



**ANNOUNCEMENT BY CHAIRPERSON,
INDEPENDENT LIQUOR AND GAMING AUTHORITY**

On 17 May 2012, the Independent Liquor and Gaming Authority published the report of an Inquiry conducted by Ms Gail Furness SC into certain matters relating to The Star casino. The Inquiry was conducted under s.143, *Casino Control Act 1992*.

Among other things, the report considered whether any obligations to disclose information to the Authority had been breached with respect to the events surrounding the cessation of the employment of Mr Sid Vaikunta as Managing Director of The Star casino. Having considered legal submissions put to the Inquiry, Ms Furness advised that it was properly a matter for the Authority to decide.

The Authority has considered the matter and resolved to issue a notice to The Star under s.23 of the Casino Control Act. That provision authorises the Authority to serve on the holder of a casino licence a notice in writing affording the licensee an opportunity to show cause within 14 days why disciplinary action should not be taken against the licensee on the grounds for disciplinary action specified in the notice. The notice is attached to this statement.

The grounds for disciplinary action are specified in the notice as s.35(2) and s.62(1)(c) of the Casino Control Act. Both relate to the timely provision of notification of certain events to the Authority.

The Authority has invited written submissions from The Star by 21 June 2012 as to why disciplinary action should not be taken.

The Authority will consider written submissions made to it by that date and determine any future action after that time.

Chris Sidoti
Chairperson
4 June 2012

The report of the s.143 Inquiry is available at the Authority's website - www.ilga.nsw.gov.au



File No.
Your Ref.
Contact
Direct

Mr Frederic Luvisutto

Managing Director
The Star Pty Ltd
PO Box Q192
QVB Post Office NSW 1230

**SHOW CAUSE NOTICE PURSUANT TO SECTION 23 CASINO CONTROL ACT 1992 -
CONTRAVENTION OF SECTIONS 35(2)(b),(c) AND 62(1)(c) CASINO CONTROL ACT**

MATTER NO. SC005/12

The Star Pty Limited ("The Star") is the holder of a casino licence granted by the Casino Control Authority, now the Independent Liquor and Gaming Authority ("the Authority") under the *Casino Control Act 1992* ("the Act") to operate a casino on premises situated at 80 Pyrmont Street, Pyrmont ("the casino").

Relevant Statutory Provisions:

Section 35 of the Act makes it a condition of a casino licence that The Star must:

- notify the Authority in writing of the likelihood of any major change in the state of affairs existing in relation to The Star [where the Authority's prior approval has not been obtained] as soon as practicable after The Star becomes aware of the likelihood of the change [section 35(2)(b)];
- notify the Authority in writing of any major change in the state of affairs existing in relation to The Star [where the Authority's prior approval has not been obtained or the Authority has not been notified of the likelihood of the major change] within 3 days after becoming aware that the change has occurred [section 35(2)(c)].

Major change: A major change in the state of affairs existing in relation to The Star includes any other change in that state of affairs which is of a class or description prescribed in the *Casino Control Regulation 2009* ("the Regulations") as major for the purposes of section 35. Schedule 1 of the Regulations prescribes a major change to include a person's ceasing to be a close associate of The Star.

"Close associate" is defined in section 5 of the *Gaming and Liquor Administration Act 2007*. Relevantly a person is a close associate if he or she or it holds a "relevant position" or is or will be entitled to exercise any "relevant power" in the casino business. "Relevant position" means the position of director, manager or any other position, however designated, if it is an executive position. "Relevant power" means any power to participate in any managerial or executive decision, and by virtue of that power the person is or will be able (in the opinion of the Authority) to exercise a significant influence over or with respect to the management or operation of the business.

Section 62(1)(c) of the Act provides that it is a condition of a casino licence that The Star must, within 14 days after a licensed employee ceases to have functions in or in relation to the casino, notify the Authority, in a form approved by the Authority, of the cessation of the exercise of those functions.

