



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, 31 AUGUST 2020
AT 10.01 AM**

Continued from 24.8.20

DAY 19

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)*

MS N. SHARP SC appears as counsel assisting the Inquiry
MR N. YOUNG QC appears with MS R. ORR QC and MR H.C. WHITWELL
for Crown Resorts Limited & Crown Sydney Gaming Proprietary Limited
MS R. HIGGINS SC and MR D. BARNETT appears for CPH Crown Holdings
5 **Pty Ltd**
MS N. CASE appears for Melco Resorts & Entertainment Limited

10 COMMISSIONER: Yes, thank you. Yes, Ms Sharp.

MS SHARP: Good morning, Commissioner. We have Mr Vickers beaming in from Hong Kong.

15 COMMISSIONER: Yes, thank you.

MS SHARP: Just before we do that, I see a number of counsel are also present.

20 COMMISSIONER: Excellent. I think it's the same representation. Mr Young, Mr Barnett, Ms Case. Is that correct?

MR N. YOUNG QC: Commissioner, I appear with MS ORR and MR WHITWELL today.

25 COMMISSIONER: Thank you.

MR YOUNG: There are some preliminary matters we wish to raise before we go to any evidence.

30 COMMISSIONER: Yes, I will come back to you shortly. Yes, Ms Sharp.

MS SHARP: I was going to tender the new lists.

COMMISSIONER: Yes.

35 MS SHARP: One of those new lists contains the report of Mr Vickers dated 20 August 2020. That is in list T at number 96. Would you like me to tender those lists, save for that document, now?

40 COMMISSIONER: I think that's sensible.

MS SHARP: In that event I will tender the documents in list T save for Mr Vickers' report which is at number 96 of that list.

45 COMMISSIONER: Yes. Thank you. Those documents – so we will exclude 96 for the moment, documents T1 to 95 are identified as T1 to 95.

EXHIBIT #T DOCUMENTS T1 TO 95

5 MS SHARP: Thank you, Commissioner. I will then tender the documents in list U.

COMMISSIONER: They will become exhibit U1 to 32.

EXHIBIT #U DOCUMENTS U1 TO 32

10

MS SHARP: I will then tender the documents in list V.

15 COMMISSIONER: That will become exhibit V1 to 10. Thank you.

EXHIBIT #V DOCUMENTS V1 TO 10

20 MS SHARP: In addition, I don't propose to tender the following documents at this
stage, but I will make reference to them. There have been four lists of documents in
respect of which Crown claimed confidentiality upon the production of those
documents and there has not yet been the opportunity for Crown to finalise whether
it will make claims for non-publication in respect of those documents. What I will
25 do is simply refer to those documents now, Commissioner. There is list 9, list 10, list
11 and list 12.

COMMISSIONER: Yes. Thank you, Ms Sharp.

30 MS SHARP: Thank you.

COMMISSIONER: Yes, Mr Young.

35 MR YOUNG: Yes, Commissioner. We have a number of preliminary matters. The
first is an objection, both to the reports and to any evidence given by Mr Vickers of
the kind indicated in the reports. We have communicated - - -

40 COMMISSIONER: Mr Young, can I just indicate to you that I think your solicitors
have written outlining a number of objections to Mr Vickers over the weekend.

MR YOUNG: Yes.

45 COMMISSIONER: I think the plan will be to call Mr Vickers and for you to object
to any questions that you may wish to and I can hear you as we go along.

MR YOUNG: We would like, before that happens, to amplify our grounds of
objection to the receipt of the reports and any evidence, as I said.

COMMISSIONER: Yes. Well, I think, as I say, the reports are not being tendered at this stage and I think Ms Sharp is going to take Mr Vickers through some evidence. Is that right, Ms Sharp?

5 MS SHARP: Yes.

COMMISSIONER: Yes. The most efficient way, thank you, Mr Young, is for you to object to any questions as they are asked. That will give you the opportunity to expand on any submission that you make in respect of the objection. So we will
10 proceed on that basis.

MR YOUNG: Commissioner, I don't want to try your patience, but may I point out that one of our objections is that Mr Vickers is not qualified to give opinion evidence of the kind we see in his two reports, and if the intention - - -
15

COMMISSIONER: Yes, the reports are not being tendered.

MR YOUNG: I understand - - -

20 COMMISSIONER: The reports are not being tendered.

MR YOUNG: May I finish, please?

COMMISSIONER: Yes, of course.
25

MR YOUNG: If it is intended to elicit evidence of his opinions in relation to connections between various persons and triads, for instance, or other material of the same ilk of the kind we see in his reports, there is an anterior question about whether there is any relevant expert evidence that he is competent to give, and further there's
30 a question of whether there is any factual evidence that is based on his direct personal knowledge. So those questions would normally be addressed in a voir dire in a court setting. I know we're not in a court setting, but I wanted to foreshadow, before we get to particular questions, that we have a general issue with his competence to give, on the one hand, either purported expert evidence or on the other
35 hand purported factual evidence. That's what I wanted to foreshadow, Commissioner.

COMMISSIONER: Thank you, Mr Young. Anything, Mr Barnett, or Ms Case?

40 MS HIGGINS: Commissioner, it's Ms Higgins nothing further from us.

COMMISSIONER: I'm terribly sorry. I didn't see you there. I do apologise.

MS HIGGINS: Not at all
45

COMMISSIONER: apologies. Yes, Ms Higgins, anything further?

MS HIGGINS: That's all. Nothing further.

COMMISSIONER: Ms Case?

5 MS CASE: No, nothing, Commissioner.

COMMISSIONER: All right, then. Ms Sharp, I think Mr Vickers is on standby, he is?

10 MS SHARP: Yes, I call Mr Vickers.

COMMISSIONER: Yes. Mr Vickers, can you hear me?

MR VICKERS: Yes, certainly.

15

COMMISSIONER: I think you might be on mute, but I'm not sure.

MR VICKERS: I am here. I don't think I'm on mute.

20 COMMISSIONER: Yes. Just pardon me for a moment. I will just have that – just pardon me. Turn it up, please. Mr Vickers, if you wouldn't mind keeping the microphone close to you, we would be grateful because the sound is very low.

MR VICKERS: Certainly.

25

COMMISSIONER: Do you wish to take an oath or make an affirmation?

<STEVEN GEOFFREY VICKERS, AFFIRMED

[10.08 am]

30

<EXAMINATION BY MS SHARP

35 COMMISSIONER: Yes. Thank you, Mr Vickers. Yes, Ms Sharp.

MS SHARP: Mr Vickers, good morning. Could you tell the Commission your full name, please?

40 MR VICKERS: Steven Geoffrey Vickers.

MS SHARP: And your work address is known to those assisting this Inquiry.

MR VICKERS: I hope so, yes. Yes, I'm sure it is.

45

MS SHARP: I would like to ask you some questions about your work experience, if I may. It's correct, isn't it, that from January 1975 until December 1992 you spent 18 years in the Royal Hong Kong Police force.

5 MR VICKERS: Yes.

MS SHARP: And during that period you commanded the force's criminal intelligence bureau.

10 MR VICKERS: Yes.

MS SHARP: For what period of time did you do that?

15 MR VICKERS: For the last five years of my service.

MS SHARP: What were your key responsibilities in that position?

20 MR VICKERS: Intelligence operations, both tactical and strategic, against triad societies, organised crime, kidnapping and other serious issues with a big focus on triad and organised crime activity, both in Hong Kong and often working with international law enforcement agencies, at the time, studying Asian organised crime.

25 MS SHARP: Could you give us some examples of the international law enforcement agencies you collaborated with during that period?

30 MR VICKERS: Sure. FBI, Federal Bureau of Investigation in the United States, Royal Canadian Mounted Police, Australian Federal Police in Australia, obviously, the UK resources and many others. We were the sort of first point of contact for liaison, if that's the right word.

35 MS SHARP: And what opportunity do you say your experience with the Royal Hong Kong Police Force gave you to develop an understanding of how triad groups work?

40 MR VICKERS: By running covert operations, intercepting telephones, running undercover agents inside triad societies, penetrating triad gambling and other networks.

45 MS SHARP: Are you able to indicate to this Inquiry how extensive your knowledge of triads became, by reason of your work with the Royal Hong Kong Police Force?

MR VICKERS: Without beating my own chest, I would say I became very knowledgeable as to the key players, activities, structure, recruitment, methodology, businesses, international activities and the day-to-day – the day-to-day operations of triads, not just for criminal matters, but, because, at that stage, the British were concerned about triad influence in Hong Kong of both a political and criminal nature.

MS SHARP: Now, you've given evidence of the various strands of knowledge you developed about triads during your period with the Hong Kong Police Force. Are you able to indicate what information that knowledge was based upon?

5 MR VICKERS: It was the Royal Hong Kong Police, not the Hong Kong Police. There's a significant difference between that.

COMMISSIONER: Yes. Thank you.

10 MR VICKERS: Well, I can talk about the methodology, but not the – not the specific operations. So it would be running strategic operations against triads with a view to understanding their structure, to destabilise them as far as is possible, not just criminally, but to take measures to make them less effective; penetration operations, as I say; electronic operations; undercover operations; prosecutions and everything
15 in between.

MS SHARP: Now, it's correct that, while you were in the Royal Hong Kong Police Force, you achieved the rank of senior superintendent?

20 MR VICKERS: Correct. Yes.

MS SHARP: And for how many years did you occupy that rank?

MR VICKERS: I think the last five years.
25

MS SHARP: Are you able to tell us where that fits within the operational hierarchy of the Royal Hong Kong Police Force?

MR VICKERS: Well, historically, it was the head of a bureau. It was a bureau
30 head's position; the head of the criminal intelligence, CIB.

MS SHARP: After leaving the Royal Hong Kong Police Force, one of the things you did was set up and then run International Risk Limited. During what period did you run International Risk Limited?
35

MR VICKERS: Do you mind if I put it in chronological order because we're sort of – I think - - -

MS SHARP: That would be of some assistance.
40

MR VICKERS: Yes. Okay. So I left the force late, I think, mid-1992. I then joined – I became the regional head of a US organisation, known as Kroll, K-r-o-l-l, which dealt with economic crime. And I was the head of everything from Hong Kong, South-East Asia, down as far as Australia, New Zealand and Japan. I did that
45 for seven years. And then I left and I became a partner in PricewaterhouseCoopers, PwC.

COMMISSIONER: When was that, Mr Vickers?

MR VICKERS: I guess, 1999/2000, something like that.

5 COMMISSIONER: Thank you.

MR VICKERS: And then, within PricewaterhouseCoopers, I set up an Asian risk business, again, based in Hong Kong, but operating with small offices in China, South-East Asia - - -

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COMMISSIONER: If you just pause there for a moment. And if you could just turn your microphone towards your mouth, I'd be grateful, because it will be – thank you. Yes.

15

MR VICKERS: To be honest, this microphone is less use than not at all, but I will do my best.

20

COMMISSIONER: Yes. Well, whatever is happening, it does increase when you get it near to your face. So we'd be grateful if you could do that. So you were saying that after – in PricewaterhouseCoopers, you were responsible for?

25

MR VICKERS: So I – well, no, during PricewaterhouseCoopers, I established an Asian regional business involved in – which looked at economic crime, white collar crime, money laundering and related issues. Essentially, it was – I was the only non-accountant in the organisation, which was colourful. And I ran that for a number of years until a law called Sarbanes-Oxley came out in the United States which made it illegal, which prevented accounting firms from doing both consulting and auditing work. So at that point I executed a management buy-out. And I took the whole group with me and I formed a company called International Risk Limited.

30

MS SHARP: And if I could intervene there, Mr Vickers, with International Risk Limited, what was the purpose of that organisation?

35

MR VICKERS: Primarily, a risk mitigation business. So it did two or three things: due diligence for large organisations, including, on some occasions, gaming-related organisations; due diligence before deals for institutions, banks, financial structures and the rest, that was – and political risk around the region. The second division - - -

40

MS SHARP: And just on that point of due diligence in the gaming industry, did that include due diligence in the casino industry?

MR VICKERS: Yes.

45

MS SHARP: And that organisation was based in Hong Kong, was it?

MR VICKERS: International Risk?

MS SHARP: Yes.

MR VICKERS: Yes. The base was in Hong Kong, but we had operations all round Asia. I think eight operations.

5

MS SHARP: Now, is it correct you remained working with that organisation in the period 2000 to 2010?

MR VICKERS: Yes. Roughly speaking, yes. That's about right, yes.

10

MS SHARP: And, Mr Vickers, what exactly was your role in that organisation?

MR VICKERS: I was the CEO and the primary shareholder. So I was the – both the owner and the CEO.

15

MS SHARP: Did your duties extend to what I might call operational matters or were they restricted to management matters?

MR VICKERS: Both. My job would be generating revenue, as in a bit like in a law firm the senior partner both generates work and, occasionally, actually does work. So both, yes.

20

MS SHARP: Now, could you excuse me for a moment, Mr Vickers? I am told that the live stream audio is not working at the moment. And I wondered whether, Commissioner, you wished for there to be a short adjournment while that could be rectified.

25

COMMISSIONER: Just pardon me for a minute. All right. Mr Vickers, I do apologise for this interruption. I am told by those assisting the Inquiry that it will take approximately two minutes. So I will adjourn just for a short time. Thank you, Mr Vickers.

30

MR VICKERS: Thank you.

35

ADJOURNED [10.20 am]

RESUMED [10.22 am]

40

COMMISSIONER: Yes, thank you. Mr Vickers, I understand that it is now working so we can resume. Thank you, Ms Sharp.

45

MS SHARP: Thank you. I want to turn to what I understand to be the next stage in your career, Mr Vickers, when you established Steve Vickers and Associates. It's correct that you founded this company in around October of 2010?

MR VICKERS: Yes.

MS SHARP: And you were and remain the chief executive officer of this company?

5 MR VICKERS: Yes. In fact what I did was I sold International Risk to a US listed
company and I ran that for a number of years, but it doesn't really materially impact
– as you say, it doesn't materially impact what happened. And then – and I've
continued – and I am now the primary shareholder and owner of SVA, Steve Vickers
and Associates, based in Hong Kong but with platforms in Singapore and a small
10 business in – in – in the States, but primarily based in Hong Kong.

MS SHARP: And what does Steve Vickers and Associates do?

15 MR VICKERS: We have three divisions. The first division does political risk, due
diligence and related matters, so it could be both listed company work or it could be
M&A work ahead of a transaction, or in the times that we live in now a lot of work
on political risk associated with various industries, gaming being one of them. Our
second division handles white collar crime, so that would be fraud, staff defections,
integrity issues, anything – and asset searching. That's the primary role of the
20 second division. The third division is a special risk division working closely with
insurance companies. So for example, we might be the response consultants in a
kidnap and ransom negotiation, but typically something that is insured, it would be
driven by – by – by an insurance issue. The bulk of the work lie in the first two
divisions which is business intelligence, due diligence and white-collar crime.

25

MS SHARP: Now, a moment ago you said that one of the areas that your firm looks
at is gaming. Does that include casino operations?

30 MR VICKERS: Yes. We're probably not very popular with casinos directly, but
we are sometimes called in to write expert reports or testimony about matters that
have occurred of concern, often about due diligence or the status of junkets, for
example, or the level of due diligence that has been done into such organisations.

35 MS SHARP: And when you say you're not very popular with casino operators, why
is that?

40 MR VICKERS: Well, actually, even though we may not be popular with them they
occasionally retain us when they want an independent – when they want an
independent view because we've conducted quite a lot of work in that area, some of
which has not been very flattering.

MS SHARP: And that work, has that been work based in Macau or elsewhere?

45 MR VICKERS: Most of it has a Macau end. Macau is a huge – as you understand,
of course, Macau is a huge – almost clearing centre for gaming activity, so most of it
would affect listed companies with a Macau end. It could be an American listed
company with a Macau casino or it could be an Australian one or it could be

activities associated with other foreign junkets with a Macau base, but Macau is very central to global gaming today.

5 MS SHARP: Has your firm ever advised casino regulators?

MR VICKERS: In terms of being retained I can tell you I have been retained by some very large US listed companies and we have conducted inquiries on the recommendation of – or at the suggestion or behest of regulators, but rarely retained directly by the – typically it would always be through a law firm.

10 MS SHARP: And when you referred to regulators in that last answer, did you mean casino regulators?

MR VICKERS: I did mean casino regulators, yes.

15 MS SHARP: And as the CEO of this company do you have an operational role or are you just involved in management?

MR VICKERS: Well, just – management is not that bad, but we do – we do – I do a lot of hands-on work in this area and I would rather do that than management, as you put it, yes.

MS SHARP: Now, we've spoken about your experiences in the Royal Hong Kong Police force and we've spoken about your subsequent corporate experiences. Can you tell me this, have your subsequent corporate experiences enabled you to further develop your understanding of triad organisations?

MR VICKERS: Yes. I didn't intend to do it, but it happened by osmosis if not by intent. We cover – my organisation covers gaming activity from a diligence point of view, so many investors in the bigger gaming houses are concerned about integrity issues and conduct external work looking at the casino world from a financial point of view also, the likely outcome politically in Macau of concessions, for example; will foreign concessions be extended as they come up in 2022, the whole lot of them. There are some very huge bets being – have been placed by listed companies so people are very concerned as to the likelihood of the concessions being returned. So we've continued to monitor that for – on a monthly basis. I issue regular reports to clients, many of them who are pension funds, all the rest, who have an interest in their investment. The integrity of the investment, and also its viability.

MS SHARP: And on that point, Mr Vickers, do I take it that your reference to concessions is a reference to the casino concessions that the Macau government grants to casino operators?

MR VICKERS: That is absolutely correct. Yes.

MS SHARP: And do I take it from your last few answers, that it's part of your job to keep a careful eye on developments within the casino industry in Macau?

MR VICKERS: Yes.

MS SHARP: Now, in your time in your corporate positions, have you developed an understanding of the way in which junkets operate in Macau?

5

MR VICKERS: I have.

MS SHARP: And is it the case that you have developed, as a result of your corporate experience, further knowledge about the junket operators than you had at the time you worked at the Royal Hong Kong Police Force?

10

MR VICKERS: Yes.

MS SHARP: And is it the case that you have current knowledge of junket operators in Macau?

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MR VICKERS: I don't deal with them directly, but I have researched them in great detail on behalf of clients; that is from whence I derive my knowledge.

MS SHARP: Is it the case that you have current knowledge about triad organisations?

20

MR VICKERS: Likewise, from our research efforts which are ongoing. Yes.

MS SHARP: Is it correct that you are an acknowledged expert on the gaming sector in Macau?

25

MR VICKERS: Yes.

MS SHARP: And when I say "gaming sector", is it correct that that includes the casino sector, that is, you're an acknowledged expert in the casino sector of Macau?

30

MR VICKERS: It's not up to me to acknowledge myself, but I'm frequently interviewed by the BBC, CNN, ABC Radio, radio television Hong Kong, Radio Australia, Bloomberg and others on the gaming situation. So I have also written a number of publications which – on Macau gaming, on corruption and the likelihood of the concessions being renewed. But whether – clearly, it's up to the court to determine whether or not I'm an expert. I think I have considerable experience in the field.

35

40

MS SHARP: Is it the case that you are an acknowledged expert in triad societies and Asian organised crime, more generally?

MR YOUNG: Commissioner, I do object to the question.

45

COMMISSIONER: Yes. I will reject that question.

MS SHARP: I will put it another way, Mr Vickers. How extensive would you say your level of knowledge is in relation to triads and Asian organised crime, more generally?

5 MR YOUNG: I object again.

COMMISSIONER: Yes. I think he has said he has been interviewed as an expert by BBC, ABC, Bloomberg. And that's about it, I think, Ms Sharp.

10 MS SHARP: I will move on. Thank you, Commissioner.

COMMISSIONER: Yes. Thank you.

15 MS SHARP: As a result, Mr Vickers, of your time with the Royal Hong Kong Police Force and the time more recently in your corporate activities, have you developed multiple contacts in law enforcement in Hong Kong, Macau and Asia, more broadly?

20 MR VICKERS: I do have broad contacts across the region who have subject knowledge in these areas.

MS SHARP: And are they contacts you consult from time to time when you wish to develop your understanding of matters relating to casino operations, junkets or triads?

