



**INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW**

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

**THE HONOURABLE PA BERGIN SC  
COMMISSIONER**

**PUBLIC HEARING  
SYDNEY**

**MONDAY, 24 AUGUST 2020  
AT 10.01 AM**

**Continued from 21.8.20**

**DAY 18**

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

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

**MR N. YOUNG QC appears with MR N. HOPKINS QC, MR R. CRAIG SC, MS SHAND and MR H.C. WHITWELL for Ms Danziger, Crown Resorts**

5 **Limited & Crown Sydney Gaming Proprietary Limited**

**MR D. BARNETT appears for Mr G. Jalland, Mr M. Johnston, Mr J. Packer and CPH Crown Holdings Pty Ltd**

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

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COMMISSIONER: Yes, Mr Bell.

MR BELL: Before I call Ms Danziger, could I tender as exhibit O, tab 74, the document bearing the identification CRL.540.001.0295.

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COMMISSIONER: That's exhibit O74.

**EXHIBIT #074 DOCUMENT CRL.540.001.0295**

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COMMISSIONER: Thank you, Mr Bell. Yes. Mr Young, are you appearing this morning?

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MR YOUNG: Commissioner, yes, I do. I appear with MS SHAND this morning for Ms - - -

COMMISSIONER: Thank you very much. That will be noted. Thank you, Ms Shand. And Ms Danziger, are you ready to proceed?

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MS DANZIGER: Yes, thank you.

COMMISSIONER: And Ms Danziger, do you refer to take an oath or make an affirmation? Do you have a Bible nearby - - -

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MS DANZIGER: I would prefer to make an affirmation, thank you.

**<ROWENA DANZIGER, AFFIRMED**

**[10.02 am]**

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**<EXAMINATION BY MR BELL**

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COMMISSIONER: Ms Danziger, for the record would you please state your full name.

MS DANZIGER: Rowena Danziger.

MR BELL: Your address is known to those assisting this Inquiry. Would you please state your occupation.

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MS DANZIGER: My occupation is retired, but I am still a director of Crown Melbourne and a director of the Crown Resorts Foundation.

MR BELL: And is it correct that you were a non-executive director of Crown Resorts Limited from 2007 to 2017?

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MS DANZIGER: I was. That's correct.

MR BELL: And is it correct that you were also a member of the risk management committee of the board of Crown Resorts Limited for that whole period?

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MS DANZIGER: That's correct.

MR BELL: As a member of the risk management committee of the board of Crown Resorts Limited, was occupational health and safety a particular focus of yours?

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MS DANZIGER: It was.

MR BELL: And were you also the chair of the occupational health and safety committee of the board of Crown Resorts during 2015 and 2016?

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MS DANZIGER: I was.

MR BELL: And you've said that you remain a director of Crown Melbourne Limited; is that correct?

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MS DANZIGER: Yes.

MR BELL: And as you understand it, Crown Melbourne Limited is the licensee of the Crown Casino in Melbourne; is that right?

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MS DANZIGER: That's correct.

MR BELL: You're aware of a class action brought by Zantran Pty Limited against Crown Resorts in the Federal Court of Australia concerning the arrests of Crown Resorts staff in China in October 2016?

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MS DANZIGER: Yes.

MR BELL: And is it the case that you've signed a statement for the purpose of giving evidence in that class action?

45

MS DANZIGER: Yes.

MR BELL: And is it the case that your signed statement indicated that you had resigned as a director of Crown Melbourne in October 2017?

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MS DANZIGER: Yes, and I do apologise for that. That's a complete oversight of mine.

MR BELL: And when did you first realise that you had made that mistake in relation to your signed statement?

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MS DANZIGER: Only when I pulled it out this week to have a look at it again.

MR BELL: And do you remain a member of the audit committee of the board of Crown Melbourne Limited?

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MS DANZIGER: No.

MR BELL: When did you cease to be a member of that committee, Ms Danziger?

20

MS DANZIGER: 2017.

MR BELL: All right. And it's the case, is it, that the responsibilities of the audit committee of Crown Melbourne Limited include a responsibility for risk management?

25

MS DANZIGER: Yes.

COMMISSIONER: How long were you on the audit committee, Ms Danziger, in Melbourne?

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MS DANZIGER: For Crown Melbourne, quite a long time. I couldn't tell you the exact number of years, but a number – a long time.

COMMISSIONER: And I think from your statement, is there a reference in the statement to how long Ms Danziger was on the risk committee – on the audit committee?

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MR BELL: I don't think there's any precision about that.

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COMMISSIONER: I see. I see. And when you say a long time, I presume that's approximately the same time that you've been on the board of Crown; is that right?

MS DANZIGER: I would think it probably is.

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COMMISSIONER: I see. Thank you. Yes, Mr Bell.

