



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

Case: S ECI 2020 04566  
Filed on: 10/10/2022 11:04 AM

No. S ECI 2020 04566

BETWEEN

**GREG LIEBERMAN**

Plaintiff

AND

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

Defendant

**DEFENCE TO SECOND FURTHER AMENDED STATEMENT OF CLAIM**

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Date of document: 10 October 2022

Filed on behalf of: the defendant

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(Filed pursuant to order 5 of the orders of the Honourable Justice Nichols dated 8 July 2022.)

In answer to the Second Further Amended Statement of Claim dated ~~5~~ 29 July ~~2021~~ 2022 (2FASOC), the defendant (**Crown**) says as follows.

NOTE: Unless otherwise stated, this defence does not adopt the defined terms in the 2FASOC.

NOTE: For the avoidance of doubt, Crown does not plead to the headings or definitions employed by the plaintiff and in particular does not plead to and does not admit headings or definitions that incorporate characterisations of conduct.

**A.**

**A.1.**

1. Crown does not plead to paragraph 1 as it makes no allegation against it.
2. Crown admits paragraph 2.
3. Crown admits paragraph 3.

**A.2.**

4. Crown admits paragraph 4.
5. As to paragraph 5, Crown:
  - (a) admits subparagraphs (a) and (b)(i), (ii) and (iv);
  - (b) says that, at all material times:
    - (i) listing rule 3.1 of the ASX Listing Rules provided as follows:

*“Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, the entity must immediately tell ASX that information”*; and
    - (ii) listing rule 3.1A of the ASX Listing Rules provided as follows:

*“Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following 5 situations applies:*

      - *It would be a breach of a law to disclose the information;*
      - *The information concerns an incomplete proposal or negotiation;*
      - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
      - *The information is generated for the internal management purposes of the entity; or*
      - *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed”;*

- (c) says that it will refer at the trial to the full terms of sections 111AP and 674 of the *Corporations Act 2001* (Cth) (***Corporations Act***) and listing rules 3.1 and 3.1A of the ASX Listing Rules; and
- (d) otherwise denies the paragraph.

5A. Crown admits paragraph 5A.

5B. Crown admits paragraph 5B.

5C. As to paragraph 5C, Crown:

- (a) admits the paragraph; and
- (b) says that, on 24 June 2022, the proposed acquisition of Crown by SS Silver Pty Ltd, an entity owned by funds managed or advised by Blackstone Inc. and its affiliates, by way of a scheme of arrangement, was implemented, with shareholders paid an amount of \$13.10 per share.

### **A.3.**

- 6. Crown admits paragraph 6.
- 7. Crown admits paragraph 7.
- 8. As to paragraph 8, Crown:
  - (a) admits that, during the Relevant Period, CPH had “significant influence” over Crown within the meaning of AASB Standard 128; and
  - (b) otherwise denies the paragraph.
- 9. Crown does not know, and therefore cannot admit, paragraph 9.
- 10. Crown admits paragraph 10.
- 11. Subject to relying on the full terms and effect of the Services Agreement dated 1 July 2016 between Crown and CPH (**Services Agreement**) and the Controlling Shareholder

Protocol dated 31 October 2018 between Crown and CPH (**Controlling Shareholder Protocol**), Crown admits paragraph 11.

12. As to paragraph 12, Crown:

- (a) says that, from 1 July 2016 to 21 October 2020, it was a term of the Services Agreement that CPH could disclose “Confidential Information” (within the meaning of the Services Agreement) of Crown to a third party provided that:
  - (i) the third party had provided an undertaking to CPH to comply with certain obligations;
  - (ii) the disclosure of the “Confidential Information” of Crown was for a lawful purpose; and
  - (iii) the disclosure of the “Confidential Information” of Crown did not constitute a breach of a confidentiality or secrecy obligation owed by Crown to a third party and CPH was aware, or Crown had notified CPH, that the disclosure would not constitute such a breach;
- (b) admits subparagraph (b) insofar as it concerns the period 31 October 2018 to 21 October 2020;
- (c) admits subparagraph (c) insofar as it concerns the period 31 October 2018 to 21 October 2020;
- (d) admits subparagraph (d) insofar as it concerns the period 31 October 2018 to 21 October 2020;
- (e) says it will refer at the trial to the full terms and effect of the Services Agreement and the Controlling Shareholder Protocol; and
- (f) otherwise denies the paragraph.

13. As to paragraph 13, Crown:

- (a) admits that, during the financial year ended 30 June 2014, CPH and its related corporations charged to Crown and its controlled entities \$100,000 for corporate secretarial and administrative services;

- (b) admits that, during the financial year ended 30 June 2015, CPH and its related corporations charged to Crown and its controlled entities \$200,000 for corporate secretarial and administrative services;
- (c) admits that, during the financial year ended 30 June 2016, CPH and its related corporations charged to Crown and its controlled entities \$200,000 for corporate secretarial and administrative services;
- (d) admits that, during the financial year ended 30 June 2017, CPH and its related corporations charged to Crown and its controlled entities \$4 million for management services and corporate secretarial and administrative services;
- (e) admits that, during the financial year ended 30 June 2018, CPH and its related corporations charged to Crown and its controlled entities \$4 million for management services and corporate secretarial and administrative services;
- (f) admits that, during the financial year ended 30 June 2019, CPH and its related corporations charged to Crown and its controlled entities \$3.5 million for management services and corporate secretarial and administrative services;
- (g) admits that, during the financial year ended 30 June 2020, CPH and its related corporations charged to Crown and its controlled entities \$1.2 million for management services and corporate secretarial and administrative services;
- (h) says that the charges for the management services referred to in subparagraphs (d), (e), (f) and (g) were pursuant to the Services Agreement; and
- (i) otherwise denies the paragraph.

14. Crown admits paragraph 14.

**A.4.**

15. Crown admits paragraph 15.

16. Crown admits paragraph 16.

**A.5.**

~~A.5.1.~~

17. ~~Save to say that Mr Craigie's first name is Rowen,~~ Crown admits paragraph 17.

18. Crown admits paragraph 18.

19. As to paragraph 19, Crown:

- (a) admits subparagraphs (a), ~~(ab)~~, ~~(ac)~~, (b), ~~(ca)~~, (d), (e) and (f);
- (b) admits that, from a date in 2013 to at least October 2016, Mr Felstead was a member of an informal group with influence on the conduct of Crown's VIP International business comprising VIP International executives and senior CPH personnel (**VIP Working Group**); and
- (c) otherwise denies the paragraph.

~~A.5.2.~~

20. As to paragraph 20, Crown:

- (a) says that Mr Packer was Chairman of Crown from the beginning of the Relevant Period to 13 August 2015;
- (b) says that, from 13 August 2015 to 21 December 2015, Mr Packer was a non-executive director of Crown and nominee of CPH;
- (c) admits subparagraph (c);
- (d) ~~does not plead to subparagraph (d)~~ admits that Mr Packer was from the beginning of the Relevant Period to 26 May 2016 a director of Burswood Ltd and Crown Melbourne (as defined in paragraph 35(d) below);
- (e) says that:

- (i) from 1 July 2016 to the end of the Relevant Period, CPH was a person with whom Crown's confidential information was from time to time shared pursuant to the Services Agreement; and
  - (ii) from 31 October 2018 to the end of the Relevant Period, Mr Packer was a person with whom Crown's confidential information was from time to time shared pursuant to the Controlling Shareholder Protocol;
- (f) admits that, from the beginning of the Relevant Period to 21 December 2015, and from 3 August 2017 to 21 March 2018, Mr Packer was a person who participated in making decisions that affected the whole or a substantial part of the business of Crown;
- (g) admits that Mr Packer was a director of CPH and Cairnton Holdings Pty Ltd from the beginning of the Relevant Period to 27 June 2018, but denies Mr Packer was a director of CPH Crown Holdings Pty Ltd and otherwise does not know, and therefore cannot admit, subparagraph (f);
- (h) admits that, from the beginning of the Relevant Period to 21 December 2015, and from 3 August 2017 to 21 March 2018, Mr Packer was an officer of Crown within the meaning of section 9 of the *Corporations Act* (and therefore within the meaning of the ASX Listing Rules); and
- (i) otherwise denies the paragraph.

20A. Save to say that Mr McGregor has been the Chief Financial Officer of Crown since 20 August 2020, Crown admits paragraph 20A.

21. As to paragraph 21, Crown:

- (a) admits that, from 30 July 2015 to 21 June 2017, Mr Rankin was a director of Crown and nominee of CPH;
- (b) admits subparagraphs (b), (c) and (d); and
- (c) otherwise denies the paragraph.

22. As to paragraph 22, Crown:

- (a) admits that Mr Alexander was at all times during the Relevant Period a director of Crown;

(ab) admits that Mr Alexander was at all times during the Relevant Period to 24 January 2020 a director of Burswood Ltd and Crown Melbourne (as defined in paragraph 35(d) below);

(ac) admits that Mr Alexander was from 22 March 2017 to 24 January 2020 a director of Burswood Nominees Ltd (Crown Perth) and Burswood Resort (Management) Ltd;

(b) admits subparagraphs (b), (c), (d), (e), (f), (g) and (h); and

(c) otherwise denies the paragraph.

23. As to paragraph 23, Crown:

(a) says that Ms Coonan resigned as a director of Crown, and therefore ceased to be Executive Chairman of Crown, on 27 August 2021; and

(b) otherwise admits the paragraph.

#### ~~A.5.3.~~

24. Crown admits paragraph 24.

25. Crown admits paragraph 25.

26. Crown admits paragraph 26.

27. Crown admits paragraph 27.

28. As to paragraph 28, Crown:

(a) admits subparagraphs (a), (b) and (d);

(b) says that Ms Halton became chair of the Risk Management Committee of Crown on 23 October 2019; and

(c) otherwise denies the paragraph.

29. Crown admits paragraph 29.

30. As to paragraph 30, Crown:

(a) admits subparagraphs (a), (b), (c) and (e);



- (b) says that Mr Jalland became Chief Executive Officer of CPH on 1 February 2017; and
  - (c) otherwise denies the paragraph.
31. As to paragraph 31, Crown:
- (a) admits subparagraphs (a), (b), (c), (f) and (g);
  - (b) admits that Mr Johnston was, from a date in 2013 to at least October 2016, a member of the VIP Working Group;
  - (c) admits that, from 12 December 2019 to 18 February 2020, Mr Johnston was a member of a committee established by the Crown Board with respect to the proposed Crown Sydney casino; and
  - (d) otherwise denies the paragraph.
32. As to paragraph 32, Crown:
- (a) admits subparagraphs (a), ~~(ab)~~, (c) and (d);
  - (b) says that Ms Korsanos became a member of the Risk Management Committee of Crown on 23 October 2019; and
  - (c) otherwise denies the paragraph.
33. Crown admits paragraph 33.
34. Crown admits paragraph 34.
- ~~A.5.4.~~
35. As to paragraph 35, Crown:
- (a) admits that Mr Preston was Executive General Manager – Legal Services at Crown Perth from January 2007 to 28 February 2017;
  - (b) admits that, from November 2007 to 31 December 2020, Mr Preston was the designated Anti-Money Laundering and Counter-Terrorism and Financing (AML/CTF) Compliance Officer for ~~Burswood Ltd~~ (Crown Perth);
  - (c) admits that, from 1 March 2017 to 31 December 2020, Mr Preston was Chief Legal Officer – Australian Resorts at Crown and reported to Mr Felstead;

- (d) admits that, from May 2017 to 31 December 2020, Mr Preston was the designated AML/CTF Compliance Officer for Crown Melbourne Ltd (**Crown Melbourne**);
  - (e) admits that, from 1 March 2017 to 31 December 2020, Mr Preston had responsibilities at both Crown Melbourne and Crown Perth for AML/CTF, legal, risk, audit, regulatory and compliance, and responsible gaming, and responsibilities at Crown Perth for security and surveillance;
  - (ea) admits that, during the Relevant Period, Mr Preston was an attendee and Chair of the Executive Risk and Compliance Committee at Crown Perth;
  - (f) admits subparagraphs (g) and (h); and
  - (g) otherwise denies the paragraph.
36. As to paragraph 36, Crown:
- (a) admits that at all material times each director and officer of Crown was obliged to act in accordance with the duties in sections 180, 181, 182, and 183 of the *Corporations Act*;
  - (b) admits that at all material times each director owed similar duties at general law;
  - (c) says that, at all material times, section 184 of the *Corporations Act* made it a criminal offence in certain circumstances to contravene the obligations imposed by sections 181, 182 and 183 of the *Corporations Act*; and
  - (d) otherwise denies the paragraph.
37. As to paragraph 37, Crown:
- (a) admits that, at all material times, listing rule 19.12 of the ASX Listing Rules defined the expression “aware”, as used in those rules, as follows:
    - “*an entity becomes aware of information if, and as soon as, an officer of the entity ... has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity*”; and
  - (b) otherwise denies the paragraph.

**B.**

**B.1.**

38. As to paragraph 38, Crown:

- (a) says that during financial year 2017 Crown divested its Asian casino-owning assets;
- (b) says that during financial year 2018 Crown divested its ownership interests in the Alon Las Vegas site and Caesars Entertainment Corporation; and
- (c) otherwise admits the paragraph.

39. As to paragraph 39, Crown:

- (a) says that the licence to operate the ~~proposed~~ casino at the Crown Sydney complex is a restricted gaming licence to operate the Barangaroo restricted gaming facility; and
- (b) otherwise admits the paragraph.

39A. Crown admits paragraph 39A.

**B.2.**

40. As to paragraph 40, Crown:

- (a) says that no players have attended its Australian casinos as part of a “junket” within the meaning of section 3 of the *Casino Control Act 1991* (Vic) or section 25A(3) of the *Casino Control Act 1984* (WA) since 20 March 2020;
- (b) says further that the services provided to international premium players and junket players varied and not all international premium players and junket players received the services alleged in subparagraphs (f), (g) and (h); and
- (c) otherwise admits ~~the paragraph.~~ subparagraphs (a), (e), (f), (g) and (h);
- (d) admits subparagraphs (b), (c), (d) insofar as they apply to Crown, Crown Melbourne and Crown Perth; and
- (e) otherwise denies the paragraph.

41. As to paragraph 41, Crown:
- (a) refers to and repeats paragraph 40(a) above;
  - (b) says that, on 10 August 2020, the Crown Board resolved to suspend all relationships with junket operators pending a comprehensive review of those relationships;
  - (c) says that, on 10 September 2020, the Crown Board resolved to approve an extension of the suspension of all junket operator relationships until 30 June 2021;
  - (d) says that, on 11 November 2020, the Crown Board resolved permanently to cease dealing with all junket operators and will only recommence dealing with a junket operator if the junket operator is licensed or otherwise approved by the relevant gaming regulator; and
  - (e) otherwise admits the paragraph.
42. As to paragraph 42, Crown:
- (a) refers to and repeats paragraph 41(a) to (d) above;
  - (b) admits that it was a term of junket program agreements entered into with junket operators that the junket operator was to provide set minimum funds (known as “front money”) in cash or cash equivalent to Crown Melbourne or Crown Perth (as the case may be) for the purpose of providing gaming chips to players playing under the relevant junket program;
  - (c) says that this term was subject to any alternative arrangement as to front money set out in the relevant junket program agreement; and
  - (d) otherwise denies the paragraph.
43. As to paragraph 43, Crown:
- (a) refers to and repeats paragraphs 41(a) to (d) above;
  - (b) admits that junket operators provided front money to Crown Melbourne or Crown Perth by transferring funds to Crown Melbourne or Crown Perth or by way of cheque;

- (c) says that some junket operators were provided gaming chips on credit; and
- (d) otherwise denies the paragraph.

44. As to paragraph 44, Crown:

- (a) says that it is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

45. As to paragraph 45, Crown:

- (a) says that:
  - (i) in FY2014, Crown's revenue (actual) from VIP program play was \$937.2 million and its total (group) revenue was \$3,077.6 million;
  - (ii) in FY2015, Crown's revenue (actual) from VIP program play was \$1,121.7 million and its total (group) revenue was \$3,465 million;
  - (iii) in FY2016, Crown's revenue (actual) from VIP program play was \$1,004.6 million and its total (group) revenue was \$3,601.4 million;
  - (iv) in FY2017, Crown's revenue (actual) from VIP program play was \$605.3 million and its total (group) revenue was \$3,287 million;
  - (v) in FY2018, Crown's revenue (actual) from VIP program play was \$740 million and its total (group) revenue was \$3,465.1 million;
  - (vi) in FY2019, Crown's revenue (actual) from VIP program play was \$593.4 million and its total (group) revenue was \$3,164.3 million;
  - (vii) in FY2020, Crown's revenue (actual) from VIP program play was \$440.1 million and its total (group) revenue was \$2,392 million;
  - (viii) in FY2021, Crown's revenue (actual) from VIP program play was \$3.5 million and its total (group) revenue was \$1,538.5 million;
- (b) says that the revenue from VIP program play pleaded above included revenue from domestic players on a commission-based program; and
- (c) otherwise denies the paragraph.

46. As to paragraph 46, Crown:
- (a) refers to and repeats paragraph 41(a) to (d) above; and
  - (b) otherwise admits the paragraph.
47. As to paragraph 47, Crown:
- (a) admits that, by early February 2015, Crown had developed a strategy referred to as the “Platform Junket Strategy”; and
  - (b) otherwise denies the paragraph.
48. As to paragraph 48, Crown:
- (a) admits that the Platform Junket Strategy involved steering new potential Chinese VIP players towards junkets;
  - (b) admits subparagraph (e); and
  - (c) otherwise denies the paragraph.
- 48A. As to paragraph 48A, Crown:
- (a) admits that, at all material times, it was exposed to the risk of money laundering through the casinos operated by its subsidiaries;
  - (b) says that the word “vulnerable” is vague and embarrassing; and
  - (c) under cover of that objection, otherwise denies the paragraph.

