the nature and fact of the meeting between Louise Lane (then Group General Manager AML at Crown) and CBA, as alleged in the particulars subjoined to paragraph 204 above;

- vi. the fact that CBA closed the Riverbank Account and the Southbank account in around October 2019 and the reasons for their closure, as alleged in the particulars subjoined to paragraph 204 above;

Other conduct

- (aa) the failure of Crown (through its controllers) to ensure Crown had an adequate system in place for assessing, monitoring and managing ML/TF Risk and reporting transactions which may be affected by ML/TF Risk generally and as it related to Crown's VIP International Business and Crown's Junket Program;

**Particulars**

- i. Sub-paragraphs (a) to (z) above, and paragraph 214, and the particulars thereto are repeated.

Failure to properly investigate AML/CTF risk/systems deficiencies and correct them

- (bb) the failure of Crown (through its controllers) to undertake any or any adequate investigation in relation to the matters reported on in the 2014 Four Corners Show referred to in paragraphs 106 and 107 above, before publishing the 2014 Response to Four Corners, or at any time thereafter;

**Particulars**

- i. Paragraph 205, and the particulars thereto are repeated.

- (cc) the failure of Crown (through its controllers) to undertake any or any adequate review of Crown's existing relationships with JTOs and/or Crown's Junket Participants following the 2016-17 Review in the circumstances alleged in paragraph 206 above;

**Particulars**

- i. Paragraph 206, and the particulars thereto are repeated.

- (dd) the failure of Crown (through its controllers) to undertake any or any adequate investigation in relation to the matters reported on in the July 2019 Media Reports referred to in paragraphs 131 and 132 above, before publishing the 2019 Response to Media Reports, or at any time thereafter;

**Particulars**

- i. Paragraph 207, and the particulars thereto are repeated.

- (ee) the failure of the controllers of Crown to undertake a review or investigation in the Relevant Period that resulted in:

- i. Crown materially altering the way in which the Suncity Cash Desk operated;
- ii. Crown materially altering the way in which Crown permitted funds to be deposited in its casino operations in the Philippines and Macau until the Overseas Debt Repayment Facility was terminated by City of Dreams in around October 2016;
- iii. Crown materially altering the way in which the Riverbank Account and the Southbank Account were permitted to operate without being monitored for AML/CTF compliance; or
- iv. Crown implementing a robust process for vetting and performing AML/CTF compliance due diligence on JTOs, JTRs and/or Crown's Junket Participants.

### Particulars

- i. Paragraph 208, and the particulars thereto are repeated.

the matters pleaded in:

- i. ~~paragraphs 6 to 14 (Crown/CPH Services and Information Sharing Arrangement) and/or sub paragraph 20(e); and/or~~
- ii. ~~paragraphs 154 to 217 (the true position, and Crown's conduct);~~

~~further, or alternatively, the matters pleaded in sub paragraph (a) above, and the matters pleaded in paragraphs 218 to 281 (Crown's knowledge of the true position);~~

~~further, or alternatively, the matters pleaded in sub paragraphs (a) and (b) above, and the matters pleaded in:~~

- iii. ~~paragraphs 103 to 145 (Crown's statements); and/or~~
- iv. ~~paragraphs 146 to 153 (the representations made by Crown, and their continuing nature);~~

~~further, or alternatively, the matters pleaded in sub paragraphs (a), (b) and/or (c), the Misleading Conduct and/or Contravening Omissions;~~

~~(together, **the Impugned Conduct**):~~

~~in contravention of s 232 of the *Corporations Act*, the affairs of Crown have been conducted in a manner contrary to the interests of the members of Crown as a whole; and~~

~~the effect of that conduct on the affairs of Crown is ongoing.~~

328A. Further, by reason of the matters referred to in sub-paragraphs (a) to (b) below, the conduct of Crown's affairs is, and has been, contrary to the interests of the members of Crown as a whole in breach of s 232 of the *Corporations Act*:

- (a) in the Relevant Period, the failure of Crown (through its controllers) to qualify, or correct:
  - i. Crown's General Compliance Representations, as alleged in paragraph 146 above;
  - ii. Crown's Seriousness Representations, as alleged in paragraph 147 above;
  - iii. Crown's Regulator Relationship Representations, as alleged in paragraph 148 above;
  - iv. Crown's Corporate Governance Representations, as alleged in paragraph 149 above;
  - v. Crown's VIP International Business Compliance Representations, as alleged in paragraph 150 above; or
  - vi. Crown's Junket Program Compliance Representations, as alleged in paragraph 151 above;
- (b) in the Relevant Period, the failure of Crown (through its controllers) to disclose:
  - i. the ML/TF Risk Systems Information, as alleged in paragraphs 303 to 304 above;
  - ii. the Corporate Governance Risk Systems Information, as alleged in paragraphs 308 to 309 above;
  - iii. the Regulatory Exposure Consequence Information, as alleged in paragraphs 313 to 314 above,

(together, **the Contravening Conduct**).

328B. Further, by reason of the matters referred to in sub-paragraphs (a) to (i) below, the conduct of Crown's affairs is, and has been, contrary to the interests of the members of Crown as a whole in breach of s 232 of the *Corporations Act*:

*CPH and Crown conduct*

- (a) the entry into by the controllers of Crown of the Services Agreement with CPH on 1 July 2016 with the effect that Crown Directors including Jalland and Johnston provided 'services' to Crown under the Services Agreement (which were paid for



- by Crown) purportedly in the capacity as a director of CPH whilst also a director of Crown;
- (b) the entry into by the controllers of Crown of the Controlling Shareholder Protocol on 31 October 2018;
- (c) the provision of Confidential Information to CPH and Packer by:
- i. Alexander, in his capacity as Crown's Executive Chairman;
  - ii. Barton, in his capacity as Crown's Chief Financial Officer;
  - iii. Felstead, in his capacity as Chief Executive Officer of Australian Resorts at Crown; and
  - iv. Nisbet, in his capacity as Crown's Executive Vice President of Strategy and Development;
- (d) the provision of information of Crown to CPH and Packer by Demetriou, in his capacity as a Crown director;
- (e) the provision of reports to Packer by Demetriou about what occurred at Board meetings;
- (f) the provision by Alexander of a report to Packer regarding deliberations of an in camera Crown Board meeting which occurred on 12 June 2019;
- (g) the provision of financial reports to Packer by Barton on an almost daily basis from the time the Controlling Shareholder Protocol was executed, including the provision of EBITDA reports, monthly management accounts and financial forecasts;
- (h) the provision of reports to Packer by Felstead about the Tables business in Crown Melbourne and Crown Perth and updates in relation to Crown's VIP International business;
- (i) the failure of the controllers of Crown to ensure that Crown had a system or an adequate system for ensuring that each request for the provision of Confidential Information was considered and approved subject to the conditions contained in the Controlling Shareholder Protocol, including cl 2.3 and cl 2.4,

(together, the Preferential Conduct).

329. Further:

- (a) the Impugned Underlying Business Conduct was and is contrary to the interests of the members of Crown as a whole;

- i. in that the Impugned Underlying Business Conduct caused Crown to be exposed to adverse consequences (including of the kind the subject of the Regulatory Exposure Information and the Regulatory Exposure Consequence Information, and the matters pleaded in paragraphs 320 to 323A); ~~and~~
- ii. by reason of the matters alleged in sub-paragraph 329.i) above, the members of Crown as a whole in the Relevant Period (including the Plaintiff and Group Members) were to be exposed to adverse consequences in that the market value of their Crown Shares was, or was likely to be, diminished; and

the effect of the Impugned Underlying Business Conduct on the affairs of Crown is ongoing;

- (b) the Contravening Conduct was and is contrary to the interests of the members of Crown as a whole in that it meant that:
  - i. the Impugned Underlying Business Conduct did not become known until later than it would otherwise have been revealed (and did not cease as early as it would otherwise have ceased); and
  - ii. the adverse consequences resulting from the Impugned Underlying Business Conduct (as pleaded in sub-paragraphs (a)(i) and (ii) above) were and are more extensive than they would otherwise have been, including because the inquiries initiated by the Casino Regulators (as pleaded in paragraphs 315 to 316 and 322 to 323A above) may not have occurred, or occurred to the same extent; and

the effect of the Contravening Conduct on the affairs of Crown is ongoing;

- (c) the Preferential Conduct was contrary to the interests of the members of Crown as a whole in that it meant that:
  - i. the interests of Packer and/or CPH were preferred over the interests of the members of Crown as a whole, or gave a reasonable opportunity for the interests of Packer and/or CPH to be preferred in that way; and
  - ii. Jalland and Johnston acted in the interests of CPH and Packer and not in the interests of the members of Crown as a whole.