25 MR VICKERS: I actually don't think the law enforcement, necessarily, have a vast amount of information on internal casino operations. The better sources of information, because the thing has changed and evolved, are not necessarily lower-end triad people, but the business people who sit in the middle and who fund many of these operations or who facilitate the structure of junkets and their disbursement of funds. So I get a lot of information from people in the industry and information from research – a lot of it from research – which we dig out. Again, I sought to put in the paper I wrote for you, which is not being admitted, as many footnotes as possible to make it clear that this wasn't a personal opinion, but, rather, a matter of fact.

30
35 MS SHARP: In relation to that important source of information you identify as being the business people, do you have contacts with those business people that you draw upon in seeking to understand junket operations?

40 MR VICKERS: Yes.

MS SHARP: Now, it's correct that you're based in Hong Kong at the moment?

45 MR VICKERS: Yes.

MS SHARP: And you've been based there for many decades.

MR VICKERS: Yes.

MS SHARP: Is it right that you have travelled reasonably extensively to Macau?

5 MR VICKERS: Very, very extensively. Yes. It's one hour's boat ride away from Hong Kong.

MS SHARP: It's correct, isn't it, that you speak Cantonese?

10 MR VICKERS: Yes.

MS SHARP: For how long have you spoken Cantonese?

15 MR VICKERS: I went to language school a very, very, very long time ago, in the 1970s, so a long time ago.

MS SHARP: May we take it that you're completely fluent in Cantonese?

20 MR VICKERS: I think I can – yes. I would say I'm pretty fluent. Yes.

MS SHARP: And you can read Cantonese fluently.

25 MR VICKERS: Well, you don't read – Cantonese is a dialect of Chinese. And I would not say that my written Chinese is – could be described as fluent. I would not say that, because that would be overstating it. I can speak fluently, but I would say that my written capabilities are not up to fluent.

MS SHARP: What about your ability to read?

30 MR VICKERS: That's what I mean. My written is not – repeat not – up to fluent. And I wouldn't appear – I can do fine, but to a court standard, no, it is not fluent.

35 MS SHARP: And what value, if any, has the ability to speak Cantonese given you when you are gathering information about junket operators and the way the casino industry works in Macau?

40 MR VICKERS: Well, the lingua franca is Cantonese. If you don't speak Cantonese, you won't understand what's going on, which is why many of the foreign outfits get into trouble in China.

MS SHARP: Now, you mention that you have prepared a report for this Inquiry dated 20 August 2020?

45 MR VICKERS: Actually, I first – it's got two dates on it: 30th of January, when I first prepared it; and then I updated it because of some footnote issues on the 20th of August. The answer is yes.

MS SHARP: And is it right to say that those two reports are largely identical, save that you have referred to this Inquiry's amended Terms of Reference, COVID-19 and made a small number of alterations to the footnotes?

5 MR VICKERS: That is both correct. I didn't alter any footnote, just between the period that the report was created in – originally created on the 30th of January 2020 and the 20th of August, some footnotes disappeared from the internet. This is a phenomenon that happens between dates. So I had to – basically, it's a simple updating exercise.

10 MS SHARP: And if you will pardon me for one moment, Mr Vickers. Commissioner, I may interpolate at this point that the majority of documents which are footnoted in Mr Vickers' reports, were served quite some time ago, back in February, when exhibit A was served.

15 COMMISSIONER: Yes.

MS SHARP: More recently, the balance have been served, aside from one or two articles in exhibit U – T.

20 COMMISSIONER: Yes. Thank you. They became part of exhibit A when the round of expert evidence was given in February; is that - - -

MS SHARP: That is so.

25 COMMISSIONER: I see. Yes. Thank you. Yes, Ms Sharp.

MS SHARP: Mr Vickers, do you adhere to the accuracy and truthfulness of all the matters that you have set out in your 20 August 2020 report?

30 MR VICKERS: Yes.

MS SHARP: Now, I know this report is not in evidence, Commissioner, but I did wish to ask a question about - - -

35 COMMISSIONER: Yes, please proceed, Ms Sharp.

MS SHARP: - - - data sources.

40 COMMISSIONER: Yes, of course.

MS SHARP: Mr Vickers, I'm assuming you have a copy of your report with you.

45 MR VICKERS: Yes.

MS SHARP: And I might, just for the benefit of the transcript and the Commissioner, the document ID it's been given is INQ.500.001.4156, and when I

refer to page 6 of that report, that can be found at pinpoint 4161. Now, Mr Vickers, you will see a heading towards the top of that page, Phase 1 Review of Relevant Information, and you state:

5 *During this phase Steve Vickers and Associates carefully reviewed data provided by this Inquiry such as its Terms of Reference and details as to its purpose.*

Do you see that, Mr Vickers?

10

MR VICKERS: What page are you referring to, just so we're - - -

MS SHARP: Page 6 of 40, Mr Vickers.

15 MR VICKERS: Right. Okay. So that's under the methodology section. Right. Yes.

MS SHARP: Yes. So I – you stated that you carefully reviewed the data. Now, it's correct, isn't it, that there were no documents provided to you other than the Terms
20 of Reference and the amended Terms of Reference?

MR VICKERS: That's true. You didn't give me any such – there was – there was just the Terms of Reference, what was required and then some backwards and forwards about eventually agreeing on what the actual work was, correct.
25

MS SHARP: Thank you. Now, if I could take you to – also to page 6 in that same paragraph, you summarise the information that you had regard to for the purpose of preparing this report and I just wanted to ask you a little bit more about those sources of information. You say that you undertook a comprehensive search of available
30 government and private databases. Are you able to tell us what government and private databases you referred to?

MR VICKERS: Again, I specifically refer on each and every exhibit throughout the report as we go through it – and there's, like – I don't remember how many – I think
35 we've got – we've got 92 or 93 such references; some are media, some of them are regulatory issues from Macau or from Singapore which was also relevant, and some are filings, company records, registrations, prosecutions, everything – anything that was publicly available. What they are - - -

40 MS SHARP: In each case you've endeavoured to reference the particular source of information for the particular proposition you make in your report by inserting a footnote.

MR VICKERS: Indeed. Yes.
45

MS SHARP: One of the things you say in this particular paragraph is that your review of the documents was supplemented by specialist searches of web

information based on local language skills. Could you explain to us what you mean by that, please?

5 MR VICKERS: Well, a lot of stuff is not generally available or it's only – it might be in Portuguese, it might be in Chinese, it might be – it might be in English. There are a lot of chat sites, websites and other sources of information, for example a gentleman called Mr Fiedler from a union in the United States put a lot of information on the web which was called Macau Leaks. We would have a look at that, wouldn't necessarily believe everything, but we would have a look at it and
10 that's the sort of thing that, actually, was quite helpful. One would never rely on any single electronic source unless it had some veracity to it but there's a lot of data out there if you know where to look.

15 MS SHARP: I just want to follow up that last point. If I understand you correctly, you're saying you can't believe everything that's reported. How do you make – for the purpose of preparing this report, how do you make judgments about what is reliable information and what is mere scuttlebutt?

20 MR VICKERS: I've been in the intelligence business for a very long time so it's essentially an exercise, a process, collection, collation, evaluation, assessment and dissemination, and it's a sausage machine which we look at. And also you've got to add experience and live source comments. So a combination of all those properly distilled will give you a – I think a fair and balanced view of what the situation is. For the purpose of this report I have deliberately understated – I've – anything semi-sensational I've – is not in here. Factually, it's as accurate as I know how to do.
25 Obviously, when you get to the wire over things about is somebody or is somebody not a triad member, he's not – he isn't going to tell you and unless there is a conviction you can only look at the balance of probabilities.

30 MS SHARP: And is it fair to say you don't often see people being convicted for being triad?

35 MR VICKERS: Triad – again, it depends which country you're in. Very rarely people prosecute people simply for a triad offence. It tends to be something else plus a triad offence. It's quite rare. There are occasions where the senior office bearers have been prosecuted, but in Hong Kong anyway, which is the sort of primary point for such prosecutions, convictions these days for being a triad member alone is unusual, albeit that it remains illegal.

40 MS SHARP: One more matter I wanted to clarify in that paragraph we've been focusing on, you state:

Thereafter Steve Vickers and Associates used its wide network of contacts to develop further necessary information.

45 What are you referring to there?

MR VICKERS: People that we know in the gaming world, people who have information. There's been a huge evolution of the junket business in the last 10 years. It's changed completely. So lots of people have information about things and one needs to stay up-to-date. That's really what I mean.

5

MS SHARP: And is it correct that you have drawn on these contacts in preparing this report?

MR VICKERS: Yes.

10

MS SHARP: And is that one of the methods you have used to crosscheck information you have read in the media articles you have referenced in the footnotes in your report?

15 MR VICKERS: Yes.

MS SHARP: Now, we've mentioned triads quite a number of times so far. Let me ask you this: what are triad organisations?

20 MR VICKERS: I don't want to deeply complicate – I've laid out in the report in some detail the bare bones of triads and it will complicate people, we could go into mythology for many moons. Essentially, the word "triad" is an English word. It's used to describe what – the triangular device that surrounds the character Tien-ti-huih, the three-sided relationship between heaven, earth and men, and that is the
25 textbook definition. There are – I guess triad societies evolved in the aftermath of the Manchu conquest of China in the mid-1600s. And they evolved over centuries into a range of business interests, today which includes organised crime and violence. Triad societies, you could almost describe as a freemasonry of crime is probably the best – they are certainly separate and distinct from an Italian LCN – la
30 cosa nostra – situation. They are very close-knit hierarchies. They are bonded in many of the societies by 36 oaths. I can't remember all of them now, but I could refer to them for you. But, today, in 2020, there are no legitimate activities of triad societies. They've been called patriotic by the central Chinese Government at various times over the years. But my personal experience of them and, certainly, the
35 British Government's view when we – when Hong Kong was a British colony, was that they were an absolute menace. They were involved in gaming, prostitution, organised crime and many other activities. So very have a long and mysterious and colourful and interesting history, but the harsh reality is, in 2020, there are no saving graces for triad societies.

40

MS SHARP: Mr Vickers are you aware of a triad organisation called Sun Yee On. I will spell that S-u-n Y-e-e O-n.

MR VICKERS: I am, yes.

45

MS SHARP: What can you tell us about that triad organisation.

MR VICKERS: The most powerful triad that I know of is the Sun Yee On. Sun Yee On, meaning New Righteous Organisation, which is obviously somewhat comical. This is probably one of the largest and most cohesive and most powerful societies in the world today. It's allegedly founded around 1919, I think, by a
5 gentleman called Heung Chin. They have a world-wide presence. Originally, it consisted largely of Chiuchow Chinese. Chiuchow, being a province. They are very active. They organise triad recruitment ceremonies of a very organised fashion. They are by far the most cohesive triad organisation in the world today. I have no idea what the exact numbers are. The police might have an idea in that. A bit like
10 when you join a police force, they give you a number. When you join the triads, the Sun Yee On, in particular, they give you a specialist On number, which is to do with triad mythology and history. But from those numbers, people can calculate how many – what the membership might be today. I mean, all of this is not really relevant other than to say that the Sun Yee On has a world-wide presence and it's
15 engaged in gambling, prostitution, drugs. And it co-operates with other triad societies in different places. So the Sun Yee On is certainly the most cohesive and well-established.

MS SHARP: You mention in your report that Charlie Heung, H-e-u-n-g, has a
20 connection with Sun Yee On. What is that connection, to the best of your understanding?

MR VICKERS: Charlie, whose real name is Heung Wah-Keung, he is the son of the founder of the society and is reputed to be on the ruling council of the Sun Yee
25 On triad society. If you want to prove that, obviously, he's not going to turn up and tell you, but there's a US, I think 1991 or '92 Senate report, which lists in great detail – and I think it's in the footnotes in my report somewhere – I can – may I have a look at that?

MS SHARP: For example, it's referred to in paragraph – footnotes 38 and 39 of
30 your report.

MR VICKERS: Yes. 38 and 39. Yes, that's correct. It's the US Senate Permanent
35 Committee on Investigations. Right. Which, I think, looks like this.

COMMISSIONER: Yes. Thank you.

MS SHARP: Yes. Thank you. Just for your benefit, Commissioner, that can be
40 found – it's part of exhibit U30 and the document ID is INQ.500.001.3941.

COMMISSIONER: Thank you, Ms Sharp.

MS SHARP: Mr Vickers, I will move on. Are you familiar with a triad
45 organisation called Wo Hop To? I will spell that W-o H-o-p T-o?

MR VICKERS: Yes. It's I think pronounced the Wo Hop To.

MS SHARP: Thank you.

MR VICKERS: Yes, I am. It's a well-known triad society, not as grand or as large as the Sun Yee On, but very active in gaming affairs and particularly activity in the
5 Wanchai district of Hong Kong and particularly in Macau.

MS SHARP: And you're familiar, I take it, with another triad group called 14K?

MR VICKERS: Yes, I am.
10

MS SHARP: And what can you tell us about 14K?

MR VICKERS: Okay. So, deep breath. I will have to go back into a bit of history, I'm sorry. The 14K derived its name from the Hung Mun, the original Red Door, or
15 the Hung Fat San. And it was largely aligned with the Kuomintang forces up to the communist war in 1949. And the forces joined – as they withdrew from China, were based at number 14 Ho Wah Street in Canton. The communists won the war and the bulk of these guys either went to Taiwan or fell back into Hong Kong. A group of them in Hong Kong got into a fight with the local triads. And they – at the time, they
20 called themselves the People of the 14, the 14 People. They won the fight with the triads and they added a K to their name and that's why they call themselves the 14K. The 14K, itself, has many subgroups, Hau, Ngai, Sat, Baai Lo, none of which, really, is going to help us, I suspect, here very much, other than the fact that one of the big groups splintered and went to Macau, where a guy called Broken Tooth Koi was very
25 dominant in them. And the – as I say, the history of the 14K emanates from the Hung Mun, from the red door. This is kind of relevant to Broken Tooth, which we perhaps maybe come to later, but that's the history of the 14K in a very, very potted way.

MS SHARP: Can you tell us, Mr Vickers, based on your own experience and
30 knowledge, does the 14K have any links with the Sun Yee On triad organisation?

MR VICKERS: Triad societies, obviously, they do their own thing. They operate to make money and exercise control, power and influence, but they do cooperate
35 with each other. And, again, I don't want to take this too far into – when they cooperate, there's a triad term, which means “to burn the yellow paper” – “su wong ji” – which infers, “Even though this is my triad society, we can cooperate together because it makes sense.” And, yes, there are documented incidences of both the Wo Hop To, the Sun Yee On and the 14K cooperating in gaming affairs.

MS SHARP: Could I take you, please, Mr Vickers, to page 25 of your report. And the pinpoint reference, if it assists others is .4180. If you can go to page 25. Midway down the page you refer to another triad organisation which you I will now
40 mispronounce, Wo On Lok, spelt W-o, O-n L-o-k. How do we pronounce that correctly?
45

MR VICKERS: In Cantonese, it's the Wo On Lok.

MR YOUNG: Okay.

MR VICKERS: And it's otherwise known as the Shui Fong.

5 MS SHARP: Shui Fong: what does that translate as?

MR VICKERS: Again, this is terrible in English, it just doesn't make it, but it means the water factory, the water room. The history of that being that they were based in an area of Sham Shui Po on the Kowloon side which was a former aerated
10 water factory and that was their area. Post-World War II there was a lot of obviously damage and chaos and that's where they – that's where they emerged, if that's the right word from, and then they moved across like – to Macau and became quite active in Macau. There's a lot of media coverage about them and some of their – of some of their – some of their leaders. Again, media coverage is what it is; it's just
15 media coverage. But I think it's true to say that the information on the Wo On Lok is correct. It remains a smaller but active triad.

MS SHARP: Is this triad often referred to as the Water Room Gang?

20 MR VICKERS: That's what I'm saying, yes, exactly. In Cantonese they call them the Soi Fong and it doesn't translate well and I apologise.

MS SHARP: Now, we have spoken about four triad organisations, being what I will call the Water Room Gang, 14K, Wo Hop To and Sun Yee On. Are these triad
25 organisations all currently active in Macau?

MR VICKERS: Yes.

MS SHARP: To the best of your knowledge, are these four triad organisations all
30 active within junkets in Macau?

MR VICKERS: Yes.

MR YOUNG: I object to the question. Just a moment.
35

COMMISSIONER: Just pause there.

MR YOUNG: I object. I object to the question.

40 COMMISSIONER: Yes, Mr Young.

MR YOUNG: My learned friend has gone to a report and the Inquiry has written to us saying that that report is not relied upon as expert evidence.

45 COMMISSIONER: Correct.

MR YOUNG: She now asks the question at a high level of generality, asking this non-expert witness whether he's got a point of view about these particular named triads active in relation to junkets in Macau. She has not established that this witness has any direct personal knowledge of such a matter, and why should he be permitted to give some generalised opinion not based on any identified direct personal knowledge?

COMMISSIONER: Yes, Ms Sharp.

MS SHARP: With respect to my learned friend's submissions, I submit that I've well established the basis upon which Mr Vickers gives his evidence. He's a very experienced law enforcement officer and he then – and during that time he investigated triad organisations, including in Macau and became well aware of the way in which they operated, and he's given clear evidence that he's continued to investigate these matters in his corporate life and that he continues to stay abreast of these matters, including in relation to Macau. He is giving evidence not of his opinion, but of his understanding of facts based upon his long experience. It may not be fact in the sense of I directly observed that Mr So-and-so had a triad membership card, but he gives the proper foundation for why he is able to express the observations that I am asking him to express.

COMMISSIONER: Yes, Mr Young. Anything further?

MR YOUNG: I make three points, Commissioner, in response. First, my learned friend's reference to his law enforcement experience is, as the witness himself said, of no relevance to the current time. That relates to pre-1992, and in his words a lot has changed since then. Secondly, he has given no direct evidence of particular corporate investigations that he's carried out in relation to anything close to this matter. He's not identified any corporate clients. He's not identified any particular assignment. He's not identified any source of knowledge. So again, that basis is not established, and he's not qualified to express some general understanding or general opinion where it is founded simply on researches of newspaper articles or media commentary which, in his own words "Can't be trusted and can't be regarded as reliable. You have to take it all with a serious question about its reliability".

Now, how does that add up to admissible evidence? In our submission it's not. It's incapable of being tested, and it can't be received fairly in accordance with the rules of procedural fairness. So in our submission, this kind of generalised evidence should be rejected by the commission.

COMMISSIONER: Yes, thank you. Ms Sharp, I think in the circumstances Mr Vickers could be asked how he is in a position to tell me what is presently happening in Macau.

MS SHARP: Yes.

Mr Vickers, how are you presently in a position to tell this inquiry what is happening in Macau in relation to junkets and links to triad organisations?

5 MR VICKERS: Well, okay, I regularly produce briefs as to the situation over gaming on behalf of multi-national - - -

COMMISSIONER: Could you keep the microphone closer to you, please, Mr Vickers; I'm having a little trouble hearing you, I'm sorry.

10 MR VICKERS: Okay. I regularly produce briefs for commercial interests on gaming activity associated with, for example, licence renewals, vulnerability of certain large listed companies to regulatory problems, and I monitor, from a geopolitical point of view, Macau as a central – as a central pivot point as it relates to US-China relations and other matters. We write reports on all of those things. I
15 can't tell you I know everything in every casino. Nobody does. I can tell you how the junkets have evolved, how their political relationships have changed and how a gentrification has occurred over the last 10 years of the – of the junket industry, some positive and some not so positive.

20 COMMISSIONER: Yes. Well, I think you told me a little earlier that evolution in the last 10 years in relation to junkets. Do you remember telling me that?

MR VICKERS: Yes. Yes, ma'am.

25 COMMISSIONER: And I think in the circumstances, so far as the question, Ms Sharp, is concerned, I think it has to be a different question from the one that you asked. If you ask the next question and see if Mr Young is wanting to object.

30 MS SHARP: Based upon your current activities with respect to the work that you are currently required to do, can you tell us whether your understanding is that the Sun Yee On triad organisation has relationships with junkets in Macau?

MR VICKERS: I absolute can, yes.

35 MR YOUNG: Just a moment. I object again. Commissioner, the question is not directed to an identification of the particular source of information that the witness is being asked to use to express some kind of opinion. The source of the information needs to be identified and how he arrived at it.