### **B.3.**

49. As to paragraph 49, Crown:
- (a) admits subparagraph (a) but says that at all material times it did not provide “designated services” and therefore was not a “reporting entity” within the meaning of the *Anti-Money Laundering and Counter-Terrorism Act 2006 (Cth) (AML/CTF Act)*;
  - (b) admits subparagraph (b) but repeats that at all material times it did not provide “designated services” and therefore was not a “reporting entity” within the meaning of the AML/CTF Act that it was at all material times a “person” within

~~the meaning of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (*AML/CTF Act*);~~

~~(ba) as to subparagraph (ba):~~

~~(i) denies that Burswood Ltd was at any material time a provider of “designated services” and a “reporting entity” within the meaning of the AML/CTF Act; and~~

~~(ii) otherwise admits the subparagraph;~~

~~(c) does not plead to subparagraph (c); and~~

~~(d) admits subparagraph (d) but repeats that at all material times it did not provide “designated services” and therefore was not a “reporting entity” within the meaning of the AML/CTF Act; that it was at all material times bound by all provisions of the AML/CTF Act and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)* (Cth) (*AML/CTF Rules*) applicable to it;~~

~~(d) says that Crown Melbourne and Crown Perth, not Crown, were at all material times:~~

~~i. the providers of “designated services” within the meaning of the AML/CTF Act;~~

~~ii. “reporting entities” within the meaning of the AML/CTF Act;~~

~~(e) says that, at all material times, each of Crown Melbourne and Crown Perth, not Crown, had an anti-money laundering and counter-terrorism financing program (AML/CTF Program); and~~

~~(f) otherwise denies the paragraph.~~

50. ~~Save to say that section 3(1)(a) of the AML/CTF Act at all material times provided that one of the objects of that Act was to “provide for” (not “to address”) measures to detect,~~

~~deter and disrupt money laundering, the financing of terrorism, and other serious financial crimes, Crown admits paragraph 50.~~

**B.3.1.**

51. As to paragraph 51, Crown:

- (a) admits the paragraph insofar as it concerns sections 81 and 82 of the AML/CTF Act and insofar as it alleges that sections 81(1) and 81(2) were at all material times civil penalty provisions;
  - (b) says that, during the Relevant Period, section 83 of the AML/CTF Act defined an anti-money laundering and counter-terrorism financing program (AML/CTF Program);
  - (c) says that, during the Relevant Period, paragraph 1.2.1 of the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (AML/CTF Rules)* defined various expressions used in that instrument;
  - (d) refers to the full terms and effect of sections 81, 82 and 83 of the AML/CTF Act and paragraph 1.2.1 of the AML/CTF Rules as they stood throughout the Relevant Period; and
  - (e) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under sections 81 and 82 of the *AML/CTF Act*;~~
- ~~(c) will rely on the terms of sections 81, 82 and 83 of the *AML/CTF Act* and rule 1.2.1 of the *AML/CTF Rules* for their full force and effect;~~
- ~~(d) denies that paragraph 51 accurately sets out the obligations contained in sections 81, 82 and 83 of the *AML/CTF Act* and rule 1.2.1 of the *AML/CTF Rules*;~~
- ~~(e) says that section 81(1) of the *AML/CTF Act* imposes an obligation on a reporting entity not to commence to provide a designated service to a customer if the reporting entity has not adopted and does not maintain an AML/CTF Program that applies to the reporting entity;~~
- ~~(f) says that sections 81(1) and 82(1) of the *AML/CTF Act* are civil penalty provisions;~~



~~(g) denies that sections 81, 82 and 83 of the *AML/CTF Act* and rule 1.2.1 of the *AML/CTF Rules* are otherwise civil penalty provisions; and~~

~~(h) otherwise denies the paragraph.~~

52. As to paragraph 52, Crown:

(a) says that, during the Relevant Period:

(i) section 84(2)(c) defined Part A of a standard AML/CTF Program as a part that complies with such requirements (if any) as are specified in the *AML/CTF Rules*; and

(ii) section 85(2)(c) defined Part A of a joint AML/CTF Program as a part that complies with such requirements (if any) as are specified in the *AML/CTF Rules*;

(b) says that, during the Relevant Period:

(i) paragraph 8.1.5 of the *AML/CTF Rules* (to the extent that it applied to a reporting entity) provided that Part A must be designed to enable the reporting entity to understand, identify, recognise, mitigate or manage the matters set out in that paragraph;

(ii) paragraph 9.1.5 of the *AML/CTF Rules* (to the extent that it applied to a reporting entity) provided that Part A must be designed to enable the reporting entity to understand, identify, recognise, mitigate or manage the matters set out in that paragraph;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the *AML/CTF Act* and paragraphs 8.1.5 and 9.1.5 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under rule 8.1.5 of the *AML/CTF Rules*;~~

~~(c) will rely on the terms of rule 8.1.5 of the *AML/CTF Rules* and section 84(2)(c) of the *AML/CTF Act* for their full force and effect;~~

- ~~(d) says that Part 8.1 of the *AML/CTF Rules* sets out the requirements with which Part A of a standard AML/CTF Program must comply;~~
- ~~(e) denies that paragraph 52 accurately sets out the obligations regarding the design of a Part A program under the *AML/CTF Rules*; and~~
- ~~(f) otherwise denies the paragraph.~~

53. As to paragraph 53, Crown:

- (a) refers to and repeats paragraph 52(a) above;
- (b) says that, during the Relevant Period:
  - (i) paragraph 8.1.6 of the *AML/CTF Rules* provided that Part A must include a requirement that, in determining what is an appropriate risk-based procedure for inclusion in Part B of the reporting entity's standard AML/CTF Program, the reporting entity must have regard to "ML/TF risk" (as defined in the *AML/CTF Rules*) relevant to the provision of the designated service;
  - (ii) paragraph 9.1.6 of the *AML/CTF Rules* provided that Part A must include a requirement that, in determining what is an appropriate risk-based procedure for inclusion in Part B of the reporting entity's joint AML/CTF Program, the reporting entity must have regard to "ML/TF risk" (as defined in the *AML/CTF Rules*) relevant to the provision of the designated service
- (c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the *AML/CTF Act* and paragraphs 8.1.6 and 9.1.6 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and
- (d) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under rule 8.1.6 of the *AML/CTF Rules*;~~
- ~~(c) will rely on the terms of rule 8.1.6 of the *AML/CTF Rules* and section 84(2)(c) of the *AML/CTF Act* for their full force and effect;~~

~~(d) denies that paragraph 53 accurately sets out the obligations regarding the design of a Part A program under the *AML/CTF Rules*; and~~

~~(e) otherwise denies the paragraph.~~

54. As to paragraph 54, Crown:

(a) refers to and repeats paragraph 52(a);

(b) says that, during the Relevant Period:

(i) paragraphs 8.1.7 of the *AML/CTF Rules* provided that, unless the *AML/CTF Act* or the *AML/CTF Rules* provided otherwise, a reporting entity must apply Part A 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;

(ii) paragraph 9.1.7 of the *AML/CTF Rules* provided that, unless the *AML/CTF Act* or the *AML/CTF Rules* provided otherwise, each reporting entity in the designated business group must apply Part A 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;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the *AML/CTF Act* and paragraphs 8.1.7 and 9.1.7 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under rule 8.1.7 of the *AML/CTF Rules*;~~

~~(c) will rely on the terms of rule 8.1.7 of the *AML/CTF Rules* and section 84(2)(c) of the *AML/CTF Act* for their full force and effect;~~

~~(d) denies that paragraph 54 accurately sets out the obligations regarding the application of a Part A program under the *AML/CTF Rules*; and~~

~~(e) otherwise denies the paragraph.~~

55. As to paragraph 55, Crown:

- (a) refers to and repeats paragraph 52(a);
- (b) says that, at all material times, to the extent that paragraph 8.1.4 of the AML/CTF Rules applied to a reporting entity at all, that provision required the reporting entity, in identifying the reporting entity's money laundering and terrorism-financing risk for the purposes of the AML/CTF Rules, to consider the risks posed by the factors set out in the paragraph;
- (c) says that, at all material times, to the extent that paragraph 9.1.4 of the AML/CTF Rules applied at all, that provision required Part A of an AML/CTF Program, in identifying the money laundering and terrorism-financing risk for the purposes of the AML/CTF Rules, to take account of the risk posed by the factors set out in the paragraph in relation to each reporting entity in the designated business group;
- (d) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the AML/CTF Act and paragraphs 8.1.4 and 9.1.4 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (e) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under rule 8.1.4 of the AML/CTF Rules;~~
- ~~(c) — will rely on the terms of rule 8.1.4 of the AML/CTF Rules and section 84(2)(e) of the AML/CTF Act for their full force and effect;~~
- ~~(d) — denies that paragraph 55 accurately sets out the obligations regarding the identification of money laundering and terrorism financing risk; and~~
- ~~(e) — otherwise denies the paragraph.~~

56. As to paragraph 56, Crown:

- (a) refers to and repeats paragraph 52(a) above;
- (b) says that, during the Relevant Period:

- (i) Part 8.2 of the AML/CTF Rules (to the extent that it applied to a reporting entity) included a requirement that Part A include an AML/CTF risk awareness training program that meets the requirements of paragraphs 8.2.2 to 8.2.3 of the AML/CTF Rules;
- (ii) Part 9.2 of the AML/CTF Rules (to the extent that it applied to a reporting entity) included a requirement that Part A include an AML/CTF risk awareness training program that meets the requirements of paragraphs 9.2.2 to 9.2.3 of the AML/CTF Rules;
- (c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the AML/CTF Act and Parts 8.2 and 9.2 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (d) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above; and~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under Part 8.2 of the AML/CTF Rules;~~
- ~~(e) — will rely on the terms of Part 8.2 of the AML/CTF Rules and section 84(2)(e) of the AML/CTF Act for their full force and effect; and~~
- ~~(d) — otherwise denies the paragraph.~~

57. As to paragraph 57, Crown:

- (a) refers to a repeats paragraph 52(a) above;
- (b) says that, during the Relevant Period:
  - (i) paragraph 8.4.1 of the AML/CTF Rules (to the extent that it applied to a reporting entity) provided that the reporting entity’s Part A program must be approved by its governing board and senior management and that Part A must also be subject to the ongoing oversight of the reporting entity’s board and senior management;
  - (ii) paragraph 9.4.1 of the AML/CTF Rules (to the extent that it applied to a reporting entity) provided that a Part A program must be approved by the governing board and senior management of each reporting entity in

the designated business group and that Part A must also be subject to the ongoing oversight of each reporting entity's board and senior management, unless paragraph 9.4.2 applied, which paragraph provided that, where each member of a designated business group is related to the other members, the Part A program may be approved by and subject to the ongoing oversight of the governing board and senior management of the main holding company of the group;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the AML/CTF Act and paragraphs 8.4.1 and 9.4.1 of the AML/CTF Rules as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) — refers to and repeats paragraph (d) and (e) above;~~

~~(b) — says that rule 8.4.1 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~

~~(c) — will rely on the terms of rule 8.4.1 of the *AML/CTF Rules* and section 84(2)(c) of the *AML/CTF Act* for their full force and effect; and~~

~~(d) — otherwise denies the paragraph.~~

58. As to paragraph 58, Crown:

(a) refers to and repeats paragraph 52(a) above;

(b) admits the paragraph insofar as it concerns paragraphs 8.5.1 and 9.5.1 of the AML/CTF Rules;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the AML/CTF Act and paragraphs 8.5.1 and 9.5.1 of the AML/CTF Rules as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) — refers to and repeats paragraph 49(d) and (e) above;~~

~~(b) — says that rule 8.5.1 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~

~~(e) will rely on the terms of rule 8.5.1 of the *AML/CTF Rules* and section 84(2)(e) of the *AML/CTF Act* for their full force and effect; and~~

~~(d) otherwise denies the paragraph.~~

59. As to paragraph 59, Crown:

(a) refers to and repeats paragraph 52(a) above;

(b) admits the paragraph insofar as it concerns paragraphs 8.6.1, 8.6.5, 8.6.6, 9.6.1, 9.6.5 and 9.6.6 of the *AML/CTF Rules*;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the *AML/CTF Act* and paragraphs 8.6.1, 8.6.5, 8.6.6, 9.6.1, 9.6.5 and 9.6.6 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph 49(d) and (e) above;~~

~~(b) says that rules 8.6.1, 8.6.5 and 8.6.6 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth *AML/CTF Programs*;~~

~~(c) will rely on the terms of rules 8.6.1, 8.6.5 and 8.6.6 of the *AML/CTF Rules* and s 84(2)(e) of the *AML/CTF Act* for their full force and effect; and~~

~~(d) otherwise denies the paragraph.~~

60. As to paragraph 60, Crown:

(a) refers to and repeats paragraph 52(a) above;

(b) admits the paragraph insofar as it concerns paragraphs 8.9.1 and 9.9.1 of the *AML/CTF Rules*;

(c) refers to the full terms and effect of sections 84(2)(c) and 85(2)(c) of the *AML/CTF Act* and paragraphs 8.9.1 and 9.9.1 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and

(d) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph 49(d) and (e) above;~~

- ~~(b) — says that rule 8.9.1 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(c) — will rely on the terms of rule 8.9.1 of the *AML/CTF Rules* and sections 41, 43, 45, 47 and 84(2)(c) of the *AML/CTF Act* for their full force and effect; and~~
- ~~(d) — otherwise denies the paragraph.~~

61. As to paragraph 61, Crown:

- (a) says that, during the Relevant Period, s 36(1)(b) required that the monitoring of a reporting entity's customers required by s 36(1)(a) be done in accordance with the AML/CTF Rules;
  - (b) refers to and repeats paragraph 52(a) above;
  - (c) admits the paragraph insofar as it concerns paragraphs 15.4, 15.5, 15.6 and 15.7 of the AML/CTF Act; and
  - (d) refers to the full terms and effect of sections 36(1)(b), 84(2)(c) and 85(2)(c) of the AML/CTF Act and paragraphs 15.4, 15.5, 15.6 and 15.7 of the AML/CTF Rules as they stood throughout the Relevant Period; and
  - (e) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraphs (d) and (e) above;~~
  - ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~
  - ~~(c) — says that rules 15.5, 15.6 and 15.7 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
  - ~~(d) — will rely on the terms of rules 15.4, 15.5, 15.6 and 15.7 of the *AML/CTF Rules* and sections 36(1)(b), 41 and 84(2)(c) of the *AML/CTF Act* for their full force and effect; and~~
  - ~~(e) — otherwise denies the paragraph.~~

62. As to paragraph 62, Crown:

- (a) denies that Burswood Ltd had, or was required to have, at any material time an AML/CTF Program;



- (b) refers to and repeats paragraph 49(ba)(i) above; and
- (c) otherwise admits the paragraph.
- ~~(a) — refers to and repeats paragraph 49(d) and (e) above;~~
- ~~(b) — says that at all material times Part A of Crown Melbourne’s AML/CTF Program and Part A of Crown Perth’s AML/CTF Program contained procedures for managing money laundering and terrorism financing risk; and~~
- ~~(e) — in the premises, denies the paragraph.~~

**B.3.2.**

63. ~~As to~~ Subject to relying on the full terms and effect of s 36(1) of the AML/CTF Act, Crown admits paragraph 63, Crown.

- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~
- ~~(c) will rely on the terms of section 36(1) of the AML/CTF Act for their full force and effect; and~~
- ~~(d) denies the paragraph.~~

64. As to paragraph 64, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) says that, during the Relevant Period:
  - (i) section 84(3)(b) of the AML/CTF Act defined Part B of a standard AML/CTF Program as a part that complies with such requirements (if any) as are specified in the AML/CTF Rules; and
  - (ii) section 85(3)(b) of the AML/CTF Act defined Part B of a joint AML/CTF Program as a part that complies with such requirements (if any) as are specified in the AML/CTF Rules;

- (d) admits the paragraph insofar as it concerns paragraph 4.1.3 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.1.3 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~
- ~~(c) — says that rule 4.1.3 of the AML/CTF Rules at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) — will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the AML/CTF Act and rule 4.1.3 of the AML/CTF Rules for their full force and effect; and~~
- ~~(e) — denies the paragraph.~~

65. As to paragraph 65, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.2.2 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.2.2 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~

- ~~(c) — says that rule 4.2.2 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) — will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.2.2 of the *AML/CTF Rules* for their full force and effect; and~~
- ~~(e) — denies the paragraph.~~

66. As to paragraph 66, Crown:

- (a) refers to and repeats paragraph 63 above;
  - (b) refers to and repeats paragraph 52(a) above;
  - (c) refers to and repeats paragraph 64(c) above;
  - (d) admits the paragraph insofar as it concerns paragraph 4.2.3 of the *AML/CTF Rules*;
  - (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the *AML/CTF Act* and paragraph 4.2.3 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and
  - (f) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
  - ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~
  - ~~(c) says that rule 4.2.3 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
  - ~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.2.3 of the *AML/CTF Rules* for their full force and effect; and~~
  - ~~(e) denies the paragraph.~~

67. As to paragraph 67, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;

- (d) admits the paragraph insofar as it concerns paragraph 4.2.5 of the AML/CTF Rules
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.2.5 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~

~~(c) says that rule 4.2.5 of the AML/CTF Rules at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~

~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the AML/CTF Act and rule 4.2.5 of the AML/CTF Rules for their full force and effect; and~~

~~(e) denies the paragraph.~~

68. As to paragraph 68, Crown:

(a) refers to and repeats paragraph 63 above;

(b) refers to and repeats paragraph 52(a) above;

(c) refers to and repeats paragraph 64(c) above;

(d) admits the paragraph insofar as it concerns paragraph 4.2.6 of the AML/CTF Rules;

(e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.2.6 of the AML/CTF Rules as they stood throughout the Relevant Period; and

(f) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~

- ~~(e) says that rule 4.2.6 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.2.6 of the *AML/CTF Rules* for their full force and effect; and~~
- ~~(e) denies the paragraph.~~

69. As to paragraph 69, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.2.7 of the *AML/CTF Rules*;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the *AML/CTF Act* and paragraph 4.2.7 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~

~~(e) says that rule 4.2.7 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~

~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.2.7 of the *AML/CTF Rules* for their full force and effect; and~~

~~(e) denies the paragraph.~~

70. As to paragraph 70, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;

- (d) admits the paragraph insofar as it concerns paragraph 4.2.9 of the AML/CTF Rules;
  - (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.2.9 of the AML/CTF Rules as they stood throughout the Relevant Period; and
  - (f) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~
- ~~(c) says that rule 4.2.9 of the AML/CTF Rules at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the AML/CTF Act and rule 4.2.9 of the AML/CTF Rules for their full force and effect; and~~
- ~~(e) denies the paragraph.~~

70A. As to paragraph 70A, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.2.8 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.2.8 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.

