



NEW SOUTH WALES INDEPENDENT CASINO COMMISSION

**THE INQUIRY INTO THE STAR PTY LTD & THE STAR
ENTERTAINMENT GROUP LIMITED**

**PUBLIC HEARING
DAY 5**

FRIDAY, 19 APRIL 2024

INQUIRY BEFORE MR ADAM BELL SC

COUNSEL ASSISTING:

MR C. CONDE WITH MR D. HABASHY AND MS E. HALL

**MR B. WALKER SC WITH MR I. AHMED SC, MR D. WONG AND MR H.
ATKIN FOR THE STAR PTY LTD AND THE STAR ENTERTAINMENT
GROUP LIMITED**

DR J. RENWICK SC WITH MS J. ROY FOR WITNESS ROBERT COOKE

MR J. BEATON FOR WITNESS RAVNEET TOWNSEND

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<THE HEARING IN PUBLIC SESSION RESUMED AT 10.02 AM

MR BELL SC: Yes, Mr Conde.

5 **MR CONDE:** Mr Bell, before we resume with Ms Vuong, I believe Dr Renwick wishes to make an application.

DR RENWICK SC: I do, Commissioner, and I'll do it as briefly as I can. I raised it with Counsel Assisting.

10

MR BELL SC: Are you happy to make the application in public mode?

DR RENWICK SC: No, what I was about to say, Commissioner, I just wanted to say I notified Counsel Assisting a minute ago of this. I do wish to raise two matters in closed session because they may touch on future cross-examination.

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MR BELL SC: We'll remove Ms Vuong from the hearing room and move into private hearing mode, please.

20 **<THE HEARING IN PUBLIC SESSION ADJOURNED AT 10.02 AM**

<THE HEARING IN PUBLIC SESSION RESUMED AT 10.16 AM

<EILEEN VUONG, ON FORMER AFFIRMATION.

25

<EXAMINATION BY MR CONDE

MR BELL SC: Thank you. Ms Vuong, can you hear me?

30 **MS VUONG:** Yes, I can.

MR BELL SC: You remain bound by the affirmation you gave yesterday. Yes, Mr Conde.

35 **MR CONDE:** Ms Vuong, you gave evidence yesterday about your experience in financial crime before commencing at The Star. Do you remember that?

MS VUONG: Yes.

40 **MR CONDE:** Is it correct before you commenced at The Star as the General Manager Risk Analytics and Solutions, you did not have experience at that time as a risk officer in a company?

MS VUONG: That's right.

45

MR CONDE: In September 2023, were you aware of a backlog of about 32,000 customers for whom Enhanced Customer Due Diligence or ECDD needed to be undertaken?

MS VUONG: Yes, I was aware.

5 **MR CONDE:** And are you aware that Ms Townsend sent a letter to Liquor & Gaming New South Wales in relation to that backlog on 30 September 2023 saying that it had been completed?

10 **MS VUONG:** I - I wasn't aware of that particular letter. I knew that we had been updating the L&G, the regulator, about our progress on that but I don't know specifics of any particular correspondence.

MR CONDE: If I could ask that it be brought up, please. It's INQ.5001.0001.0239. Has that letter come up for you, Ms Vuong?

15 **MS VUONG:** Yes, it has.

MR CONDE: Is it correct you did not have any involvement in the preparation of that letter?

20 **MS VUONG:** That's right. I wasn't involved.

MR CONDE: Is it correct you did, however, encounter ECDD issues from time to time in your role as Head of Risk at Star Sydney?

25 **MS VUONG:** Can you explain what you mean by involved in ECDD issues, Mr Conde?

30 **MR CONDE:** I'll withdraw the question as it is unclear. If we can go, please, to MGR.0001.0001.6475, please. Do you see this is a Star Sydney Risk Committee Paper for a meeting dated 13 October 2023 prepared by - or from you?

MS VUONG: Yes, I do.

35 **MR CONDE:** Is it correct that, as you said yesterday, you expect it would have been prepared on or about 6 October 2023, being a week before the meeting?