40 COMMISSIONER: Yes. Would you like to do that, Ms Sharp?

MS SHARP: Yes. Thank you.

45 In relation to the Sun Yee On triad organisation, what sources of information do you rely upon to say that that triad organisation has links with junkets in Macau?

MR VICKERS: Well, there are – every so often there’s a – something pops above the horizon or pokes its way above into the sea so there are some – I mean, (a) you’ve got to start with does the Sun Yee On exist; I think we can take judicial notice of that. But if the intention is, obviously, not to deny the existence of triads, that’s something different but, for example, assuming that we accept that triads do exist and that the Sun Yee On does exist, I can draw you to hard facts, to the US Senate report identifies the Heung brothers specifically. In 1998 officers of the Royal Hong Kong Police arrested 11 Sun Yee On members during which the complete office bearer list was seized. Charles Heung was identified as a member of Sun Yee On. I think his ruling number was OMN211. Heung was a guarantor of a junket called the Sat Leng – the Portuguese is the Sat Leng Society, Unipressale Limitada – Sat Leng.

Why is a guarantor important? A guarantor is the person that’s on the hook for the money if the junket turns to jelly. So there are documented links between triad societies and junket operations, and over the years I’ve been employed to try and remove triad links as far as was possible, or at least to take measures to do so to do due diligence into the junket lists and to the operators concerned with a view to eliminating people who have known triad affinities.

20

COMMISSIONER: Just on the topic of due diligence, Mr Vickers; what you’ve said indicates that, from one point of view, it is extraordinarily difficult to identify some of the links that you’re speaking of. Would that be a reasonable conclusion?

MR VICKERS: It’s very difficult from a hard evidential point of view suitable for a court to accept. From a balance of probability point of view, which is a different – as you well now, ma’am, it’s pretty easy for us to put – to identify different triad groups. But every so often they make mistakes, like Charlie Heung’s mistake was to list himself as a guarantor of a junket that got himself into trouble. Another one, there was a major fraud inside another junket called Doray Holdings which led to all kinds of ugly disclosures as to junkets operate, a very large – essentially to make it really simple, a lot of money was stolen from the junket and in the course of the problems and the discussions that followed a lot of information became public and certain figures reveal the fact that junkets are not just junkets themselves, but they are actually part of a larger money machine. So every so often they make a mistake which pops above the surface and gives us some certainty.

35

COMMISSIONER: So I think from what you’ve just said to me, you concede it’s very difficult to conclude who is involved. Is that right?

40

MR VICKERS: Well, it depends in what. On those particular incidents, My Lady, the – it was pretty evident who was involved because their names were all over it. But normally day-to-day I entirely agree it is very – it’s very, very difficult because triad societies are secret societies. They’re not going to – unlike in Japan where the Yamaguchi-gumi actually quite proudly display their affinities, the triads do the opposite. But it is also quite notorious because of the nature of triads and who they

45

are; pretty well everybody knows what's going on. Proving that to an absolute certainty in a court of law is a different thing.

COMMISSIONER: Yes, Ms Sharp.

5

MS SHARP: I might show you an article that you referred to in your footnotes, Mr Vickers. It's – pardon me one moment. If I could take you to footnote 9, Mr Vickers. I'll now have this – you will see that you refer to an article of Professor Low and Ms Sharon Kwok. This was served in the exhibit A list, commissioner. It's exhibit A40.

10

COMMISSIONER: Thank you.

MS SHARP: INQ.500.001.0893.

15

COMMISSIONER: Yes.

MS SHARP: Pardon me one moment.

20 COMMISSIONER: Yes, of course.

MS SHARP: Have you got a copy of that document available to you?

25 MR VICKERS: Okay. Even though it's my document, pardon my ignorance, I don't have your number. So is it the Triad Organised Crime in Macau Casinos: Extra-legal Governance and Entrepreneurship document?

MS SHARP: Yes, that is so, the one that was published in the British Journal of Criminology.

30

MR VICKERS: Okay.

MS SHARP: Could that be brought up on the public screen, please?

35 COMMISSIONER: That's in the British Journal of Criminology, in 17, isn't it?

MS SHARP: Yes. Could I take you, please, Mr Vickers, to page 591, which is pinpoint 2442.

40 MR VICKERS: Okay, 591. Okay. Sorry. Small disconnect. I don't have that document. 589?

MS SHARP: We should be able to make that available to you on the screen, Mr Vickers.

45

MR VICKERS: Okay. Yes.

COMMISSIONER: 591.

MR VICKERS: The page on my screen is 589. Sorry.

5 COMMISSIONER: Yes.

MS SHARP: Yes. Thank you. 589. Could I take you – and, Mr Vickers, you've read this article before?

10 MR VICKERS: Yes.

MS SHARP: And you understand that the point of this article was, or involved, interviews being conducted with various persons associated with junkets in Macau?

15 MR VICKERS: Yes.

MS SHARP: Could I take you, please, to page 591 of that article.

MR VICKERS: Okay. It's on my screen now. Yes.

20

MS SHARP: You'll see there's a heading triads and organised crime in Macau?

MR VICKERS: Yes.

25 MS SHARP: And if I could just take you over the page to page 592, you will see the second paragraph states that it was found – and I will interpolate – found by these authors, that:

30 *Although triad membership was not a prerequisite for being a VIP room contractor, many of them were actually triad members.*

And then could I take you, please, Mr Vickers, to page 594.

MR VICKERS: Yes.

35

MS SHARP: Now, do you see, if I can highlight the top half of that document, the table entitled Background of the Respondents, you understand, don't you, that these people are the people that were interviewed by the learned authors, and these people identified themselves as being members of particular triads.

40

MR VICKERS: That's what it says. Yes.

MS SHARP: Is this one of the documents you relied on in coming to your conclusion that the particular four triad organisations I've referred to are – or have connections with junkets in Macau?

45

MR VICKERS: Yes. Obviously, I knew that already, but I, for the purposes of this exercise, I went to find supporting corroboration, which is what was the exercise here.

5 MS SHARP: And the supporting corroboration for the point you already knew of was found in an article of the well-respected British Journal of Criminology?

MR VICKERS: Yes.

10 MS SHARP: Based upon personal interviews with those junket members?

MR VICKERS: Yes.

15 MS SHARP: I might move on now, Mr Vickers, to ask you a little bit more about the role of junkets in Macau. What do you identify as the key functions of junkets in Macau?

MR VICKERS: They've evolved, obviously, but, essentially, (1) moving money across the border from mainland China to Macau to facilitate gaming; (2) to identify gamblers willing to come to Macau and, obviously, game; (3) to afford gambling on credit to gamblers that might be – to gamblers that wish to do so; (4) to exercise debt collection. One of the reasons that the casinos like to use junkets – it's not – it's pretty simple. It's that it's illegal to move money across the border from – other than in very prescribed circumstances, which I have in the report later.

25

It's illegal to enforce a gaming debt in the People's Republic – in the mainland of People's Republic of China. It's illegal to source funding in the PRC for gaming purposes, ie, promotion, so for – by way of comparison, somewhere like Singapore, which has a very clean regulatory and effective regulatory system, they crack down very hard on junkets. The other side of the coin on that is the problem that that causes is that, in Singapore, that the casinos have trouble in enforcing gambling debts, because the lack of triad involvement in the operators in Singapore, which is an exceptionally clean regime, is not there. And it creates the ironic downstream problem that enforcing debts or collecting on debts becomes very difficult. So why are junkets attractive? Junkets are attractive, because they take care of the grey area between what the law says and the practicality of moving money, people and enforcement from the mainland into Macau and elsewhere. So that's really why junkets work.

30
35
40 MS SHARP: Just following up on your – the first point you made about the function of junkets, which was moving money, you've referred to the capital controls that are placed – that have been instituted by mainland China to restrict - - -

MR VICKERS: Right.

45

MS SHARP: - - - the movement of capital out of China. What's the role of junkets here when there are such restrictions in mainland China on the movement of capital out of mainland China?

5 MR VICKERS: It's evolved, again. Life was a lot simpler before the monopoly of
STDMM was broken up. So, essentially, junkets, at one level, just facilitate the
gamblers, the money, the credit, often loan-sharking, prostitution, and what have
you. But at another level, they're part of an underground banking system based
10 around Macau. Macau is a – I think, a clearing house might be the better description
of it. Macau – and the junkets form part of an ecosystem that essentially moves – it's
an irony. It exists because of the ironic nature of the capital controls in central
China, the fact that gaming is illegal everywhere in China, except Macau for casinos
and Hong Kong and Macau for horse racing and soccer betting. So because of that
15 peculiarity, they have moved into that space. Triads and organised crime always
move into vacuums, if that's the word, created by legislation, or lack of legislation.

MS SHARP: And Mr Vickers, you were referring to an underground banking channel or network. What are you referring to there?

20 MR VICKERS: There are underground banks that work between, again, benefiting
or exploiting the capital controls and the legal situation between Macau and Hong
Kong. And I mean I did write in some detail about the what the capital controls are.
The numbers – I cannot remember all of the numbers. I would need to refer to my
report to do so.

25

MS SHARP: And you write about that at page 15 – I beg your pardon – page 14
and following of your report, do you?

MR VICKERS: Yes, ma'am, I do. Yes.

30

MR YOUNG: To which we object.

COMMISSIONER: Yes.

35 MR VICKERS: Well, the capital controls are a matter of public record.

COMMISSIONER: Just pause there. Just pause there. Ms Sharp, there is this
persistent objection by Mr Young.

40 MS SHARP: Yes.

COMMISSIONER: I think if you want to elicit evidence from Mr Vickers in this
way, I think you will have to refer to the factual substratum rather than just by
reference to the report, because it is objected to by Mr Young.

45

MS SHARP: Yes. Thank you, Commissioner.

COMMISSIONER: Yes. Thank you.

MS SHARP: Mr Vickers, are you able to tell us what the main restrictions on the
5 movement of capital out of mainland China are and, if so, what is your source of
knowledge?

MR VICKERS: My source of knowledge - - -

MR YOUNG: Commissioner, before the witness goes on, Commissioner.
10

COMMISSIONER: Yes.

MR YOUNG: We do have an objection to questions of law and what is the law in
15 China being delivered through Mr Vickers, because he is not qualified as to give – to
give evidence concerning what the law in China is on any particular topic, whether it
be currency restrictions or gambling or anything else of the kind.

COMMISSIONER: Yes. Thank you, Mr Young. I think it's probably not
20 controversial that there has been a crackdown on the movement of money out of
China. I think that's already in evidence, but I think in terms of Mr Vickers'
qualifications, there's no doubt that he is not legally qualified and whatever aspect of
it that you might be sensitive to, in respect of the law of China, I will certainly hear
from you and it would not be on that basis that it would be accepted. It's his
25 observations from his own work. And I will only accept it on that basis. Yes, Ms
Sharp.

MS SHARP: Mr Vickers, are you able to tell us what you understand to be the main
30 rules restricting the movement of capital out of mainland China? And if you are able
to tell us those rules, can you tell us how you know about those rules?

MR VICKERS: May I answer it backwards. The reason I have any knowledge of
this is simply from reading with my own eyes Chinese Government publications or
English translations thereof. So, again, I did – and I find it difficult giving evidence
35 if my report is not going to be accepted. But exhibit 11 was the Export Government
Foreign Control Regulations. Reuters, a reputable news organisation, on the 2nd of
January 2017, ran a major article on it which is authoritative; MacMillans Capital
Controls No. 13; the State Administration for Foreign Exchange on the 2nd of June
2017; they're all the sources of information that I derived my knowledge, if that's
40 the right word, from. Essentially – so that's the basis that – where I got it from. I
didn't invent it.

Essentially, there's prohibitions on partnerships; you've got to report any kind of
external transfer of more than five million US, or the CNY equivalent need to be
45 reported. From an individual point of view, anything that's greater than \$10,000 US
to the People's Bank of China. Mandatory reporting for any overseas cash transfer
of more than 200,000. Mandatory reportings for credit card transactions over a

thousand. Now, these are not contentious. What I'm saying is not contentious, it's fact. It's a matter of black and white.

5 An annual limit of, I think, it's renminbi 100,000 of overseas withdrawals in aggregate. So if you have five or six bank accounts – even though you have five or six bank accounts, you still cannot exceed 100,000 renminbi, which is quite a modest sum of money. And then an annual limit for individuals of more than 50,000 purchases of foreign currency. But that's a lot. You need tax certificates nowadays to certify. So if I were doing due diligence, for example, I'd be asking for a tax
10 certificates from people. So needless to say, these kind of constraints, they really do hinder – should hinder movements of currency out of the PRC. That's the basis of my understanding, and again it's easily verifiable.

15 MS SHARP: One of the other functions of junkets you identified earlier was the function of enforcing debts. Now, it's correct that it is not lawful in China to enforce gambling debts, isn't it?

MR VICKERS: Correct.

20 MS SHARP: Based on your own investigations over the years, including your due diligence work you have done in the casino industry, can you tell us some ways in which junkets can enforce debts, even though it is illegal to do so in mainland China?

25 MR YOUNG: I do object. Just a moment. I object to this. The premise of the question is a question of law about which there's no admissible evidence. Next, the question simply invites speculation about particular instances of so-called enforcement of debts. I mean, this is not a matter that the witness can have any direct knowledge of at all.

30 COMMISSIONER: Ms Sharp.

MS SHARP: Commissioner, I will move on. I see the time. Would this be a convenient time?

35 COMMISSIONER: Mr Vickers, that question is withdrawn. In the process, we're going to take a short break for the morning adjournment, Mr Vickers, so we'll take about 10 minutes and we will return to your evidence very shortly. Thank you.

40 **ADJOURNED** [11.33 am]

RESUMED [11.45 am]

45 COMMISSIONER: Yes. Thank you, Mr Vickers, if you're there. Yes. Yes, Ms Sharp.

MS SHARP: Mr Vickers, before the mid-morning adjournment you mentioned that you have been interviewed by a large number of media establishments around the world. You've in fact been interviewed in relation to junkets and in relation to their connections with triads; correct?

5

MR VICKERS: Well, in the wider – in the wider – in the wider gaming area, yes, and junkets, yes, and money laundering, yes. They tend to be – what's the word – connected.

10 MS SHARP: I just wanted to take you to one article where you were interviewed, and this is in evidence at exhibit T14. It's a 22 September 2009 media article and I will have it called up for you, Mr Vickers. It's INQ.070.009.0118, and Mr Vickers, this should appear on the screen for you, I hope. Have you got a Sydney Morning Herald article appearing before you?

15

MR VICKERS: No. Not yet. I have now.

COMMISSIONER: Yes.

20 MS SHARP: Wonderful.

MR VICKERS: It's in extra small digits. Hang on.

COMMISSIONER: Yes, we'll make it bigger for you.

25

MS SHARP: Just for the moment, if you could note that it's an article dated 22 September 2009.

30

MR VICKERS: Okay. Yes. James Packer Believes VIP Gambling. Yes, got it. Yes.

MS SHARP: Yes. What I will do is show you the last page of that article at pinpoint 0120 because you're quoted right at the end. I will just have that last two paragraphs enlarged for you: now, could you just read those paragraphs to yourself, please, Mr Vickers?

35

MR VICKERS: What, the last three?

MS SHARP: Yes, you could just read those to yourself beginning "Steve Vickers".

40

MR VICKERS: Yes, I've read that.

MS SHARP: Now, firstly, did you say those things to this journalist for the purpose of this article?

45

MR VICKERS: It would – yes, I have no recollection, but it – if they printed it I guess I said it. It looks to be correct, yes.

MS SHARP: Now, one of the things that is referred to here is the assertion that the junkets have now been gentrified, and you're quoted as saying:

It's brutally competitive.

5

Can you explain your view, please?

MR VICKERS: I can't see the date – could you assist me with what's the date of that article?

10

MS SHARP: Yes, it's 22 September 2009. So we're going back a while, Mr Vickers.

MR VICKERS: Okay. As I say, because the whole thing has evolved, but at that time there was a fairly brutal triad war – sorry, junket war on and insufficient capital. Some of them were – some of them were being weeded out by the casinos who were being forced to do due diligence into the players, so some of the older dinosaurs who couldn't adapt quickly enough were being – were being weeded out. Some of the others couldn't keep up with the newer system and it was a period of – as I recall at that time, it was a period of uncertainty.

20

MS SHARP: Another broadcaster that interviewed you is CNN, and I wish to take you to some comments you apparently made to CNN in an article of 17 June 2013. Commissioner, this is exhibit A135. I will have it brought up on the computer for you, Mr Vickers. It's INQ.130.001.6657. Mr Vickers, is that article appearing before you?

25

MR VICKERS: It's testing my eyesight, but I can see it, yes.

COMMISSIONER: Yes. Just make it a bit bigger.

30

MS SHARP: Can you see it's dated 17 June 2013 and has CNN branding?

MR VICKERS: I can. I can see that, yes.

35

MS SHARP: All right. Could I take you then to a few pages in to pinpoint 6659? You will see that you are quoted there. Could I ask you just to read that to yourself and then I will ask you some questions about it, if I may. And I will need to take you over the page when you're ready, Mr Vickers. Are you ready for me to turn the page?

40

MR VICKERS: Feel free. Yes.

MS SHARP: And Mr Vickers, I've just taken you to the next page on pinpoint 6660.

45

COMMISSIONER: Make it bigger, thanks.

MR VICKERS: Yes.

MS SHARP: Now, is it correct that you did say these things to CNN back in 2013?

5 MR VICKERS: Yes.

MS SHARP: And the views you've expressed there, are they views that you adhere to now?

10 MR VICKERS: Yes, except obviously things have moved on since then, but at the time they were certainly accurate.

MS SHARP: One of the things you say – you are recorded as saying there is that Macau's gaming sector retains deep ties to organised crime. Is that a matter you still
15 adhere to?

MR VICKERS: Yes.

MS SHARP: You also say:
20

It's not the cowboy town it was when Broken Tooth was running around. The big boys have moved in and they do not want visible street fights.

What do you mean – or what did you mean when you said that?
25

MR VICKERS: The scale – the scale of the business was ramped – after the end of the monopoly of STDMM and the moving-in of the foreign players, particularly the Americans, into Macau, the scale of the business ramped up very radically. The old-style triads who were the roughy-toughy lot were not really suitable or adaptable or
30 professional enough to operate, so a gentrification of – of the – of the scene occurred. And at the same time, to be fair to the casinos, they also started to put in better levels of due diligence, largely because of the influence of the Nevada Gaming Commission, because as American casinos they had to comply both to the local law and also to the US law. I did some due diligence in connection with this around that
35 time. I became quite knowledgeable, I would say, as to what was going on.

Once Broken Tooth went to jail, the – the wild west, if that's the description of what had happened in Macau, calmed down and the focus was on business. The number of junkets – the junkets came under pressure and only the more professional ones
40 survived. The central government implemented separately their – or began to implement their anti-corruption campaign which was more than just an anti-corruption campaign, but that also impacted underground banks, junkets and triad involvement in the above.

45 MS SHARP: And one of the things you're quoted as saying a bit further down on that first page is that:

The big casinos in Macau work in a messy environment.

What did you mean by that?

5 MR VICKERS: Again, it's a fact that triad societies are very active in junkets. It is
a fact. It is a fact that bringing money across the border from Macau to Hong Kong
other than in the prescribed amounts that we talked about is a breach of Chinese
capital controls and possibly a precursor offence to money laundering for others that
are involved in it. It's illegal – in all the things I said it's a messy environment.
10 Macau had been like that since at least the 1960s, but if you took a comparison with
Singapore which started much later, was able to introduce a far more clean, efficient
and not so messy or corrupt environment.

MS SHARP: If I could just take you over the page, Mr Vickers, to .6660, you're
15 quoted as saying:

*You won't find their names on the front door, but the hard reality is that
Chinese junkets are largely controlled by triad societies.*

20 Now, is that a view you held in 2013?

MR VICKERS: Absolutely.

MS SHARP: Is that a view you continue to hold today?
25

MR VICKERS: Yes, but I would say not every junket – to be entirely fair, not
every junket is entirely controlled by triads, but the tenacious involvement of triads
in the industry remains. It remains a problem. It has smartened its act up a little, but
it remains a problem.
30

MS SHARP: Mr Vickers, in September of 2014 a program aired in Australia on
Four Corners called High Rollers – High Risk, and you were interviewed for the
purpose of that program. What I wanted to do was play you some video from that
program. I hope this will come up on your computer. What we will do is start with
35 INQ.800.001.0015.