71. As to paragraph 71, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;

- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.13.1 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.13.1 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~

~~(c) says that rule 4.13.1 of the AML/CTF Rules at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~

~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the AML/CTF Act and rule 4.13.1 of the AML/CTF Rules for their full force and effect; and~~

~~(e) denies the paragraph.~~

72. As to paragraph 72, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.13.2 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.13.2 of the AML/CTF Rules as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~
- ~~(c) says that rule 4.13.2 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.13.2 of the *AML/CTF Rules* for their full force and effect; and~~
- ~~(e) denies the paragraph.~~

73. As to paragraph 73, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) admits the paragraph insofar as it concerns paragraph 4.13.3 of the *AML/CTF Rules*;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the *AML/CTF Act* and paragraph 4.13.3 of the *AML/CTF Rules* as they stood throughout the Relevant Period; and
- (f) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~
- ~~(c) — says that rule 4.13.3 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) — will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the *AML/CTF Act* and rule 4.13.3 of the *AML/CTF Rules* for their full force and effect; and~~
- ~~(e) — denies the paragraph.~~

74. As to paragraph 74, Crown:

- (a) refers to and repeats paragraph 63 above;



- (b) refers to and repeats paragraph 52(a) above;
  - (c) refers to and repeats paragraph 64(c) above;
  - (d) admits the paragraph insofar as it concerns paragraph 4.13.4 of the AML/CTF Rules;
  - (e) refers to the full terms and effect of sections 36(1), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b) of the AML/CTF Act and paragraph 4.13.4 of the AML/CTF Rules as they stood throughout the Relevant Period; and
  - (f) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the AML/CTF Act;~~
- ~~(c) says that rule 4.13.4 of the AML/CTF Rules at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs;~~
- ~~(d) will rely on the terms of sections 36(1), 84(2)(c) and 84(3)(b) of the AML/CTF Act and rule 4.13.4 of the AML/CTF Rules for their full force and effect; and~~
- ~~(e) denies the paragraph.~~

### **B.3.3.**

75. As to paragraph 75, Crown:

- (a) refers to and repeats paragraph 63 above;
- (b) refers to and repeats paragraph 52(a) above;
- (c) refers to and repeats paragraph 64(c) above;
- (d) subject to saying that paragraph 15.9 was subject to paragraph 4.4.18, admits the paragraph insofar as it concerns paragraphs 15.8 and 15.9 of the AML/CTF Rules;
- (e) refers to the full terms and effect of sections 36(1), 84(2)(c) and 85(2)(c) of the AML/CTF Act and paragraphs 15.8 and 15.9 of the AML/CTF Rules as they stood throughout the Relevant Period; and

- (f) otherwise denies the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 36(1) of the *AML/CTF Act*;~~
- ~~(c) — says that rules 15.8 and 15.9 of the *AML/CTF Rules* at all material times applied to each of the Crown Melbourne and Crown Perth AML/CTF Programs; and~~
- ~~(d) — will rely on the terms of sections 36(1) and 84(2)(c) of the *AML/CTF Act* and rules 15.8 and 15.9 of the *AML/CTF Rules* for their full force and effect; and~~
- ~~(e) — denies the paragraph.~~

76. As to paragraph 76, Crown:

- (a) refers to the full terms and effect of section 41 of the AML/CTF Act as it stood during the Relevant Period; and
- (b) subject to saying that, during the Relevant Period, only s 41(2) was a civil penalty provision, otherwise admits the paragraph.
- ~~(a) — refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) — says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 41(2) of the *AML/CTF Act*;~~
- ~~(c) — will rely on the terms of sections 41(1) and 41(2) of the *AML/CTF Act* for their full force and effect; and~~
- ~~(d) — denies the paragraph.~~

77. As to paragraph 77, Crown:

- (a) admits paragraph 77 insofar as it concerns transactions that were involved in the provision of a designated service by the reporting entity in question and insofar as it alleges that section 43(2) of the AML/CTF Act was at all material times a civil penalty provision;
- (b) refers to the full terms and effect of section 43 of the AML/CTF Act as it stood during the Relevant Period; and

- (c) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 43(2) of the *AML/CTF Act*;~~
- ~~(e) will rely on the terms of section 43(2) of the *AML/CTF Act* for their full force and effect; and~~
- ~~(d) denies the paragraph.~~

78. As to paragraph 78, Crown:

- (a) subject to referring to the timing requirements in section 45(2), admits paragraph 78 insofar as it alleges that the obligation there pleaded arose where the requirements of section 45(1) were satisfied and that s 45(2) was at all material times a civil penalty provision;
- (b) refers to the full terms and effect of section 45 of the *AML/CTF Act* as it stood during the Relevant Period; and
- (c) otherwise denies the paragraph.
- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 45(2) of the *AML/CTF Act*;~~
- ~~(e) will rely on the terms of sections 45(2) and 46 of the *AML/CTF Act* for their full force and effect; and~~
- ~~(d) denies the paragraph.~~

79. As to paragraph 79, Crown: Subject to saying that the requirements there pleaded arose, in part, from section 47(3), Crown admits paragraph 79.

- ~~(a) refers to and repeats paragraph (d) and (e) above;~~
- ~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had obligations under section 47(2) of the *AML/CTF Act*;~~

~~(e) will rely on the terms of section 47(2) of the *AML/CTF Act* for their full force and effect; and~~

~~(d) denies the paragraph.~~

80. As to paragraph 80, Crown:

(a) admits that, during the Relevant Period, a reporting entity was obliged to comply with the record keeping requirements of Part 10 of the *AML/CTF Act* subject to any applicable exceptions;

(b) refers to the full terms and effect of Part 10 of the *AML/CTF Act* as it stood during the Relevant Period; and

(c) otherwise denies the paragraph.

~~(a) refers to and repeats paragraph (d) and (e) above;~~

~~(b) says that it was Crown Melbourne and Crown Perth, not Crown, who at all material times had record-keeping obligations under Part 10 of the *AML/CTF Act*;~~

~~(c) will rely on the terms of Part 10 of the *AML/CTF Act* for their full force and effect; and~~

~~(d) denies the paragraph.~~

81. As to paragraph 81, Crown:

(a) admits that, during the Relevant Period, Crown was subject to reputational risk arising from negative perceptions on the part of customers, shareholders, other investors, market analysts and regulators;

(b) admits that, during the Relevant Period, Crown was subject to the risk of loss of reputation if Crown Melbourne or Crown Perth failed to comply with their obligations under the *AML/CTF Act* and *AML/CTF Rules* refers to and repeats paragraph (d) and (e) above; and

(c) otherwise denies the paragraph.

82. As to paragraph 82, Crown:

~~(a) refers to and repeats paragraph (d) and (e) above; and~~

~~(b) denies the paragraph~~

- (a) admits that, during the Relevant Period, Crown Melbourne and Crown Perth were potentially liable to civil penalties if they did not comply with their obligations under the AML/CTF Act and AML/CTF Rules;
- (b) says that, during the Relevant Period, Crown Sydney did not provide “designated services” and therefore was not a “reporting entity” within the meaning of the AML/CTF Act;
- (c) admits that, during the Relevant Period, if Crown Melbourne and Crown Perth failed to comply with the requirements of the AML/CTF Act and AML/CTF Rules they might become subject to significant regulatory investigations, regulatory fines and regulatory sanctions; and
- (d) otherwise denies the paragraph.

83. As to paragraph 83, Crown:

- (a) admits that, at all material times, junket operators and junket representatives who operated in that capacity at Crown’s Australian casinos were not “reporting entities” within the meaning of the AML/CTF Act;
- (b) admits that, at all material times, junket operators and junket representatives who operated at Crown’s Australian casinos were not directly regulated by AUSTRAC;
- (c) says that the extent of the authority of each junket representative depended on the terms of the instrument by which the junket operator appointed the junket representative; and
- (d) otherwise denies the paragraph.

83A. Crown admits paragraph 83A.

#### **B.3.4.**

84. Save to say that it does not know when the guide was published, Crown admits paragraph 84.

**B.4.**

85. Subject to relying on the full terms and effect of the Casino Agreement between Crown Melbourne and the Victorian Commission for Gambling and Liquor Regulation (VCGLR) dated 21 September 1993 (as amended from time to time), Crown admits paragraph 85.

85A. As to paragraph 85A, Crown:

- (a) admits that, during the Relevant Period, Crown Melbourne was obliged to pay casino tax to the State of Victoria;
- (b) says that, during the Relevant Period, Crown Melbourne was obliged to pay casino tax pursuant to the Management Agreement (as varied from time to time);
- (c) says that, during the Relevant Period, the amount of casino tax prima facie payable by reference to Gross Gaming Revenue depended on two different percentages;
- (d) says that, during the Relevant Period, clauses 22.10(b) and 22A.3 of the Management Agreement provided for the payment of additional amounts of casino tax;
- (e) says that, during the Relevant Period, clauses 22C.2 and 22C.3 provided for a reduction in the total amount of casino tax payable by the State Tax Credit;
- (f) says that, during the Relevant Period, the required timing of payment of amounts of casino tax varied depending on the amount in question;
- (g) refers to the full terms of the Management Agreement as they stood during the Relevant Period; and
- (h) in the premises, otherwise denies the paragraph.

86. As to paragraph 86, Crown:

- (a) Subject to relying on the full terms and effect of the Casino (Burswood Island) Agreement (as supplemented from time to time), being Schedule 1 to the *Casino (Burswood Island) Agreement Act 1985* (WA), Crown admits subparagraph (a) 86;

- (b) admits that, during the Relevant Period, the Casino (Burswood Island) Agreement imposed an obligation on Crown Perth to pay “Casino Taxes” to the Treasurer of the State of Western Australia;
- (c) says that, during the Relevant Period, the obligation referred to in subparagraph (b) above was to pay the aggregate of the three taxes in Schedule C to that agreement (Electronic Gaming Machine Tax, Table Game Tax and International Commission Business Tax), each calculated by reference to a different percentage;
- (d) refers to the full terms of the Casino (Burswood Island) Agreement (as supplemented from time to time); and
- (e) in the premises, otherwise denies the paragraph.

**B.5.**

87. Crown admits paragraph 87.

88. As to paragraph 88, Crown:

- (a) says that, during the Relevant Period, Crown Sydney Gaming Pty Ltd (**Crown Sydney**) ~~has not yet~~ never commenced operations pursuant to its restricted gaming licence under the *Casino Control Act 1992* (NSW); and
- (b) otherwise admits the paragraph.

89. Crown admits paragraph 89.

90. Crown admits paragraph 90.

91. ~~Crown denies~~ As to paragraph 91, Crown:

- (a) admits that, if during the Relevant Period a regulator took one of the steps referred to in paragraph 90(a), (aa) and (b) of the 2FASOC, Crown, or Crown Melbourne, Crown Perth or Crown Sydney, would incur expenses;
- (b) says that the extent of the expenses, if any, would depend on the nature of the step taken by the regulator and the nature of any steps taken by Crown in response; and
- (c) otherwise denies the paragraph.

**B.6.**

92. Crown admits paragraph 92.
93. Crown admits paragraph 93.
94. Crown admits paragraph 94.
95. As to paragraph 95, Crown:
- (a) admits subparagraph (a);
  - (b) says that its wholly owned subsidiary, Crown Asia Investments Pty Ltd, held not less than 27.4% of the shares in Melco Crown Entertainment Ltd until 14 December 2016; and
  - (c) otherwise denies the paragraph.
96. As to paragraph 96, Crown:
- (a) says that the company now known as Melco Resorts & Entertainment Ltd (**Melco Resorts**) adopted that name in March 2017; and
  - (b) denies the paragraph.
97. Crown admits paragraph 97.
98. Crown admits paragraph 98.
99. As to paragraph 99, Crown:
- (a) admits that, in around late May or early June 2019, CPH, in accordance with the terms of the Share Sale Agreement, disposed of approximately 9.99% of its shares in Crown to MCO (KittyHawk) Investments Ltd, a nominee of Melco Resorts;
  - (b) admits subparagraphs (b), (c), and (d); and
  - (c) otherwise denies the paragraph.



100. Crown admits paragraph 100.

101. Crown admits paragraph 101.

102. Crown admits paragraph 102.

**C.**

**C.1.**

103. Crown admits paragraph 103.

104. As to paragraph 104, Crown:

(a) admits the paragraph;

(b) says that the 2014 Annual Report stated: “Investment Warning: All information provided in the Annual Report is provided as of the date stated or otherwise as at the date of the Report. The Annual Report has not taken into account any particular investor’s investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or seek independent professional advice” (**2014-2016 Investment Warning**) (page 140); and

(c) says further that it will rely on the full terms and effect of the 2014 Annual Report at trial.

105. As to paragraph 105, Crown:

(a) admits subparagraphs (a) to (j) and subparagraphs (l) to (m); and

(b) otherwise denies the paragraph.

106. As to paragraph 106, Crown:

(a) says that the document to which paragraph 106 refers was provided by Crown to Four Corners by way of response to questions put to Crown by Four Corners, and was subsequently published by Four Corners, not by Crown; and

(b) denies the paragraph.

107. Subject to relying on the full terms and effect of the response to Four Corners, Crown admits paragraph 107.

108. Crown admits paragraph 108.

**C.2.**

109. As to paragraph 109, Crown:

(a) says that the 2015 Annual Report was published and lodged with the ASX on 17 September 2015; and

(b) denies the paragraph.

110. As to paragraph 110, Crown:

(a) admits the paragraph;

(b) says that the 2015 Annual Report contained the 2014-2016 Investment Warning (page 148); and

(c) says further that it will rely on the full terms and effect of the 2015 Annual Report at trial.

**C.3.**

111. Crown admits paragraph 111.

112. As to paragraph 112, Crown:

(a) admits the paragraph;

(b) says that the 2016 Annual Report contained the 2014-2016 Investment Warning (page 136); and

(c) says further that it will rely on the full terms and effect of the 2016 Annual Report at trial.

112A. Crown admits paragraph 112A.

#### C.4.

113. Crown admits paragraph 113.

114. As to paragraph 114, Crown:

- (a) admits the paragraph;
- (b) says that the 2017 Annual Report stated: “Investment Warning: All information provided in the Annual Report is provided as at the date stated or otherwise as at the date of this Report. This Report has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown or to seek independent professional advice” (**2017-2020 Investment Warning**) (page 136)
- (c) says further that it will rely on the full terms and effect of the 2017 Annual Report at trial.

115. Crown admits paragraph 115.

116. Crown admits paragraph 116.

117. Crown admits paragraph 117.

118. As to paragraph 118, Crown:

- (a) admits publishing an announcement in *The Daily Telegraph* and *The Australian* on 21 October 2017; and
- (b) otherwise denies the paragraph.

119. Subject to relying on the full terms and effect of the advertisement to which the paragraph refers, Crown admits paragraph 119.
120. Crown admits paragraph 120.
121. Crown admits paragraph 121.
122. Subject to relying on the full terms and effect of Mr Alexander's address of 26 October 2017, Crown admits paragraph 122.
123. Crown admits paragraph 123.
124. Crown does not plead to paragraph 124.
125. Crown does not plead to paragraph 125.

**C.5.**

126. Crown admits paragraph 126.
127. Subject to relying on the full terms and effect of the document to which the paragraph refers, Crown admits paragraph 127.
128. Crown admits paragraph 128.
129. As to paragraph 129, Crown:
  - (a) admits the paragraph save that the statement in subparagraph (n) was on page 2 of the 2018 Annual Report, not page 1;
  - (b) says that the 2018 Annual Report contained the 2017-2020 Investment Warning (page 136); and
  - (c) says further that it will rely on the full terms and effect of the 2018 Annual Report at trial.