MR BELL: Ms Danziger, is it correct that prior to 2007 when Crown Resorts Limited, then known as Crown Limited, was established to acquire the gaming aspects of the business of Publishing and Broadcasting Limited, that you had been a director of Publishing and Broadcasting Limited since 1997?

5

MS DANZIGER: That's correct.

MR BELL: Now, Ms Danziger, may I read to you from the Australian Stock Exchange Corporate Governance Principles, third edition, which were in force in the period 2014 to 2016. For the record, the document is INQ.100.001.0308 at .0337 which is to be found at exhibit O, tab 5. Ms Danziger, the principles include this statement:

15 *The board of a listed entity is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.*

I take it that you would agree with that statement of principle?

MS DANZIGER: Yes.

20

MR BELL: And the principles also include this statement:

25 *It is the role of the board to set the risk appetite for the entity, to oversee its risk management framework and to satisfy itself that the framework is sound.*

I take it that you would agree with that statement of principle?

MS DANZIGER: Yes.

30 MR BELL: And the principles also include this statement:

*It is the role of management to design and implement that framework and to ensure that the entity operates within the risk appetite set by the board.*

35 I take it that you would agree with that statement of principle?

MS DANZIGER: Yes.

MR BELL: By 2015 how long had you known Mr Barry Felstead?

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MS DANZIGER: Probably eight years.

MR BELL: And do you recall that after Mr Felstead became the CEO Australian Resorts in 2013 he had a standing invitation to attend board meetings of Crown Resorts Limited?

45

MS DANZIGER: Yes.

MR BELL: And by 2015 Mr Felstead had been a colleague of yours on the board of Crown Melbourne Limited since 2013 at least; is that correct?

MS DANZIGER: That would be correct, yes.

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MR BELL: And does Mr Felstead remain a colleague of yours on the board of Crown Melbourne Limited to this day?

MS DANZIGER: Yes.

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MR BELL: And would it be fair to say by virtue of, among other things, the length of your association with Mr Felstead, that by 19 – I withdraw that. Would it be fair to say by virtue of, among other things, the length of your association with Mr Felstead, that by 2015 you had developed a level of trust in him?

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MS DANZIGER: Yes.

MR BELL: Would it be correct to say that, by 2015, you believed, based on your broader reading and general knowledge, that there was a potential for arbitrary action by the Chinese government?

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MS DANZIGER: Yes.

MR BELL: And would it be also correct to say that, by 2015, you believed, based on your reading and general awareness, that Chinese law was often opaque and could be enforced inconsistently?

25

MS DANZIGER: Yes.

MR BELL: By 2015, did you have any understanding of the legality of the business activities being conducted by the Crown Resorts staff living and working in China?

30

MS DANZIGER: No.

MR BELL: So I take it that, in 2015 or 2016, you did not see any legal advices about the legality of the business being conducted by Crown Resorts in China?

35

MS DANZIGER: No, no.

MR BELL: Were you aware at the time of an announcement by the Chinese authorities made in 2015 – in February of 2015 – that China was going to crack down on foreign casinos recruiting Chinese citizens to gamble in other countries?

40

MS DANZIGER: No.

45

MR BELL: I take it that you don't recall Mr Felstead telling you, in February 2015, that he was deferring further travel to China for a while because of the risks involved by reason of the crackdown on foreign casinos in China?

5 MS DANZIGER: No.

MR BELL: In June 2015, did you become aware that a number of employees of two South Korean casinos in China had been arrested by the Chinese police for gambling offences?

10

MS DANZIGER: I was aware they had been arrested. I wasn't sure why.

MR BELL: You were aware, were you, that they were employees of South Korean casinos working in China?

15

MS DANZIGER: Yes.

MR BELL: And did you read any press articles in or about June 2015 about the arrest of the South Korean casino employees in China?

20

MS DANZIGER: No.

MR BELL: Did you become aware, in June 2015, that the arrest of the South Korean casino employees in China was part of a broader crackdown on foreign casinos which had been announced by the Chinese authorities?

25

MS DANZIGER: No.

MR BELL: Do you have any recollection of Mr Michael Johnston speaking at a board meeting about the arrest of the South Korean casino employees in China?

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MS DANZIGER: Not at a board meeting.

MR BELL: Do you have any recollection of Mr Michael Johnston speaking about that matter in any other context?

35

MS DANZIGER: Yes.

MR BELL: Would you tell the Commissioner what you can about your recollection of what Mr Johnston said, and explain the context, please.

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MS DANZIGER: The context was an informal discussion I think between other meetings and Mr Johnston said that these arrests had occurred, he'd got advice that it wasn't – had no relevance to what we were doing in China, and that's about it.

45

MR BELL: Did you understand in 2015 that Mr Michael Johnston had a particular interest in the VIP international business in China?

MS DANZIGER: No.