330. In the premises:

- (a) ~~the Plaintiff and Group Members (both Acquiring Group Members and Holding Group Members);~~ [not used]
- (b) ~~alternatively,~~ the Plaintiff and Group Members (both Acquiring Group Members and Holding Group Members) who either:
- i. remain members of Crown; or
  - ii. ceased to be members of Crown because they sold their Crown Shares following the Impugned Underlying Business Conduct or the Contravening Conduct or the Preferential Conduct becoming known to the Affected Market and/or because of the Impugned Underlying Business Conduct or the Contravening Conduct or the Preferential Conduct;

have suffered loss or damage by and resulting from the Impugned Underlying Business Conduct and the Contravening Conduct and the Preferential Conduct.

#### **Particulars**

- i. *The loss and damage suffered by the Plaintiff and Group Members who remain members of Crown was suffered because the Impugned Underlying Business Conduct and the Preferential Conduct has resulted and will result in the value of their Crown Shares being diminished due to the Impugned Underlying Business Conduct and the Preferential Conduct and its ongoing effects (and the Contravening Conduct has resulted in the value of their Crown Shares being diminished more than they would otherwise have been had the Impugned Underlying Business Conduct been revealed earlier), and because Crown continues to trade under the effects of the Impugned Underlying Business Conduct and the Contravening Conduct, including by reason of the matters pleaded in paragraphs 320 to 323A.*
- ii. *The loss and damage suffered by the Plaintiff and Group Members who ceased to be members of Crown was suffered because the Impugned Underlying Business Conduct and the Preferential Conduct resulted in their Crown Shares trading at a deflated price by reason of diminished value due to the Impugned Underlying Business Conduct and the Preferential Conduct and its ongoing effects at the time they sold, including by reason of the matters pleaded in paragraphs 320 to 323A.*
- iii. *In each case, the diminished value is a diminution over and above the financial consequences to Crown and Crown's business in terms of loss of revenue and additional costs arising from the Impugned Underlying Business Conduct and the Contravening Conduct and the Preferential Conduct.*

- iv. *The losses in (i) to (iii) do not include the losses claimed in Zantran Pty Ltd v Crown Resorts Limited (Federal Court of Australia Proceeding No VID 1317 of 2017) on account of the conduct of Crown pleaded in that proceeding.*
- v. *Further particulars in relation to the Plaintiff's losses will be provided after the service of evidence in chief.*

## **J. COMMON QUESTIONS**

The questions of law or fact common to the claims of the Plaintiff and Group Members are:

1. Whether, during the Relevant Period Crown made:
  - (a) Crown's General Compliance Representations;
  - (b) Crown's Seriousness Representations;
  - (c) Crown's Regulator Relationship Representations;
  - (d) Crown's Corporate Governance Representations;
  - (e) Crown's VIP International Business Compliance Representations; and/or
  - (f) Crown's Junket Program Compliance Representations.
2. Whether the matters set out in Section D of the amended Statement of Claim occurred and/or are true.
3. Whether Crown contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act*, and s 18 of the *ACL* by making, maintaining, and/or failing to qualify:
  - (a) Crown's General Compliance Representations;
  - (b) Crown's Seriousness Representations;
  - (c) Crown's Regulator Relationship Representations;
  - (d) Crown's Corporate Governance Representations;
  - (e) Crown's VIP International Business Compliance Representations; and/or
  - (f) Crown's Junket Program Compliance Representations.
4. Whether the matters set out in section E of the amended Statement of Claim concerning the knowledge of Crown are true, and whether during the Relevant Period Crown had:
  - (a) the ML/TF Risk Systems Information;
  - (b) the Corporate Governance Risk Systems Information;
  - (c) the Regulatory Exposure Information; and/or

(d) the Regulatory Exposure Consequence Information.