MS VUONG: Yes.

40 **MR CONDE:** Go please to page 6482. Do you see the heading at the top of the page TSS Risk Committee Breach Dashboard?

MS VUONG: Yes.

45 **MR CONDE:** Do you see the second row of the table on this page with ID 1557200 and a theme of ECDD Process?

MS VUONG: Yes, I do.

MR CONDE: Then there's a Breach Description to the right of that which talks - which refers to 44 patrons not being seeded to TrackVia in a timely manner and missing the ECDD requirement, as well as 98 patrons not being assigned an ECDD case. Do you see that?

5

MS VUONG: Yes, I do.

MR CONDE: And at the time of preparing this paper and doing this work, were you aware of the resolution of the backlog of 32,000 customers requiring ECDD review?

10

MS VUONG: Sorry, was I aware of the backlog or the work that was going to address the backlog?

MR CONDE: Both.

15

MS VUONG: Yes, I was aware.

MR CONDE: And so is it the case that these were sort of concurrent workstreams?

20

MS VUONG: Sorry, which were concurrent workstreams in relation to this particular item, in this report?

MR CONDE: Yes, to the extent - you're aware of work being undertaken in relation to 32,000 backlog and you're also doing work here about 44 and 98 patrons who were referred to there. This is all concurrent work; is that correct?

25

MS VUONG: Yes.

MR CONDE: And are you aware that on - in relation to the backlog workstream, that - are you aware of 29 November 2023, the manager Mr Weeks sent a memorandum to the NICC with concerns from him in relation to The Star Proprietary Limited's customer risk assessment and Enhanced Customer Due Diligence remediation?

30

MS VUONG: Again, I wasn't aware of any specific correspondence, but I was aware that there was, I guess, disagreement or misalignment in terms of the Special Manager Mr Weeks not confident that we have completed ECDD appropriately. But our position was we had completed ECDD in accordance with the requirements.

35

MR CONDE: Right. Do you recall being aware about - that - concerns regarding bulk approval Source of Wealth checks, whether there had been adequate transaction analysis?

40

MS VUONG: I don't recall the specifics of that. No, I don't.

45

MR CONDE: Right. Are you aware of what has been called Operation Falskur?

MS VUONG: Yes, I am.

MR CONDE: This is the - is it correct that this is the issue of Guest Support Officers recording false entries to suggest patrons had been checked when they hadn't?

5

MS VUONG: Yes.

MR CONDE: Would you agree that it reveals a serious and systemic risk in relation to responsible service of gaming at The Star Sydney?

10

MS VUONG: Yes.

MR CONDE: Have you been involved in meetings or any decision-making processes to make sure that there is an intervention for patrons who are gaming for three hours or more?

15

MS VUONG: Not - I imagine not every single meeting, but I am aware of the remedial actions that are being taken in relation to that. So we - one of my colleagues is the General Manager for Safer Gambling and we do have what we call the Line 1 Safer Gambling Team. So between my colleagues in Line 2 who's advising and overseeing that remedial work, that - they're leading that, from the group risk perspective.

20

MR CONDE: Right. So would it be fair to characterise your position as one of awareness but perhaps not involvement?

25

MS VUONG: In relation to Operation Falskur, yes.

MR CONDE: Right. In terms, though, of you being satisfied as Head of Risk for Star Sydney that patrons who are gaming for more than three hours have an intervention, how are you - well, are you so satisfied?

30

MS VUONG: So what the investigation has revealed is we do have systemic issues with the team not completing the interactions as per our ICMs. So we are undertaking remedial actions and - which includes not only recruiting the backfill for the team members that have had their employment terminated, but we're also increasing the capacity of that team. On top of that, we're also recruiting for an Assurance resource to monitor - independently monitor our compliance with that particular control.

35

40

MR CONDE: And -

MS VUONG: So - sorry.

MR CONDE: No, sorry, I spoke across you, Ms Vuong, I'm sorry.