MR BELL: In July 2015, did you become aware that two of the Crown Resorts staff based in China had been questioned by the Chinese police?

5

MS DANZIGER: No.

MR BELL: Did you become aware at that time that one of those staff members had been told by the Chinese police that the issue they wished to question him about was whether he had organised people to gamble in Australia?

10

MS DANZIGER: No.

MR BELL: I take it, then, that you were not aware that, in July 2015, this employee had been required by the Chinese police to provide a letter to them from Crown Resorts establishing that he was an employee of Crown Resorts.

15

MS DANZIGER: Would you repeat that question?

COMMISSIONER: A bit slower, please, Mr Bell.

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MR BELL: Yes. It's a bit clumsy. I'll start again. I take it from the evidence that you've given that you were not aware that the Chinese police had required an employee of Crown Resorts, whom they questioned, to provide a letter to them establishing that he was an employee of Crown Resorts.

25

MS DANZIGER: It's correct that I was not aware.

MR BELL: Thank you. Now, at any time up to the arrest of Crown Resorts staff in China in October 2016, did you become aware that any staff members in China had previously been questioned by the Chinese police in July 2015?

30

MS DANZIGER: No.

MR BELL: Nor that any letter had been provided by Crown Resorts to the Chinese police confirming that one of them was an employee?

35

MS DANZIGER: No.

MR BELL: And I take it from your evidence that the questioning of two Crown Resorts staff by the Chinese police in July 2015, and the provision of a letter of employment, was not raised at any meeting of the board of Crown Resorts Limited which you attended.

40

MS DANZIGER: That is correct.

45

MR BELL: Nor, I take it, was it raised at any meeting of the risk management committee which you attended.

MS DANZIGER: That is correct.

5

MR BELL: Now, Ms Danziger, you've told the Commissioner that you had a particular focus on occupational health and safety in 2015; is that correct?

MS DANZIGER: That's correct.

10

MR BELL: Coming only a few weeks after the arrests of the staff of South Korean casino operators, I take it that you would agree that the questioning of two Crown Resorts staff by the Chinese police in July 2015 and the requirement of the Chinese police for that employee to provide a letter of employment was an obvious escalation of the risk to the safety of Crown resort staff in China?

15

MS DANZIGER: Yes. But I didn't know about it.

MR BELL: No. But I take it that you would agree that the questioning of two staff in China by the police and the requirement for a letter of employment from one of them, were matters which you say should have been drawn to your attention at the time as a member of the risk management committee of Crown Resorts Limited?

20

MS DANZIGER: Yes.

25

MR BELL: And I take it that you would agree that those matters should have been drawn to your attention at the time as a member of the board of Crown Resorts Limited?

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MS DANZIGER: Yes.

MR BELL: Because, do you agree, in those circumstances it was a matter for the board of Crown Resorts Limited to determine whether there should be any change to the business strategy in China having regard to that escalation of risk?

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MS DANZIGER: If it had been brought – yes, if the matter had been brought to the board, but it wasn't.

MR BELL: Yes. But you would agree that it ought to have been brought to the board's attention; is that right?

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MS DANZIGER: Yes.

MR BELL: I have no further questions, Commissioner.

45

COMMISSIONER: Ms Danziger, I will now ask your counsel whether he wishes to clarify any matters. Mr Young?

MR YOUNG: Thank you, Commissioner. There is one matter I would like to clarify.

COMMISSIONER: Yes, Mr Young.

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<EXAMINATION BY MR YOUNG

[10.18 am]

10 MR YOUNG: Ms Danziger, you were asked some questions about a discussion that you said took place between meetings in which reference was made to the arrest of some South Korean casino employees. Do you recall those questions?

MS DANZIGER: Yes.

15

MR YOUNG: Could you please expand or explain what you recall about the particular context. When you said it was between meetings, could you identify what kind of meetings and what other persons were present?

20 MS DANZIGER: Not – not accurately. I’m sorry. On a day when we would have a number of meetings, there would be a number of board members and staff in the room between meetings having a coffee or whatever while the next – waiting for the next arrival of members of the next committee. And I remember Michael Johnston coming into the room and saying that these arrests had happened, that – and that –  
25 but that he’d had legal advice that they weren’t – about things that we were doing and it didn’t affect us; that it was all right. And that’s – that’s the only – I’ve got a very clear memory of that. Whether it was mentioned again later, I just – I’m not clear at all. It’s too long ago.

30 MR YOUNG: Can you recall what other persons, be it directors or executives of Crown, were present at the time of that discussion?

MS DANZIGER: Not accurately. It wouldn’t be fair.

35 MR YOUNG: But were there a number of others participating in the conversation?

MS DANZIGER: Yes. Yes, and – that sort of memory where you can see the room and there are people in it, but whether it was Deb Tegoni was there or whether it was Mary Manos, whether it was Mike Johnston or whether it was Rowen, I – I just – I  
40 just could not accurately answer. There were people and they were all either board members or senior staff.