5. Whether, during the Relevant Period to 26 May 2020:

- (a) the ML/TF Risk Systems Information;
- (b) the Corporate Governance Risk Systems Information;
- (c) the Regulatory Exposure Information; and/or
- (d) the Regulatory Exposure Consequence Information

was information that a reasonable person would expect to have a material effect on the value of Crown Shares.

6. Whether from 26 May 2020 to the end of the Relevant Period:

- (a) the ML/TF Risk Systems Information;
- (b) the Corporate Governance Risk Systems Information;
- (c) the Regulatory Exposure Information; and/or
- (d) the Regulatory Exposure Consequence Information,

was information that Crown was negligent with respect to whether it would have a material effect on the value of Crown Shares.

7. Whether, during the Relevant Period:

- (a) the ML/TF Risk Systems Information;
- (b) the Corporate Governance Risk Systems Information;
- (c) the Regulatory Exposure Information; and/or
- (d) the Regulatory Exposure Consequence Information,

was not generally available.

8. Whether, during the Relevant Period Crown was obliged to disclose to the ASX:

- (a) the ML/TF Risk Systems Information;
- (b) the Corporate Governance Risk Systems Information;
- (c) the Regulatory Exposure Information; and/or
- (d) the Regulatory Exposure Consequence Information;

and contravened s 674(2) of the *Corporations Act* by failing to do so.

9. Whether the Impugned Underlying Business Conduct and the Contravening Conduct and the Preferential Conduct constituted conduct that was contrary to the interests of the members of Crown as a whole.
10. Whether any of the Misleading Conduct and/or the Contravening Omissions caused the price or value of Crown Shares to be higher during the Relevant Period than they would have been had the Misleading Conduct and/or the Contravening Omissions not occurred, and if so, to what extent or by what amount.
11. Whether any, and if so, what relief other than monetary relief should be granted in favour of the Plaintiff and Group Members.

**AND THE PLAINTIFF CLAIMS on his own behalf and on behalf of Group Members:**

A. A declaration that:

- (a) by making, maintaining or failing to qualify:
  - (i) Crown's General Compliance Representations;
  - (ii) Crown's Seriousness Representations;
  - (iii) Crown's Regulator Relationship Representations;
  - (iv) Crown's Corporate Governance Representations;
  - (v) Crown's VIP International Business Compliance Representations;  
and/or
  - (vi) Crown's Junket Program Compliance Representations,

the Defendant engaged in conduct in contravention of s 1041H of the *Corporations Act* and/or s 12DA of the *ASIC Act* and/or s 18 of the *ACL*;
- (b) the Defendant contravened s 674(2) of the *Corporations Act* by failing to inform the ASX of some or all of:
  - (i) the ML/TF Risk Systems Information;
  - (ii) the Corporate Governance Risk Systems Information;
  - (iii) the Regulatory Exposure Information; and/or
  - (iv) the Regulatory Exposure Consequence Information,

as soon as it became aware, for the purpose of ASX Listing Rules 3.1 and 19.12 of that information;

B. An order pursuant to:

- (a) s 1041I of the *Corporations Act* that the Defendant pay compensation to the Plaintiff and Acquiring Group Members for damage caused by the conduct of the Defendant in contravention of s 1041H of the *Corporations Act*;
- (b) s 12GF of the *ASIC Act* that the Defendant pay compensation to the Plaintiff and Acquiring Group Members for damage caused by the conduct of the Defendant in contravention of s 12DA(1) of the *ASIC Act*;
- (c) s 236 of the *ACL* that the Defendant pay compensation to the Plaintiff and Acquiring Group Members for damage caused by the conduct of the Defendant in contravention of s 18 of the *ACL*,

(noting, for the avoidance of doubt, that any loss and damage which is claimed in *Zantran Pty Ltd v Crown Resorts Limited* (Federal Court of Australia Proceeding No VID 1317 of 2017) on account of the conduct of Crown pleaded in that proceeding, is not claimed in this proceeding);

C. An order pursuant to s 1317HA(1) and/or s 1325 of the *Corporations Act* that the Defendant pay compensation to the Plaintiff and Acquiring Group Members for damage caused by the conduct of the Defendant in contravention of s 674(2) of the *Corporations Act* (noting, for the avoidance of doubt, that any loss and damage which is claimed in *Zantran Pty Ltd v Crown Resorts Limited* (Federal Court of Australia Proceeding No VID 1317 of 2017) on account of the conduct of Crown pleaded in that proceeding, is not claimed in this proceeding);