VIDEO SHOWN

40 MS SHARP: I will just stop that there and we can take the image off the screen.
Now, I'm assuming that you recall being involved with that program, Mr Vickers?

MR VICKERS: Yes.
45

MS SHARP: And no doubt whatsoever that that little bit of footage did depict you
saying those things?

MR VICKERS: A younger me, yes.

MS SHARP: Now, one of the points you make is that the junkets have gentrified, and can you just confirm to us what you mean there.

5

MR VICKERS: Become more business-like, become more visible, become more acceptable, become more – less threatening and more big business people than being the crude, rough guys that you saw in the first video which was classic Broken Tooth – in fact he was in – he starred in some of those videos himself. So it really is a metamorphosis, a complete difference, and basically if you look at the scale of the business, at its very, very height Macau was turning over officially registered revenue of US\$43 billion. That was the official number registered by the Macau government for taxation purposes, so they were keen on that. The real number, obviously, was fantastically higher because of the side betting in the casinos. So it had become the biggest business that any of these people had ever seen and therefore their behaviour was forced to change, and the ones that couldn't adapt had to move out.

MS SHARP: But you also said here, Mr Vickers, that notwithstanding the gentrification of the junkets “this is not mother Teresa or her sister”; what did you mean there when you say that?

MR VICKERS: I think the context really being related to debt collection and money laundering. In the end you still need – you still need people who are tough and related to – who are capable of exercising suasion, persuasion or violence to collect – to collect in certain circumstances. So it is still necessary, given the legal problems. Remember I mentioned the problem in Singapore where they have very little triad influence, but great difficulty in collecting debts. The opposite is true in Macau.

MS SHARP: You also mentioned in that interview that some of the junkets were listed on the Hong Kong Stock Exchange. Are you able to say now which ones you were referring to back in 2014?

MR VICKERS: To be honest with you I – it's changed a lot. The junket numbers have gone down from 200-something to 100-something and I cannot recall. I could check and get back to you, but I'm sorry, I cannot recall today.

MS SHARP: There's another part of your interview in this program I would like to play to you, if I could. This – I will call up the video clip for you, Mr Vickers and we can put this on the live screen. It's INQ.800.001.0018.

COMMISSIONER: That's an exhibit, I think.

MS SHARP: Yes, that's exhibit A144, Commissioner.

45

COMMISSIONER: Thank you.

VIDEO SHOWN

5 MS SHARP: We will stop the clip there. Now, of course, Mr Vickers, you recall giving that interview?

MR VICKERS: Yes.

10 MS SHARP: And could I just ask you about some of the propositions mentioned there. The first thing we heard was that there are loopholes in the regulatory regime of junkets in Macau. Is that a proposition you agree with?

15 MR VICKERS: Can you tell me the exact date of that video? Do we have the date that it was - - -

MS SHARP: It's 15 September 2014 is when it was broadcast. I'm not sure when you gave your interview.

20 MR VICKERS: Right. Through this evolution things have – obviously things have changed. Yes, there were certainly – there were certainly – there were certainly gaps that facilitated all sorts of nonsense in Macau, but there was a battle going on. I was working for some of the other casinos at different points or at least I got engaged in reviews to look at what was the – how successful was that due diligence, were they weeding out real triad figures or were triad figures still in there. One of the ways that
25 – one of the biggest loopholes and, again, I keep going back to guarantors, but if guarantors – the key to tracking – anyone can have their name on the front of a junket, but the critical factor is who has got the – who is the financial guarantor behind that junket because the casinos will not sign up with a junket that doesn't have financial backing.

30 And to complete the circle, typically that person in many cases would have a triad background, or be associated with triads, and back then they weren't eliminating – they weren't eliminating some of these figures as cleverly as was done later, so around that time that was during the transition. So some famous names like Heung
35 Wah-Keung and Cheung Chi Tai and other guys names were appearing on the paperwork which was sloppy. This – it's a cat and mouse game and it evolved over the years.

40 MS SHARP: Mr Vickers, when you refer to the guarantors of the junkets, are you referring to the financiers of the junkets or the funders of the junkets?

45 MR VICKERS: Well, they're the guys whose names appear on the – will have to be registered with the casino. I am taking you on, for example, as junket A with casino B and there will need to be a – the casino will want to know who is the financial guarantor, and that was the fact. That's how it played out. So it - - -

MS SHARP: So in Australia, the situation is that the casinos have a contractual relationship with an individual who is a junket operator, and I might describe that person as the front man. Is it enough to do due diligence into the front man or should a casino also be doing some due diligence into the person or entity it understands to be the funder of the junket?

MR YOUNG: I object to the question.

COMMISSIONER: Yes, that's rejected in that form.

MS SHARP: I will come back and approach that a different way. Can I go back to your interview, Mr Vickers. One thing you were quoted as saying was:

Where possible try and exclude the core triad-connected junket operators.

What do you mean by that?

MR VICKERS: From detailed due diligence you can weed out the – to a certain extent you can weed out at least the – you'll never exclude them completely. It would be – that's a utopian dream, but it is possible to exclude the main organised crime figures. For example, even in English if one had googled Charlie Heung and other names, they would come up as being named in authoritative reports such as the 1992 US Senate report on organised crime which we referred to earlier. There are many ways of – I mean, a basic level of due diligence would eliminate at least the most obvious ones.

MS SHARP: I will come back in a little while to ask you some questions about due diligence, but let me explore this with you. Why do you say that you will never exclude triads from junkets completely?

MR VICKERS: There's so much money involved. The precursor requirements for junkets to exist are still in place. It's – capital control still exists in China. It's still illegal to promote gambling in China and you don't need to be a lawyer to know that. It is difficult to enforce gambling debts in China. For all of those reasons the – that's the underlying cause as to why triad societies are around. But being – I mean, to be fair to the casinos, many of them have made real efforts to try and eliminate these – because it's in their interests to eliminate the wider boys, if that's the right description, but the underlying scale of the business increased; it didn't decrease. The size of the pie became much, much bigger and the clearing system in Macau evolved so that the underground banks became bigger, the scale became bigger. And it was only after the Chinese anti-corruption crackdown kicked in.

It started in, I guess, 2012, but it was 2015 before we were seeing major impacts, that the central Chinese government ceased the acquiescence to this practice. I mean, they aren't stupid. They could see what was going on, they could see the scale of it. Things changed in China, there was the corruption campaign, there was the change – a downturn in the economy. I think it was allowed to go on because up until around

2014/2015 China was in fear of inflation, so letting the scale of capital outflows occur prevent – established – there were economic reasons as well as other reasons why that might have been allowed to occur apart from raw corruption. That all changed as a consequence of two things: like I say, the Chinese anti-corruption
5 crackdown by had political undertones, and then the economy and an urge within the mainland to stop capital outflows. So it's quite a – it's an evolving situation.

MS SHARP: Mr Vickers, could I take you to another article where you were interviewed. This is exhibit A163 and I will call it up for you, Mr Vickers. It's
10 INQ.130.001.6680, and what you should have before you, Mr Vickers, is a 2016 article in Gambling Insider called A Broken Model. Is that coming up before you?

MR VICKERS: Not yet.

15 MS SHARP: Now, I will need to have this enlarged so you can actually read it, Mr Vickers. If we could enlarge the bottom of the first column, please. Mr Vickers, can you see a reference to you in that last paragraph of the first column?

MR VICKERS: Yes.
20

MS SHARP: Could I just ask you to read that paragraph and then the next column.

MR VICKERS: Yes.

25 MS SHARP: Mr Vickers, does this article accurately record what you said to Gambling Insider back in early 2016?

MR VICKERS: Yes, it does.

30 MS SHARP: Do you remain of the views that you are quoted as saying in that article?

MR VICKERS: I do as of that date, yes.

35 MS SHARP: Do you remain of those views now, that is in – on the last day of August 2020?

MR VICKERS: I do think that the junket model is broken, but – it remains broken. The Singapore system is better, but as long as the capital out – the capital restrictions
40 are in place we are stuck with this model, yes.

MS SHARP: And I will come to ask you a little bit more about the Singapore model in a little while. I need to take you to another of your interviews, if I can. This time I'm going to take you to a Four Corners program broadcast in Australia on 6 March
45 2017 called Crown Confidential. Now, again I wanted to play you a video clip, Mr Vickers, so if I could call up on the video, on the live stream, INQ.800.001.0016.

VIDEO SHOWN

5 MS SHARP: I will stop the video there. As at 2017 when you gave that interview, they were your beliefs, Mr Vickers?

MR VICKERS: Yes, that is correct.

10 MS SHARP: And it's right, is it, that you did tell the interviewer that you believed that casino owners know about triad links to some junkets?

MR VICKERS: Yes.

15 MS SHARP: On what basis do you say that – or did you say that?

MR VICKERS: Well, a number of bases: (a) the casinos have been trying to weed out triad – because they recognise the threat, so some of the casinos had been trying to weed out the triad influence. It is notorious – triad activities with junkets are notorious and are well-known to everybody, frankly, that knows which way is up in
20 Macau. So it's not a – it's a matter of public knowledge and finally, the underlying reasons for triads to be involved, even though it was more competitive and it was tougher, even though there was an anti-corruption campaign underway, and even though the mainland government were making efforts to control them and hence during the gentrification were weeding out those that they considered too much
25 trouble, there was little or no doubt that – there is no doubt that the triad activity continues in junkets.

MS SHARP: Mr Vickers, if a sophisticated integrated casino operator disclaimed
30 knowledge that some junkets in Macau have links to triads, what would you say?

MR VICKERS: I would say that it doesn't surprise me.

MS SHARP: And why do you say that?

35 MR VICKERS: Because it depends how you – if you've got some clever lawyers you can arrange it so that the people whose name appears on the paperwork don't appear to have any connections and if you don't try too hard and if you don't drill down too hard, or if your due diligence process is akin to some of the banks nowadays, which is a great big volume of checks but no real – with no real focus,
40 you can say in our casino we don't know. And that's – I wouldn't point to any single casino operator in that respect. I've seen that fairly well across the board.

MS SHARP: How do you square that last answer with the previous evidence you
45 gave that the links between some junkets in Macau and triads are notorious?

MR VICKERS: The links are notorious, all I'm saying – you asked me how I would answer – you asked me my opinion about an unnamed casino operator saying that

they didn't know. I'm saying that would become from – that would be dependent on the process they had in place and whether the intention is to discover it or not. Some would say a casino can only go so far and that the government should prescribe what the – what the checks should be. I think the answer is probably somewhere in the –
5 somewhere in the middle, but – so it does not surprise me, as I said, that you have heard that or that was said.

MS SHARP: Can I show you one last video clip, Mr Vickers. You were interviewed last year by a journalist from 60 Minutes for a program that was
10 broadcast in Australia on 28 July 2019 called Crown Unmasked. I will just play a clip of your interview. If we could please bring up INQ.800.001.0014.

COMMISSIONER: That's an exhibit.

15 MS SHARP: Yes, it is an exhibit. I will just have to get you the number, Commissioner.

COMMISSIONER: Thank you.

20 MS SHARP: I will come back to you with that, Commissioner.

COMMISSIONER: Yes. Thank you.

25 **VIDEO SHOWN**

MS SHARP: I will stop the video there. Now, Mr Vickers, those were views you genuinely held at the time you gave that interview last year?
30

MR VICKERS: Yes.

MS SHARP: Would you agree that from the various media excerpts I have taken you to today you have, over a period of very many years, consistently said that triads are going to be involved in some junkets to assist in enforcing gambling debts?
35

MR VICKERS: Yes. But not just gambling debts.

MS SHARP: And do you agree that over a very long period of years you have consistently said that triads are going to be involved in some junkets in order to assist moving capital out of mainland China?
40

MR VICKERS: Yes.

45 MS SHARP: Now, one of the things that you're quoted as saying in that last clip we went to was that:

There is a risk that the casino operators may have taken on unfortunate business associates. So the answer is both at the Australian end and at the Asian end to understand who you are doing business with.

5 I'd now like to ask you some questions about due diligence that may be done with respect to junkets with which casino operators do business. Is it – well, I'll start this way: do you agree that the level of due diligence that a casino operator ought to do, in relation to a junket, depends upon the level of risk that that junket presents?

10 MR VICKERS: I think all junkets represent risk and, therefore, there should be a universal – we shouldn't confuse risk, in terms of risk of capital loss or risk in terms of business risk. Reputational risk is the same for small junkets as large ones. So there should be a universal detailed standard.

15 MS SHARP: And what is – based on the due diligences that you have done, what do you recommend that universal standard should involve?

MR VICKERS: I think there are probably two or three tiers, but before we get too religious about due diligence, there's the casino's responsibility and there's a
20 regulator's responsibility and there may be a central government's responsibility. You know, nowadays, we hammer the banks every day for some things and yet not for others. The first step, the first level, the first basic level will be what can be done reasonably by thorough due diligence, in terms of a first phase electronic pass as to what is out there in the public media. There is a huge amount that's out there if you
25 know what you're looking for and, obviously, some of the famous names, really, should stand out.

The second line that the casinos have access to if they want to is other casinos and other regulatory authorities. They talk to each other a lot. They may not want you to
30 know that, but they do. So, you know, it's quite often the case that casino A in a different country, even a different continent, has detailed information or useful information which might be useful or supportive to another one. So that's the second way. Then there's more in-depth stuff. If it's a very huge relationship or suspicions, very often, people get through the first pass, there's no problem, and on you go, or
35 there is a question mark. When the question mark kicks in, then a greater enhanced level of due diligence is required to drill down further using people with experience as opposed to just that which is on an electronic database. If there's a will, if there's a w-i-l-l to do it, it can be done. I have some sympathies with the casinos to a certain extent in that they will tell, well, I'm not – "I'm not law enforcement. I'm a casino."
40 But I do think that there's two sides to it: the government need to prescribe more and the casinos need to be more proactive. When that happens, just like in Singapore, which is the best sample I've seen anywhere, you get an excellent response. What's gone on elsewhere, and certainly Macau, has been sub-par.

45 MS SHARP: Now, in your last answer, you said words to the effect that if you come upon an issue you should do a deeper investigation. If there is reason to think

that a junket may have links with organised crime, in your view, would it be appropriate to do further due diligence on that matter?

MR VICKERS: Yes.

5

MS SHARP: And what would that further due diligence involve?

MR VICKERS: It would involve interviews; reviews of documents; identification of sources of funds, who are the guarantors; looking for documented ties to triad societies; looking for evidence of precursor money laundering efforts, such as dodging capital controls, and the like, opacity in ownership, lots of offshore entities; even though the primary entity is supposed to be in Macau, why would you need a lot of BVI-registered or even more, opaque registered organisations; competing businesses – or not competing – i should say businesses that might be in the general financial services mode as opposed to a junket mode; and then other ties, the classic, the more low-end stuff, prostitution, violations, previous violations. Very often, people will tell you that they've never had a brush with the law. People need to be mindful of weeding of the internet. My generation, because I'm pre-internet, know that it's a lot more difficult to wipe out negative references or inferences from the media than it is now. There are companies that exist that do nothing but work for large sums of money to trawl through and clean up images. So people need to be mindful of all of that. But the gaming world is a small world. The players in it, particularly the triad and organised crime players, are a small group of people and if there's some will, it is possible to hunt them down.

25

MS SHARP: Could I ask for your comment on this, in the context of due diligence: if you conduct some due diligence and you ascertain that the front man of the junket and the funder of the junket do not have criminal convictions, can you, therefore, give the junket a tick?

30

MR VICKERS: I certainly wouldn't, but, of course, it's what's the level of proof. I don't know, because I'm not an Australian lawyer. But is being a triad illegal in Australia? I doubt it is. So, again, if that was the – if that were the – pardon me – if that were the measure, then everybody would pass except for the ones with overt criminal convictions. So my point being we need a lot more than a basic criminal record.

35

MS SHARP: And based upon your long experience in investigating triads and in understanding the way junkets operate in Macau, is it usual for junkets to offer up somebody who has criminal convictions as a representative of the junket?

40

MR VICKERS: It's unusual. But, again, I mentioned earlier that there was a clean-up campaign that occurred in good faith by – I mean, as a consequence of the efforts that were made, so less and less people would appear on the paperwork as having well-known triad or public negative records and more people would be turning up as clean front people. Yes.

45

MS SHARP: Have you heard of a database called World-Check?

MR VICKERS: Yes.

5 MS SHARP: Are you familiar with the scope of what you can check on World-Check?

MR VICKERS: My research group use it every day, but it's okay. If you – it's an initial indicator, no more, no less. It's a useful tool as one of hundreds of other tools.
10

MS SHARP: Is conducting a World-Check investigation into a junket operator enough to appropriately – or reasonably conduct a due diligence?

MR VICKERS: I would say in isolation, no. If it's part of 200 other things, yes.
15

MS SHARP: You've spoken in some detail about your attraction to the model of junket regulation in Singapore. Could you tell us a little bit more about that, please, Mr Vickers.

20 MR VICKERS: The Singaporeans are ruthless – I think “ruthless” is probably the word – are ruthless in their due diligence efforts. The government – the central government – obviously, Singapore is a city state, as you know, but the government prescribes what needs to be done, they set up an agency which is very, very, very effective, and they don't tolerate people with triad or other backgrounds. As a
25 consequence, they have successfully eliminated the bulk – I can't say all – but they've eliminated the bulk of the well-known triad chaps from the Singapore market, and have a much cleaner, less difficult relationship with the casinos. They, of course, had the advantage of starting from scratch. And they were able to look at the models available. But they have – the Singapore model has been – is the gold
30 standard model, and the one I would recommend if anybody asked me.

MS SHARP: And that, of course, is a model where the regulator conducts due diligence on the junket?

35 MR VICKERS: Both. The regulator has an agency, the CRA, which operates very closely with – there's only – there are not a lot of casinos in Singapore. It's a small place, so one must be careful before one sort of leaps ahead and – but what they've done is the government has taken a serious interest in it. The people working in the CRA often are retired, reliable government ladies and gentlemen, and there is a very
40 determined effort to keep – to contain triads. Now, Singapore has had a history of triad difficulties in the sixties and seventies, so they also have more background, perhaps, in it than we might have in Australia or in New Zealand or the UK.

MS SHARP: Now, is it correct that the Singaporean model, when they are
45 conducting due diligence, go beyond looking at the junket operator and look at other persons or entities that may be associated with the junket?

MR VICKERS: Yes, they would examine – on a professional basis, they would look at the junkets, the persons associated with it, they'd be required to provide records of their finances and the transactions. Qualified analysts would – do – look at the submissions and they throw up – they would throw up red lights. The
5 Singaporeans are in touch – I think I can say – the Singaporeans are in touch with other regulators and other betting organisations and, as a consequence of that, they may have been able to keep out certain elements that are not deemed appropriate. That's the level of diligence that protects society, I think, without killing the business.

10 MS SHARP: To the best of your knowledge, to date have the Singaporeans licensed any junkets from Macau?

MR VICKERS: Today is, what, September – I think they may have got – I think,
15 two or three may have survived, but, to my knowledge, it's – what has survived are nothing compared to what it is in Macau. So they've basically weeded out that system. The junket system that pervades in Macau is not prevalent in Singapore.

MS SHARP: Are you able to say which junkets based in Macau have been licensed
20 in Singapore?

MR VICKERS: Not today, no. I could check, but I'm afraid I can't remember.

MS SHARP: Now, is it correct that, in recent times, in Macau, there has been a
25 trend towards the consolidation of junkets?

MR VICKERS: There has. It's gone down very radically. Yes.

MS SHARP: And why is that?
30

MR VICKERS: Complex. One, it goes back to the Chinese anti-corruption campaign, which basically cut the legs off the underground banks. It also had a – it had the effect of reducing a lot of the VIP funds that moved into Macau, which again – so reduced the size of that pie. Efforts at controlling the VIP rooms have been
35 partially successful in Macau and sort of the general fall-back in the Chinese economy all have had multiple effect, or multiple impact.