45

MS VUONG: It's all right. So, yeah, I was going to say, yeah, so in that sense I am overseeing and, you know, we don't have all the new recruits in the team as yet but we are actively recruiting to fill those roles.

5 **MR CONDE:** And when you referred to an Assurance resource, is that a resource within or outside Star?

MS VUONG: We are looking to hire that person within Star and within my team, the group resource Line 2 function.

10

MR CONDE: Are you aware of the - that this issue first coming to light as a result of an inquiry from Liquor & Gaming and not as a result from any systems being triggered within Star?

15 **MS VUONG:** Yes. So my understanding is a very helpful inspector from Liquor & Gaming alerted us to the potential that a particular team member may not have carried out an interaction. And we promptly investigated and once we validated that it was a breach on our part, we reported it. But upon discovering that breach, we then instigated the investigation known as Operation Falskur to - to determine whether it
20 was a more widespread issue.

MR BELL SC: Ms Vuong, as the Chief Risk Officer, have you conducted an analysis of how this problem occurred?

25 **MS VUONG:** I haven't conducted the analysis myself, but I am across the - the findings from the investigation and - and I am getting updates from both the Controls team and my Line 2 colleague on some of the root causes and the remedial actions we're taking.

30 **MR BELL SC:** And as Chief Risk Officer, what conclusions have you drawn as to why this happened?

MS VUONG: I think a number of reasons. Capacity is - so I think this team has struggled with the volume of alerts from this particular control and, in addition, it's
35 been a new control that we implemented last year as part of the - the implementation of the whole suite of different ICMs. There were a few wrinkles that we were trying to iron out as we rolled out this new process. So, I think, yeah, those were the key issues, just under resourcing, a new process that, again, with the benefit of hindsight, we could have better - I guess the change management of that implementation could
40 have been better executed in terms of training the team members and getting them to understand the nature of the control and the objectives of what their roles were.

MR BELL SC: Would you agree that this is a lot more than a mere wrinkle; this is a systemic falsification of records by the staff at Sydney Casino?
45

MS VUONG: Yes, so, sorry, I - I don't mean to minimise the - what I was trying to express not so eloquently was that, you know, as any new process is being implemented, we do expect a period of embedding and identifying any unexpected

issues. And, again, with the benefit of hindsight, this particular control, when we first rolled it out back in July, it generated a lot more alerts than we expected and, as I said, with the benefit of hindsight we probably should have increased capacity of that team to manage the volume.

5

But, I guess, against the backdrop of the other new controls that we had in place and the other priorities that we had at the time, unfortunately this - this issue was not addressed with the urgency and the attention that it needed.

10 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: Mr Bell, I have no further questions for Ms Vuong.

MR BELL SC: Yes, Mr Ahmed, do you have any questions for Ms Vuong?

15

<EXAMINATION BY MR AHMED SC

MR AHMED SC: Just a few, Commissioner. Ms Vuong, do you remember yesterday you were taken to an email - and I might have it just brought up on screen. It was STA.8000.0004.0253. Do you remember being shown that email yesterday?

20

MS VUONG: Yes, I do, Mr Ahmed.

MR AHMED SC: Yes, and I think your evidence yesterday was that this wasn't an email that was - at least this email as set out on the screen wasn't sent to you?

25

MS VUONG: Yes, this particular email, no, I'm not on the distribution list, but I did subsequently - sorry.

MR AHMED SC: I think you might be anticipating exactly what I was going to ask you. Can you please continue what you were going to say?

30

MS VUONG: I was just going to say I wasn't on this particular email but the contents of this email was subsequently shared with me and communicated with me.

35

MR AHMED SC: Yes. Could I show you an email, another email, which is STA.8000.004.1160.

MR CONDE: I think that doc ID might be missing a zero. Oh, no, it has been brought up.

40

MR AHMED SC: Fantastic. Thank you. Ms Vuong, you'll see that's an email which is sent from Ms Townsend. It is copied to you and to Mr Humphreys on 6 September 2023.