D. Orders pursuant to s 233 of the *Corporations Act* that:

- (a) a declaration be made that in the Relevant Period Crown engaged in conduct which was contrary to the interests of the members of Crown as a whole in contravention of s 232 of the *Corporations Act*;
- (b) an order under s 233(1)(j) of the *Corporations Act* requiring the Defendant to:
  - (i) engage a suitable independent expert accredited with ACAMS (Certified Anti-Money Laundering Specialists) to:
    1. review and update Crown's systems for assessing, monitoring and managing ML/TF Risk and reporting transactions; and
    2. develop and design a training program or series of programs on AML/CTF Laws and compliance including the assessment, monitoring and managing of ML/TF Risk and reporting

transactions required to be undertaken by all directors and officers of Crown (**Training Program**);

- (ii) implement the Training Program;
  - (iii) maintain and update the Training Program on a yearly or such other basis as the expert deems appropriate;
  - (iv) requiring Crown to monitor compliance with the orders contemplated in sub-paragraphs (b)(i) to (iii) above; and
  - (v) conduct and publish an annual review of its compliance with the orders contemplated in sub-paragraphs (b)(i) to (iii) above;
- (c) an order under s 233(1)(e) of the *Corporations Act* requiring the Defendant to purchase the shares of the Plaintiff and Group Members who still hold their Crown Shares at the fair value which those Crown Shares would have held were it not for the Impugned Underlying Business Conduct, the Contravening Conduct and the Preferential Conduct (and such reduction in the share capital of Crown as is appropriate);
- (d) alternatively, an order under s 233(1)(j) of the *Corporations Act*, or otherwise under s 233(1), that the Defendant pay compensation to the Plaintiff and Group Members (whether they be Acquiring Group Members or Holding Group Members), alternatively to such persons to the extent that they were members of Crown as at the date of the Generally Indorsed Writ filed in this proceeding on 14 December 2020, in respect of:
- (i) the difference between the fair value which Crown Shares would have traded at, and the value obtainable for those shares having regard to the Impugned Underlying Business Conduct and the Contravening Conduct and the Preferential Conduct;
  - (ii) the difference between the fair value which Crown Shares would have traded at were it not for the Impugned Underlying Business Conduct and the Contravening Conduct and the Preferential Conduct and the price at which those Group Members sold their shares;

(noting, for the avoidance of doubt, that any loss and damage which is claimed in *Zantran Pty Ltd v Crown Resorts Limited* (Federal Court of Australia Proceeding No VID 1317 of 2017) on account of the conduct of Crown pleaded in that proceeding, is not claimed in this proceeding).



- E. Interest pursuant to statute on any damages, compensation or monetary sum awarded;
- F. Costs;
- G. Such further order as the Court determines is appropriate.

*Maurice Blackburn Lawyers*

Dated: ~~22 April 2021~~ 5 July 2021

W A D Edwards

R V Howe

Counsel for the Plaintiff

**Maurice Blackburn Lawyers**  
Solicitors for the Plaintiff

**SCHEDULE A – defined terms**

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
18 October 2017 Announcement	116
2014 Annual Report	103
2014 Four Corners Show	105
2014 Response to Four Corners	106
2015 Annual Report	109
2016 Annual Report	111
2016-17 Review	206
2017 Annual Report	113
2018 Annual Report	128
2018 Response to the VCGLR	126
2019 AGM	142
2019 Annual Report	139
2019 Board Message	133
2019 Price Query Response	135
2019 Response to Media Reports	131
2020 Annual Report	144
21 October 2017 Announcement	118
26 October 2017 Executive Chairman's Announcement	121
ABC	105
ACL	4
Acquiring Group Members	1(a)
Affected Market	5(a)iii
Alexander	22