**C.6.**

130. Subject to relying on the full terms and effect of the media reports to which the paragraph refers, Crown admits paragraph 130.
131. Crown admits paragraph 131.
132. Subject to relying on the full terms and effect of the document to which the paragraph refers, Crown admits paragraph 132.
133. Crown admits paragraph 133.
134. Subject to relying on the full terms and effect of the document to which the paragraph refers, Crown admits paragraph 134.
135. As to paragraph 135, Crown:
- (a) says that the document to which the paragraph refers was correspondence sent to the ASX and then published by the ASX pursuant to listing rule 18.7A of the ASX Listing Rule; and
  - (b) in the premises, denies the paragraph.
136. Subject to relying on the full terms and effect of the document to which the paragraph refers, Crown admits paragraph 136.
137. Save to say that the article to which paragraph 137 refers was published on 5 August 2019, not 8 August 2019, Crown admits paragraph 137.
138. Subject to relying on the full terms and effect of the article to which the paragraph refers, Crown admits paragraph 138.
139. Crown admits paragraph 139.
140. As to paragraph 140, Crown:
- (a) admits the paragraph;
  - (b) says that the 2019 Annual Report contained the 2017-2020 Investment Warning (page 139); and
  - (c) says further that it will rely on the full terms and effect of the 2019 Annual Report at trial.

141. Subject to relying on the full terms and effect of the article to which the paragraph refers, Crown admits paragraph 141.

141A. Subject to relying on the full terms and effect of the article to which the paragraph refers, Crown admits paragraph 141A.

142. As to paragraph 142, Crown:

(a) admits that John Alexander, Ken Barton, Helen Coonan and Andrew Demetriou spoke at Crown's Annual General Meeting held on 24 October 2019; and

(b) otherwise denies the paragraph.

143. Subject to relying on the full terms and effect of the transcript of the Annual General Meeting, Crown admits paragraph 143.

#### **C.7.**

144. Crown admits paragraph 144.

145. As to paragraph 145, Crown:

(a) admits the paragraph;

(b) says that the 2020 Annual Report contained the 2017-2020 Investment Warning (page 148); and

(c) says further that it will rely on the full terms and effect of the 2020 Annual Report at trial.

#### **C.8.**

146. As to paragraph 146, Crown:

(a) refers to paragraph 146A below;

(b) says that, if the representations in the terms alleged in paragraph 146 were made (which is denied), any such representations were representations of opinion;

(c) says that, if the alleged representation at paragraph 146(a) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown's systems would unfailingly guarantee that there would not be instances in which Crown did not comply with relevant

regulatory requirements and/or that Crown's directors could effectively monitor compliance so as to provide such a guarantee;

- (d) says that, if the alleged representation at paragraph 146(b) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown would unfailingly guarantee that it had monitored and reported every one of its compliance activities; and
- (e) denies the allegations in the paragraph.

146A. In further answer to paragraph 146, Crown says that what it in fact represented on the subject of general compliance at particular times during the Relevant Period was the following (**Actual General Compliance Representations**):

- (a) Crown endeavoured at all times to comply fully with its legal and regulatory obligations and to operate in accordance with guidance provided by regulators;
- (b) there was a need for all major companies with extensive operations continually to improve on compliance, and Crown was committed to such improvement and strengthening of its compliance function;
- (c) Crown's compliance with the *AML/CTF Act* was audited regularly by AUSTRAC and no major compliance issues had been found;
- (d) Crown attended to its AML/CTF compliance with commitment and rigour;
- (e) Crown had a comprehensive AML/CTF Program;
- (f) as at 24 October 2019, the CEO of AUSTRAC had recently said that Crown had good AML/CTF systems and good compliance for AML/CTF;
- (g) Crown's management had devised and implemented risk management systems appropriate to Crown;
- (h) Crown had established policies for the oversight and management of material business risks and had adopted a formal Risk Management Policy setting out procedures that were designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and report the results of those procedures to the Crown Board;

- (i) Crown had in place legal, governance and compliance frameworks at each of its operations and monitored its legislative and regulatory requirements in the jurisdictions in which it operates; and
- (j) Crown's internal control framework was designed to ensure compliance with relevant legislative and regulatory requirements.

### **Particulars**

Crown refers to Annexure A to this defence.

147. As to paragraph 147, Crown:

- (a) refers to paragraph 148A below;
- (b) admits that:
  - (i) on 21 October 2017 and 26 October 2017, it represented that it took compliance with AML/CTF laws seriously;
  - (ii) on 31 July 2019, it represented that it took its regulatory obligations seriously;
- (c) says that, if a representation in the terms alleged in paragraph 147(b) was made (which is denied), that representation:
  - (i) was a representation of opinion;
  - (ii) should be read and understood in its proper context and did not convey that Crown's systems would invariably detect, and ensure investigation of, potential regulatory or compliance issues; and
- (d) otherwise denies the paragraph.

148. As to paragraph 148, Crown:

- (a) refers to paragraph 148A below;
- (b) says that, if representations in the terms alleged in paragraph 148 were made (which is denied), any such representations were representations of opinion, save for the words "had not resulted in ... AUSTRAC initiating formal investigation or enforcement activities in respect of Crown's compliance with AML/CTF laws" in paragraph 148(b); and



(c) otherwise denies the paragraph.

148A. In further answer to paragraphs 147 and 148 Crown says that what it in fact represented on the subject of its regulatory obligations and relationships at particular times during the Relevant Period was the following (**Actual Regulator Relationship Representations**):

- (d) Crown took compliance with AML/CTF laws seriously;
- (e) Crown took its regulatory obligations seriously;
- (f) Crown worked closely with all of its regulatory agencies, including law enforcement, both state and federal;
- (g) Crown's compliance with the *AML/CTF Act* was audited regularly by AUSTRAC and no major compliance issues had been found;
- (h) Crown attended to its AML/CTF compliance with commitment and rigour;
- (i) Crown had a comprehensive AML/CTF Program;
- (j) as at 24 October 2019, the CEO of AUSTRAC had recently said that Crown had good AML/CTF systems and good compliance for AML/CTF;
- (k) when errors occurred, as they could in a business the size and complexity of Crown's, Crown's response was to work hard to rectify any underlying issues and improve on relevant systems and operating procedures, where appropriate.

### **Particulars**

Crown refers to Annexure A to this defence.

149. As to paragraph 149, Crown:

- (a) refers to paragraph 149A below;
- (b) says that, if the alleged representations were made (which is denied), any such representations were representations of opinion; and
- (c) denies the paragraph.

149A. In further answer to paragraph 149 Crown says that what it in fact represented on the subject of the duties of Crown's directors and the reporting of risk to those directors at

particular times during the Relevant Period was the following (**Actual Corporate Governance Representations**):

- (a) Crown had established a Code of Conduct for directors the purpose of which was to ensure that Crown's directors had a clear understanding of Crown's expectations of their conduct and reinforced the statutory duties of directors;
- (b) Crown's directors were obliged, at all times, to comply with the spirit, as well as the letter, of the law, as well as the principles of Crown's Code of Conduct, and were encouraged to report suspected unlawful or unethical behaviour;
- (c) Crown had established policies for the oversight and management of material business risks and had adopted a formal Risk Management Policy setting out procedures that were designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and report the results of those procedures to the Crown Board.

#### **Particulars**

Crown refers to Annexure A to this defence.

150. As to paragraph 150, Crown:

- (a) refers to paragraph 146A above and says that, to the extent that it made any representations in connection with the compliance of its VIP International business, they were in the same terms as the Actual General Compliance Representations;
- (b) says that, if representations in the terms alleged in paragraph 150 were made (which is denied), any such representations were representations of opinion;
- (c) says that, if the alleged representation at paragraph 150(a) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown's systems would unfailingly guarantee that there would not be instances in which Crown did not comply with relevant regulatory requirements as they related to Crown's VIP International business;
- (d) says that, if the alleged representation at paragraph 150(b) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown would unfailingly guarantee that it had

monitored and reported every one of its compliance activities as they related to Crown's VIP International business; and

(e) denies the allegations in the paragraph.

151. As to paragraph 151, Crown:

(a) refers to paragraph 151A below;

(b) says that, if the alleged representations were made (which is denied), any such representations were representations of opinion;

(c) says that, if the alleged representation at paragraph 151(a) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown's systems would unfailingly guarantee that there would not be instances in which Crown did not comply with relevant regulatory requirements as they related to Crown's junket program, junket operators, junket representatives, junket players and/or junket program agreements;

(d) says that, if the alleged representation at paragraph 151(b) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown would unfailingly guarantee that it had monitored and reported every one of its compliance activities as they related to Crown's junket program, junket operators, junket representatives, junket players and/or junket program agreements; and

(e) denies the allegations in the paragraph.

151A. In further answer to paragraph 151 Crown says that what it in fact represented on the subject of compliance and risk management with respect to junkets at particular times during the Relevant Period was the following (**Actual Junket Program Compliance Representation**):

(a) the Actual General Compliance Representations;

(b) the junket operators with whom Crown dealt were subject to identification verification with appropriate Know Your Customer (KYC) and due diligence procedures, and appropriate reports were submitted to AUSTRAC and relevant gaming regulators as required by law;

- (c) Crown had, as at 30 July 2019, a robust process for vetting junket operators with whom it dealt and undertook regular ongoing reviews of those operators in the light of new or additional information that came to its attention; and
- (d) Crown dealt with junkets and their customers in essentially the same way as other international casinos.

### **Particulars**

Crown refers to Annexure A to this defence.

152. As to paragraph 152, Crown:

- (a) refers to and repeats paragraphs 146, 147, 148, 149, 150 and 151 above;
- (b) admits that, during the Relevant Period, Crown did not qualify or contradict the representation pleaded at paragraph 147(b) above;
- (c) otherwise denies the allegations in the paragraph.

153. Crown denies paragraph 153:

#### **CA.**

##### **CA.1.**

153A. Crown admits paragraph 153A.

153B. Subject to relying on the full terms and effect of the ASX announcement referred to in paragraph 153B, Crown admits paragraph 153B.

153C. As to paragraph 153C, Crown:

- (a) refers to and repeats paragraphs 104(b) and (c) above; and
- (b) admits the paragraph.

153D. As to paragraph 153D, Crown:

- (a) admits that Mr Packer and Mr Craigie spoke at Crown's 2014 AGM on 16 October 2014; and
- (b) otherwise denies the paragraph.

153E. Subject to relying on the whole of what Mr Craigie and Mr Packer said during the course of the 2014 AGM and on the full terms and effect of the ASX announcement referred to in paragraph 153E, Crown admits paragraph 153E.

## **CA.2.**

153F. As to paragraph 153F, Crown:

- (a) refers to and repeats paragraph 129(b) and (c); and
- (b) admits the paragraph.

153G. As to paragraph 153G, Crown:

- (a) admits that Mr Rankin and Mr Craigie spoke at Crown's 2015 AGM on 21 October 2015; and
- (b) otherwise denies the paragraph.

153H. Subject to relying on the whole of what Mr Rankin said during the course of the 2015 AGM and on the full terms and effect of the ASX announcement referred to in paragraph 153H, Crown admits paragraph 153H.

## **CA.3.**

153I. As to paragraph 153I, Crown:

- (a) refers to and repeats paragraph 110(b) and (c); and
- (b) save to say that the pleaded statement was on page 2 not page 1 of the 2018 Annual Report, admits the paragraph.

153J. As to paragraph 153J, Crown:

- (a) admits that Mr Alexander spoke at Crown's 2018 AGM on 1 November 2018; and
- (b) otherwise denies the paragraph.

153K. Subject to relying on the whole of what Mr Alexander said during the course of the 2018 AGM and on the full terms and effect of the ASX announcement referred to in paragraph 153K, Crown admits paragraph 153K.

#### **CA.4.**

153L. As to paragraph 153L, Crown:

- (a) refers to and repeats paragraph 140(b) and (c); and
- (b) admits the paragraph.

153M. Subject to relying on the whole of what Mr Alexander said during the course of the 2019 AGM and on the full terms and effect of the ASX announcement referred to in paragraph 153M, Crown admits paragraph 153M.

#### **CA.5.**

153N. As to paragraph 153N, Crown:

- (a) refers to paragraph 153NA below;
- (b) says that, if any of the representations alleged in paragraph 153N was made (which is denied), the representation was a representation of opinion;
- (c) says that, if the alleged representation at paragraph 153N(a) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown's systems would unfailingly guarantee that there would not be instances in which Crown or its subsidiaries did not comply with relevant Australian casino taxation obligations;
- (d) says that, if the alleged representation at paragraph 153N(b) was made (which is denied), any such representation should be read and understood in its proper context and did not convey that Crown's directors could effectively monitor compliance so as to provide such a guarantee;
- (e) says that, if the alleged representation at paragraph 153N(c) was made (which is denied), any such representation should be read and understood in its proper

context and did not convey that Crown would unfailingly guarantee that it had monitored and reported every one of its compliance activities with respect to Australian casino taxation obligations; and

(f) denies the allegations in the paragraph.

153NA. In further answer to paragraph 153N (and paragraph 153O), Crown says that what it in fact represented on the subject of tax at particular times during the Relevant Period was the following (Actual Tax Representations):

- (a) Crown Melbourne would be making a series of substantial payments to the State of Victoria at specified points in time up to the year 2033;
- (b) Crown Melbourne would be paying to the State of Victoria a minimum of \$35 million per annum in taxes in respect of new gaming products over a six-year period;
- (c) Crown was one of the most significant taxpayers in Australia;
- (d) Crown contributed two-thirds of its pre-tax profits to governments;
- (e) Crown paid more than \$640 million in taxes to all levels of Australian governments in financial year 2015, more than \$650 million in financial year 2018, and more than \$650 million in financial year 2019; and
- (f) as at 21 October 2015, the ratio of taxes paid by Crown to profits earned was greater than any other ASX 50 company.

### **Particulars**

Crown refers to the statements pleaded in paragraphs 153B, 153C, 153E, 153F, 153H, 153I, 153K, 153L and 153M of the 2FASOC.

### **CA.6.**

153O. As to paragraph 153O, Crown:

- (a) refers to paragraph 153NA above;
- (b) says that, if representations in the terms alleged in paragraph 153O were made (which is denied), any such representations were representations of opinion, save for the words “had not resulted in ... Casino Regulators initiating formal

investigation or enforcement activities in respect of Crown’s compliance with Australian casino taxation regulatory obligations” in paragraph 153O(c); and

(c) denies the paragraph.

153P. As to paragraph 153P, Crown:

(a) refers to paragraphs 153N(f) and 153O(c); and

(b) denies the paragraph.

153Q. Crown denies paragraph 153Q.

**D.**

**D.1.**

**D.1.1.**

154. As to paragraph 154, Crown:

(a) admits the paragraph as it relates to directors;

(b) says that, in the Relevant Period:

(i) all Crown Melbourne and Crown Perth staff involved in the provision of designated services (within the meaning of the *AML/CTF Act*) were required to complete induction training that included an AML/CTF component;

(ii) all Crown Melbourne staff holding a special employee licence under the *Casino Control Act 1991* (Vic) completed casino awareness training that included training in AML/CTF obligations;

(iii) Crown Melbourne and Crown Perth staff in certain departments, including the Casino Cage, Table Games, Gaming Machines, Security, Surveillance, Credit Control, Responsible Gaming, and VIP Services departments, completed training in relation to suspicious matters, threshold transactions, international funds transfer instructions, and identification procedures;

(iv) AML/CTF training was provided to Crown Melbourne and Crown Perth staff on a case-by-case basis; and



(v) otherwise denies the paragraph.

155. As to paragraph 155, Crown:

- (a) refers to and repeats paragraph 154(a) above;
- (b) admits the paragraph as it relates to the Crown Board ~~prior to 21 October 2020~~, the CEO prior to 3 September 2020, and the CFO prior to 20 August 2020; and
- (c) otherwise denies the paragraph.

156. As to paragraph 156, Crown:

- (a) refers to and repeats paragraph 154(a) above;
- (b) admits the paragraph as it relates to ~~the directors of Crown prior to 21 October 2020~~; and
- (c) otherwise denies the paragraph.

157. As to paragraph 157, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

**D.1.1A.**

157A. As to paragraph 157A, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) denies the paragraph.

**D.1.2.**

158. As to paragraph 158, Crown:

- (a) says that Ms Tegoni was from the beginning of the Relevant Period to 15 May 2017:
  - (i) Executive General Manager, Legal and Regulatory Services at Crown Melbourne; and
  - (ii) Crown Melbourne's AML/CTF Compliance Officer; and

(b) otherwise denies the paragraph.

159. Crown denies paragraph 159.

160. As to paragraph 160, Crown:

(a) says that the paragraph is vague and embarrassing; and

(b) under cover of that objection, denies the paragraph.

***D.1.3.***

161. As to paragraph 161, Crown:

(a) says that, during the Relevant Period, directors and executives of Crown reported to the Crown Board in relation to anti-money laundering (AML) issues from time to time; and

(b) denies the paragraph.

162. As to paragraph 162, Crown:

(a) refers to and repeats paragraph 49(d) and (e) above; and

(b) otherwise admits the paragraph.

162A. As to paragraph 162A, Crown:

(a) admits that, from the beginning of the Relevant Period to late 2018, Crown Melbourne and Crown Perth did not engage any external assistance in testing their transaction monitoring programs; and

(b) otherwise denies the paragraph.

162B. As to paragraph 162B, Crown:

(a) admits that there was no external audit of Crown Perth's AML/CTF Program during the Relevant Period;

(b) denies that, during the Relevant Period, Crown Perth's AML/CTF Program required an external audit of that program every two years; and

(c) otherwise denies the paragraph.

162C. Crown admits paragraph 162C.

162D. Crown admits paragraph 162D.

162E. As to paragraph 162E, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

162F. As to paragraph 162F, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

163. As to paragraph 163, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

163A. As to paragraph 163A, Crown:

- (a) says that the paragraph is vague and embarrassing;
- (b) under cover of that objection, denies the paragraph.