45

MS VUONG: Yes, I do.

MR AHMED SC: And below that email is Mr Satti's email.

MS VUONG: That's right, yes.

5 **MR AHMED SC:** Does that refresh your memory that the substance of the legal advice that Mr Satti provided was sent to you and Mr Humphreys?

MS VUONG: Yes.

10 **MR AHMED SC:** Thank you. That is all the questions.

MR BELL SC: Dr Renwick, do you seek leave to ask questions?

DR RENWICK SC: No. Nothing from me, Commissioner.

15 **MR BELL SC:** Ms Vuong, thank you for your attendance and your evidence. The formal direction I will make is that your examination will be adjourned, but you won't need to return unless you hear from the Counsel - from the solicitors assisting the inquiry. Thank you.

20 **MS VUONG:** Thank you.

<THE WITNESS WAS RELEASED

25 **MR BELL SC:** Mr Conde, who is the next witness?

MR CONDE: Mr Humphreys, and we need to take a short adjournment with the changeover of witness.

30 **MR BELL SC:** Yes, thank you, I'll take a short break.

<THE HEARING ADJOURNED AT 10.34 AM

<THE HEARING RESUMED AT 10:40 AM

35 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: I call the next witness, Mr Humphreys.

40 **MR BELL SC:** Mr Humphreys, can you hear me?

MR HUMPHREYS: Yes, Mr Bell.

MR BELL SC: Would you prefer to take an oath or an affirmation?

45 **MR HUMPHREYS:** Affirmation, thank you.

<PETER ANDREW HUMPHREYS, AFFIRMED

MR BELL SC: Thank you, Mr Conde.

MR AHMED SC: Sorry, Commissioner, can I raise one matter before Mr Conde commences giving evidence?

5

MR BELL SC: Of course.

MR AHMED SC: I have been told that apparently there was a summons issued on 20 February, returnable on 5 March, in relation to Sydney Compliance Committee meetings. My instructions are that there was a meeting of that committee on 8 February. The minutes of that committee were not in existence as at the date of the summons, so weren't produced under the summons but, as I understand it, they're to be provided to the inquiry as soon as possible, together with an explanation. In addition, the agenda and papers for that meeting will also be provided. I just wanted to raise that.

10
15

MR BELL SC: Yes, thank you. Thank you, Mr Ahmed. Yes, Mr Conde.

<EXAMINATION BY MR CONDE

20

MR CONDE: Mr Humphreys, can you hear me?

MR HUMPHREYS: Yes, I can.

MR CONDE: Is it correct that you've worked - sorry, may I trouble you to please state your full name?

25

MR HUMPHREYS: Peter Andrew Humphreys.

MR CONDE: Are you aware that your address has been made known on your behalf to the solicitors assisting Mr Bell's inquiry?

30

MR HUMPHREYS: Yes.

MR CONDE: Is it correct that you've worked at Star Entertainment from 1991 to 2010 and then from 2015 to today?

35

MR HUMPHREYS: That was 1997 until 2010.

MR CONDE: Okay. And is it correct that today you are the interim Chief Operating Officer of The Star Sydney, the General Manager Gaming Machines and Cashier Services at The Star Sydney and also the acting Chief Executive Officer at The Star Sydney?

40

MR HUMPHREYS: The first two are correct. I'm not the acting CEO.

45

MR CONDE: Okay. Is there anyone in that role of acting CEO to your knowledge, Mr Humphreys?

MR HUMPHREYS: Janelle Campbell has been appointed as the Chief Executive Officer and she's going through probity, and until that time, I would report through to David Foster as chairman of the board after Robbie Cooke resigned.

5

MR CONDE: Is it correct that in the absence of a CEO or an acting CEO, you as interim Chief Operating Officer are the direct report through to I think you said to Mr Foster?

10 **MR HUMPHREYS:** Yes, at the moment, yes.

MR CONDE: And that's to Mr Foster in his capacity as acting CEO of Star Entertainment?