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
Alvin Chau	105(e)
AMAX Junket	105(e)
AML/CTF Act	49(a)
AML/CTF Laws	49(a)
AML/CTF Rules	49(a)
ASB Bank	200(d)
<i>ASIC Act</i>	4(c)
ASX	5
ASX Listing Rules	5(b)ii
August 2019 AFR Article	138
AUSTRAC	76
Barangaroo restricted gaming licence	99(d)
Barton	18
Brazil	24
Casino Regulators	90
CBA	200(e)
<i>CCA (NSW)</i>	88
<i>CCA (Vic)</i>	40(a)
<i>CCA (WA)</i>	40(a)
Commissioner	315
Commissioner Report	320
Compliance Representations	152
Confidential Information	210
<u>Contravening Conduct</u>	<u>328A</u>
Contravening Omissions	324(f)

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
Controlling Shareholder Protocol	11(b)
Coonan	23
Corporate Governance Risk Systems Continuous Disclosure Contravention	309
Corporate Governance Risk Systems Information	215
<i>Corporations Act</i>	1(b)iii
CPH	1(b)i
CPH Crown	31(b)
Craigie	17
Crown	1(a)
Crown Melbourne	39(a)
Crown Officers	37
Crown Perth	39(b)
Crown Shares	1(a)
Crown Sydney	39(c)
Crown/CPH Services and Information Sharing Arrangement	11
Crown's 19 October 2020 Announcement	317
Crown's AML/CTF Program	62
Crown's Continuous Disclosure Obligations	5(b)
Crown's Corporate Governance Compliance Misleading Conduct Contravention	290
Crown's Corporate Governance Representations	149
Crown's General Compliance Misleading Conduct Contravention	284
Crown's General Compliance Representations	146
Crown's Junket Participants	41

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
Crown's Junket Program	40(a)
Crown's Junket Program Compliance Misleading Conduct Contravention	299
Crown's Junket Program Compliance Representations	151
Crown's record keeping obligations	80
Crown's Regulator Relationship Misleading Conduct Contravention	293
Crown's Regulator Relationship Representations	148
Crown's Reporting Obligations	60(a)
Crown's Seriousness Misleading Conduct Contravention	287
Crown's Seriousness Representations	147
Crown's VIP International Business	40
Crown's VIP International Business Compliance Misleading Conduct Contravention	296
Crown's VIP International Business Compliance Representations	150
Danziger	25
Demetriou	26
DICJ	206(c)
Dixon	27
Felstead	19
Great Respect	93(ii) Particulars
Halton	28
Holding Group Members	1(a)
Horvath	29
ILGA	88

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
ILGA Inquiry	316
Impugned <u>Underlying Business Conduct</u>	328
Jalland	30
Johnston	31
JTOs	40(d)
JTRs	83
July 2019 Media Reports	130
Junket Approval Working Committee	167(b)
Junket Program Agreements	41
KittyHawk	99(a)
Korsanos	32
KYC information	66
Market Contravention	324(g)
Melbourne Casino Agreement	85
Melco International	92
Melco Resorts	96
Misleading Conduct	324(e)
Mitchell	33
ML/TF Risk	52(a)
ML/TF Risk Systems Continuous Disclosure Contravention	304
ML/TF Risk Systems Information	214
Neptune Junket	105(e)
<u>Nisbet</u>	<u>210 ii Particulars</u>
Overseas Debt Repayment Facility	189
Packer	9

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
Platform Junket Strategy	47
Poynton	34
<u>Preferential Conduct</u>	<u>328B</u>
Preston	35
Promontory	208(d)(i) Particulars
Promontory Report	208(d)(ii) Particulars
Rankin	21
Regulatory Exposure Consequence Information	217
Regulatory Exposure Information	216
Regulatory Exposure Information Continuous Disclosure Contravention	314
Relevant Period	1(a)
Riverbank	15
Riverbank Account	195
Second Tranche	100
Services Agreement	11(a)
SFO	93(ii) Particulars
Southbank	16
Southbank Account	195
SSA	98
Suncity Cash Desk	179
Suncity Junket	48(e)
Suncity Room	178
Terms of Reference	316
Training Program	D(b)(i)2
VCGLR	85(c)

<b>TERM</b>	<b>DEFINITION PARAGRAPH NUMBER</b>
Victorian Commissioner	323(b)
VIP International Working Committee	19(c)
WA Commission	89
<u>WA Commissioners</u>	<u>322A</u>