Relevant Facts:

- Employment Date:** Siddarth Vaikunta Ramasubramanian (“Mr Vaikunta”) was employed by Echo Entertainment Group Limited (“Echo”) in the position of Managing Director Star City as from the effective date of the demerger of Tabcorp Casinos business and was at all material times a licensed employee within the meaning of Part 4 of the Act.
- 12 December 2011:** Mr Anderson, Group General Counsel, Ms Marshall, Executive General Manager, Human Resources of Echo and Ms Ede, General Counsel Employee Relations of Echo, are informed of serious allegations of misconduct against Mr Vaikunta in respect of his behaviour in a social work setting (“the allegations”). Mr Houlihan, Investigations Manager of The Star, is instructed to investigate the allegations.
- 13 December 2011:** Mr Mullin, Managing Director and Chief Executive Officer of Echo (and a director of The Star) is briefed about the allegations.
- 15 December 2011:** Mr Story, Chairman of Echo, is briefed about the allegations.
- 19 December 2011:** Mr Vaikunta returns to work after being on leave. He is interviewed by Mr Houlihan and Ms Marshall. He denies the majority of the allegations. Following Mr Vaikunta’s interview Ms Marshall suspends his employment. Thereafter Mr Vaikunta did not return to work.
- 17 January 2012:** The findings of Mr Houlihan’s investigative report are provided to senior Echo staff members. The Investigation upholds the majority of the allegations.
- 18 January 2012:** Echo receives external legal advice on the available responses to the findings of the Investigation.
- 20 January 2012:** A meeting is held with Mr Story and the investigative team. Mr Story spends some time with Mr Anderson and Mr Houlihan to satisfy himself that the investigation was thorough and the findings are available on the evidence. Mr Story decides that the findings are justified and warrant summary dismissal. However on the basis of concerns that summary dismissal may result in legal action challenging the decision that would adversely affect the complainants the agreed preferred response is a negotiated termination of Mr Vaikunta’s employment.
- 22 January 2012:** Mr Vaikunta is told of the results of the Investigation. He is given an opportunity to respond to the findings.
- 23 January 2012:** Mr Vaikunta tells management he will not be contesting the findings of the Investigation. He is asked to choose between summary dismissal or a negotiated termination.
- 2 February 2012:** The terms of a Deed of Release terminating Mr Vaikunta’s employment contract are finalised. An announcement is made to the ASX entitled “Frederic Luvisutto Appointed Managing Director of The Star” which states that *“Mr Vaikunta’s employment has ended after his behaviour in a social work setting”*. Shortly prior to the announcement the Authority is advised by telephone what is to occur.
- 6 February 2012:** A written explanation is provided to the Authority.

Pursuant to section 23(2) of the Act the Authority hereby gives notice to The Star to show cause why disciplinary action should not be taken against The Star on the grounds for disciplinary action specified below.

Grounds for Disciplinary Action:

1A. Section 35(2)(c) of the Act

The Star contravened section 35(2)(c) of the Act.

Particulars

Mr Vaikunta ceased to be a close associate of The Star upon the suspension of his employment on 19 December 2011 and The Star did not notify the Authority within 3 days after becoming aware that this had occurred.

Alternatively:

1B. Section 35(2)(b) of the Act

The Star contravened section 35(2)(b) of the Act.

Particulars

Mr Vaikunta ceased to be a close associate of The Star upon the cessation of his employment on 2 February 2012. The Star was aware of the likelihood of the cessation of Mr Vaikunta's employment from at least 20 January 2012 and did not notify the Authority of that likelihood as soon as practicable thereafter.

2. Section 62(1)(c) of the Act

The Star contravened section 62(1)(c) of the Act.

Particulars

Mr Vaikunta ceased to have functions in or in relation to the casino upon the suspension of his employment on 19 December 2011 and The Star did not notify the Authority of the cessation of the exercise of those functions within 14 days of that date.

Opportunity to show cause why disciplinary action should not be taken

The Star may avail itself of the opportunity to show cause as to why disciplinary action should not be taken against it by making any written submission to the Authority by close of business on 21 June 2012.

Dated this 1st day of June 2012



David Greenhouse
Director, Casino and Authority Operations
For and on behalf of the
Independent Liquor and Gaming Authority