15 **MR HUMPHREYS:** Yes.

MR CONDE: And before that, did you report to Mr Cooke?

20 **MR HUMPHREYS:** Correct.

MR CONDE: I appreciate it is a long period, but may I ask you, please, to state your previous roles at Star from '97 to 2010 and then from 2015 to today, doing your best. I appreciate it's not a memory test but -

25 **MR HUMPHREYS:** I started as a gaming attendant or a slot attendant, I think we were called, back in the opening days. I progressed through to a supervisor and an operations manager, I think our title was at the time. I think by the time I left in 2010, my role was business development manager. When I returned in 2015, I think the title was Operations Manager of Gaming Machines. I later became the Director of
30 Gaming Machines and then the General Manager of Gaming Machines. And then in August of 2019, I became the General Manager of Gaming Machines and Cashier Services. I then became the interim COO at the end of September 2022.

35 **MR CONDE:** Thank you. And so that - that role that you have of - today of General Manager Gaming Machines and Cashier Services was a role that you've had since August 2019. Is that correct?

MR HUMPHREYS: That's correct.

40 **MR CONDE:** Would you agree that your current workload is a very big one for one person?

MR HUMPHREYS: Yes, sir.

45 **MR CONDE:** And just to understand how it plays out practically, are you aware of what has been called the TICO fraud event?

MR HUMPHREYS: Yes, sir.

MR CONDE: And in working out how to respond to an event like that, presumably, ordinarily the person reporting in to the CEO of Star Entertainment would rely on his or her Chief Operating Officer as the incidents come out of operations, and then
5 presumably the Chief Operating Officer would rely on the General Manager Gaming and Machines and Cashier Services to assist as the incident relates to cash out machines. And you have all of those roles?

MR HUMPHREYS: Yes, sir.
10

MR CONDE: Do you consider that to be problematic?

MR HUMPHREYS: We did put in some processes below to take some of the duties from my general manager role, so we implemented a person in a specific role to look
15 after the gaming machines section of the space, and we were paying higher duties allowance to the Cage Services Manager role to take on extra responsibilities with anything that needed to be escalated going through to me as that interim COO to maintain some of that task or responsibilities from my substantive role.

MR BELL SC: Mr Humphreys, can I just go back a step to make sure I understand your role over the last few years.
20

MR HUMPHREYS: Yes.

MR BELL SC: It's right, is it, that Mr Scott Wharton was the CEO until April 2023?
25

MR HUMPHREYS: That's correct.

MR BELL SC: And that Ms Campbell was appointed into that role subject to
30 probity in about February this year?

MR HUMPHREYS: Yeah, I think the date that she may have commenced was end of January, Mr Bell, but I think she -

MR BELL SC: And is it right that between Mr Wharton's resignation and the
35 appointment of Ms Campbell, you were the most senior management executive responsible for The Star Sydney exclusively?

MR HUMPHREYS: Yes.
40

MR BELL SC: And in that period, were you the acting CEO?

MR HUMPHREYS: Well, I never had any extra - any extra accountabilities, Mr
45 Bell. I reported through to Robbie Cooke at that point in time, so anything that needed to be escalated would have gone through him. I did take on some extra responsibilities in presenting at different committees and board, et cetera, that would have previously been done by the CEO.

MR BELL SC: Right. So whilst you weren't the acting CEO, in that period from April 2023 until Ms Campbell's arrival, you were the most senior executive at Star Sydney reporting through to the leadership of Star Entertainment Group?

5 **MR HUMPHREYS:** That's correct.

MR BELL SC: Yes, and whilst Ms Campbell is going through probity, are you still effectively that most senior person?

10 **MR HUMPHREYS:** Yes, sir.

MR BELL SC: Yes, thank you, Mr Conde.

15 **MR CONDE:** Is it correct you also chair The Star Sydney Risk Committee, Mr Humphreys?

MR HUMPHREYS: Sorry, Mr Conde. I missed that. Can you repeat it?