MS SHARP: Is it correct that, in June of this year, the mainland Chinese Government in Beijing identified cross-border flow of funds for gambling as a
40 national security risk?

MR VICKERS: I read that. I have no direct information, other than what I read in the newspaper.

45 MS SHARP: Are you able to indicate to us what, if any, effect this has had in the market in Macau – the junket market in Macau?

MR VICKERS: The central Chinese Government has, as far as my observation and my information, weeded out unreliable – I use “unreliable” from their perspective – unreliable junkets. And it would appear to me that those that remain, particularly the big ones, are very closely monitored. There are understandable reasons why the Chinese would want to do that: the scale of corruption associated with officials who are gambling was very bad; the capital outflow situation was becoming intolerable, especially due to the side betting in the VIP rooms; and the political aspects of the crackdown also kicked in. So, for multiple reasons, that’s really what’s happened.

5 MS SHARP: Can I ask you now about some information regarding the Suncity junket? It’s right, is it, that Suncity is one of the largest junket operators in Macau?

MR VICKERS: Yes.

15 MS SHARP: And who do you understand to be associated with the Suncity junket?

MR VICKERS: I think its principal is Alvin Chau Cheok Wa, AKA Alvin Chau.

MS SHARP: To the best of your knowledge, does Mr Chau have a connection with triads?

20 MR VICKERS: I cannot give evidence - - -

MR YOUNG: Just a moment.

25 MR VICKERS: I was about – can I answer? If I answer that, you won’t be angry.

COMMISSIONER: Just pause there. I think his answer was – I think his answer was he cannot give evidence about that, Mr Young, but your objection has crossed over that evidence.

30 MR YOUNG: Yes.

COMMISSIONER: Yes. So Mr Vickers can’t - - -

35 MR YOUNG: If that’s his answer, I don’t need to press my objection.

COMMISSIONER: I thought so, Mr Young. Thank you. Yes, Ms Sharp.

40 MR VICKERS: I’m sorry. Sorry. Pardon me.

COMMISSIONER: Just pause there. Yes, Ms Sharp.

MS SHARP: It is correct that, based upon your research, there is within the publicly available media, information to the effect that Alvin Chau is a member of the 14K triad society.

MR VICKERS: Yes.

MS SHARP: And you refer to that publicly available information in your footnotes, including at footnote 60.

5

COMMISSIONER: I think you're wanting to take him to a document; is that right?

MS SHARP: Yes.

10 COMMISSIONER: All right. Well, that may be the better way.

MS SHARP: Yes, I will do it that way. What I'll do is have the document you refer to in your footnotes, at footnote 60, brought up on the screen. It's INQ.130.003.1740. Pardon me. What I might do – I think I've got the – I'm sorry, 15 I've given you the wrong document reference, Mr Vickers. Could I please call up – and it's exhibit F13. Could I please call up INQ.500.001.3494.

COMMISSIONER: Thank you. That can come up to the live stream.

20 MS SHARP: I'm sorry, Commissioner, I am told that it is not in evidence. It appears - - -

COMMISSIONER: It's not exhibit F13?

25 MS SHARP: No, that's – would you just pardon me for one moment?

COMMISSIONER: Yes, of course, Ms Sharp.

MS SHARP: I will come back to that; it's a document not in evidence. If I could 30 go back to exhibit F13 which was previously shown to Mr Vickers, and that is footnote 13, that is INQ.130.003.1740.

COMMISSIONER: That's the Chinese version?

35 MS SHARP: Yes.

COMMISSIONER: Yes.

MS SHARP: Now, you – there's a translation of that document if we can go a 40 further few pages into that document. I can have that scrolled.

COMMISSIONER: Yes. Just pause there. Thank you.

MS SHARP: Finally found the document.

45

COMMISSIONER: Thank you, Ms Sharp.

MS SHARP: This is – you will see from the top of this page it's dated 25 November 2012.

MR VICKERS: I can't see anything yet.

5

MS SHARP: Have you got a document in front of you, Mr Vickers?

MR VICKERS: Not yet, no. Okay. I've got it. Thank you.

10 MS SHARP: Thank you.

MR VICKERS: Hong Kong Police Keep Watch on Seven Individuals. Is that the one?

15 MS SHARP: Yes. Now, is this an article to which you made reference at footnote 60 of your report?

MR VICKERS: Okay. What page is that? Just - - -

20 COMMISSIONER: I think the question is, effectively, have you read this article before, Mr Vickers?

MR VICKERS: Footnote 60 is a different document of my report, but that's - - -

25 COMMISSIONER: Yes, but if you look at the one on the screen, you're being asked whether this is a document to which you've had access.

MR VICKERS: Okay, I'm looking at – one second.

30 COMMISSIONER: Thank you. Thank you.

MR VICKERS: This is the English translation. Yes. Okay. Yes, I have seen this document.

35 MS SHARP: And just to make it clear, this is the English translation of the document you've referred to at footnote 60.

MR VICKERS: Yes.

40 MS SHARP: And you relied upon this document in preparing your report.

MR VICKERS: It's one of a hundred documents that we've referred to in the report, yes.

45 MS SHARP: If I could take you over the page, could we have the next page made available?

MR YOUNG: Well, just a moment.

COMMISSIONER: Yes.

5 MR YOUNG: It can be blown up, Commissioner? I can't read this document.

COMMISSIONER: Yes, I will ask for it to be enlarged, please, operator, so we can all read it.

10 MR YOUNG: Thank you.

MS SHARP: Yes.

15 COMMISSIONER: Just pardon me for a moment. If you can just enlarge this page a little so we can read it. Thank you.

MS SHARP: Mr Vickers, can you see there's a heading Blacklist of Seven Individuals Released by the Hong Kong and Macau Police?

20 MR VICKERS: Yes.

MS SHARP: Okay. Are you able to assist us with what this blacklist is?

25 MR VICKERS: It looks to have been leaked by the police so – to the – to a journalistic organisation rather than an official publication. So these are known – these are people who are well-known names of triad leaders associated with Broken Tooth Koi who – perhaps we could have explained who he is. He's the head of the 14K triad society in Macau.

30 MS SHARP: And can I have you scroll over the page, please, and you will see on your screen do you see that one of the people referred to is Cheng Ting Kong?

MR VICKERS: Yes.

35 MS SHARP: And he is nominated as assisting Alvin Chau.

MR VICKERS: That's what this piece of paper says, yes.

40 MS SHARP: And there's another name Wong Pak Ko and he is also listed as assisting Alvin Chau. And your evidence is that this is a – you understand this to be a blacklist of the police that was leaked to the media.

45 MR YOUNG: I object to the question. Just a moment, please. I mean, there's nothing on the face of the newspaper report to support that and the witness has not said that. He simply drew attention to the - - -

COMMISSIONER: Yes, I'm afraid he has, Mr Young. He said a little while ago that he understood this is a blacklist of the police that was leaked to the media.

5 MR YOUNG: I understood that to be his – Commissioner, just bear with me for one moment. I'm sorry to cut across you.

COMMISSIONER: Of course. That's all right.

10 MR YOUNG: I understood he referred to that document as not an official publication of the police and speculated that it must have been a leak. That's as I understand the witness's evidence. He's not confirming that this is a police blacklist.

15 COMMISSIONER: Yes, I understand. Mr Vickers, you've heard the exchange that I've just had with Mr Young. When you gave your evidence a little earlier referring to a leak by the police of a blacklist, what did you intend to convey by that statement?

20 MR VICKERS: Having looked at the document I believe that the document purports to leak, I think to – if we look further up the oriental date – sorry, the media publication is in it, the page before, so my understanding was that this is a leaked document to a media organisation in Hong Kong originating – purportedly originating from the Macau police.

25 COMMISSIONER: And when you say it was a leaked document, quite reasonably the question is asked: how do you reach the conclusion that it was leaked from the police?

30 MR VICKERS: The format – again, if the operator can be kind enough to scroll back a page.

COMMISSIONER: Yes, if you go back one page, please. Yes. Is that the one?

35 MR VICKERS: Sorry, if we go back – I've seen – the format is similar, not of the – Apple Daily is the publication, but the format in the old-style Macau records looks to me like things I've seen similarly. That's the best I can do. All I can say is it purports to be – to represent a blacklist of triad figures or alleged triad figures as reprinted by the Apple Daily which is of interest, but not proof.

40 COMMISSIONER: And so do I take from what you've said there that the way in which the information is constructed, for instance, name, age, nickname, etcetera, is the modus that is used, or was used by the police service in Macau? Is that right?

MR VICKERS: Yes. That is correct. That's exactly my understanding.

45 COMMISSIONER: All right then. And so the conclusion that you draw is that it must have been a leak because it looks as though it was in the format that might well

have been, or on your view probably was within the confines of the records of the police department. Is that what you've concluded, is it?

5 MR VICKERS: Yes, I can conclude that that is where it surfaced from, yes.

COMMISSIONER: All right.

MR VICKERS: That's the – yes.

10 COMMISSIONER: Yes. All right then.

MS SHARP: Earlier in your evidence, Mr Vickers, you referred to a union, the International Union of Operating Engineers that published a website called casinoleaksmacau.com.

15 MR VICKERS: Yes.

MS SHARP: Do you recall that?

20 MR VICKERS: I do.

MS SHARP: How long was that website live for?

25 MR VICKERS: I really can't remember but it was a while, a good few years.

COMMISSIONER: Yes, all right. Ms Sharp, would you like to take the adjournment now? I would. I would.

30 MS SHARP: I only have one or two more questions so it really depends on - - -

COMMISSIONER: I think it's sensible to just explore this.

MS SHARP: Yes.

35 COMMISSIONER: Mr Young, would you be seeking leave to ask any questions of Mr Vickers?

MR YOUNG: The answer is probably, Commissioner, but I would like the adjournment to consider that, if I may.

40 COMMISSIONER: All right.

MR YOUNG: If I do ask questions, I will certainly shorten what I have.

45 COMMISSIONER: Yes, of course. I think in the circumstances then, Ms Sharp, we – I should ask also – I think Ms Higgins as well. Ms Higgins, do you think you'll have – make an application for leave to ask any questions?

MS HIGGINS: I don't presently intend to, Commissioner, but we will confirm that once Mr Young has asked any questions.

5 COMMISSIONER: All right then. And Ms Case, would that be a similar position for yourself?

MS CASE: Yes, Commissioner.

10 COMMISSIONER: All right. I think in the circumstances then, Ms Sharp, I shall adjourn until 2 pm.

MS SHARP: Yes.

15 COMMISSIONER: Now, Mr Vickers, can I just indicate that we will now adjourn for the luncheon adjournment, and as there are probably some further questions to be asked of you by other counsel who are representing interested parties before the Inquiry and therefore we can't finalise your evidence shortly, we will return at 2 pm Sydney time. Thank you, Mr Vickers. I shall adjourn.

20

ADJOURNED **[1.03 pm]**

25

RESUMED **[2.02 pm]**

COMMISSIONER: Yes. Thank you, Ms Sharp. Thank you, Mr Vickers. Yes.

30 MS SHARP: Mr Vickers, is it correct that your research of publicly available material has located documents linking Alvin Chau to organised crime?

MR YOUNG: Just a moment. I object to that.

35 COMMISSIONER: Yes, Mr Young?

MR YOUNG: To ask that question, generally, in that fashion is, in my submission, unfair. Ms Sharp has been to several documents where you can see - - -

40 COMMISSIONER: Yes. In newspaper reports exactly the context in which the person is mentioned. Now, to put that in that general fashion is quite unfair because it doesn't deal with the specifics of what the particular newspaper report might be saying.

45 COMMISSIONER: Yes. Ms Sharp?

MS SHARP: Well, I'll approach the question a different way.

COMMISSIONER: All right.

MS SHARP: Commissioner.

5 COMMISSIONER: Yes. Thank you.

MS SHARP: Now, Mr Vickers, you have footnoted in your report matters that you relied upon in preparing your report; is that correct? I'm afraid that Mr Vickers is on mute, Commissioner.

10 COMMISSIONER: I think you're on mute, Mr Vickers, if you – I don't think we can hear you, because of some microphone problem. If you'd be kind enough to restore that for us. I think, perhaps, Ms Sharp, if you just refer to the document rather than the footnote.

15 MS SHARP: Yes.

COMMISSIONER: Now, Mr Vickers - - -

20 MR VICKERS: Yes.

COMMISSIONER: - - - I will just make sure that - - -

MR VICKERS: Hello.

25 COMMISSIONER: That's better. We can now hear you.

MS SHARP: Thank you.

30 MR VICKERS: Okay.

MS SHARP: Mr Vickers, could I please show you a document, being INQ.130.003.1470, which is exhibit F13. Now, Mr Vickers, it's correct that this is a Chinese language version of an Apple Daily article, dated 25 November 2012?

35 MR VICKERS: Yes.

MS SHARP: And tell me, is the Apple Daily, that's a newspaper in Hong Kong?

40 MR VICKERS: Yes. It's a huge mass circulation newspaper which is not popular with the government.

MS SHARP: Is it published only in Chinese or also in English?

45 MR VICKERS: It is published primarily in Chinese. But they have bursts of English occasionally and a website, which is occasionally translated. But it's primarily a Chinese publication.

MS SHARP: And to be clear, the Apple Daily is a publicly available newspaper.

MR VICKERS: Yes. It's a very well-known newspaper; very highly publicised.

5 MS SHARP: Could I please take you to the English translation of this article at pinpoint 1743.

MR VICKERS: Yes.

10 MS SHARP: Could I scroll down to the bottom of that page, please? You will see right at the bottom, there's a blue stamp which confirms a translation date from Chinese to English?

MR VICKERS: Yes.

15

MS SHARP: Now, then, can I take you to the next page, pinpoint 1744. And if we could highlight the bottom half of that page, you'll see the name Alvin Chau and then the dot point:

20 *14K triad key member.*

MR VICKERS: Yes.

25 MS SHARP: Now, is that what was stated in the Apple Daily news article on the 25th of November 2012, to which you've referred at footnote 60 of your article? I beg your pardon, your report.

MR VICKERS: It looks – yes, that is correct. That's one and the same, yes.

30 MS SHARP: Could I take you, please, to document INQ.500.001.3502, which is exhibit U17.

COMMISSIONER: Thank you.

35 MS SHARP: Now, I will need to have this enlarged for you. Do you see there's a banner at the top of it that says "Business Wire"?

MR VICKERS: Yes.

40 MS SHARP: What's that?

MR VICKERS: What is – Business Wire is an international network that publishes business announcements. You can – for a fee, you can issue what you like and Business Wire will send it out.

45

MS SHARP: Is Business Wire publicly available or do you need to subscribe to it?

MR VICKERS: I can't remember. I'm sorry. I'm not an expert on Business Wire.

MS SHARP: You can see that it's - - -

5 MR VICKERS: I think it's publicly – my belief is that you pay them and they pump it out globally.

MS SHARP: Now, you can see there's a date at the top there, the 28th of March 2012?

10

MR VICKERS: Yes.

MS SHARP: And you'll see, in that first paragraph, there's a reference to the International Union of Operating Engineers.

15

MR VICKERS: Yes.

MS SHARP: Now, I think you gave some evidence before lunch that they had some connection with that website casinoleaks?

20

MR VICKERS: Yes.

MS SHARP: What is that connection?

25 MR VICKERS: I think they operated it. It was – it is my belief that they operated it. The casino unions in the United States are quite powerful.

MS SHARP: And the International Union of Operating Engineers, is that a casino union?

30

MR VICKERS: I think it includes – my belief is it includes people who are employed by the – but not exclusively, by the – by trade – by gaming people; gaming employees.

35 MS SHARP: Thank you. Could I draw your attention, please, to paragraph 2 of that article. And perhaps we can enlarge it somewhat. It reports that:

40 *Jeffrey Fiedler, of that union, included with the letter a summary of the union's findings concerning the relationship of an MGM VIP room operator, Suncity, its founder and co-owner Alvin Chau Cheok Wa has with two individuals, Charles Huang Wah-Keung and Herbert Li He Chan, identified by US government reports as organised crime figures.*

45 MR VICKERS: Yes.

MS SHARP: Now, this is the article you refer to in footnote 63 of your report, is it?

MR VICKERS: Yes.

MS SHARP: Now, towards the bottom of that article, there's a statement:

5 *A copy of the two letters, the summary of findings on Suncity and all
documentation can be find at a website being www.casinoleaksmacau.*

Can you tell us what this website is, please?

10 MR VICKERS: Was. This was a salacious website that seemed to be driven by
competitive interests as to happenings in Macau during the boom era. And, actually,
it became the go-to website for what was happening in gaming. So it was not well
liked by the casino world.

15 MS SHARP: And when you say it was the “go-to website”, why was that?

MR VICKERS: Because it contained interesting details as to people, activities,
there were all – a lot of it was competitive, as far as I could see, but much of it was
true. And it contained details – inside tell-all details – about the colourful Macau
20 gaming industry.

MS SHARP: It was shut down in around late 2012?

MR VICKERS: I can't say exactly when it was shut down.

25

MS SHARP: All right.

MR VICKERS: I would not recall. But I'd have to – I would need to check that.
I'm sorry.

30

MS SHARP: Did you have access to that website from time to time?

MR VICKERS: Yes.

35 MS SHARP: And that was a publicly available website before it was shut down?

MR VICKERS: Yes.

MS SHARP: This article I've just referred you to says that:

40

A copy of the two letters –

that Mr Fiedler of that International Union of Operating Engineers wrote in respect
of –

45

the summary of findings on Suncity was available at the casino leaks website.

Did you have a look at those letters on that website?

MR VICKERS: Yes.

5 MS SHARP: And did they confirm what is stated in this second paragraph of the article? That's the one commencing Jeffrey Fiedler?

MR VICKERS:

10 MR YOUNG: Commissioner – just a moment.

COMMISSIONER: Yes.

MR YOUNG: Commissioner, I object to the question.

15

COMMISSIONER: Yes.

MR YOUNG: I mean, this is a question about documents that are not available, as I understand it.

20

COMMISSIONER: That's true.

MR YOUNG: Documents that ceased to be available at some stage before 2012.

25 COMMISSIONER: Yes.

MR YOUNG: Or at about 2012. The witness hasn't been asked whether he's got any personal recollection of the document, but putting that aside for the moment, this is not evidence, in our submission, that should be received. It was clearly not accessible by my client. And we're not to have original evidence of what the documents actually said or where they came from or what they were.

30

COMMISSIONER: Indeed. Yes, Ms Sharp.

35 MS SHARP: I will withdraw the question.

COMMISSIONER: All right.

MS SHARP: Could I take you, please, Mr Vickers, to another document?

40

COMMISSIONER: Before you do, I think, Mr Vickers, you just told me that that particular website was salacious. Do you remember telling me that?

MR VICKERS: Yes. It contained tell-all stories of the casino world.

45

COMMISSIONER: And you told me that much of it, as you saw it or read it, was, as you referred to it, true. Do you remember telling me that?

MR VICKERS: Yes.

COMMISSIONER: Do I interpret from what you told me that some of it was not true?

5

MR VICKERS: I – it's difficult for me to say. All I know is I was able to identify some interesting stories and names from people already known to me.

COMMISSIONER: All right. Thank you, Mr Vickers. Yes, all right. Yes, Ms Sharp.

10

MS SHARP: Mr Vickers, I will show you another document, being INQ.500.001.3503 which, Commissioner, is exhibit U18.

COMMISSIONER: Thank you.

15

MS SHARP: Now, you can see, Mr Vickers, that this is an article dated 29 March 2012.

MR VICKERS: Yes.

20

MS SHARP: From Macau Daily Gaming News at CalvinAyre.com.

MR VICKERS: Yes.

25

MS SHARP: Are you able to tell us what CalvinAyre is?

MR VICKERS: I can't read this, I'm sorry. If you could – a tad bigger would help.

COMMISSIONER: Enlarge it, please.

30

MS SHARP: Yes, I will have it enlarged and then scroll, thank you, to the top of the document.

MR VICKERS: Right. The Macau-based union – I'm sorry, what's the question?

35

MS SHARP: Are you able to tell us what the Macau Daily Gaming News is?

MR VICKERS: It's a modest publication which was then in business which would report news – it's a very small place which would report news on what's going on in the special administrative region of Macau.

40

MS SHARP: Was it a news – some sort of news service that was based in Macau?