164. ~~As to paragraph 164, Crown: Crown admits paragraph 164.~~

- ~~(a) refers to and repeats paragraph 49(d) above;~~
- ~~(b) says that, during the Relevant Period:~~
  - ~~(i) — Crown was not required to have an AML/CTF Compliance Officer; and~~
  - ~~(ii) — each of Crown Melbourne and Crown Perth had a designated AML/CTF Compliance Officer as required by rule 8.5.1 of the *AML/CTF Rules*;~~
- ~~and~~
- ~~(c) otherwise admits the paragraph.~~

164A. As to paragraph 164A, Crown:

- (a) says that the paragraph is vague and embarrassing;
- (b) under cover of that objection:

- (i) repeats that Crown did not have an AML/CTF Program during the Relevant Period because it did not provide “designated services” within the meaning of the AML/CTF Act, and was therefore not a “reporting entity” within the meaning of that Act, during the Relevant Period;
- (ii) repeats that Burswood Ltd did not have an AML/CTF Program during the Relevant Period because it did not provide “designated services” within the meaning of the AML/CTF Act, and was therefore not a “reporting entity” within the meaning of that Act, during the Relevant Period; and
- (iii) denies the paragraph.

#### **D.1.4**

165. Crown admits paragraph 165.

166. As to paragraph 166, Crown:

- (a) admits that Mr Jeans did not use the precise words pleaded in paragraph 138 of the 2FASOC but says that he made remarks at a meeting of the Crown Board on 20 August 2019 that were to the same or substantially the same effect; and

#### **Particulars**

Mr Jeans made remarks to the effect that Crown had “appropriate systems and controls”, that Crown was “leading the way in [the AML/CTF] space” and that Crown could “take comfort” that its controls and processes with respect to AML/CTF compliance were “well set up and appropriate”.

- (b) otherwise denies the paragraph.

166A. As to paragraph 166A, Crown:

- (a) says that the Crown Resorts Limited Risk Management Policy (the **Policy**) in place from the beginning of the Relevant Period until August 2018 did not purport to be, and was not, a comprehensive description of the risk-management processes in place at Crown, Crown Melbourne or Crown Perth;
- (b) admits that the Policy did not use the expression “risk appetite”;

- (c) admits that the Policy did not define the expressions “major risks” and “material risks”; and
- (d) otherwise denies the paragraph.

**D.2.**

167. As to paragraph 167, Crown:

- (a) admits that, in the Relevant Period, due diligence on junket operators and junket players was conducted in part by the credit team within the VIP International business unit;
- (b) admits that, prior to mid-October 2016, the ultimate decision-maker as to whether to approve a junket operator was Mr O’Connor;
- (c) admits that, from mid-2017, Mr Felstead, Mr Preston and Mr Johnston were the final decision-makers as to whether to approve a junket operator; and
- (d) otherwise denies the paragraph.

167A. Crown admits paragraph 167A.

167B. As to paragraph 167B, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) says that it was not a matter for the board of Crown to provide the guidance alleged; and
  - (ii) denies the paragraph.

168. As to paragraph 168, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) says that, from mid-2017, junket operators with whom Crown dealt were subject to:
    1. KYC procedures;

2. due diligence procedures; and
  3. ongoing reviews in the light of new or additional information;
- (ii) says further that Crown dealt with junket operators and their customers in essentially the same way as other Australian and international casinos;
  - (iii) says further that Macau-based junkets were required to be licensed in Macau and were subject to regulatory oversight and probity checks by the Macau gaming regulator, the DICJ (Direcção de Inspeção e Coordenação de Jogos);
  - (iv) says further that there were also other casino regulators in Australia and overseas that reviewed junket operators and their dealings with licensed casinos; and

#### **Particulars**

- (1) Until 1 July 2004 in Victoria, section 69 of the *Casino Control Act 1991* (Vic) prohibited a person from organising or promoting a junket without the approval of the Director of Casino Surveillance given in accordance with the regulations, being the *Casino Control (Junkets and Premium Players) Regulations 1999* (Vic).
  - (2) Crown Melbourne Junket and Premium Player Internal Control Statement v4 and v10 at clauses 2.5 to 2.7 and clauses 2.4.2 and 2.5.1 respectively.
  - (3) Until 5 June 2010 in Western Australia, Pt 3 of the *Casino Control Regulations 2009* (WA) imposed a requirement for junket operators to be approved by the Gaming and Wagering Commission.
  - (4) Regulation 37 of the *Casino Control Regulation 1999* (Qld) requires a casino operator to give notice to the Office of Liquor and Gaming Regulation of new junket operators and the regulator has the power to direct a casino not to conduct business with the individual.
  - (5) Macau Administrative Regulation No.6/2002 and Administrative Regulation No. 27/2009 DICJ.
- (v) denies the paragraph.

169. As to paragraph 169, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection,
  - (i) refers to and repeats paragraph 168(b) above; and
  - (ii) otherwise denies the paragraph.

170. As to paragraph 170, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection,
  - (i) refers to and repeats paragraph 168(b) above; and
  - (ii) otherwise denies the paragraph.

170A. As to paragraph 170A, Crown:

- (a) admits that, from the beginning of the Relevant Period to August 2019, there was no external review of Crown’s policies and procedures for conducting due diligence research into existing and new junket operators and premium players; and
- (b) says that the words “no adequate external review” are vague and embarrassing; and
- (c) under cover of that objection, otherwise denies the paragraph.

170B. As to paragraph 170B, Crown:

- (a) admits subparagraph (a);
- (b) says that the Draft FTI Report stated: “Recommendation: Crown seek to record the outcome and reasons for decision to approve and that this information be held on file”;
- (c) says that the Draft FTI Report stated: “We recommend building the capability of the staff conducting the due diligence research via training in open source research skills”; and
- (d) says that it will rely on the full terms of the Draft FTI Report at trial; and

(e) otherwise denies the paragraph.

170C. As to paragraph 170C, Crown:

(a) says that Mr Preston was the only officer of Crown who knew of the Draft FTI Report during the Relevant Period

(b) repeats paragraph 40(a);

(c) repeats paragraph 41(b), (c) and (d);

(d) says that any changes to Crown Melbourne's Internal Control Statements had to be approved by the VCGLR;

### **Particulars**

Crown refers to section 121 of the *Casino Control Act 1991* (Vic).

(e) in the premises:

(i) admits subparagraphs (a) and (b);

(ii) admits subparagraph (c) insofar as it concerns the Relevant Period;

(iii) admits that junket operations continued unchanged until 20 March 2020;  
and

(iv) otherwise denies the paragraph.

171. As to paragraph 171, Crown:

(a) says that the paragraph is vague and embarrassing; and

(b) under cover of that objection, denies the paragraph.

172. As to paragraph 172, Crown:

(a) admits that, in the Relevant Period, Crown's due diligence in relation to junkets was focused on junket operators and junket players;

(b) says that, to the extent that regulatory instruments concerning junkets in force during the Relevant Period required due diligence in relation to junkets at all, they required due diligence in relation to junket operators and junket players only; and



## Particulars

- (1) Version 4.0 of the Internal Control Statement for Junket and Premium Player Programs dated 13 December 2011, approved by the VCGLR, contained no due diligence requirements in relation to junkets.
- (2) Version 10 of the Internal Control Statement for Junket and Premium Player Programs dated 24 December 2015, approved by the VCGLR, contained due diligence requirements in relation to junket operators and junket players (clause 2.5.1).
- (3) The Casino Manual, approved by the Western Australian Gaming and Wagering Commission, contained no due diligence requirements in relation to junkets.

(c) otherwise denies the paragraph.

173. As to paragraph 173, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) admits that Crown dealt with some junket participants in respect of whom Crown was aware of allegations of criminal activity; and
  - (ii) otherwise denies the paragraph.

174. As to paragraph 174, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) refers to and repeats paragraph 173(b) above; and
  - (ii) otherwise denies the paragraph.

175. As to paragraph 175, Crown:

- (a) says that the fact that a junket participant had been granted a visa by the Australian Government was one factor taken into account by Crown in its junket due diligence processes; and
- (b) otherwise denies the paragraph.

176. As to paragraph 176, Crown:
- (a) refers to and repeats paragraphs 167 to 175 above; and
  - (b) otherwise denies the paragraph.

177. As to paragraph 177, Crown:
- (a) refers to and repeats paragraphs 167 to 176 above; and
  - (b) otherwise denies the paragraph.

### **D.3.**

178. As to paragraph 178, Crown:
- (a) says that, on 23 January 2014, Crown (not Crown Melbourne) entered into an arrangement with Sun City International for the ongoing reservation of a VIP room at the Melbourne Casino for the use of the Chau Cheok Wa junket (**Suncity Room**); and
  - (b) otherwise denies the paragraph.

179. As to paragraph 179, Crown:
- (a) admits that, from February 2014 to around August 2019, cash was stored inside the Suncity Room; and
  - (b) otherwise denies the paragraph.

180. Crown admits paragraph 180.

181. Crown admits paragraph 181.

182. As to paragraph 182, Crown:
- (a) says that, as at 26 May 2016, Crown had in its records due diligence that stated that Mr Chau “appears to have been a former member of the 14K Triad’s Macao branch in the 1990s, and was reportedly in charge of loan sharking and gambling under the leadership of Kuok Koi Wan”; and

### **Particulars**

Cheok Wa Chau WealthX dossier dated 26 May 2016.

- (b) otherwise denies the paragraph.

183. Crown admits paragraph 183.
184. As to paragraph 184, Crown:
- (a) admits that it did not report cash transactions at the Suncity desk to the AUSTRAC CEO;
  - (b) says that at all material times it was not a reporting entity within the meaning of the AML/CTF Act; and
  - (c) otherwise ~~denies the paragraph~~ says that to the extent the paragraph relates to whether or not Crown Melbourne reported certain matters to the AUSTRAC CEO, Crown does not plead to any such allegation by reason of section 123 of the AML/CTF Act.
185. As to paragraph 185, Crown:
- (a) says that the paragraph is vague and embarrassing; and
  - (b) under cover of that objection, denies the paragraph.
186. As to paragraph 186, Crown:
- (a) admits that no adjustments to the AML controls in relation to the Suncity desk were implemented prior to 2018; and
  - (b) otherwise denies the paragraph.
187. As to paragraph 187, Crown:
- (a) says that the paragraph is vague and embarrassing; and
  - (b) under cover of that objection, denies the paragraph.
188. As to paragraph 188, Crown:
- (a) refers to and repeats paragraphs 178 to 187 above; and
  - (b) denies the paragraph.

### **D.3.A**

188A. Crown admits paragraph 188A.

188B. Crown admits paragraph 188B.

188C. Crown admits paragraph 188C.

188D. As to paragraph 188D, Crown:

- (a) admits that, from the beginning of the Relevant Period to 2016, China restricted the amounts of money that its nationals could transfer out of China (**Chinese Transfer Restriction**); and
- (b) otherwise does not know and therefore cannot admit the paragraph.

188E. As to paragraph 188E, Crown:

- (a) admits that, at some point during the Relevant Period prior to 2016 (presently unknown to Crown) the Chinese Transfer Restriction was known to Mr Felstead, Jacinta Maguire and Roland Theiler; and
- (b) otherwise does not know and therefore cannot admit the paragraph.

188F. Crown admits paragraph 188F insofar as it relates to the Chinese Transfer Restriction but otherwise does not know and therefore cannot the paragraph.

188G. As to paragraph 188G, Crown:

- (a) says that, in the period 2017 to the end of the Relevant Period, Crown Melbourne provided a service to a small number of customers whereby, at the customer's request, cash was provided to the customer, the amount of cash provided was charged to the customer's hotel room bill, and the bill was later settled by the customer paying by credit or debit card; and
- (b) in the premises, denies the paragraph.

188H. Crown admits paragraph 188H.

188I. As to paragraph 188I, Crown:

- (a) admits subparagraphs (a), (e), (f), (g), (h) and (i);
- (b) refers to paragraph 188L below and, in the premises, admits that the CUP process was not in the best interests of Crown Melbourne; and
- (c) otherwise denies the paragraph.

188J. Crown admits paragraph 188J.

188K. Crown denies paragraph 188K.

188L. As to paragraph 118, Crown:

- (a) admits that, from the beginning of the Relevant Period to 2016, the CUP process materially increased the risk of Crown Melbourne contravening section 68(2)(c) of the *Casino Control Act 1991* (Vic) and section 124 of that Act;
- (b) admits that, in the premises, from the beginning of the Relevant Period to 2016, the CUP process materially increased the risk of disciplinary action being undertaken by the VCGLR; and
- (c) otherwise denies the paragraph.

#### **D.4.**

189. As to paragraph 189, Crown:

- (a) admits that:
  - (i) in the Relevant Period to around October 2016, customers of Crown Melbourne and Crown Perth could deposit funds (in cash or chips) at the City of Dreams Macau by way of debt repayment or front money deposit in relation to the Melbourne and Perth casinos; and
  - (ii) ~~from no earlier than February 2015~~ in the Relevant Period to around October 2016 May 2017, customers of Crown Melbourne or Crown Perth could do the same thing at the City of Dreams Manila; and
- (b) otherwise denies the paragraph.

190. As to paragraph 190, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

190A. As to paragraph 190A, Crown:

- (a) admits that, in respect of the deposit facility referred to in paragraph 189 above, Crown Melbourne and Crown Perth relied on City of Dreams to identify the depositor; and

(b) otherwise denies the paragraph.

190B. Crown admits paragraph 190B.

191. Crown denies paragraph 191.

192. As to paragraph 192, Crown:

(a) says that the paragraph is vague and embarrassing; and

(b) under cover of that objection:

(i) admits that, in the Relevant Period to around October 2016:

1. not all members of the Crown Board or the Risk Management Committee were made aware of the City of Dreams deposit facilities pleaded in paragraph 189(a) above;
2. the Crown Board or the Risk Management Committee did not take steps to investigate the nature and extent of deposits using those facilities; and

(ii) otherwise denies the paragraph.

193. As to paragraph 193, Crown:

(a) says that the paragraph is vague and embarrassing; and

(b) under cover of that objection:

(i) refers to and repeats paragraphs 189 to 192 above; and

(ii) denies the paragraph.

**D.5.**

194. Crown admits paragraph 194.

195. As to paragraph 195, Crown:

(a) admits that, in the Relevant Period, Riverbank Investments Pty Ltd (**Riverbank**) and Southbank Investments Pty Ltd (**Southbank**) operated bank accounts with various banks that were in the name of those companies, being companies with no purpose other than to operate those bank accounts; and

(b) otherwise denies the paragraph.

196. As to paragraph 196, Crown:

(a) admits that, from the beginning of the Relevant Period to 2019, some deposits into the Southbank and Riverbank bank accounts were aggregated by cage staff into a single entry inputted into the SYCO system;

(b) admits that the aggregation practice referred to in (a) in some cases had the effect of obscuring from the AML/CTF teams at Crown Melbourne and Crown Perth the number and nature of deposits constituting the aggregated amount; and

(c) otherwise denies the paragraph.

196A. As to paragraph 196A, Crown:

(a) says that the words “timely reports” and “objectively suspicious financial conduct” are vague and embarrassing;

(b) under cover of that objection:

(i) refers to paragraph 196 above; and

(ii) denies the allegation.

197. Crown admits paragraph 197.

198. Crown admits paragraph 198.

199. Crown admits paragraph 199.

200. As to paragraph 200, Crown:

(a) admits that, in 2013, HSBC closed accounts held with it by Riverbank and Southbank;

(b) admits that ANZ:

(i) notified Crown, on 31 January 2014, that it had detected suspicious transactions in the Riverbank bank account in the form of multiple deposits under \$10,000 on the same day by the same person;

(ii) sought answers, on 31 January 2014, to the questions to which paragraph 200(b)(ii) of the 2FASOC refers;

- (iii) sent a query to Crown, on 31 March 2014, about the aggregation of deposits;
  - (iv) closed an account held by Riverbank in 2014 but says that occurred in March not July 2014;
  - (v) closed Asian patron deposit accounts held by Southbank in Hong Kong and Singapore in July 2014;
- (c) admits that, in December 2016, AUSTRAC queried whether Southbank should be enrolled as a reporting entity in its own right but says that, upon Crown Melbourne providing further information as to the function of Southbank, AUSTRAC did not press the query;

### **Particulars**

By email dated 17 January 2017, Ms Debra Tegoni responded to AUSTRAC's query to the effect that Southbank's sole purpose was to operate a bank account and that Southbank did not provide any designated service. AUSTRAC responded to that email on the same day. AUSTRAC did not press its query in relation to the enrolment of Southbank as a reporting entity.

- (d) says that ASB Bank in New Zealand:
- (i) sent to Crown in July 2018 a series of questions concerning an account held by Southbank with ASB Bank;
  - (ii) notified Southbank on 22 January 2019 that its account would have to be closed by 8 March 2019;
- (e) says that the Commonwealth Bank of Australia:
- (i) sent to Crown in December 2018 a series of questions concerning an account held by Southbank with that bank;
  - (ii) gave notice in December 2019 that accounts held by Riverbank and Southbank would be closed; and
- (f) otherwise denies the paragraph.



201. As to paragraph 201, Crown:
- (a) admits that it did not take timely steps, following the notification referred to at paragraph 200(b)(i) above, to undertake a comprehensive examination of the ANZ account held by Riverbank;
  - (b) says that the paragraph is otherwise vague and embarrassing; and
  - (c) under cover of that objection, otherwise denies the paragraph.
202. Crown denies paragraph 202.

#### **Particulars**

The existence of the Riverbank and Southbank accounts was disclosed to Mr Jeans on 20 August 2019 in the context of his engagement to review Crown Melbourne and Crown Perth's transaction monitoring program.