20 **MR CONDE:** Is it correct that you chair The Star Sydney Risk Committee?

MR HUMPHREYS: That's correct.

25 **MR CONDE:** And is that another appointment or do you have that role by virtue of one of your other roles?

30 **MR HUMPHREYS:** If I - I've definitely had that chairing responsibility since Mr Wharton left. I can't recall whether or not, prior to that, I would have attended as the COO, whether or not I was chairing that or whether or not that was under Mr Wharton.

MR CONDE: I see. What have been your level of interactions in your various roles with Mr Weeks, the manager?

35 **MR HUMPHREYS:** I think I've had a close working relationship with Mr Weeks. For the majority of the time he's literally been located directly behind me in the office, so I've had regular conversations with him during the - the daily duties, as well as having - once Mr Wharton left I had more scheduled meetings with him that were previously with Mr Wharton.

40 **MR CONDE:** Do you consider that you enjoy a good relationship with Mr Weeks?

MR HUMPHREYS: Yes.

45 **MR CONDE:** Now, do you agree that in March this year, Star Entertainment asked you and other staff members to complete a declaration about whether you were aware of or participated in certain matters that have been the subject of Mr Bell's first inquiry?

MR HUMPHREYS: Yes.

MR CONDE: And is it correct you'd never been asked to complete such a declaration before?

5

MR HUMPHREYS: No.

MR CONDE: So that's not correct or is it -

10 **MR HUMPHREYS:** Sorry, I hadn't been asked to complete that prior to the one in March.

MR CONDE: Right. And did you complete your declaration on or about 14 March 2024?

15

MR HUMPHREYS: Yes, that sounds correct.

MR CONDE: And do you recall making two disclosures?

20 **MR HUMPHREYS:** Yes. Yes.

MR CONDE: If we could bring up STA.8000.0122.0014. Should come up.

MR HUMPHREYS: Yes.

25

MR CONDE: Do you see a marking on the bottom right of this page?

MR HUMPHREYS: Yes.

30 **MR CONDE:** Is that your - are those your initials or a marking from you?

MR HUMPHREYS: Yes, they are.

35 **MR CONDE:** If we can go over to page 0015, please. Do you see down at the bottom of the page under 3 there's a disclosure of any relevant knowledge or involvement?

MR HUMPHREYS: Yes.

40 **MR CONDE:** And it - the - the first part is - it says:

45 "2(iii) - was aware of the hotel being the swipe location for CUP, was not aware of false hotel room though. Knew of this location prior to having cage report to me in circa June 2019, but when that process fell under me, had access to full SOP's detailing the process of swipe at hotel and bringing receipt to cage etc for processing via temp CCF. Was unaware of any discussions/approvals/assessments conducted on this process prior to that being implemented."

MR HUMPHREYS: Yes.

MR CONDE: And the second disclosure was:

5 "2(iv) - was aware of potential issue around the Union Pay scheme rules when the email request came in from NAB (I think it was circa September 2019) that was referred to Finance and Oliver from Legal."

MR HUMPHREYS: Yes.

10

MR CONDE: And Oliver from Legal, would that be a reference to Mr White?

MR HUMPHREYS: Yes.

15 **MR CONDE:** Now, in the first disclosure - sorry, the first of those, the paragraph beginning 2(iii), you said you were aware in 2019 of the China Union Pay swipe location. Is it correct, then, that you knew that funds were being drawn out of China into a hotel account rather than a front money account?

20 **MR HUMPHREYS:** No, at the time I knew that the location where the swipes were happening, I wasn't aware of the process prior to over - taking over from the cashiers.

MR BELL SC: Did you know in the period from 2015 to 2020 that patrons could swipe China Union Pay cards - debit cards at the hotel in order to fund gambling at
25 The Star Casino?

MR HUMPHREYS: Yes.

MR BELL SC: And did you believe at any time during that period that the Union Pay international rules prohibited the use of China Union Pay cards to fund
30 gambling?

MR HUMPHREYS: I wasn't aware of that, Mr Bell.