MR VICKERS: Yes.

45

MS SHARP: And was its publications publicly available?

MR VICKERS: Yes.

MS SHARP: Now, could I take your attention, please, to the first paragraph, and you'll see a reference is made to casino leaks and the International Union of
5 Operating Engineers.

MR VICKERS: Yes.

MS SHARP: And you will see it records that the – that union claims that:
10

Certain figures at Suncity have links to organised crime.

MR VICKERS: Yes.

15 MS SHARP: Do you see that?

MR VICKERS: It actually says it's linked to a US government report on organised crime which is significantly different.

20 COMMISSIONER: Yes.

MS SHARP: And there can I refer you to the statement of Mr Fiedler who is reported as saying that:

25 *Suncity, its founder and co-owner, Alvin Chau, has a relationship with two individuals, Charles Heung Wah-Keung and Herbert Li P. Chan identified by the US Government reports as organised crime figures.*

MR VICKERS: Yes.

30 MS SHARP: Now, this was the document that you referred to in footnote 65 of your report, is it not?

MR VICKERS: Yes.

35 MS SHARP: The – I withdraw that. Is it correct that the Neptune Group, which is an operator of junkets, has documented links to triads?

MR VICKERS: Yes.

40 MS SHARP: That's another matter you deal with in your report?

MR VICKERS: Yes.

45 MS SHARP: In your report you referred specifically to Cheung Chi Tai. I'll spell that; C-h-e-u-n-g C-h-i T-a-i. What is his role and what is your basis for so saying?

MR VICKERS: Cheung Chi Tai is his name. He is a senior Wo Hop To office bearer and he has – he had links to a group – to various groups, but I refer to him in quite considerable detail, but Cheung Chi Tai is a major triad figure in Macau and in Hong Kong. He had connections to a group called Neptune and one of the
5 guarantors of Neptune – anyway, they are all listed in the same US Government organised crime report. So the relevance, I think, of article – of exhibit 65 as I called it, and I’m sorry I haven’t got the number that you’re using - - -

10 COMMISSIONER: That’s all right.

MR VICKERS: - - - is that they’re all mentioned in the same 1992 United States Senate report which is the relevance.

15 MS SHARP: And Mr Vickers, I will just show you a copy of that report, if we can call up INQ.500.001.3147. I’m showing you the front page of a government report. I may need to have it enlarged for you. You will see it’s a report on the Permanent Subcommittee of Investigations of the Committee of Governmental Affairs of the United States Senate.

20 MR VICKERS: Yes.

MS SHARP: Is that the report you’re referring to?

25 MR VICKERS: It looks very much like it. Can I see the next page?

MS SHARP: Yes. We can scroll that over.

MR VICKERS: Yes, that’s the one. Yes.

30 MS SHARP: And could I show you an article – a different article, INQ.500.001.3394 which is exhibit A125. Now, Mr Vickers, you refer to this article at footnote 42 of your report. We may therefore take it that you have read this article before?

35 MR VICKERS: Hang on a minute. Let me just double confirm. Yes. This is a – Matt Isaacs wrote this article for Reuters, yes.

40 MS SHARP: And could I take your attention, please, to the next page which is .3395. And you will see in the second paragraph there is a reference to Cheung Chi Tai.

MR VICKERS: Yes.

45 MS SHARP: And if you have a look two pages further down – I mean two paragraphs further down, commencing:

Cheung was not just named as a triad member, but also according to regular casino patrons testifying in the trial the person in charge.

And he's there identified as a major investor in the Neptune Group.

5

MR VICKERS: Yes.

MS SHARP: And just to be clear, that Reuters article was and is a publicly available document.

10

MR VICKERS: Yes.

MS SHARP: I have no further questions.

15 COMMISSIONER: Yes, thank you, Ms Sharp. Mr Young, did you want to apply to clarify matters or ask some questions?

MR YOUNG: Commissioner, I do.

20 COMMISSIONER: Yes.

MR YOUNG: I only have a few questions.

COMMISSIONER: Yes.

25

MR YOUNG: But may I seek an indulgence first. I think I need to log in and log out again because I've lost the right half of my screen.

COMMISSIONER: Yes, you go ahead and do that.

30

MR YOUNG: Would you give me a moment while I do that? Thank you.

COMMISSIONER: Yes, yes, of course. We shall await. Yes, thank you, Mr Young. Yes, Mr Young.

35

MR YOUNG: Well, it didn't work but I will press on.

COMMISSIONER: All right. Mr Vickers, Mr Young appears for Crown Resorts Limited.

40

<EXAMINATION BY MR YOUNG

[2.26 pm]

45 MR YOUNG: Thank you, Commissioner. Mr Vickers, I had a question concerning exhibit F13 which was the translation of the Apple Daily article. Could that please be called up as I don't have a hardcopy.

COMMISSIONER: Yes.

MS SHARP: I will just look for the document number.

5 COMMISSIONER: It's INQ.500 – there it is. Thank you. .001.3494, I think. Yes, is that the one, Mr Young?

MR YOUNG: Yes, it is. Could the operator please focus on the translation stamp.

10 COMMISSIONER: Yes, please. Down the bottom of the page.

MR YOUNG: For a moment. Now, Mr Vickers, this may be a very obvious question, but this is clearly not the original document as it would have appeared to a reader at the time of its publication, is it?

15

MR VICKERS: No, it's a translation.

MR YOUNG: Yes. And it seems to be a translation by an Australian certified translator. Do you see that stamp?

20

MR VICKERS: I don't know who they are, I'm sorry. I take it on face value that it's a translation.

MR YOUNG: Yes. All right. And you don't know at what date it was translated, obviously enough, do you agree?

25

MR VICKERS: On face value I take it what it says, but I can't say that, sir.

MR YOUNG: Now, can we then go further into the document to the passage concerning Mr Chau that the witness was taken to. I'm afraid I can't give the pinpoint number.

30

COMMISSIONER: There it is.

35 MR YOUNG: And could we enlarge the last entry. Yes, thank you. Now, Mr Vickers, do you recall you made some observation earlier in your evidence that you suspected that this was a leaked document from the Royal Hong Kong Police – or from the Hong Kong police?

40 MR VICKERS: No, I didn't say that.

MR YOUNG: No?

MR VICKERS: I clearly said the Macau police.

45

MR YOUNG: The Macau police.

MR VICKERS: There's a big difference.

MR YOUNG: Yes, but you suspected it was a leaked document; is that right?

5 MR VICKERS: I think so, yes. That is my suspicion, yes.

MR YOUNG: Yes. Now – and as I understood your evidence, you said something about the layout of the way in which these individuals were named indicated to you it was a similar format that the police department used. Is that right?

10

MR VICKERS: My experience over the years, the Macau police are a little bit behind others. And if you looked at the – rather than the photograph, which is clearly from the media, if the – the way the name, nickname, 14K triad member, recent movements, that is indicative of something that might be on an old-style index card. That's what – the impression I gained from that, sir.

15

MR YOUNG: Can we scroll up for a moment to the name entries just above Mr Chau. And can we enlarge perhaps the one above. That individual has his Chinese name appearing. Do you see that? Wong Tat Hou.

20

MR VICKERS: It just says – yes. But it's all in English. It's identical to the one below. It says name, age, nickname, triad, date of arrest, date released, released.

MR YOUNG: Yes.

25

MR VICKERS: I mean, this class – it's classic parlance or classic format.

MR YOUNG: Yes.

30 MR VICKERS: This is all – it's not a matter of substance, but that's what I think.

MR YOUNG: Yes. And could we look at the entry above Mr Wong Pak Ko.

MR VICKERS: Yes, same again. Same typeface - - -

35

MR YOUNG: Yes.

MR VICKERS: - - - Chan Jyut Bo, 66, 14K triad leader, Broken Tooth's adviser, sentenced to jail. It's the same.

40

MR YOUNG: Yes.

MR VICKERS: It's the same thing.

45 MR YOUNG: But that again has the English translation of the three Chinese names of the individual, Chan Jyut Bo. Do you see that?

MR VICKERS: I see the guy's name in Romanised English. Yes.

MR YOUNG: But each of the components of the man's Chinese name have been translated into English; correct?

5

MR VICKERS: Yes, in all three.

MR YOUNG: Yes. Well, can we go down to the bottom entry. The - - -

10 MR VICKERS: I see your point. Alvin is in – Alvin – it's got his English name. Yes.

MR YOUNG: Yes. That's not his Chinese name, is it, Alvin Chau?

15 MR VICKERS: Well, Chau is his surname - - -

MR YOUNG: Yes.

MR VICKERS: - - - in Chinese.

20

MR YOUNG: Yes. His name in Chinese is Chau Cheok Wa.

MR VICKERS: That is correct.

25 MR YOUNG: Yes. And if this entry followed the same format and same approach as other entries, it would say Chau Cheok Wa; correct?

MR VICKERS: It could. Or it could just be that he is so prominent that everybody – he's known throughout as Alvin Chau.

30

MR YOUNG: Yes.

MR VICKERS: Interestingly, below, the nickname, which is an exact translation of his nickname, which is "rice washer ma" - - -

35

MR YOUNG: Right.

MR VICKERS: So that would say - - -

40 MR YOUNG: Now, the matters I've pointed out to you – I'm sorry. I didn't mean to cut across you. I apologise.

MR VICKERS: Go ahead.

45 MR YOUNG: Do the matters I've pointed out to you indicate, given you have no actual knowledge of the origins of this, that this document may not, in fact, be a document that was printed by the Hong Kong Police?

COMMISSIONER: The Macau Police, I think, Mr Young.

MR YOUNG: I'm sorry. No, I think it's the Hong Kong Police.

5 MR VICKERS: Negative. That certainly would be something – presumably, the whole point is the article is alleging this is the guy – that these people are the Macau and Hong Kong Police have them on a black list; is that not the point?

MR YOUNG: Yes.

10

MR VICKERS: But you're seeking to say that Alvin Chau – Alvin Chau is widely known as Alvin Chau. That's – everybody calls him that. It wouldn't surprise me.

MR YOUNG: Mr Vickers - - -

15

MR VICKERS: The Sai Mai Wah is his nickname. It's widely reported in the media, but I can't prove that he is a 14K triad member. So, yes, I mean I – I think I'm right, but everything is within the bounds of possibility. To the best of my knowledge, that's what I think.

20

MR YOUNG: Yes. What I'm putting to you is given you have no direct knowledge about the origins of this document, you only have what was written in the Daily Apple, this document may or may not be a document that was written or printed by the Hong Kong Police, given the matters I pointed out to you. Do you agree with that?

25

MR VICKERS: And I've been saying that the – no. I don't think the Hong Kong Police wrote any such article. I think only the Macau Police would have done that, and I – I don't know how to answer that. It's a speculative question.

30

MR YOUNG: Yes. All right. Now, can I go back to some questions before lunch, Mr Vickers. I'm going back to some earlier questions from before lunch. You were asked about what would be an appropriate method of regulation for junkets. And you referred to three elements being necessary to address it, and you labelled them the casino, the regulatory authority and the central government. Do you recall that evidence?

35

MR VICKERS: Yes, sir.

40 MR YOUNG: Now, in the questions that followed, you weren't asked any questions about the role of the regulatory authority. Can I ask you to explain why you said that the regulatory authority was a necessary element to have an effective system of regulating junkets?

45 MR VICKERS: I think to put it – to put all the onus on the casino, and to be fair all round, is difficult, because there will be a limited amount of intelligence information, for example, that a casino or financial organisation would have access to. So there's

a – in areas of huge money laundering or of national security, there are things that a commercial – obviously a commercial organisation won't have access to. So, by that, I mean it would be better – rather similarly in banks and money laundering activity with banks – the government would send out a list of people that they're
5 interested in as opposed to expecting the financial institution to – what's the word – to find it themselves.

MR YOUNG: Yes.

10 MR VICKERS: But that's at one end of the spectrum. At the other end of the spectrum, the obviously available data as to triad and organised crime or other criminal elements that could be found by reasonable levels of diligence should be found by the casino. Casinos exist as money-making organisations - - -

15 MR YOUNG: Mr Vickers, I'm asking you a question about - - -

MR VICKERS: It's not in their best interests - - -

MR YOUNG: - - - the regulatory authority. Can we go back to the regulatory
20 authority that I asked you about?

MR VICKERS: All right. So are we talking about central government or state? I mean, in Australia, you've got – I'm sorry?

25 MR YOUNG: I'm asking you a question about the regulatory authority. And you were asked about the elements that would go into a good system of regulation of junkets.

MR VICKERS: Right.
30

MR YOUNG: And you said you needed three elements. The second was the regulatory authority.

MR VICKERS: Right. So - - -
35

MR YOUNG: Now – so my question is what is it about the regulatory authority that makes it a necessary element in the system of regulation you propound?

MR VICKERS: It would be important that the regulatory authority enforces the fact
40 that due diligence being conducted is appropriate, and is actually happening, and doesn't degenerate into a tick-the-box scenario with no application to what the threat is. So there's the working level, there's the authority making sure that they're setting rules and making sure that the casino adheres to them. And, then, at the national level, there are bigger issues that you can expect commercial organisations to take
45 care of.

MR YOUNG: Yes. Just staying with the regulatory authority, it would have access to information that would not be available to the casino; would it not?

5 MR VICKERS: I think it depends on which authority and which country, and I've seen widely different systems.

10 MR YOUNG: Well, you would expect the regulatory authority to have access to law enforcement information from the local law enforcement bureau; would you not?

MR VICKERS: You would, particularly criminal records.

MR YOUNG: Yes. And that would not be available to the casino, would it?

15 MR VICKERS: Criminal records are not ordinarily available to a casino other than part of a vetting process that's agreed, like in Singapore, for example, through the Casino Regulatory Authority.

20 MR YOUNG: Yes. And I thought what you described, as to Singapore, involved the Singapore Regulatory Authority conducting its own due diligence exercise; is that correct?

25 MR VICKERS: Both. The casino's required to do a certain level and the regulatory authority oversees it and conducts independent checks of their own.

MR YOUNG: Yes.

MR VICKERS: That's why Singapore is so far ahead of many of the other places.

30 MR YOUNG: Now, your third element – third necessary element – was the central government. What particular features of the central government powers make you think it's a necessary part of the regulatory regime?

35 MR VICKERS: There are – at a national level the threat would be multi-national involvement. I don't want to go into pointing fingers at countries here today, given various matters, but there are players of an international nature who are operating – who operate at a level that a casino or a local regulator would not understand or would not have access to. And, in some countries, there would be – information would be passed through – typically, through the regulator to say that, "We have
40 some concerns about this. You might like to watch that. Please keep an eye on that." It's an informal, but very important issue of national security and, in my experience, that happens quite a lot in various jurisdictions. The danger is lots of government departments have lots of information and they never share it.

45 MR YOUNG: Yes. So do you agree with this: one reason for thinking the central government's involvement is necessary is that the central government may have

access to information – important information – not available either to the casino or to the local regulator?

MR VICKERS: That's true. Yes.

5

MR YOUNG: Can I move to another matters, Mr Vickers? You were asked some questions about changes that had taken place in Macau. And you were taken to some comments by you in the media that referred to a metamorphosis of the situation in Macau. Do you recall that?

10

MR VICKERS: Did I say metamorphosis? If I did – yes. I'm sure I did.

MR YOUNG: That was in the passage of the article that was read to you.

15 MR VICKERS: Okay. I sorry if I couldn't remember the content of all of it. If I was quoted, I'm sure I said it.

MR YOUNG: Now, as I understand the thrust of what you said, it was to the effect that there had been a significant tightening of regulation in relation to junkets in Macau since 2014/2015; is that correct?

20

MR VICKERS: Yes and no. Yes, that's true. There was – over a 10 year period, things evolved. The Chinese corruption – anti-corruption crackdown that kicked off around that time also had a material – it caused people to become a lot more focused on those things.

25

MR YOUNG: Yes. But I think you gave the example that the Macau regulator had been successful, to some extent, in controlling VIP rooms; is that correct?

30 MR VICKERS: The system changed. Again, it's in my evidence that we didn't put in, but there used to be two kinds of VIP rooms: one where, essentially, the casino subcontracted the whole thing and said, "There's the room. There's the bodies. As long as I get a return X, I'm happy. I don't care what goes on in there. I don't care what level of side betting occurs. Just give me my return. I don't want to get involved." The second system which, when the Americans and the other foreign firms came in was that, "No. We will control the VIP room, the goings-on in the VIP room, and the employees that work within that VIP room. And the junkets will have to follow our rules." And that's the second system. And that would work – you would think that would work, but, in reality, the junkets have got agreements outside, so the casino itself may not have control over what goes on in the control.

35

40

MR YOUNG: Yes.

45 MR VICKERS: So there are two essentially systems: one, free for all; one controlled by the casino.

MR YOUNG: Yes, I'm trying to ask you about the regulators in Macau.

MR VICKERS: Right.

MR YOUNG: Have the regulators increased the extent to which they exercise some control over VIP rooms?

5

MR VICKERS: They have. Not just VIP rooms, but also the wider – the wider business. There are a lot more regulations, but they're policed by the same people.

MR YOUNG: Yes. And I also understood you to say that the regulation of junkets in Macau had tightened up and unreliable junkets had been weeded out. Is that correct?

MR VICKERS: Well, we went from 200-something junkets down to less than 100 now so the weak have also been weeded out. I did mention, I think, specifically as part of the due diligence process – very specifically to answer your question – that guarantors who are critical to junkets were being eliminated, those that have triad or organised crime connections were being eliminated during the course of the – of that process and that was one of the reasons – that's one of the things – reasons that things got ostensibly better.

20

MR YOUNG: Thank you. Nothing further, Commissioner.

COMMISSIONER: Thank you, Mr Young. Ms Higgins, any questions?

MS HIGGINS: No, thank you, Commissioner.

COMMISSIONER: And Ms Case any questions?

MS CASE: No, Commissioner.

30

COMMISSIONER: I'm sorry?

MS CASE: No, I don't. Thank you, Commissioner.

COMMISSIONER: Thank you. Ms Sharp, anything arising?

MS SHARP: No, Commissioner.

COMMISSIONER: Mr Vickers, may I just ask you to deal with something that you said about the process of weeding out the organised crime just a moment ago in giving an answer to Mr Young's question. I think you said that the reduction in junket numbers in Macau has had the result that some of the figures who are connected to the organised crime have been weeded out. Did I hear you correctly?

MR VICKERS: Some of the triad figures certainly have been figured out. The – if I – pardon the pun, but the cowboy fringe that were at the lower end of the junket food

45

chain have been – are gone; for business reasons, for – for increased scrutiny reasons and because of the central Chinese government crackdown.

5 COMMISSIONER: Thank you. And that was a process that was conducted by whom or what?

10 MR VICKERS: All sorts of people involved in that. The Macau government themselves, they've signed up to anti-money regulating international agreements. The Macau regulators, to be fair, have actually been a lot more – a lot harder on some of the traditional – traditional triad figures which has been, again, positive. The danger is that we can press – or what's come out of it is the less obvious ones are being – the most obvious ones are being limited and we're left with a hard core of highly sophisticated and well-liked ones. I mean, these people could not operate without at least the acquiescence of the Chinese government. It's - - -

15 COMMISSIONER: So far as the – I'm sorry.

20 MR VICKERS: I'm sorry. I beg your pardon. As relates to being able to move the funds on the scale they have. As an example of that, after the downturn the central government took a lot of action against junkets around South-East Asia, particularly Cambodia and the Philippines who became engaged in what I would call proxy betting. You go to a casino and someone in China can see – could actually be virtually playing with you and they spent more – more money was spent over this proxy betting and illegal online betting than the whole Chinese lottery takes in. The Chinese government took a dim view of that and quite aggressive action was taken in Cambodia where large numbers of Chinese were arrested and repatriated on Chinese flights back to the mainland.

30 So the scale of these junkets grew and they've expanded into not just Macau, but using the Macau clearing centre to facilitate other activities, and a number of famous junkets were warned quite severely by the central government as a consequence and had to put out apologetic messages.

35 COMMISSIONER: Yes, thank you. You also referred to your experience with government departments having information but failing to share it. Do you remember telling me that?

MR VICKERS: Yes.

40 COMMISSIONER: I presume that, like in other jurisdictions, there are problems with the sharing of that information by reason of statutory prohibitions. Is that right?