**SCHEDULE B – particulars of knowledge in sections E.1. to E.6.**

*Barton's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
218(a)	T2751.45
218(b)	T2752.15-20
218(c)	T2755.12-23
218(d)	T2755.12-23
<b><i>E.2. Knowledge of features of Crown's systems and risks - general</i></b>	
231(a)	T2756.14
231(b)	T2756.19-30
231(c)	T2756.19-38
231(d)	T2756.44
<b><i>E.6. Knowledge of the manner of operation of the Riverbank and Southbank Accounts and 'cuckoo smurfing'</i></b>	
266	The email referred to at T1567.9-23 was the subject of evidence given by Craigie to the effect that the email was copied to Barton. T2771.18.
267(b)i)	T2772.25-30; T2775.30-35
267(b)ii)	T2776.40
267(b)iii)	T652.40-654.35 The email referred to at T652.40-T653.23 was copied to Barton and was the subject of evidence given by Preston, and referred to during the course of Barton's evidence (at 2776.28), stated that ANZ advised it was closing the Riverbank Account (both AUD and foreign currency) and the Asian patron deposit accounts with Southbank in Hong Kong and Singapore were to be closed. The email also states that ANZ had given Crown 90 days to transition to other banks. The email also states that multiple cash deposits under the \$10,000 reporting threshold will not be accepted in the new CBA accounts
268(a)	Barton T2771.27-30
268(b)	Barton 2771.30; Commissioner Report, Chapter 3.2, [52][53][158].
268(e)	T.2782.16.
268(f)	T2782.25-46
268(g)	T2782.25-46
268(h)	T2784.6
269(a)	T2768.27-35
269(b)	T2769.17-25
270	T2768.40

*Packer's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
219(a)	T3736.32
219(b)	T3737.16
219(c)	T3734.1; T3736.4
219(d)	T3738.45
219(e)	T3736.27
<b><i>E.4. Knowledge concerning Alvin Chau, Suncity Junket and the Suncity Cash Desk</i></b>	
248(a)	3719.1-5.
248(b)	T3719.30 and T 3729.29
248(c)	T3736.8.

*Alexander's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
220	T3491.30
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
232	T3077.1-19
<b><i>E.4. Knowledge of Alvin Chau and the Suncity Cash desk</i></b>	
252(a)-(c)	The Plaintiff relies on the content of an email from Preston to Alexander and Felstead dated 21 May 2018 the subject of evidence at T3535.38-3538.11

*Coonan's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
221(a)	T4464.35-40
221(b)	T4467.05-45
221(c)	T4577.4-9
221(d)	T4577.23-28
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
233(a)	T4463.16
233(b)	T4469.45-47

*Halton's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
222(a)	T4308.6-11
222(b)	T4306.20-24
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
237(a)	T4306.9-15
237(b)	T4309.30-36

*Horvath's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
223	T4163.15-21

*Jalland's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
224(a)	T3303.45-3304.5
224(b)	T3305.23
224(c)	T3306.1
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
238(a)	T3307.30-40
238(b)	T3309.9
238(c)	T3309.14-15

*Johnston's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
225(a)	T3073.41
225(b)	T3073.17-23
225(c)	T3073.46-47; T3074.20-25
225(d)	T3076.4-16
225(e)	T3080.6-T3081.18
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
239	T3077.1-3
<b><i>E.3. Knowledge of Crown's JTO assessment systems</i></b>	
244(a)	T2934.45-47
244(b)	T3151.3-23
244(c)	T3150.28-3151.23
244(d)	T3154.40-3155.19
244(e)	T3154.28; T3157.11-13
244(f)	T3151.45-3152.11
244(g)	T3151.10-35
244(h)	T 3141.25-34
<b><i>E.4. Knowledge of Alvin Chau and the Suncity Cash desk</i></b>	
253	T3121.29-45
<b><i>E.5. Knowledge over overseas deposits in the Philippines and Macau</i></b>	
258	T3127.31-43
<b><i>E.6. Knowledge of the manner of operation of the Riverbank and Southbank Accounts and 'cuckoo smurfing'</i></b>	
265	T3165.38.