35 **MR BELL SC:** Did you know why the CUP transactions were taking place at the hotel rather than at the cage?

MR HUMPHREYS: No, Mr Bell.

40 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: Mr Humphreys, just in terms of your answer to Mr Bell's question a moment ago, I think you said you were not aware of the rules of China Union Pay prohibiting funds going to gambling. Is that correct?
45

MR HUMPHREYS: As far as I'm aware, no, sir.

MR CONDE: Right. Isn't it - in your answer here, though, don't you refer to a potential issue?

5 **MR HUMPHREYS:** Sorry, that was - yes, once I'd received that email from the NAB that I referred on, that was a - at that stage, I became aware there may have been a potential issue.

10 **MR CONDE:** Right. And so the potential issue under those rules was the prohibition on using funds for gambling, wasn't it?

15 **MR HUMPHREYS:** All I was aware at that time, Mr Conde, was that there was a question from NAB as to getting some data around the swipes and what they were for. And when I investigated as to how they - who should be responding to that, I was directed to send it through to the Finance and Legal team.

20 **MR CONDE:** And in terms of the query from NAB, do you recall that that was passing on a query from Union Pay about some pretty large hotel bills for short stays?

25 **MR HUMPHREYS:** Yes.

MR CONDE: And is it correct that you forwarded - well, do you recall forwarding a query from Union Pay to Ms Scopel on about 4 November 2019?

30 **MR HUMPHREYS:** That date sounds about right, Mr Conde, yes.

MR CONDE: And do you recall in early November 2019 meeting with Mr Oliver White to discuss how to respond to the Union Pay query?

35 **MR HUMPHREYS:** I don't recall that, Mr Conde, no, sorry.

MR CONDE: But in terms of the content of the Union Pay query, do you recall it being to the effect of "How is this customer spending hundreds of thousands or even millions of dollars over such a short hotel stay"?

40 **MR HUMPHREYS:** Yes, it was something along those lines, yes, Mr Conde.

MR CONDE: And it was correct, isn't it, you would have known - that you knew the answer was because they're gambling?

45 **MR HUMPHREYS:** Yes.

MR CONDE: And, well, I put it to you, then, that in 2019, you were aware of the structure that was deployed by Star to disguise gaming funds as hotel expenses. Do you agree with that?

MR HUMPHREYS: I agree I was aware that they went through - by that period in time they went through a hotel account to come through to the cage to be used for gamblings.

5 **MR CONDE:** Right. Well, then I put to you from 2023 to this day, it is inappropriate, in those circumstances, that you are in charge of the Sydney casino. Do you agree with that?

10 **MR HUMPHREYS:** No, I wouldn't agree with that, Mr Conde, sorry.

MR CONDE: Well, in fairness to you, Mr Humphreys, it's correct, isn't it, that before March 2024, nobody at Star had asked you to confirm your awareness of these issues?

15 **MR HUMPHREYS:** That's correct.

MR CONDE: And after you made this disclosure in March 2024, has anyone at Star come back to you to ask for further detail about the disclosure that you made?

20 **MR HUMPHREYS:** No.

MR CONDE: No. Do you recall that one of the issues, Mr Humphreys, addressed in Mr Bell's first inquiry was the provision of complimentary alcohol - complimentary and discounted alcohol?

25 **MR HUMPHREYS:** Yes.

30 **MR CONDE:** And is it your understanding that pursuant to the Casino Control Regulations, The Star must not offer or supply, or cause or permit the offer or supply of free or discounted liquor as an inducement to participate or participate frequently in a gambling activity in the casino?

MR HUMPHREYS: Yes.

35 **MR CONDE:** Do you recall that following Mr Bell's first report The Star informed the NICC that one of the steps it took was that it had ceased serving free discounted alcohol in its private gaming rooms?

40 **MR HUMPHREYS:** Yes.