MR VICKERS: Indeed.

45 COMMISSIONER: And so the burden on trying to share the information is to obtain or get a structure that will allow information sharing without obviously

compromising investigations or breaching what we have here of privacy principles and the like. Is that right?

MR VICKERS: Absolutely.

5

COMMISSIONER: And when you spoke of the Singapore success, you indicated to me that they, that is Singapore, the Casino Regulatory Authority, had the benefit of starting from scratch, as you put it. Do you remember telling me that?

10 MR VICKERS: Yes, I do.

COMMISSIONER: What did you mean about that?

15 MR VICKERS: Well, they only opened up casinos for less than 10 years, so they had a chance to study what all the models are. I had some input around that time through consultancies and what have you and the answer was pretty simple; any model, but not the Macau one, was the – was the – was the answer. The Japanese are currently going through a similar process in terms of legalising casino gambling in Japan, but that will be prefecture by prefecture and, again, they're going through a similar exercise now to try and – try not to make the mistakes or at least to learn from – learn from others.

20
COMMISSIONER: And when you were examined in respect of the tripartite arrangement of central government, casino and regulator by Mr Young a little while ago, do you accept that the difficulty – I withdraw that. Do you accept that each jurisdiction would have different rules in respect of how those three aspects operate?

MR VICKERS: Absolutely.

30 COMMISSIONER: And so far as starting from scratch is concerned, I presume also in respect of Singapore there are only two casinos; is that right?

MR VICKERS: Yes.

35 COMMISSIONER: And where you have 12 or more casinos across a country with different jurisdictional laws, I presume you see it as a very much more complex situation.

MR VICKERS: Indeed.

40

COMMISSIONER: And so far as that is concerned, the combination of casinos, regulators and central government, as you put, it would require much more energy and what you referred to as w-i-l-l, is that right?

45 MR VICKERS: Yes, the regulator's one is – I think it's important it's laid out what are the minimum due diligence requirements and that it's policed properly. I mean – and if it's not, relying on – with the best will in the world and without being mean to

the casinos, they're in business to make business. The regulator is there to make sure that operations operate in an appropriate manner and it should be well-defined and regularly adapted. The threat has changed radically over the last five to 10 years from the Macau – Macau has gone from being a place that was fairly rinky dinky to –
5 to really rather – rather large. It's become a clearing house for – for funds.

So the threat in terms of dirty money, money laundering and the rest is much bigger than it was before. So it's not an individual licensing issue per – in terms – in terms of a threat – per casino; it's the scale of the – the massive scale of what is effectively
10 a Macau clearing house that has occurred - - -

COMMISSIONER: You spoke about – I'm sorry, you spoke about side betting.

MR VICKERS: Yes.
15

COMMISSIONER: I understand from what you said in one of the publications that is in evidence that you may look at the figure that is reported in respect of turnover, but when you actually assess what happens on side betting you suggest that it should be multiplied by at least six; is that right?
20

MR VICKERS: The Americans report which is in – which is a matter of public record with – they said 10. I thought that was a little excessive, a little bullish.

COMMISSIONER: Yes.
25

MR VICKERS: Based on experience and scale, a multiple of five or six would appear to be right. So if it was, you know, 30 billion turnover, you know, it's a very – this is why the Chinese State intervened because it became a very significant percentage of – these capital outflows became very – very, very important. I mean, there was a time, as I said, when they acquiesced to all this because the country was at that time, not now, in fear of inflation. This became a sort of sterilisation channel for a while up to the – up to about 2015, then it got hit very, very hard, the underground banks got pushed. My belief is that the top level remaining – the top, top junkets are all vetted by or at least have had some level of approval from the
30 central government authorities.
35

I mean, clearly the whole gaming – the contradiction in terms of the – it being capital controls making it illegal but Macau continuing to exist; it causes all sorts of conflicts. But I am positive that the central government is not keen on this capital
40 outflow and it will therefore attract further levels of criminality.

COMMISSIONER: Yes. Anything arising, Ms Sharp?

MS SHARP: No. Thank you, Commissioner.
45

COMMISSIONER: Yes, thank you. Mr Vickers, thank you very much for making yourself available and thank you very much for your assistance. What we will do

now is to take an adjournment so that the next witness can be organised for the video link. Thank you, Mr Vickers.

MR VICKERS: Thank you, Commissioner.

5

<THE WITNESS WITHDREW [2.57 pm]

10 COMMISSIONER: I will adjourn.

ADJOURNED [2.57 pm]

15

RESUMED [3.11 pm]

20 COMMISSIONER: Yes, thank you. Yes, Ms Sharp.

MS SHARP: Commissioner, Mr Joshua Preston has returned to give some further evidence.

25 **<JOSHUA ROBERT PRESTON, ON FORMER OATH** [3.12 pm]

<EXAMINATION BY MS SHARP

30

COMMISSIONER: Yes. Thank you, Mr Preston, for making yourself available again. You understand that you're bound by the previous oath that you took to tell the truth? Do you understand that?

35 MR PRESTON: I do, Commissioner. Thank you.

COMMISSIONER: Yes, thank you, Mr Preston. Yes, Ms Sharp?

40 MS SHARP: Mr Preston, is it correct that one of the – your functions in this matter, that is, in relation to the Inquiry, is to give instructions, to answer summonses that have been served on Crown Resorts?

MR PRESTON: Some of the summonses, Ms Sharp. Yes.

45 MS SHARP: And what's your role in that respect?

MR PRESTON: Well, a summons will come in through Minter Ellison. And then there will be distribution throughout the business to collect the relevant information. That information will be reviewed by a number of people who are best placed to review it. And then Minter Ellison will ultimately provide it back to the
5 Commission.

MS SHARP: Are you involved in - - -

MR PRESTON:

MR YOUNG: - - - collecting the documents the subject of the summonses?

MR PRESTON: Some of them, yes.

MS SHARP: Do you review all of the summons that is have been served on Crown in this matter?

MR PRESTON: I've seen all of the – I've seen all of the summons. Yes.

MS SHARP: You're aware of summons 103?

MR PRESTON: I – I am. But the specifics of it, I can't recall exactly.

MS SHARP: To remind you, that, in general terms, sought a number of specific documents that you referred to in your 6 March 2003 statement, and what was then described as confidential annex 3. Do you recall that?

MR PRESTON: Yes. Yes, I do.

MS SHARP: And it's right that production under that summons was not complete at the time you gave evidence in late July and early August this year?

MR PRESTON: That does ring true.

MS SHARP: Yes. And then there was another tranche of production under that summons on the 18th of August this year?

MR PRESTON: I believe so. I can't specifically recall what was provided at that point in time, but I believe there was that later point.

MS SHARP: And some more documents were produced under that summons on the 30th of August, that is, yesterday.

MR PRESTON: That's – that's correct.

MS SHARP: I just want to ask you some questions, now, about the due diligence that Crown has provided on junket operators over the years. In your evidence on the

last occasion you said that there was a change in the process following the 2016/2017 review of junkets; correct?

MR PRESTON: There were a number of changes, yes, I believe.

5

MS SHARP: And you outlined in some detail the process that has been followed subsequent to that review in your affidavit of February 2020.

MR PRESTON: I – I did, yes.

10

MS SHARP: I just want to ask you a question about the process before that change. So, that is, before the review in 2016/2017, who made the final decision as to whether to enter an arrangement with a junket operator?

15 MR PRESTON: That decision was made within the – the VIP team.

MS SHARP: And was it made by credit control within the VIP team?

20 MR PRESTON: I think it might have been a combination of credit and commercial, if I recall correctly, within the VIP team.

MS SHARP: To your knowledge, was it the subject of any sign-off from the executive level at Crown?

25 MR PRESTON: Ms Sharp, I wasn't privy to any of those junket approvals at that point in time, but, as I understand it, I – I don't believe they were, not for the purpose of approval of a junket.

30 MS SHARP: Now, you gave evidence that, following the review on 2016 to 2017, a new procedure was implemented that saw you, Mr Felstead and Mr Johnston approve all new junket operators; correct?

35 MR PRESTON: I think there was various iterations of it, Ms Sharp, which started with the broader VIP – I think it was called "operations meeting" which had a number of people, which started in '16 – at the end of '16 – and then it continued to refine itself until, ultimately, it resulted in Mr Felstead, Mr Johnston and myself being the last three that remained to do the approvals.

40 MS SHARP: So in relation to the evidence that you, Mr Felstead and Mr Johnston were involved, when did you three start to be involved in this process?

45 MR PRESTON: I think Mr Felstead started at the very beginning of the VIP team meeting, which was most probably in 2016. Again, I wasn't involved, so I can't speak to it with any great certainty. I believe Mr Johnston started participating some time after that. And then I started – I can't recall the month, but it was maybe end of the first quarter, early second quarter, calendar year '17. And that was part of that broader group. And then I think post-July or August, off the top of my head, it was

refined again where the approvals were circulated to Mr Felstead, Mr Johnston and myself alone.

5 MS SHARP: Right. So from July of 2017, you, Mr Felstead and Mr Johnston have had the final sign-off on the approval of new junket operators.

MR PRESTON: July or August, around about that time.

10 MS SHARP: And is it also since that time that you, Mr Felstead and Mr Johnston have considered whether to continue a relationship with an existing junket operator when the matter has been escalated to you?

MR PRESTON: That's correct.

15 MS SHARP: Now, since that new procedure that came about in around mid-2017, it's correct, isn't it, that there has only been an escalation in five cases to the three of you to review whether to continue a relationship with the junket operator.

20 MR PRESTON: That's correct as I understand it.

MS SHARP: So that's in a period of almost four years from when that new procedure began?

25 MS ORR: I object.

COMMISSIONER: It's probably only three - - -

MS ORR: That's not - - -

30 COMMISSIONER: - - - isn't it? It's probably only three.

MS ORR: That's not how the evidence - - -

35 COMMISSIONER: That's all right, Ms Orr, I've corrected Ms Sharp.

MS ORR: Thank you.

COMMISSIONER: It's three years, isn't it?

40 MR YOUNG: Yes.

MS ORR: Thank you.

45 COMMISSIONER: That's all right. Do you agree, Mr Preston, that obviously 2017 to - - -

MR PRESTON: Yes. It's not four years. I believe it's - - -

COMMISSIONER: - - - is three years.

MR PRESTON: It would be about three years. Yes. Correct.

5 COMMISSIONER: All right.

MS SHARP: And in that three year period, there have only been five occasions where a review of a relationship with an existing junket operator has been escalated to you, Mr Felstead and Mr Johnston.

10

MR PRESTON: Yes. I understand that's what the records indicate.

MS SHARP: And on only one of those occasions was a decision made to terminate the relationship with that existing junket operator?

15

MR PRESTON: I believe that's the indication in the records. Yes.

MS SHARP: Now, when you previously gave evidence before this inquiry, you spoke about your role in investigating the media allegations, that investigation commencing on or about the time that Mr McKenzie sent questions to Crown on 23 July last year. I will call that "the investigation" and you will understand what I mean.

20

MR PRESTON: Yes, that's correct.

25

MS SHARP: Can you please tell us exactly what role Mr Felstead played in that investigation?

MR PRESTON: Mr Felstead, together with myself, were collating and sourcing as much information as we could in the time permitted to address the wide-ranging number of questions that were put to us, and that information would come in to Mr Felstead and to myself. And we would discuss it. And then we both prepared a paper which ultimately went to the board. That would be the best way I would describe it.

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35

MS SHARP: And, of course, Mr Felstead is the head of the VIP international team?

MR PRESTON: Yes, that's one of his responsibilities. Yes.

40

MS SHARP: And he has held that responsibility for over a decade now.

MR PRESTON: I don't think it's a decade. I might be mistaken. I thought that he took on that role, if memory serves me - - -

45

COMMISSIONER: July 2013, I think. Yes. So it's seven years.

MR PRESTON: 2013. Yes.

MS SHARP: I'm having counting difficulties.

COMMISSIONER: That's all right, Ms Sharp. It's – I think it's July 2013. So it's about seven years, Mr Preston. You agree?

5

MR PRESTON: That seems about right, Commissioner.

COMMISSIONER: Yes, all right.

10 MS SHARP: Now, I want to ask this question very specifically. Given Mr Felstead's role as the head of international – or VIP international for that period, did you ask him for his particular knowledge in respect of the junkets, individuals and entities that were named in the media reports?

15 MR PRESTON: Yes, I did discuss with him what knowledge he had of any of the people named.

MS SHARP: Was Mr Jason O'Connor involved in any way in your investigation?

20 MR PRESTON: I did speak to Jason. I think Barry might have – sorry, Mr Felstead might have spoken to Jason on a number of matters. I spoke to Jason a couple of times, but if I recall correctly, Mr Felstead might have spoken to Mr O'Connor more than I did during the course of collating the information.

25 MS SHARP: On how many occasions did you speak to Mr O'Connor for the purpose of your investigation?

MR PRESTON: I can't recall specifically, Ms Sharp, but I would have spoken to him a couple of times.

30

MS SHARP: When you say a couple, do you mean two?

MR PRESTON: Again, it would be a guess. Two or three.

35 MS SHARP: Did you speak to him in person or on the phone or by email?

MR PRESTON: On the phone, as I recall.

MS SHARP: What did you speak to him about?

40

MR PRESTON: I spoke to Jason about his understanding of visa processes. And if I recall correctly, even although I wasn't privy to the conversations, I believe Mr Felstead has indicated to me he spoke to him about a number of the patrons.

45 MS SHARP: I would just like to focus on what you spoke to Mr O'Connor about. You've said you spoke to him about visa processes. Did you speak to him about anything else?

MR PRESTON: I can't recall specifically, Ms Sharp.

MS SHARP: Did you speak to him about any of the named individuals in the media allegations?

5

MR PRESTON: As I said, I can't recall specifically – sorry – what I spoke to him about. I do remember visas, but I can't recall otherwise. Sorry.

10 MS SHARP: Why is it that you can remember speaking to him about visas and nothing else?

MR PRESTON: Because visas was quite specific to Jason and I knew that he – I was indicated, as I recall correctly, by Mr Felstead, again, if I recall correctly, that Jason could provide some commentary on visas because I – I didn't have a working understanding of the role that was being played in terms of the visas, so I spoke to Jason about that and I do recall that.

MS SHARP: Is there anything else that you recall that Mr O'Connor was specifically responsible for that you spoke to him about?

20

MR PRESTON: Again, I can't – I can't recall specifically, sorry, Ms Sharp.

MS SHARP: I just ask again: did you speak to him about any of the named individuals in the media allegations?

25

MR PRESTON: Ms Sharp, as I said, I can't recall.

MS SHARP: He was an obvious source of information about those individuals named in the media, wasn't he?

30

MR PRESTON: Yes, he was, and hence the reason, as I recall, Mr Felstead was speaking with him.

MS SHARP: Well, you seem to have a recollection that Mr Felstead spoke to him about these matters. Why can't you recollect if you spoke to him about these matters?

35

MR PRESTON: Because I cannot.

40 MS ORR: I object, Commissioner. The question has been asked and answered on multiple occasions. Mr Preston has indicated that he has no memory beyond the visa topic of his discussions with Mr O'Connor.

COMMISSIONER: Yes, I understand that, Ms Orr, but that recollection can be tested a little. I will allow it.

45

MS ORR: Yes, I understand that.

COMMISSIONER: Thank you. Yes, Ms Sharp.

5 MS SHARP: Mr Preston, how is it that you have a recollection that Mr Felstead spoke to him about these matters but you don't recollect if you spoke to him about these matters?

10 MR PRESTON: Only because Mr Felstead had a far better understanding of the named – some of the named persons than I did and he had a close working relationship with Mr O'Connor in accordance with the VIP business and I recall specifically that Mr Felstead did communicate with Mr O'Connor, certainly to the best of my recollection. As to if I spoke to Mr O'Connor about some of the players, again, I cannot recall. I was speaking to, as I think I've already given evidence, to a number of people about the players collating information. I just can't recall specifically speaking to Mr O'Connor about players.

15 MS SHARP: Is it really quite possible that you did not speak to Mr O'Connor at all about the named individuals in the media allegations?

20 MR PRESTON: I just can't recall, Ms Sharp, whether I did or whether I did not.

MS SHARP: What exactly was Karl Bitar's role in the investigation?

MR PRESTON: In terms of the investigation?

25 MS SHARP: Yes.

MR PRESTON: I'm not quite sure what Mr Bitar's role with respect to the investigation.

30 MS SHARP: Well, you were coordinating the investigation, weren't you?

MR PRESTON: I was collating the information as best I could to put together a paper to inform the business what we knew about the various allegations.

35 MS SHARP: So you were coordinating the investigation; is that a fair characterisation?

40 MR PRESTON: Well, I wouldn't say I was coordinating it alone. Certainly, myself and Mr Felstead were coordinating it to draw as much information as we could.

MS SHARP: So who had more responsibility for coordinating the investigation; was it you or was it Mr Felstead?

45 MR PRESTON: I would say we were jointly coordinating the information to be collated for the investigation.

MS SHARP: Well, as one of the joint coordinators of the investigation please tell us exactly what Mr Bitar's role was in the investigation.

5 MR PRESTON: As I said, I can't recall. Mr Bitar became involved, as I recall, at or about the first board meeting. He may have had – he would have been aware of the allegations, obviously, but at or about the first board meeting that we had on – I think it was the 30th, maybe, of July, Mr Bitar was certainly involved at that point in time, and I've also seen some paperwork regarding Mr Bitar pertaining to the advertisement referencing some due diligence to be done by Mr Bitar, but as to
10 collation of information for the purpose of the investigation, I can't recall what specific role Mr Bitar played on that front.

MS SHARP: And you give that evidence on the basis of being one of the joint coordinators of the investigation.

15 MR PRESTON: Yes, it was – it was happening very quickly, Ms Sharp. We were reacting very quickly to a wide-ranging number of allegations in a very short period of time so we could inform ourselves as best we could and inform the board to the best of our ability in that period, trying to trace back information from sometimes
20 decades ago.

MS SHARP: Well, Mr Preston, you were involved in updating the board up until about mid-August, weren't you?

25 MR PRESTON: Yes.

MS SHARP: And you commenced your investigations on or shortly after 23 July?

30 MR PRESTON: About that point in time, yes.

MS SHARP: Now, you say that Mr Bitar was involved in some due diligence in relation to the advertisement; is that correct?

35 MR PRESTON: I – I recall seeing some correspondence as part of this process. I don't think I was, as I recall, privy to that, but I recall seeing some correspondence where there was a reference to Mr Bitar carrying out some due diligence.

MS SHARP: Well, I - - -

40 MR PRESTON: But I also know Mr – sorry. I also know that Mr Bitar did play a role not specifically with respect to the investigation, but certainly with respect to the placement of the advertisement, as I recall.

45 MS SHARP: What was his role with respect to the placement of the advertisement?

MR PRESTON: I think communicating with media about the placement. I just recall that was something that Mr Bitar was doing to the best of my recollection.

MS SHARP: Now, given that you, together with Mr Felstead, were jointly responsible for the coordination of the investigation, can you please tell us what due diligence Mr Bitar did?

5 MR PRESTON: As I recall there was – I think in the previous evidence I gave the development of the wording for the advertisement was developed by a number of people and I – I do recall a meeting where there was discussions – I can't recall whether it was a phone conference or a video conference, and exactly how many people were participating, but there was a conference where there was discussion
10 about the ad itself in terms of each and every point that was made.

MS SHARP: So what due diligence did Mr Bitar do, to your knowledge?

15 MR PRESTON: So I remember Mr Bitar being party to that, but I can't recall if Mr Bitar did any other independent due diligence work. He may well have spoken to me

MS SHARP: You can't recall – he didn't speak to you?

20 MR PRESTON: I said he may have spoken to me and my expectation is he did speak to me, but I can't recall specifically. There was a lot happening.

MS SHARP: What precisely was Mr Michael Johnston's role in the investigation?

25 MR PRESTON: Mr Michael Johnston played the same or a similar role to the rest of the board members. They were very interested in obviously the allegations and the information that Mr Felstead and myself were providing to them based on the information we could gather at the time, and he was obviously very interested, like the rest of the board.