MR YOUNG: Thank you. Commissioner, I have no other questions.

45 COMMISSIONER: Mr Barnett? Any questions?

MR BARNETT: No, Commissioner.

COMMISSIONER: Ms Case?

MS CASE: No, Commissioner.

5 COMMISSIONER: Thank you. Ms Danziger, thank you much for making yourself  
available. I understand that the question in relation to your present directorships was  
only notified to the commission – or the Inquiry last evening. I wondered if you  
could just tell me, in 2017 you retired from the board of Crown and you ceased being  
10 a member of the risk committee of Crown Resorts and the audit committee of the  
Melbourne – Crown Melbourne; is that right?

MS DANZIGER: That's right.

15 COMMISSIONER: And since that time in 2017 have you attended any board  
meetings of Crown Melbourne?

MS DANZIGER: Yes. I have attended all of them and I also attend the compliance  
subcommittee. If I may take the liberty of explaining why I'm still there - - -

20 COMMISSIONER: Yes, of course.

MS DANZIGER: - - - the – Crown Melbourne was – while I was still on the board  
of Resorts became involved in trying to change Crown College of Education, which  
is a diploma-granting institution in hospitality and such things, into a degree-granting  
25 institution, Crown College of Higher Education, and at the time I was the only board  
member with educational experience and I was asked to be the chairman of the  
strategic council to pursue that. And we thought it would take less than a year and I  
agreed to stay on until that was done. It's turned out to be a lot more complicated a  
process in that dealing with the – what's known as TEQSA, the Tertiary Education  
30 Quality and Standards Agency is extremely bureaucratic, very careful, and with the –  
we were – thought we were approaching the end, or – then I would be able to hand it  
over, and then COVID came and so we still haven't got there.

35 I'm hoping it will be done by the end of this year, but at the moment we're sort of at  
a bit of a standstill. Once that's done I will leave the Crown Melbourne board, but I  
will stay on the Crown Resorts Foundation which is the philanthropic foundation,  
because there I'm very involved with the work they're doing with the indigenous  
education, particularly, and I would like to – I would like to continue that, and the  
board seems happy that I should stay on for that foundation.

40

COMMISSIONER: Thank you very much.

MS DANZIGER: So that's why I'm still there.

45 COMMISSIONER: Yes. I understand. And in respect of the operation of the  
casino, and in particular in relation to the VIP international model for business, have

you been involved in reviewing the nature of any changes to the VIP international model for business?

5 MS DANZIGER: Only insofar as the – as I said, I’m on the compliance  
subcommittee – only insofar as the new risk program developed largely by Anne  
Siegiers has been put into use, and it seems to me that the – I was always very happy  
before with what we did about anti-money laundering and AUSTRAC and all our  
relationships with AUSTRAC and the Victorian Gaming Commission, but I think the  
10 new risk parameters that Anne and the board – the Crown Resorts board have put  
into place are very good, and I think are being carried out very conscientiously. So I  
feel that errors have been – or gaps – things we didn’t realise have been addressed.

15 COMMISSIONER: Have you been keeping an eye on the evidence here in your  
available time?

MS DANZIGER: The evidence of the Inquiry? No, I haven’t. I thought it was  
better to not.

20 COMMISSIONER: Yes, I understand. I understand fully. In respect of the money  
laundering then you may not be aware that some of the accounts of Crown have been  
utilised in a way that’s been identified as wanting in respect of money laundering.  
Are you aware of that or not?

25 MS DANZIGER: No, I wasn’t, but those accounts were being – I mean, I – I’ve  
only been told that in the last day or so, but I wasn’t aware.

30 COMMISSIONER: I see. Yes. What I wanted to indicate to you is that there  
seems to have been misunderstanding of your status as a director. By that I mean no  
criticism of you at all. It was understood that you had retired from the board in 2017,  
that is, the Melbourne board, and in the circumstances it may be necessary, although  
I hope that it won’t be necessary, to ask you some further questions in due course,  
and so so far as the position today is concerned, I wanted to thank you for making  
yourself available, but it may be that we would have to ask you some further  
35 questions either by way of written communication or asking you to come in  
technologically. Do you understand that?

MS DANZIGER: Yes, and certainly, and I would be happy to do whatever –  
whatever is necessary.

40 COMMISSIONER: Thank you, Ms Danziger. Anything further arising from that,  
Mr Bell?

MR BELL: No, Commissioner.

45 COMMISSIONER: Yes, all right then. I will adjourn until the 31<sup>st</sup>.

**<THE WITNESS WITHDREW**

**MATTER ADJOURNED at 10.28 am UNTIL MONDAY, 31 AUGUST 2020**

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