203. As to paragraph 203, Crown:
- (a) refers to paragraphs 195 and 196 above and admits that the Riverbank and Southbank accounts were operated in a manner that was likely to facilitate money laundering; and
  - (b) otherwise denies the paragraph.
204. As to paragraph 204, Crown:
- (a) refers to and repeats paragraphs 194 to 203 above;
  - (b) subject to subparagraph (a), admits that not all members of the Crown Board or the Risk Management Committee were made aware of the nature of the Riverbank Account and the Southbank Account prior to about July 2019;
  - (c) says that the Crown Board did take steps to investigate the nature of the Riverbank Account and Southbank Account and their associated AML/CTF compliance risk; and

#### **Particulars**

Mr Preston and Mr Felstead were charged with investigating media allegations that were made in July and August 2019, which included allegations as to the Riverbank and Southbank accounts. Mr Preston advised the Crown Board that the Riverbank and Southbank accounts were dealt with in the same

manner as all of Crown's other accounts and were covered by the AML/CTF Programs of Crown's subsidiaries.

- (d) otherwise denies the paragraph.

**D.5A.**

204A. Crown admits paragraph 204A.

204B. As to paragraph 204B, Crown:

- (a) says that the allegation is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

**D.6.**

205. As to paragraph 205, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

206. As to paragraph 206, Crown:

- (a) says that:
  - (i) from November 2016 into early 2017, Crown conducted a review of certain aspects of its VIP International business, part of which involved reviewing existing relationships with junket operators (**VIP Review**); and
  - (ii) relationships with over 100 mainland Chinese junket operators were terminated as a result of the VIP Review; and
- (b) otherwise denies the paragraph;

206A. Crown admits paragraph 206A.

207. As to paragraph 207, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

208. As to paragraph 208, Crown:

(a) denies paragraph 208(a);

#### **Particulars**

(1) From 20 April 2018, additional controls were introduced in the Suncity Room, which included: (a) the removal of the note counting machine from the Suncity Desk; (b) a \$100,000 total petty cash limit at the Suncity Desk; and (c) the requirement that all gaming cash transactions must occur at the Crown Melbourne Cage rather than the Suncity Desk.

(2) Crown conducted an audit of the Suncity Room on 20 April 2018, which resulted in the implementation of the following additional controls: (a) a A\$300,000 cash deposit per 24-hour period limit at the Crown cage; (b) the movement of Suncity's salon from Pit 86 to a salon located within the Mahogany Room referred to as "Pit 38", with additional identification controls including the requirement to be identified upon entry.

(3) On 5 May 2018, Crown Melbourne carried out a further audit and confirmed that Suncity was adhering to the controls that had been implemented. In addition to the audits that were carried out, Crown Melbourne monitored compliance with these controls through ongoing security surveillance in the Suncity Room.

(4) From December 2018, Crown required that any bags taken into the Suncity Room be transparent to ensure that Crown's video surveillance could monitor the contents of bags entering and exiting the Suncity Room.

(5) When Suncity moved back to Pit 86 in March 2019, Crown Melbourne staff were positioned at the entrance to the salon to ensure that every player and guest entering the salon was identified.

(b) admits that no review or investigation during the Relevant Period resulted in Crown materially altering the operation of the City of Dreams deposit facilities pleaded at paragraph 189(a) above (prior to the termination of those facilities in around October 2016);

(c) denies paragraph 208(c);

(d) admits paragraph 208(d) insofar as it concerns the period prior to mid-2017;

(e) ~~otherwise denies the paragraph~~ admits subparagraph (e);

(f) says that subparagraph (f) is vague and embarrassing and, under cover of that objection, denies that subparagraph; and

(g) otherwise denies the paragraph.

209. As to paragraph 209, Crown:

(a) admits that no review or investigation performed by Crown in the Relevant Period ensured AML/CTF compliance or removed the risk of AUSTRAC or casino regulators taking investigatory or enforcement steps, but says that no review or investigation could ever ensure such compliance or remove such risk; and

(b) otherwise denies the paragraph.

#### **D.6A.**

209A. As to paragraph 209A, Crown:

(a) denies the paragraph;

(b) says that the VCGLR concluded and acknowledged in writing that Crown Melbourne had implemented both recommendation 3 and recommendation 17 of the Sixth Review.

#### **Particulars**

In relation to recommendation 3, Crown refers to correspondence from the VCGLR dated 9 January 2020 (CRW.510.029.1855) in which the Chair of the VCGLR stated: “the Commission considered Crown’s submissions and noted that Crown has implemented recommendation 3 of the Review”.

In relation to recommendation 17, Crown refers to correspondence from the VCGLR dated 29 October 2019 (CRW.510.031.0224) in which the Chair of the VCGLR stated: “the Commission notes that Crown has implemented recommendation 17”.

#### **D.6B.**

209B. Crown admits paragraph 209B.

209C. As to paragraph 209C, Crown:

- (a) admits that the presentation given by Mr Preston did not contain the matters set out in subparagraphs (a) to (f); and
- (b) otherwise denies the paragraph.

**D.6C.**

209D. Save to say that the loyalty program was known as “Crown Signature Club” prior to 15 November 2016, Crown admits paragraph 209D.

209E. As to paragraph 209E, Crown:

- (a) admits subparagraphs (a), (b) and (c);
- (b) says that, during the Relevant Period, Crown Melbourne treated dining, accommodation and parking benefits that were generated based on the level of electronic gaming machine play by a Crown Rewards member and the member’s tier/status (**category 8 benefits**) as a form of “Bonus Jackpot”, an expression used in the Standard Operating Procedures for Revenue, Audit and Reporting agreed between Crown Melbourne and the VCGLR, which *inter alia* addressed how Crown Melbourne was to report to the VCGLR Gross Gaming Revenue calculated for the purposes of the Management Agreement between Crown Melbourne and the State of Victoria; and
- (c) otherwise denies the paragraph.

209F. As to paragraph 209F, Crown:

- (a) says that, from at least 29 November 2012, Crown Melbourne was treating category 8 benefits as “sums paid out as winnings” within the meaning of Gross Gaming Revenue; and
- (b) otherwise denies the paragraph.

209G. As to paragraph 209G, Crown:

- (a) repeats paragraph 209F(a); and
- (b) otherwise denies the paragraph.

209H. As to paragraph 209H, Crown:

(a) admits that, by reason of matters pleaded in 209F(a) above, the amount of casino tax payable by Crown Melbourne to the State of Victoria was understated; and

(b) otherwise denies the paragraph.

209I. Crown denies paragraph 209I.

209J. As to paragraph 209J, Crown:

(a) repeats paragraph 209F(a); and

(b) otherwise denies the paragraph.

209K. As to paragraph 209K, Crown:

(a) denies the paragraph;

(b) says that, by 5 June 2018, Crown Melbourne had disclosed to the VCGLR that Crown was treating category 8 benefits as deductions in calculating Gross Gaming Revenue.

### **Particulars**

Crown refers to an email from Ms Fielding to Mr Cremona of the VCGLR sent on 5 June 2018, in which Ms Fielding, responding to Mr Cremona's queries about "Bonus Jackpots deducted from Gaming Revenue", identified as one such deduction, under the heading "Bonus Jackpots", the category 8 benefits, and described the benefits as carparking, hotel night stays and dining rewards (CRW.512.147.1181).

209L. As to paragraph 209L, Crown:

(a) says that, during the Relevant Period, treating the category 8 benefits as "sums paid out as winnings" exposed Crown Melbourne to the risk of being in breach of the Management Agreement with the State of Victoria pursuant to which casino tax was payable and to the risk that Crown Melbourne would have to repay the underpaid casino tax, with interest, as a consequence of that breach;

(b) says that the actual consequence of treating category 8 benefits as "sums paid out as winnings" was the payment to the State of Victoria, on 27 July 2021, of the underpaid casino tax with interest; and

(c) denies the paragraph.

209M. As to paragraph 209M, Crown:

- (a) admits that, during the course of the Victorian Royal Commission, Crown Melbourne admitted that its treatment of category 8 benefits as “sums paid out as winnings” for the purposes of calculating Gross Gaming Revenue, as well as its treatment of certain aspects of another category of promotion known as “Jackpot Payments”, was incorrect;
- (b) admits that the Victorian Commissioner said in his Report: “The Commission is of the opinion that there has been a significant underpayment of casino tax in relation to category 3 (Matchplay)”;
- (c) admits subparagraphs (d) and (e); and
- (d) otherwise denies the paragraph.

**D.7.**

210. As to paragraph 210, Crown:

- (a) admits that the Services Agreement provided for the provision of “Confidential Information” (within the meaning of that agreement) of Crown to CPH in certain circumstances;
- (b) admits that the Controlling Shareholder Protocol provided for the provision of “Confidential Information” (within the meaning of that agreement) to CPH and Mr Packer in certain circumstances; and
- (c) otherwise denies the paragraph.

211. As to paragraph 211, Crown:

- (a) admits that, during the course of negotiations for the sale of CPH’s shares in Crown to a nominee of Melco Resorts:
  - (i) confidential information was provided to Mr Packer by Mr Barton and Mr Johnston;
  - (ii) confidential information was provided to Melco Resorts; and
- (b) otherwise denies the paragraph.

212. Crown admits paragraph 212.

213. As to paragraph 213, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) says that the Controlling Shareholder Protocol provided a system for considering requests by CPH or Mr Packer for Confidential Information; and
  - (ii) denies the paragraph.

**D.8.**

214. As to paragraph 214, Crown:

- (a) says that the paragraph is vague and embarrassing;
- (b) under cover of that objection:
  - (i) refers to and repeats paragraphs 154 to 209 above; and
  - (ii) denies the paragraph.

214A. As to paragraph 214A, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

215. As to paragraph 215, Crown:

- (a) says that the paragraph is vague and embarrassing;
- (b) under cover of that objection:
  - (i) refers to and repeats paragraphs 154 to 209M above; and
  - (ii) denies the paragraph.

**D.9.**

216. As to paragraph 216, Crown:

- (a) says that the paragraph is vague and embarrassing;



- (b) under cover of that objection:
  - (i) refers to and repeats paragraphs 154 to 209 above; and
  - (ii) denies the paragraph.

217. As to paragraph 217, Crown:

- (a) says that the paragraph is vague and embarrassing;
- (b) under cover of that objection:
  - (i) refers to and repeats paragraphs 154 to 209M and 216 above; and
  - (ii) denies the paragraph.

**E.**

**E.1.**

218. As to paragraph 218, Crown:

- (a) admits subparagraph (a); and
- (b) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Barton knew the matters pleaded in subparagraphs (b), (c) and (d).

219. As to paragraph 219, Crown:

- (a) admits subparagraphs (a) and (c);
- (b) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Packer knew the matters pleaded in subparagraphs (b) and (d); and
- (c) says that subparagraph (e) is ambiguous, vague and embarrassing and, under cover of that objection, denies the subparagraph.

220. Crown admits paragraph 220.

221. As to paragraph 221, Crown:

- (a) admits subparagraph (a);

- (b) admits that, at some point prior to the end of the Relevant Period the date or dates of which Ms Coonan cannot recall, Ms Coonan knew the matters pleaded in subparagraphs (c) and (d); and
  - (c) denies subparagraph (b).
- 222. As to paragraph 222, Crown:
  - (a) admits that, from at least 23 May 2018, Ms Halton knew the matter pleaded in subparagraph (a); and
  - (b) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Ms Halton knew the matter pleaded in subparagraph (b).
- 223. Crown admits paragraph 223.
- 224. As to paragraph 224, Crown:
  - (a) admits subparagraphs (a) and (b);
  - (b) admits that, from at least 16 April 2018, Mr Jalland knew the matter pleaded in subparagraph (c).
- 225. As to paragraph 225, Crown:
  - (a) admits subparagraphs (a) and (b); and
  - (b) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Johnston knew the matters pleaded in subparagraphs (c), (d) and (e).
- 226. Crown admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Mitchell knew of the potential links between casinos generally and organised crime.
- 227. As to paragraph 227, Crown:
  - (a) admits subparagraph (a); and
  - (b) admits that, during the Relevant Period, Mr Poynton knew a risk of money laundering through casinos existed; and
  - (c) otherwise denies the paragraph.

228. As to paragraph 228, Crown:

- (a) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Preston knew the matters pleaded in subparagraphs (a) and (c); and
- (b) otherwise does not know, and therefore cannot admit, the paragraph.

229. As to paragraph 229, Crown:

- ~~(a) — says that the paragraph is vague and embarrassing; and~~
- ~~(b) — under cover of that objection:~~
- (a) (i) refers to paragraph 278 below;
- (b) (ii) admits subparagraphs (a) and (b); and
- (c) (iii) otherwise denies the paragraph.

## **E.2.**

230. Crown admits paragraph 230.

231. As to paragraph 231, Crown:

- (a) admits subparagraphs (a), (c) and (d); and
- (b) denies subparagraph (b) and refers to and repeats paragraph 154(b) above.

232. Crown admits paragraph 232.

233. As to paragraph 233, Crown:

- (a) admits that, from on or around 17 September 2020, Ms Coonan knew the matter pleaded in subparagraph (a);
- (b) admits subparagraph (b); and
- (c) otherwise does not know, and therefore cannot admit, the paragraph.

234. Crown admits paragraph 234.
235. Crown admits paragraph 235.
236. Crown admits paragraph 236.
237. As to paragraph 237, Crown:
- (a) admits subparagraph (b); and
  - (b) otherwise denies the paragraph.
238. As to paragraph 238, Crown:
- (a) admits subparagraph (a) and (c); and
  - (b) admits subparagraph (b) insofar as it relates to the period prior to mid to late 2020.
239. Crown admits paragraph 239.
240. Crown admits paragraph 240.
241. ~~Crown denies~~ As to paragraph 241, Crown:
- (a) refers to paragraph 162E(b) above;
  - (b) says that the words “the relevant SOPs” are vague and embarrassing; and
  - (c) under cover of that objection, denies the paragraph.
242. Crown does not plead to paragraph 242.
- E.3.**
243. As to paragraph 243, Crown:
- (a) does not know, and therefore cannot admit, subparagraph (a); and
  - (b) says that subparagraph (b) is vague and embarrassing and, under cover of that objection, denies subparagraph (b).
244. As to paragraph 244, Crown:
- (a) admits that, in the Relevant Period prior to late October 2016, Mr Johnston knew that he was a member of the VIP Working Group;

- (b) admits that, from mid-2017, Mr Johnston knew he was the only director of Crown, as at mid-2017 onwards, involved in making decisions about junket operator relationships;
- (c) admits that Mr Johnston knew that he and Mr Craigie were the only directors of Crown involved in the VIP Review;
- (d) admits that Mr Johnston knew that the due diligence process on junkets prior to October 2016 was less rigorous than the one that evolved thereafter; and
- (e) otherwise denies the paragraph.

244A. As to paragraph 244A, Crown:

- (a) admits that Mr Felstead knew, at some point prior to the end of 2016 (presently unknown to Crown), that the board of Crown Perth did not have any substantive involvement in the assessment or approval of junket operators who came to the Crown Perth casino; and
- (b) otherwise does not know, and therefore cannot admit, the paragraph.

245. As to paragraph 245, Crown:

- (a) admits that, in the Relevant Period, Messrs Craigie, Johnston, Felstead and Preston knew of outcomes of the VIP Review;
- (b) refers to and repeats paragraph 206 above; and
- (c) otherwise denies the paragraph.

246. ~~As to paragraph 246, Crown denies paragraph 246.:~~

- ~~(a) says that the paragraph is vague and embarrassing; and~~
- ~~(b) under cover of that objection, denies the paragraph ~~denies paragraph 246.~~~~

**E.4.**

247. Crown admits paragraph 247.

248. Crown admits paragraph 248.

249. Crown admits paragraph 249.

250. As to paragraph 250, Crown:

- (a) admits that, as at 26 May 2016, Crown had in its records due diligence that stated that Mr Chau “appears to have been 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 Kuok Koi Wan”; and

**Particulars**

Cheok Wa Chau WealthX dossier dated 26 May 2016.

- (b) otherwise denies the paragraph.

251. As to paragraph 251, Crown:

- (a) admits subparagraph (a);
- (b) admits that, on 8 June 2017, Mr Scott Howell, Cash Transactions Reporting Manager, Crown Melbourne, forwarded to Mr Preston an email in which an AUSTRAC officer stated that Crown was aware that Alvin Chau was a foreign politically exposed person who had a substantial criminal history;
- (c) admits that, from 8 June 2017, Mr Preston knew the matter pleaded in subparagraph (e);
- (d) admits that, at some point prior to the end of the Relevant Period (presently unknown to Crown), Mr Preston knew the matters pleaded in subparagraphs (b), (c), (f), (g), (h) and (i); and
- (e) otherwise denies the paragraph.

252. As to paragraph 252, Crown:

- (a) admits subparagraph (a) as it relates to Mr Felstead; and
- (b) otherwise does not know, and therefore cannot admit, the paragraph.

253. Crown does not know, and therefore cannot admit, paragraph 253.

254. As to paragraph 254, Crown:

- (a) says that the 2019 Board message stated: “*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*”; and
- (b) denies the paragraph.

255. As to paragraph 255, Crown:

~~(a) says that the paragraph is vague and embarrassing; and~~

~~(b) under cover of that objection:~~

- (a) ~~(i)~~ refers to ~~and repeats~~ paragraph 278 below; and
- (b) ~~(ii)~~ otherwise, denies the paragraph.