30 MS SHARP: Did he play a role above and beyond the other board members in terms of conducting investigations?

35 MR PRESTON: I wouldn't say in terms of conducting the investigations, but Mr Johnston did specifically request of, if I recall correctly, Mr Felstead and myself some details regarding Riverbank and Southbank. And I can't recall the timing of that, whether it was – I certainly don't think it was at the time of the initial board briefing, but it was certainly a period of – certainly – it was shortly thereafter, as I recall. He wanted a briefing related to transactional activities and reporting activities on Riverbank and Southbank.
40

MS SHARP: Now, did Mr Johnston play a role in either drafting or settling the terms of the advertisement that was placed on about 30 July 2019?

45 MR PRESTON: I don't recall, Ms Sharp, as to whether he played a role drafting or settling. I wasn't – I wasn't the owner of that document. I think there was a – but a number of people were having input to it and I can't recall who actually had what

would be classed as the pen, who was holding the source document to update it, if people had commentary on it.

MS SHARP: And who was holding the pen?

5

MR PRESTON: I just said I can't recall who actually who had the pen at that point.

MS SHARP: You can't assist us with who controlled the master version of the advertisement text?

10

MR PRESTON: No, sorry, I can't. It was – there was a lot going on at that point in time and there was a lot of people who were interested in it, I know that, but I just can't recall who might have had the actual pen at that point.

15 MS SHARP: Was Mr John Alexander involved in the drafting or settling of the advertisement?

MR PRESTON: Like all the other board members Mr Alexander would have received the drafts of it and would have carefully scrutinised it like all the – like all the directors, and no doubt would have made comment or asked questions about it, and that would be the same for all of the directors.

20

MS SHARP: Just another question in relation to the committee of three, being you, Mr Felstead and Mr Johnston in relation to the approval of new junket operators or the review of existing junket operators that were escalated to the three of you, can you shed any light on why it was Mr Johnston rather than any other of the directors who was involved in that committee of three?

25

MR PRESTON: No, I can't. It was – I joined the committee – I was placed on the committee when I started in my – shortly after me starting in my changed role. Mr Johnston already formed part of that broader committee. Other members of that committee ultimately left the business and I – I don't know whether it was Mr Felstead, Mr Johnston, myself – the last three senior executives, but I can't give you a reason as to why Mr Johnston was on there as opposed to others. I always saw Mr Johnston as a senior - - -

30

35

MS SHARP: When did - - -

MR PRESTON: Sorry, I always saw Mr Johnston as a senior member of the board – or a member of the board taking an interest from a – because it was an important piece of work that we were doing.

40

MS SHARP: When you gave evidence before this Inquiry on 31 July you were asked some questions about the Riverbank and Southbank accounts.

45

MR PRESTON: Yes.

MS SHARP: And you were made aware, weren't you, that on 3 August the Commissioner asked senior counsel, Ms Orr QC, to make endeavours to have some further information provided to this Inquiry.

5 MR PRESTON: Sorry, regarding Riverbank and Southbank?

MS SHARP: Providing further information to this inquiry. I'm sorry if that's confusing. I will ask it a different way. On 3 August 2020 the Commissioner told Ms Orr QC that, "I would be assisted if Crown could provide how it is that those
10 accounts are monitored", and the Commissioner said "Prima facie it appears they were not". Now, were you made aware of that request on or about 3 August 2020?

MR PRESTON: It was – I'm aware of the request. As to the date, I can't recall, but it was relatively recent.

15 MS SHARP: Well, you made of the request very soon after you completed your evidence in the matter.

MR PRESTON: I think I – I'm just trying to recall the date, but I think the letter was – there was a letter dated 13 August, maybe, that referred to the transaction monitoring program.

MS SHARP: Yes, I will come back to that letter, but what I'm asking about is what you were made aware of before that letter. Now, on 3 August the Commissioner indicated that she would be assisted if Crown could provide how it is that those
25 accounts were monitored and said, "Prima facie it appears they were not." Surely you were made aware of that request either on the same day or very shortly after.

MR PRESTON: I don't – I don't recall, Ms Sharp. I know that we had a request
30 and I don't recall whether I was aware of that before we got the letter or not or whether it's compressed into one in my memory.

MS SHARP: Well, based on your position as the most senior legal officer at the Crown, wouldn't it be your expectation that a comment of that kind would be
35 escalated to

MR PRESTON: Sorry, I just lost sound then, sorry.

MS SHARP: Given that you are the most senior legal officer in operational matters
40 at Crown, wouldn't it be reasonable to expect that that kind of request was escalated to you as soon as possible?

MR PRESTON: As I said, I can't recall whether it was escalated to me at that point in time or not, I'm sorry.

45 MS SHARP: Now, you've referred to a letter dated 13 August 2020.

MR PRESTON: Yes.

MS SHARP: Can I show you a copy of this letter. It's exhibit V10. It's
5 INQ.950.002.0219. Now, is it your evidence that you were made aware of this letter
on the 13th of August 2020?

MR PRESTON: Yes.

MS SHARP: You will see the very first paragraph of that letter refers to the
10 Commissioner – I withdraw that – refers to senior counsel for Crown indicating she
would obtain instructions and making that statement on 3 August 2020?

MR PRESTON: Yes.

15 MS SHARP: Was that the first time you were made aware of that request, when you
read this letter on 13 August 2020?

MR PRESTON: Ms Sharp, I can't recall. I can't recall. I remember the letter
20 distinctly. And I can't recall whether I was aware of it before that. My absolute
guess is that I would have been, but I just can't recall.

MS SHARP: Perhaps I will approach it this way: prior to 13 August 2020 were you
25 making inquiries about how transaction monitoring occurred with respect to the
Southbank and Riverbank accounts for the purpose of informing this Inquiry?

MR PRESTON: Immediately post my completion of giving evidence the first time,
we did – I did launch a review into those accounts and also to understand the detail
behind the transaction monitoring associated with accounts and that was

30 MS SHARP: So we can take it you were inquiring as to transaction monitoring with
respect to the Riverbank and the Southbank accounts from shortly after the 3rd of
August 2020?

MR PRESTON: That would be – that would be correct, because I had a very clear
35 focus on reviewing the Riverbank accounts, specifically, that Mr Aspinall had taken
me to, and also, in the same breath, getting an appreciation of some of the granularity
behind the transaction monitoring associated with those, and it was all wrapped up in
one.

40 MS SHARP: And you will agree, of course, that this letter of 13 August 2020
requests a statement being provided from a relevant officer, perhaps Mr Scott
Howell, or perhaps Mr Nick Stokes, in relation to transaction monitoring of those
accounts.

45 MR PRESTON: Yes.

MS SHARP: And I will just have that highlighted, if I can. If I can highlight the bottom half of that document.

MR PRESTON: Yes. I can see that.

5

MS SHARP: And you will agree that what was being requested was information on whether the transaction monitoring program captured the Southbank and Riverbank accounts.

10 MR PRESTON: Yes.

MS SHARP: Right. And that, of course, is because you gave evidence, repeatedly, on the 31st of July that the transaction monitoring program did capture the Southbank and the Riverbank accounts.

15

MR PRESTON: Yes, that was the – that was my evidence.

MS SHARP: And you did prepare a statement on the 28th of August about this matter, didn't you?

20

MR PRESTON: That's correct.

MS SHARP: And are you aware that this was served on those assisting this Inquiry shortly after 11 pm last Friday night?

25

MR PRESTON: I'm not quite sure of the time, but I understand it was in that time period. Yes.

MS SHARP: And is it your evidence that it took you from shortly after 3 August 2020 until about 11 pm on Friday night to get to the bottom of whether the Southbank and the Riverbank accounts were the subject of the transaction monitoring program?

30

MS ORR: I object. I object to that question. The statement makes very clear that Mr Preston took action in relation to the review much earlier than that time by contacting AUSTRAC. And his correspondence with AUSTRAC about these issues is annexed to his statement.

35

COMMISSIONER: I think that's a slightly different point. I think Ms Sharp's question really was did it take him until the 28th or the 29th – 28th I think it was, at 11 pm, to finalise it. And did it take him that long. And, certainly, whatever he did in the interim is a matter of, no doubt, fact to be exposed. But I don't think it's unfair to be put that way.

40

MS ORR: Commissioner, if the question is put on the basis of it taking him that period of time to get to the bottom of this - - -

45

COMMISSIONER: Yes.

MS ORR: - - - then the letter to AUSTRAC is, in my submission, very relevant.
That's a different matter to the amount of time taken to finalise the statement to this
5 Inquiry.

COMMISSIONER: I see. Yes, I see.

MS ORR: So the question is imprecise.
10

COMMISSIONER: Yes. I see your point.

MS ORR: Thank you.

15 COMMISSIONER: It's the bottom reference, Ms Sharp.

MS ORR: Yes.

MS SHARP: Thank you.
20

COMMISSIONER: If you would like to withdraw that.

MS SHARP: Yes, I withdraw that. Mr Preston, given that you repeatedly said in
your evidence on 31 July this year that the Southbank and Riverbank accounts were
25 subject to the transaction monitoring program, why did it take you until 11 pm last
Friday night to have a statement provided to those assisting this inquiry?

MS ORR: Well, I object again, Commissioner. This statement was one of a number
of work streams that Mr Preston was involved in. As the Inquiry is aware, there are
30 multiple requests and summonses that Mr Preston has been required to provide
assistance on. I object to questions which appear to be premised on an assumption
that this is inadequate; that there has been some delay on Mr Preston's part here.

COMMISSIONER: I will allow the question. The objection is noted. Mr Preston,
35 can you tell me why it took so long to get the statement across dealing with these
matters?

MR PRESTON: Commissioner, I – my explanation is that the work with respect to
reviewing the Riverbank account specifically was something I did want to add into
40 the response, because I thought it was pertinent, particularly, since it was raised - - -

COMMISSIONER: Well, Mr Preston – Mr Preston, please. What has happened is
you've been shown a personal request by myself for this information on the 3rd of
August. You're just being asked, effectively, did it take you as long as 28th? Or are
45 you in a position to tell me that you actually did, in fact, work it out prior to that date,
but the statement just came across a little later? So if you can just tell me when it

was, perhaps, that you came to the view of what had happened. When did you reach your conclusion about what had happened?

5 MR PRESTON: I reached my conclusion within – so the third – most probably, within a week of the end of my evidence.

COMMISSIONER: All right.

10 MR PRESTON: And then it – and then it took a period of time to be – to draft the statement, which had other questions associated with it. We wanted to be – to ensure we got the right information.

15 COMMISSIONER: All right. So you reached the conclusion about the specific matter of the monitoring of the accounts within a week of finishing your evidence; is that right?

MR PRESTON: Sorry, I – sorry. My view has always been and remains that the accounts are part of our transaction monitoring program.

20 COMMISSIONER: No, no, please, Mr Preston. Please, Mr Preston. You said that you reached a conclusion most probably within a week of the end of your evidence; is that right?

25 MR PRESTON: So I was talking about the review of the Riverbank account. Sorry, Commissioner. I have got that confused.

COMMISSIONER: Yes. Yes, all right.

30 MR PRESTON: So I reached my conclusion - - -

COMMISSIONER: No, that's all right.

MR PRESTON: Sorry.

35 COMMISSIONER: That's all right. Yes, Ms Sharp.

MS SHARP: I'm sorry if I missed this. When did you reach your conclusion, Mr Preston?

40 MR PRESTON: My view always was that the accounts - - -

45 COMMISSIONER: No, no. Please. Please, Mr Preston. If you just focus. You told me that you reached the conclusion a week after you finished your evidence. And I think that would have been about seven days or so after you finished your evidence; is that right?

MR PRESTON: If I can just – if I can just sort of take the time to explain, Commissioner, because I don't want to confuse - - -

5 COMMISSIONER: If you would just be kind enough to confirm that that was your evidence.

MR PRESTON: My evidence was not that regarding the time to conclude about the transaction monitoring program. That was regarding the review of the Riverbank and its relationship with those accounts that were shown to me. In terms of
10 concluding my views regarding the transaction monitoring program and the granularity of the exact detail of it, that was most probably 10 days or – 10 days or 12 days give or take – 12 to 14 days after I concluded my evidence.

COMMISSIONER: So it's 10 to 14 days after you finished your evidence on the
15 3rd of August; is that right?

MR PRESTON: Yes. My view was, holistically, the transaction monitoring program - - -

20 COMMISSIONER: Don't worry about your view. Wait for your holistic view, because that will probably be the subject of evidence. If we can just go step by step, if you'd be kind enough, Ms Sharp.

MS SHARP: Yes. Now, you wrote to AUSTRAC about the matter by letter dated
25 20th August 2020.

MR PRESTON: Yes. Correct.

MS SHARP: So we may take it that, at least, by that date, you had reached your
30 view about the application of the transaction monitoring program to the Riverbank account?

MR PRESTON: I had reached my view as to what had transpired. Yes.

35 MS SHARP: Now, I would like to go to some evidence you gave to this Inquiry on the 31st of July. And I'll take you to the relevant page of the . Just so the document can be put up on the screen, it is INQ.009.003.0570.

COMMISSIONER: What page is it?
40

MS SHARP: And I would like to take you to page 592, which I understand is .0590.

COMMISSIONER: Yes.

45 MS SHARP: Could I direct your attention to the evidence you gave at lines 1 to 3. You told this Inquiry:

The Crown Melbourne AML team reviews the bank accounts related to Crown Melbourne, including Southbank, and the Crown Perth team reviews the bank accounts related to Crown Perth, which includes Riverbank.

5 Now, that was not correct, was it?

MR PRESTON: Specifically, that's – technically speaking; that's not correct.

10 MS SHARP: And even not technically speaking, that's not correct, is it?

MR PRESTON: I don't accept that, Ms Sharp.

15 MS SHARP: Well, I will put it to you more clearly: the AML team at Crown Melbourne did not review the Southbank accounts, did it?

MR PRESTON: It reviews the account transactions from a - - -

MS SHARP: Mr Preston, Mr Preston. My question is related to the Southbank - - -

20 MS ORR: I – I - - -

COMMISSIONER: Please, Ms Orr, wait until the question is answered, then object, please, because the technology makes it difficult. You may ask the question. Then Ms Orr may, of course, object when she

25 MS SHARP: My question is related to the Southbank bank account. The Crown Melbourne AML team did not review the Southbank bank accounts, did it?

30 MR PRESTON: That is correct.

MS SHARP: My next question is directed to the Riverbank bank accounts. The Crown Perth AML team did not review the Riverbank bank accounts, did it?

35 MR PRESTON: That's correct.

MS SHARP: Can I take you to your evidence at page 592 at line 28. And to put it in context I will take you to the question you were asked by Mr Aspinall. He asked you:

40 *Do you say that Crown Melbourne, in respect of Southbank, or Crown Perth, in respect of Riverbank, have an obligation to report in respect of the accounts of Southbank and Riverbank respectively on suspicious transactions or threshold transactions that go through the accounts of Southbank Riverbank?*

45 And you said, at line 34:

I see it as our obligation.

Now, that was not a legal obligation of Crown Melbourne or Crown Perth, was it?

MR PRESTON: With respect to threshold transactions specifically, that's correct.
With respect to the concept of suspicious matters, I am of the view that we will
5 review any of the transactions for suspicious behaviour.

MS SHARP: Now, you're a lawyer, of course, aren't you, Mr Preston?

MR PRESTON: Yes.
10

MS SHARP: And you told us on the last occasion that you have some familiarity
with the Anti-Money Laundering and Counter-Terrorism Financing Act of 2006.

MR PRESTON: Yes, I have some knowledge of it.
15

MS SHARP: Yes. And you're of course aware of section 41 which imposes an
obligation to file suspicious matter reports with AUSTRAC?

MR PRESTON: Yes, I am.
20

MS SHARP: Now, it says – and you can take a look if you need to:

A suspicious matter reporting obligation arises for a reporting entity.

25 You understand that's when the obligation arises?

MR PRESTON: Yes, I do.

MS SHARP: All right. Now, Southbank at no time was a reporting entity, was it?
30

MR PRESTON: That's correct.

MS SHARP: And Crown Melbourne in respect of the Southbank account was not a
reporting entity because it was not a designated service; correct?
35

MR PRESTON: With respect to Southbank, it's not a reporting entity. With respect
to – sorry, can I get you to repeat the question, sorry, Ms Sharp?

MS SHARP: Yes. The – I will put it again. The – Crown Melbourne was not a
reporting entity with respect to the Southbank accounts because there was no
designated service.
40

MR PRESTON: That's right reporting entity.

45 MS ORR: I object. I object. I object.

COMMISSIONER: Just a moment.

MS ORR: Because – I’m sorry, this is the same thing that happened when the questions were put on this topic last time. To be fair to the witness, the language of subsection (1), subparagraph (a) of section 41 should be put in its entirety which refers to the reporting entity commencing to provide or proposing to provide a designated service to the first person. To be fair, Mr Preston should be given the entirety of that language rather than one part of it.

COMMISSIONER: Yes, Ms Sharp, to be fair to Mr Preston would you please put the whole of the section. I think it’s in front – Mr Preston, you have the section in front of you, do you not?

MR PRESTON: I’ve just grabbed it. Thank you, Commissioner.

COMMISSIONER: Yes. Thank you.

MS SHARP: Could I just ask you, Mr Preston, to read through section 41, subsection (1) to yourself in its entirety.

MR PRESTON: Yes, I’ve just quickly gone through it, Ms Sharp.

MS SHARP: Thank you. I will break this down. Southbank, that is, the company, has never been a reporting entity. Do you agree?

MR PRESTON: Yes, I agree.

MS SHARP: The service that Southbank, that is the company, provides in operating the bank account, is not a designated service. Do you agree?

MR PRESTON: I agree.

MS SHARP: The – Crown Melbourne is not a reporting entity in relation to the Southbank account. Do you agree?

MR PRESTON: I would agree with that.

MS SHARP: And the Southbank account is not a designated service that Crown Melbourne provides. Do you agree?

MR PRESTON: I agree.

MS SHARP: Now, with the benefit of those four answers and having taken the time to read section 41, subsection (1), you will agree, won’t you, that Crown Melbourne was never under a legal obligation in section 41 to make suspicious matter reports in relation to the Southbank account.

MR PRESTON: As I read it, Ms Sharp, Crown Melbourne has an obligation as a reporting entity to report suspicious matters that it determines are suspicious, and that's related to a designated service it's providing or proposes to provide.

5 MS SHARP: Now, you could perhaps attend to my question.

MR PRESTON: I believe I just did, sorry, Ms Sharp.

10 MS SHARP: Where on earth does it say in section 41 that Crown Melbourne is a reporting entity in respect of the Southbank account?

MR PRESTON: I didn't say that.

15 MS SHARP: Well, what are you trying to say, Mr Preston?

MR PRESTON: I'm saying that if Crown Melbourne is providing a designated service or proposes to provide a designated service and it believes something is suspicious, it will assess it and report it if appropriate.

20 COMMISSIONER: Even if the transaction is in relation to a non-designated service. Is that what you're saying?

25 MR PRESTON: That would – that is my view, Commissioner, and that is how we have looked at the concept of suspicious behaviours generally. Not necessarily linked to a gaming table or to a cage; if people see something suspicious and that's largely what our training has been over the – of the journey.

COMMISSIONER: Yes. We will come to that.

30 MS SHARP: Right. Well, now I'm asking you this question in your capacity as a lawyer of many years standing with expertise in this statute and with money laundering law more generally, and as the AML compliance officer. There is no legal obligation under section 41 for Crown Melbourne to report a suspicious matter in relation to the Southbank account under this provision, is there?

35

MR PRESTON: I'm not sure I can answer that question, Ms Sharp. In a very technical sense, I don't think I'm in a position to answer that question right now.

40 MS SHARP: Even though – I withdraw that.

COMMISSIONER: All right, then.

MS SHARP: Is this a convenient time, Commissioner?

45 COMMISSIONER: It is. Thank you. Mr Preston, thank you for making yourself available again. We will resume tomorrow morning your time 8 am, Sydney time 10 am.

MR PRESTON: Certainly.

COMMISSIONER: Thank you very much. I will adjourn now.

5 MR PRESTON: Thank you.

<THE WITNESS WITHDREW

[4.03 pm]

10

COMMISSIONER: Thank you.

MATTER ADJOURNED at 4.03 pm UNTIL TUESDAY, 1 SEPTEMBER 2020