*Mitchell's knowledge*

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
226	T3832.5-17
<b><i>E.2. Knowledge of Crown's systems and risks – general</i></b>	
240(a)	T3830.38-41

240(b)	T3834.25-30
240(c)	T3832.34-43; T3833.22
240(d)	T3833.12

**Poynton's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
227(a)	T3396.9
227(b)	T3397.8

**Craigie's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.2. Knowledge of Crown's systems and risks - general</i></b>	
230	T1557.7
<b><i>E.6. Knowledge of the manner of operation of the Riverbank and Southbank Accounts and 'cuckoo smurfing'</i></b>	
272	T1553.6-7

**Brazil's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.2. Knowledge of Crown's systems and risks - general</i></b>	
234	T3761.16

**Demetriou's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.2. Knowledge of Crown's systems and risks - general</i></b>	
235(a)	T3922.22-23
235(b)	T3923.44-T3924.4
235(c)	T3922.32-33
235(d)	T3928.35-40
235(e)	T.3929.8.
235(f)	T3922.38-41

**Dixon's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.2. Knowledge of Crown's systems and risks - general</i></b>	
236(a)	T4683.5
236(b)	T4676.45
236(c)	T4680.35-T4681.4

**Felstead's knowledge**

<i>Paragraph number</i>	<i>ILGA Transcript Reference</i>
<b><i>E.3. Knowledge of Crown's JTO assessment systems</i></b>	
243(a) and 243(b)	Felstead's knowledge is to be inferred from his involvement in the 2016-17 Review and the findings of that review which are pleaded at paragraph 206 of the

	amended Statement of Claim. The Plaintiff also refers to particular (i) subjoined to paragraph 167 of the amended Statement of Claim
<b><i>E.4. Knowledge of Alvin Chau and the Suncity Cash desk</i></b>	
247	T1309.20
252(a)-252(c)	The Plaintiff relies on the content of an email from Preston to Alexander and Felstead dated 21 May 2018 the subject of evidence at T3535.38-3538.11
<b><i>E.5. Knowledge over overseas deposits in the Philippines and Macau</i></b>	
257	T1127.30-1128.24

***Preston's knowledge***

<b><i>Paragraph number</i></b>	<b><i>ILGA Transcript Reference</i></b>
<b><i>E.1. Knowledge of the risk of money-laundering</i></b>	
228(a)	T761.45
228(b)	T517.18-518.2
228(c)	T782.39-45; T488.14
<b><i>E.2 Knowledge of Crown's systems and risks - general</i></b>	
241	T373.13-24.
<b><i>E.4. Knowledge of Alvin Chau and the Suncity Cash desk</i></b>	
249	T413.1; T761.45
251(a)	T378.36
251(b)	T786.12
251(c)	T759.11-15
251(d)	T764.46
251(e)	T765.9
251(f)	T776.12-T777.5
251(g)	T783.5-12. The Plaintiff also refers to a letter referred to in the examination of Alexander written by Preston to AUSTRAC dated 25 May 2018 (T3504.36 ff) which purportedly stated in respect of Alvin Chau's junket that "Crown Melbourne identified potential money laundering risks in respect of this junket's activity in pit 86".
251(h)	T783.20-41 T3506.31-40
251(i)	T772.6-10
<b><i>E.6. Knowledge of the manner of operation of the Riverbank and Southbank Accounts and 'cuckoo smurfing'</i></b>	
267 (a)(i)-(iii)	The email referred to at T652.40-T653.23 was copied to Barton and was the subject of evidence given by Preston, and referred to during the course of Barton's evidence (at 2776.28), stated that ANZ advised it was closing the Riverbank Account (both AUD and foreign currency) and the Asian patron deposit accounts with Southbank in Hong Kong and Singapore were to be closed. The email also states that ANZ had

	given Crown 90 days to transition to other banks. The email also states that multiple cash deposits under the \$10,000 reporting threshold will not be accepted in the new CBA accounts.
271(a)	T648.20. The Plaintiff also refers to and repeats the particulars of Preston's knowledge subjoined to paragraph 267(a)(i)-(iii) of the amended Statement of Claim. Preston T653.10-30; T.680.30-T681.3.
271(b)	T676.11-19
271(c)	T1746.8
271(d)	T1747.1-30
271(e)	Commissioner Report, Chapter 4.3.7, [41].
271(f)	Commissioner Report, Chapter 4.3.7, [41].