256. Crown refers to and repeats paragraph 278 below, and otherwise denies paragraph 256.

#### **E.4A.**

256A. As to paragraph 256A, Crown:

- (a) admits that Mr Preston knew of the CUP process by 2014; and
- (b) otherwise does not know, and therefore cannot admit, the paragraph.

256B. As to paragraph 256B, Crown:

(a) refers to paragraph 278 below; and

(b) denies the paragraph.

**E.5.**

257. As to paragraph 257, Crown:

(a) admits that, during the Relevant Period, Mr Felstead knew of the City of Dreams deposit facility in Macau (pleaded at paragraph 189(a)(i) above); and

(b) otherwise denies the paragraph.

258. As to paragraph 258, Crown:

(a) admits that, by 9 November 2016, Mr Johnston knew of the City of Dreams deposit facilities pleaded at paragraph 189(a) above; and

(b) otherwise does not know, and therefore cannot admit, the paragraph.

259. As to paragraph 259, Crown:

~~(a) says that the paragraph is vague and embarrassing; and~~

~~(b) under cover of that objection:~~

(a) (i) refers to ~~and repeats~~ paragraph 278 below; and

(b) (ii) otherwise, denies the paragraph.

260. Crown refers to and repeats paragraph 278 below, and otherwise denies paragraph 260.

**E.6.**

261. As to paragraph 261, Crown:

(a) admits that Mr Felstead was a director of Riverbank for the duration of the Relevant Period;

(b) admits that Mr Barton was a director of Riverbank for the duration of the Relevant Period;

(c) admits that Mr Alexander was a director of Riverbank from 22 March 2017 to 24 January 2020;



- (d) admits that Mr Craigie was a director of Riverbank from the beginning of the Relevant Period to 22 March 2017; and
  - (e) otherwise denies the paragraph.
- 262. Crown admits paragraph 262.
- 263. As to paragraph 263, Crown:
  - (a) admits that Mr Felstead was a director of Southbank for the duration of the Relevant Period;
  - (b) admits that Mr Barton was a director of Southbank from 30 June 2017 to the end of the Relevant Period;
  - (c) admits that Mr Alexander was a director of Southbank from 22 March 2017 to 24 January 2020;
  - (d) admits that Mr Craigie was a director of Southbank from the beginning of the Relevant Period to 22 March 2017; and
  - (e) otherwise denies the paragraph.
- 264. As to paragraph 264, Crown:
  - (a) admits that, from 30 June 2017 to the end of the Relevant Period, Mr Preston was secretary of Southbank; and
  - (b) otherwise denies the paragraph.
- 265. Crown admits paragraph 265.
- 266. As to paragraph 266, Crown:
  - (a) admits that, prior to the Relevant Period, Mr Barton had been forwarded an email from Paul Birch of ANZ that notified Mr Travis Costin that ANZ had identified a series of suspicious transaction in an account held by Riverbank; and
  - (b) otherwise denies the paragraph.

267. Crown admits paragraph 267.

268. As to paragraph 268, Crown:

- (a) admits that Mr Barton knew in 2014 that structuring was an indicium that money laundering could be occurring;
- (b) admits that, subsequent to the notification from ANZ admitted at paragraph 200(b)(i) above, Mr Costin sent an email to Crown employees copying Mr Barton instructing them to direct customers not to make multiple deposits under \$10,000;

#### **Particulars**

On 29 April, Mr Costin sent an email to Michael Neilson, Debra Tegoni, Roland Theiler, Stephen Hancock, Craig Spence, Vasula Kessell and David Brown, copying Mr Barton, stating: “Can customers be advised by relevant people that multiple cash deposits in branch under the \$10,000 reporting threshold will not be accepted in the new CBA accounts”.

- (c) admits that, from 29 September 2014, Mr Barton knew of the content, conclusions and limitations of the Promontory Report;
- (d) admits that, from some point in January 2014, Mr Barton knew of the commentary provided by Paul Birch of ANZ in relation to the Promontory Report;
- (e) admits subparagraphs (e) to (h); and
- (f) otherwise denies the paragraph.

269. Crown admits paragraph 269.

270. Crown admits paragraph 270.

271. As to paragraph 271, Crown:

- (a) admits that, from 22 January 2019, Mr Preston knew that ASB Bank in New Zealand had closed an account held by Southbank;
- (b) admits that, from 4 October 2019, Mr Preston knew that the Commonwealth Bank of Australia would be closing accounts held by Southbank and Riverbank;
- (c) does not know, and therefore cannot admit, subparagraph (c); and

(d) otherwise denies the paragraph.

272. Crown admits paragraph 272.

273. Crown admits paragraph 273.

274. As to paragraph 274, Crown:

~~(a) says that the paragraph is vague and embarrassing; and~~

~~(b) under cover of that objection:~~

(a) (i) refers to ~~and repeats~~ paragraph 278 below;

(b) (ii) says that whether an officer of Crown ought to have known of one or more of the matters pleaded in paragraph 274 depended on the role and responsibilities of the officer; and

(c) ~~(iii)~~ denies the paragraph.

275. Crown denies paragraph 275.

#### **E.6A.**

275A. Crown does not know, and therefore cannot admit, the paragraph.

275B. Crown denies paragraph 275B.

#### **E.6B.**

275C. As to paragraph 275C, Crown:

(a) admits the paragraph; and

(b) repeats that the VCGLR concluded and acknowledged in writing that Crown Melbourne had implemented recommendation 17 of the Sixth Review.

#### **Particulars**

The particulars to paragraph 209A(b) are repeated.

275D. As to paragraph 275D, Crown:

(a) admits the paragraph; and

(b) repeats that the VCGLR subsequently confirmed in writing that Crown Melbourne had implemented recommendations 3 and 17 of the Sixth Review.

## Particulars

The particulars to paragraph 209A(b) are repeated.

275E. Crown denies paragraph 275E.:

### **E.6C.**

275F. As to paragraph 275F, Crown:

- (a) says that paragraph 275F makes the same allegations as in paragraph 251 of the 2FASCOG; and
- (b) refers to and repeats paragraph 251 above.

275G. As to paragraph 275G, Crown:

- (a) refers to paragraph 209C above; and
- (b) denies the paragraph.

275H. Crown denies paragraph 275H.

### **E.7.**

275I. Crown does not know and therefore cannot admit paragraph 275I.

276. As to paragraph 276, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection:
  - (i) refers to and repeats paragraph 278 below; and
  - (ii) otherwise denies the paragraph.

### **E.8.**

277. As to paragraph 277, Crown:

- (a) says that the paragraph is vague and embarrassing; and
- (b) under cover of that objection, denies the paragraph.

278. As to paragraph 278, Crown:

- (a) says that the paragraph is vague and embarrassing; and

- (b) under cover of that objection:
  - (i) denies the paragraph;
  - (ii) says further that Crown’s continuous disclosure obligations, whether pursuant to listing rule 3.1 or s 674 of the *Corporations Act*, were not enlivened in respect of:
    1. opinions which any one or more officers of the company ought to have formed, but did not form;
    2. information of which any one or more officers of the company ought to have known but did not know, unless the information was information which the company already possessed.

279. As to paragraph 279, Crown:

- (a) refers to and repeats paragraphs 214, 218 to 276 and 278 above;
- (b) says that in the Relevant Period no officer of Crown formed an opinion to the effect of the alleged “ML/TF Risk Systems Information”; and
- (c) denies the paragraph.

280. As to paragraph 280, Crown:

- (a) refers to and repeats paragraphs 215, 218 to 276 and 278 above;
- (b) says that in the Relevant Period no officer of Crown formed an opinion to the effect of the alleged “Corporate Governance Risk Systems Information”; and
- (c) denies the paragraph.

281. As to paragraph 281, Crown:

- (a) refers to and repeats paragraphs 216, 218 to 276 and 278 above;
- (b) says that in the Relevant Period no officer of Crown formed an opinion to the effect of the alleged “Regulatory Exposure Information”; and
- (c) denies the paragraph.

281A. As to paragraph 281A, Crown:

- (a) refers to and repeats paragraph 214A; and
- (b) says that in the Relevant Period no officer of Crown formed an opinion to the effect of the “Casino Tax Systems Information”; and
- (c) denies the paragraph.

**F.**

**F.1.**

**F.1.1A.**

282. As to paragraph 282, Crown:

- (a) admits that, to the extent that the representations pleaded at paragraph 146 of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:
  - (i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;
  - (ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *Australian Securities and Investments Commission Act 2001* (Cth) (*ASIC Act*);
  - (iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and
- (b) otherwise denies the paragraph.

283. As to paragraph 283, Crown:

- (a) refers to and repeats paragraphs 146, 146A, 146B, 154 to 209C, 214 to 217 and 282 above;
- (b) says that, in the event that the General Compliance Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

## Particulars

- (1) During the Relevant Period, Crown and its Australian subsidiaries operated in a highly regulated environment in which compliance with relevant Australian regulatory requirements was monitored by several regulators, Commonwealth and State.
- (2) The suitability of Crown Melbourne to hold a casino licence, and its compliance with relevant Victorian regulatory requirements, was comprehensively reviewed by the VCGLR in June 2013 (leading into the Relevant Period) and again in June 2018 (during the Relevant Period) pursuant to s 25 of the *Casino Control Act 1991* (Vic). Those s 25 reviews involved an examination of Crown Melbourne's systems. Detailed reports of the reviews were published. The s 25 reviews made no material adverse findings in relation to compliance with relevant Australian regulatory requirements.
- (3) During the Relevant Period, Crown Melbourne and Crown Perth both had in place AML/CTF Programs as required by legislation. AUSTRAC reviewed Crown Melbourne and Crown Perth's AML/CTF systems, including as referred to in the particulars to paragraph 292 below, or otherwise engaged with Crown Melbourne and Crown Perth in relation to those systems. Those reviews or other engagements with Crown Melbourne and Crown Perth returned no material adverse findings in relation to compliance with relevant Australian regulatory requirements.
- (4) During the Relevant Period, the Board of Crown had numerous committees, including a Risk Management Committee, an Audit and Corporate Governance Committee, a Responsible Gaming Committee and an Occupational Health and Safety Committee. Compliance with relevant Australian regulatory requirements was a matter considered by those committees. The papers of these committees were included in the papers for the meetings of the whole Crown Board.
- (5) During the Relevant Period, Crown Melbourne had an Audit Committee a Compliance Committee and, from July 2018, an Executive Risk and Compliance Committee. Crown Perth also had an Executive Risk and Compliance Committee.
- (6) During the Relevant Period, the Risk Management Committee had as a standing item in the papers for its

meetings compliance with applicable legislation. Information was provided to the Risk Management Committee by those charged with administering the risk-management processes at each of Crown Melbourne and Crown Perth. In turn, information was provided by the Risk Management Committee to the wider Board.

(7) The whole Crown Board held scheduled meetings at least 8 times per financial year during the Relevant Period. The Boards of Crown Melbourne and Crown Perth met at least 4 times per financial year during the Relevant Period.

(8) Crown further refers to and repeats the matters particularised in paragraph 166 above.

(c) denies the paragraph.

284. As to paragraph 284, Crown:

(a) refers to and repeats paragraphs 282 and 283 above; and

(b) denies the paragraph.

***F.1.1.***

285. As to paragraph 285, Crown:

(a) admits that, to the extent that the representations pleaded at paragraph 147 of the 2FASOC were made, which is denied save for the representations admitted at paragraph 147(b) above, the making of those representations was conduct engaged in by Crown:

(i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;

(ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *ASIC Act*;

(iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and

(b) otherwise denies the paragraph.



286. As to paragraph 286, Crown:

- (a) refers to and repeats paragraphs 147, 148A, 148B, 154 to 209C, 214 to 217 and 285 above;
- (b) says that, in the event that Crown's Seriousness Representations were made (which is denied save for the representations admitted at paragraph 147(b) above), they were true; and
- (c) denies the paragraph.

287. As to paragraph 287, Crown:

- (a) refers to and repeats paragraphs 285 and 286 above; and
- (b) denies the paragraph.

**F.1.2.**

288. As to paragraph 288, Crown:

- (a) ~~says~~ admits that, to the extent that the representations pleaded at paragraph 149 of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:
  - (i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;
  - (ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *ASIC Act*;
  - (iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and
- (b) otherwise denies the paragraph.

289. As to paragraph 289, Crown:

- (a) refers to and repeats paragraphs 149, 149A, 154 to 209C, 214 to 217 and 288 above;
- (b) says that, in the event that Crown's Corporate Governance Representations were made (which is denied), at all times during the Relevant Period, alternatively at

all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

### **Particulars**

(1) During the Relevant Period, Crown had in place a Code of Conduct for Directors. That Code of Conduct was concerned to ensure, amongst other things, that directors had an understanding of and acted in accordance with their statutory duties, including the duties to which paragraph 149 of the 2FASOC refers.

(2) During the Relevant Period, Crown also had in place a Code of Conduct for Employees. That Code of Conduct was concerned to ensure, amongst other things, that employees had an understanding of and acted in accordance with their legal obligations.

(3) Crown further refers to and repeats the particulars to paragraph 283 above.

(c) denies the paragraph.

290. As to paragraph 290, Crown:

(a) refers to and repeats paragraphs 288 and 289 above; and

(b) denies the paragraph.

### **F.1.3.**

291. As to paragraph 291, Crown:

(a) admits that, to the extent that the representations pleaded at paragraph 148 of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:

(i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;

(ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *ASIC Act*;

(iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and

(b) otherwise denies the paragraph.

292. As to paragraph 292, Crown:

- (a) refers to and repeats paragraphs 148, 148A, 148B, 154 to 209C, 214 to 217 and 291 above; and
- (b) says that, in the event that Crown's Regulator Relationship Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

#### **Particulars**

(1) On 26 June 2017 and 18 May 2018, Crown Melbourne received compliance assessments from AUSTRAC. Neither of these assessments resulted in AUSTRAC initiating a formal investigation or enforcement activities in respect of Crown's compliance with AML/CTF Laws.

(2) On 17 March 2017, Crown Perth received a compliance assessment from AUSTRAC. Further, on 25 August 2017, Crown Perth received a report from AUSTRAC regarding a review of SMRs filed by Crown Perth. Neither that assessment nor that report resulted in AUSTRAC initiating formal investigation or enforcement activities in respect of Crown's compliance with AML/CTF Laws.

(3) Crown further refers to and repeats item (3) to the particulars to paragraph 283 above.

- (c) denies the paragraph.

293. As to paragraph 293, Crown:

- (a) refers to and repeats paragraphs 291 and 292 above; and
- (b) denies the paragraph.

#### ***F.1.4.***

294. As to paragraph 294, Crown:

- (a) admits that, to the extent that the representations pleaded at paragraph 150 of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:

- (i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;
  - (ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *ASIC Act*;
  - (iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and
- (b) otherwise denies the paragraph.

295. As to paragraph 295, Crown:

- (a) refers to and repeats paragraphs 150, 151A, 151B, 154 to 209C, 214 to 217 and 294 above;
- (b) says that, in the event that Crown's VIP International Business Compliance Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

#### **Particulars**

Crown refers to and repeats the particulars to paragraphs 283 and 292 above.

- (c) denies the paragraph.

296. As to paragraph 296, Crown:

- (a) refers to and repeats paragraphs 294 and 295 above; and
- (b) denies the paragraph.

297. As to paragraph 297, Crown:

- (a) admits that, to the extent that the representations pleaded at paragraph 151 of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:
  - (i) in relation to financial products within the meaning of section 1041H of the *Corporations Act*;

- (ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the *ASIC Act*;
  - (iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and
- (b) otherwise denies the paragraph.

298. As to paragraph 298, Crown:

- (a) refers to and repeats paragraphs 151, 151A, 154 to 209C, 214 to 217 and 297 above;
- (b) says that, in the event that Crown's Junket Program Compliance Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

#### **Particulars**

- (1) During the Relevant Period, Crown Melbourne had in place due diligence processes directed to complying with the requirements of the Junket and Premium Player Internal Control Statements issued by the VCGLR in force during the Relevant Period.
  - (2) During the Relevant Period, Crown Perth had in place due diligence processes directed to complying with the requirements concerning junkets in the Casino Manual as amended from time during the Relevant Period
  - (3) Crown further refers to and repeats the particulars to paragraphs 283 and 292 above.
- (c) denies the paragraph.

299. As to paragraph 299, Crown:

- (a) refers to and repeats paragraphs 297 and 298 above; and
- (b) denies the paragraph.

**F.1A.**

**F.1A.1.**

299A. As to paragraph 299A, Crown:

- (a) admits that, to the extent that the representations pleaded at paragraph 153N and 153O of the 2FASOC were made, which is denied, the making of those representations was conduct engaged in by Crown:
  - (i) in relation to financial products within the meaning of section 1041H of the Corporations Act;
  - (ii) in trade or commerce in relation to financial services within the meaning of section 12DA of the ASIC Act;
  - (iii) in trade or commerce within the meaning of section 18 of the Australian Consumer Law; and
- (b) otherwise denies the paragraph.

299B. As to paragraph 299B, Crown:

- (a) refers to paragraphs 153N, 153NA and 209D to 209M above;
- (b) says that, in the event that Crown's General Casino Tax Compliance Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

**Particulars**

Crown repeats items (2), (4), (5), (6) and (7) to the particulars to paragraph 283 above.

- (c) otherwise denies the paragraph.

299C. As to paragraph 299C, Crown:

- (a) refers to paragraphs 299A and 299B above; and
- (b) denies the paragraph.

299CA. In further answer to paragraph 299C and the allegations in Section H of the 2FASOC, to the extent that Crown did contravene, in relation to Crown's General Casino Tax Compliance Representations, section 1041H of the *Corporations Act*, section 12DA(1)

of the ASIC Act or section 18 of the ACL, which is denied, then, to the extent that the loss relied on was suffered prior to 21 July 2016, the present proceeding is barred by section 1041I(2) of the Corporations Act, section 12GF(2) of the ASIC Act and section 236(2) of the ACL respectively.

**F.1A.2.**

299D. As to paragraph 299D,

- (a) says that it makes the same allegation as in paragraph 299A of the 2FASOC;
- (b) repeats paragraph 299A above; and
- (c) save to the extent to which matters are admitted in paragraph 299A, denies the paragraph.

299E. As to paragraph 299E, Crown:

- (a) refers to paragraphs 153NA, 153O and 209D to 209M above;
- (b) says that, in the event that Crown's Casino Tax Regulator Relationship Representations were made (which is denied), at all times during the Relevant Period, alternatively at all times before October 2020, Crown held the represented opinions and had a basis, alternatively a reasonable basis, for holding those opinions; and

**Particulars**

Crown repeats item 2 of the particulars to paragraph 283 above. Both the Fifth and Sixth Reviews by the VCGLR noted that there had been no issues with respect to the payment or calculation of tax by Crown Melbourne, subject to an unresolved dispute regarding entry fees for poker tournaments (Fifth Review, p 129; Sixth Review, p 81).

- (c) otherwise denies the paragraph.

299F. As to paragraph 299F, Crown:

- (a) refers to paragraphs 299D and 299E above; and
- (b) denies the paragraph.

299FA. In further answer to paragraph 299F of the 2FASOC and the allegations in Section H, to the extent that Crown did contravene, in relation to Crown's Casino Tax Regulator

Representations, section 1041H of the *Corporations Act*, section 12DA(1) of the *ASIC Act* or section 18 of the *ACL*, which is denied, then, to the extent that the loss relied on was suffered prior to 21 July 2016, the present proceeding is barred by section 1041I(2) of the *Corporations Act*, section 12GF(2) of the *ASIC Act* and section 236(2) of the *ACL* respectively.

**F.2.**

***F.2.1.***

300. Crown denies paragraph 300.

301. Crown denies paragraph 301.

302. Crown denies paragraph 302.

303. As to paragraph 303, Crown:

- (a) admits that it did not inform the ASX of the information pleaded at paragraph 214 of the 2FASOC;
- (b) refers to and repeats paragraphs 214 and 278 above; and
- (c) otherwise denies the paragraph.

304. Crown denies paragraph 304.

***F.2.2.***

305. Crown denies paragraph 305.

306. Crown denies paragraph 306.

307. Crown denies paragraph 307.

308. As to paragraph 308, Crown:

- (a) admits that it did not inform the ASX of the information pleaded at paragraph 215 of the 2FASOC;
- (b) refers to and repeats paragraphs 215 and 278 above; and
- (c) otherwise denies the paragraph.



309. Crown denies paragraph 309.

***F.2.3.***

310. Crown denies paragraph 310.

311. Crown denies paragraph 311.

312. Crown denies paragraph 312.

313. As to paragraph 313, Crown:

- (a) admits that it did not inform the ASX of the information pleaded at paragraphs 216 and 217 of the 2FASOC;
- (b) refers to and repeats paragraphs 216 to 217 and 278 above; and
- (c) otherwise denies the paragraph.

314. Crown denies paragraph 314.

**F.2.4**

314A. Crown denies paragraph 314A.

314B. Crown denies paragraph 314B.

314C. As to paragraph 314C, Crown:

- (a) admits that it did not inform the ASX of the information pleaded at paragraph 214A of the 2FASOC;
- (b) refers to and repeats paragraphs 214A and 278 above; and
- (c) otherwise denies the paragraph.

314D. Crown denies paragraph 314D.

314DA. In further answer to paragraph 314D and the allegations in Section H of the 2FASOC, to the extent that Crown did contravene section 674(2) of the *Corporations Act* in relation to the Casino Tax Systems Information, which is denied, any contravention that occurred earlier than 21 July 2016 cannot be the subject of a compensation order under sections 1317HA or 1325 of the *Corporations Act*, by reason of section 1317K of the *Corporations Act*.

**G.**

**G.1.**

315. Crown admits paragraph 315.

316. Crown admits paragraph 316.

**G.2.**

317. Crown admits paragraph 317.

318. Crown admits paragraph 318.

**G.3.**

319. As to paragraph 319, Crown:

(a) says that the paragraph is vague and embarrassing;

(b) under cover of that objection:

(i) admits that:

1. at close of trade on 16 October 2020, Crown's share price was \$8.99 per share; and

2. at close of trade on 19 October 2020, Crown's share price was \$8.25 per share; and

(ii) otherwise denies the paragraph.

**G.4.**

320. Crown admits paragraph 320.

321. Crown admits paragraph 321.

322. Crown admits paragraph 322.

322A. Crown admits paragraph 322A.

323. As to paragraph 323, Crown:

(a) admits subparagraph (a);

- (b) says that, on 22 February 2021, the Victorian Government announced work had commenced to establish an independent casino regulator; and
- (c) otherwise denies the paragraph.

323A Crown admits paragraph 323A.

323B. Save to say that the recommendation in subparagraph (e) was that the Special Manager be appointed for a period of two years, Crown admits paragraph 323B.

323C. Crown admits paragraph 323C.

323D. Crown admits paragraph 323D.

323E. Crown admits paragraph 323E.

323F. As to paragraph 323F, Crown:

- (a) admits that, on 27 May 2022, the VGCCC took disciplinary action in the form of imposing a fine of \$80 million;
- (b) says that the ground of disciplinary action was that the Royal Commission had found Crown Melbourne engaged in conduct that contravened sections 68(2)(c) and 124 of the *Casino Control Act 1991* (Vic); and
- (c) admits subparagraph (b); and
- (d) otherwise denies the paragraph.

**H.**

**H.1.**

324. As to paragraph 324, Crown:

- (a) admits subparagraphs (a), (b), and (c) insofar as they concern the plaintiff and “Acquiring Group Members’ (as defined in the 2FASOC) during the Relevant Period; and
- (b) otherwise denies the paragraph.

325. Crown denies paragraph 325.

**H.2.**

326. Crown denies paragraph 326.

**H.3.**

327. Crown refers to and repeats paragraphs 5C(b), 299CA, 299FA and 314DA above and otherwise denies paragraph 327.

327A. In further answer to paragraph 327, Crown ~~says that~~:

- (a) says that, if (which is denied) Crown committed the Market Contraventions alleged by the plaintiff, the matters pleaded by the plaintiff in paragraphs 324 to 325 of the 2FASOC would not, even if established, constitute any causal nexus sufficient to support a claim for compensation pursuant to any of sections 1041I, 1317HA or 1325 of the *Corporations Act*, section 12GF of the *ASIC Act*, or section 236 of the *ACL*;
- (b) says that, to the extent that the plaintiff or any Acquiring Group Member establishes liability as alleged in the 2FASOC (which is denied):
  - (i) shares in Crown remained capable of being traded on 18 October 2020 and at all relevant times thereafter;
  - (ii) the plaintiff and Acquiring Group Members could have sold any Crown shares they held at any time after 18 October 2020;
  - (iii) on the plaintiff's claim, all information said to found the plaintiff and Acquiring Group Members' claims was known or knowable from 18 October 2020 or shortly thereafter;
  - (iv) to the extent that the plaintiff or any Acquiring Group Member suffered loss or damage after 18 October 2020 or shortly thereafter, that loss or damage:
    - 1. arose as a result of the plaintiff or Acquiring Group Members' failure to mitigate their loss or damage; and/or

2. arose as a result of the plaintiff or Acquiring Group Members' failure to sell any Crown shares or interests in Crown shares that they held from 18 October 2020 or shortly thereafter;
- (v) any loss or damage to which the plaintiff or a Acquiring Group Member is entitled (which is denied) is limited to the loss or damage assessed as at 18 October 2020 or shortly thereafter and
- (vi) refers to and repeats paragraphs 299CA, 299FA and 314DA.

**I.**

**I.1.**

328. Crown denies paragraph 328.

328A. Crown denies paragraph 328A.

328B. Crown denies paragraph 328B.

329. Crown denies paragraph 329.

330. As to paragraph 330, Crown:

- (a) refers to and repeats paragraph 5C(b) above;
- (b) says that, if (which is denied) Crown committed the Impugned Underlying Business Conduct, the Contravening Conduct and/or the Preferential Conduct as alleged by the plaintiff, the matters relied upon by the plaintiff as giving rise to loss and damage would not, even if established, constitute any causal nexus sufficient to support a claim for compensation pursuant to section 233 of the *Corporations Act* (to the extent such a claim is available, which is denied); and
- (c) otherwise denies the paragraph.

**Dated: ~~21 September 2021~~ 10 October 2022**

**W A Harris  
K A Loxley  
H C Whitwell**

*Allens*

.....

**Allens**

**Solicitors for Crown**

## ANNEXURE A

### Particulars to paragraph 146A

Crown's Actual General Compliance Representations were made by the following statements by or on behalf of Crown, read in the context in which the statements were made, including the whole of the document containing the relevant statement.

1. In the 2014 Annual Report, Crown stated:
  - (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).

2. In the 2014 Response to Four Corners, Crown stated:

- (a) “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);
- (b) “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”; and
- (c) Crown’s compliance with this anti-money laundering legislation is audited regularly by AUSTRAC and no major compliances issues have been found.

3. In the 2015 Annual Report, Crown stated:

- (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).

4. In the 2016 Annual Report, Crown stated:

- (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).

5. In the 2017 Annual Report, Crown stated:

- (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); “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);

- (d) “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);
- (e) “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);
- (f) “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);
- (g) “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);
- (h) “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);
- (i) “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);

- (j) “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);
  - (k) “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
  - (l) “[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).
6. In the 21 October 2017 Announcement, Crown stated:
- (a) “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
  - (b) “We have a sophisticated anti-money laundering program and we take compliance with AUSTRAC requirements very seriously”.
7. In the 2018 Response to the VCGLR, Crown stated:
- (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); and

- (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).

8. In the 2018 Annual Report, Crown stated:

- (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).



9. In the 2019 Response to Media Reports, Crown stated:
- (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
10. In the 2019 Board Message, Crown stated:
- (a) “Crown operates in one of the most highly regulated industries in Australia and takes its responsibility to comply with its obligations very seriously”;
  - (b) “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”;
  - (c) “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”;
  - (d) “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”; and
  - (e) “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”.

11. Mr Alexander made statements to *The Australian Financial Review* that were published in an article by that publication dated 21 August 2019 to the following effect:
  - (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”; and
  - (b) AUSTRAC chief executive Nicole Rose said that Crown was “very good at complying with what we require them to comply with”.
  
12. In the 2019 Annual Report, Crown stated:
  - (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).

13. A Crown spokesperson made the following statements to the ABC that were published in an article by that organisation dated 15 October 2019:

- (a) "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";

- (b) “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
- (c) “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”.

14. At the 2019 AGM, the following statements were made by Mr Alexander:

- (a) “Crown does not tolerate any illegal activity by its employees or patrons” (Alexander, p 3);
- (b) “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 Terrorism Finance Programs, both in Melbourne and Perth” (Alexander, p 3);
- (c) “Every year, we report many thousands of transactions to AUSTRAC in compliance with our obligations” (Alexander, p 3);
- (d) “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);
- (e) “We have a strong record of cooperation with law enforcement bodies and regulators” (Alexander, p 4);
- (f) “[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);

15. In the 2020 Annual Report, Crown stated:
- (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) “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
- (m) “Crown engages external consultants from time to time to review and advise on components of its legal, governance and compliance frameworks” (p 45).

**Particulars to paragraph 148A**

Crown’s Actual Regulator Relationship Representations were made by the following statements by or on behalf of Crown, read in the context in which the statements were made, including the whole of the document containing the relevant statement.

1. In the 2014 Response to Four Corners, Crown stated:
  - (a) “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); and
  - (b) “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).

2. In the 21 October 2017 Announcement, Crown stated:
  - (a) "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
  - (b) "We have a sophisticated anti-money laundering program and we take compliance with AUSTRAC requirements very seriously".
3. In the 2018 Response to the VCGLR, Crown stated:
  - (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) "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);
  - (c) "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); and
  - (d) "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).
4. In the 2019 Response to Media Reports, Crown stated:

- (a) “Crown has a comprehensive Anti-Money Laundering and Counter-Terrorism Financing Program which is subject to regulatory supervision by AUSTRAC”; and
- (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”.

5. In the 2019 Board Message, Crown stated:

- (a) “Crown operates in one of the most highly regulated industries in Australia and takes its responsibility to comply with its obligations very seriously”;
- (b) “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”;
- (c) “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”;
- (d) “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”; and
- (e) “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”.



6. Mr Alexander made statements to *The Australian Financial Review* that were published in an article by that publication dated 21 August 2019 to the following effect:
  - (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”; and
  - (c) “These sorts of allegations have a very negative impact on our staff. This is a very good, compliant company”.
  
7. A Crown spokesperson made the following statements to the ABC that were published in an article by that organisation dated 15 October 2019:
  - (a) “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”;
  - (b) “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
  - (c) “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”.
  
8. At the 2019 AGM, Mr Alexander and Mr Demetriou made the following statements:
  - (a) “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 Terrorism Finance Programs, both in Melbourne and Perth” (Alexander, p 3);
  - (b) “Every year, we report many thousands of transactions to AUSTRAC in compliance with our obligations” (Alexander, p 3);

- (c) “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);
- (d) “We have a strong record of cooperation with law enforcement bodies and regulators” (Alexander, p 4); and
- (e) “We operate in a very compliant environment” (Demetriou, p 27).

**Particulars to paragraph 149A**

Crown’s Actual Corporate Governance Representations were made by the following statements by or on behalf of Crown, read in the context in which the statements were made, including the whole of the document containing the relevant statement.

1. In the 2014 Annual Report, Crown stated:
  - (a) “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);
  - (b) “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); and
  - (c) “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).
2. In the 2015 Annual Report, Crown stated:
  - (a) “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);

- (b) “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);
- (c) “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);
- (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 43);
- (e) “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);

3. In the 2016 Annual Report, Crown stated:

- (a) “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);

- (b) “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);
- (c) “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);
- (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 33);
- (e) “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);
- (f) “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);
- (g) “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);
- (h) “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

- (i) “[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).

4. In the 2017 Annual Report, Crown stated:

- (a) “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);
- (b) “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);
- (c) “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);
- (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 33);
- (e) “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);

- (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” (p 33);
- (g) “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);
- (h) “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);
- (i) “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
- (j) “[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).

5. In the 2018 Annual Report, Crown stated:

- (a) “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);
- (b) “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);

- (c) “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);
- (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 34);
- (e) “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);
- (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” (p 35);
- (g) “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);
- (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 35);
- (i) “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

- (j) “[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).

6. In the 2019 Annual Report, Crown stated:

- (a) “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);
- (b) “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);
- (c) “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);
- (d) “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);
- (e) “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);



- (f) “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);
- (g) “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
- (h) “[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).

7. In the 2020 Annual Report, Crown stated:

- (a) “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);
- (b) “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);
- (c) “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);
- (d) “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);

- (e) “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);
- (f) “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);
- (g) “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);  
and
- (h) “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).

#### **Particulars to paragraph 151A**

Crown’s Actual Junket Program Compliance Representations were made by the following statements by or on behalf of Crown, read in the context in which the statements were made, including the whole of the document containing the relevant statement.

1. In the 2014 Annual Report, Crown stated:
  - (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).
- (i) In the 2014 Response to Four Corners, Crown stated:
- (j) “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);
- (k) “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);

- (l) “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”; and
- (m) Crown’s compliance with this anti-money laundering legislation is audited regularly by AUSTRAC and no major compliances issues have been found.

2. In the 2015 Annual Report, Crown stated:

- (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).

3. In the 2016 Annual Report, Crown stated:

- (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).

4. In the 2017 Annual Report, Crown stated:

- (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).

5. In the 21 October 2017 Announcement, Crown stated:
  - (a) “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
  - (b) “We have a sophisticated anti-money laundering program and we take compliance with AUSTRAC requirements very seriously”.
  
6. In the 2018 Response to the VCGLR, Crown stated:
  - (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); and
  - (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).
  
7. In the 2018 Annual Report, Crown stated:
  - (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).

8. In the 2019 Response to Media Reports, Crown stated:

- (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

9. In the 2019 Board Message, Crown stated:

- (a) “Crown operates in one of the most highly regulated industries in Australia and takes its responsibility to comply with its obligations very seriously”;
- (b) “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”;
- (c) “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”;
- (d) “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”;
- (e) “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”;
- (f) “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”;

- (g) “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”;
  - (h) “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”.
- 10. Mr Alexander made statements to *The Australian Financial Review* that were published in an article by that publication dated 21 August 2019 to the following effect:
  - (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”;
- 11. In the 2019 Annual Report, Crown stated:
  - (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).
12. A Crown spokesperson made the following statements to the ABC that were published in an article by that organisation dated 15 October 201:
- (a) “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”;
  - (b) “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
  - (c) “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”.
13. At the 2019 AGM, the following statements were made by Mr Alexander:
- (a) “Crown does not tolerate any illegal activity by its employees or patrons.” (Alexander, p 3);
  - (b) “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 Terrorism Finance Programs, both in Melbourne and Perth” (Alexander, p 3);
  - (c) “Every year, we report many thousands of transactions to AUSTRAC in compliance with our obligations” (Alexander, p 3);
  - (d) “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);



- (e) “We have a strong record of cooperation with law enforcement bodies and regulators” (Alexander, p 4);
- (f) “[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);

14. In the 2020 Annual Report, Crown stated:

- (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).