MR CONDE: If we can bring that up. It is STA.8102.0001.3397. And if we can go, please, to page 3399. I'm sorry, Mr Humphreys, if we could go back to 3397. Do you see, Mr Humphreys, this is a letter dated 26 September 2022 addressed to Mr Crawford at the NICC?

45 **MR HUMPHREYS:** Yes.

MR CONDE: And then if we can go, please, to page 3399. Do you see - perhaps over the page - sorry, 3400. Sorry, if you'll just excuse me. I'm sorry, if we could go back a page, please, to 3399. Sorry. Sorry, Mr Humphreys. It's the fourth bullet point on this page. Do you see:

5

"Elimination of free alcoholic drinks in private gaming rooms"?

MR HUMPHREYS: Yes, Mr Conde.

10 **MR CONDE:** Sorry about that. If we could then go to STA.8102.0001.3402. Do you see this is a paper headed The Path to Suitability, and it's dated 26 September 2022?

MR HUMPHREYS: Yes.

15 **MR CONDE:** And if we could go, please, to page 3457. It's the row 23.140. Do you see in Action that says:

"The Star has ceased serving free alcohol in its private gaming rooms."

20 **MR HUMPHREYS:** Yes.

MR CONDE: And then we can go to 3463. Sorry, that's come up. Do you see in the third row down the bottom under Actions it says:

25 "The Star has ceased serving free discounted alcohol in its private gaming rooms."?

MR HUMPHREYS: Yes.

30 **MR CONDE:** Now, are you aware that in early December 2022, The Star wrote to L&G New South Wales making a submission to support the recommencement of complimentary alcohol to patrons at The Star Sydney?

MR HUMPHREYS: Yes.

35 **MR CONDE:** If we can bring that up, please. It's STA.8000.0004.1883. Sorry it should be 1883, so STA.8000.0004.1883, please. You see this is a letter dated 8 December 2022 addressed to an executive director at Liquor & Gaming?

MR HUMPHREYS: Yes.

40

MR CONDE: And the heading is Submission to Support Recommencement of Complimentary Alcohol to Patrons at the Star Sydney. Do you see that?

MR HUMPHREYS: Yes.

45

MR CONDE: And it records in the third paragraph:

".. this letter provides L&G with the following information to support your policy determination ..."

And the first bullet point is:

5

"Eight scenarios in which The Star proposes complimentary alcohol should be permitted."

MR HUMPHREYS: Sorry, Mr Conde, is that on this page, sorry?

10

MR CONDE: Yes, it's the first bullet point.

MR HUMPHREYS: Yes, eight scenarios, yes.

15 **MR CONDE:** Yes, and then in the paragraph at the end of the bullet points it says:

"As you know, The Star Sydney undertook to temporarily stop providing complimentary alcohol in most settings as described in our letter to the NICC dated 26 September ... This remains our practice."

20

Do you see that?

MR HUMPHREYS: That's correct.

25 **MR CONDE:** Then if we go over the page, please. Do you see in the middle of the page is a heading Complimentary Alcohol Scenarios, and it says:

"We propose that complimentary alcohol be permitted in eight scenarios."

30 **MR HUMPHREYS:** Yes.

MR CONDE: Is it - was it your understanding in December 2022 that The Star was seeking L&G New South Wales' approval for the recommencement of alcohol in those eight scenarios?

35

MR HUMPHREYS: It was my understanding that we were seeking clarification or input from them as Mr Bell had, in his recommendation, had noted to the NICC or Liquor & Gaming for any action or any -

40 **MR CONDE:** And is it correct that by February 2023, The Star had recommenced service of alcohol in some of those eight scenarios?

MR HUMPHREYS: Yes.

45 **MR CONDE:** If I can take you to STA.8000.0019.0862. And if we can go, please, to the next page. Should be an email - I'm sorry, I think it's 0864. No, I'm sorry, if we could just scroll through. I think there's an email at 11.48 am on this day. If we can

go to 0865. Yes. Bottom of 0865, you see an email. It's the - I appreciate the spacing is jumbled a bit but it's the fourth line down:

5 "This setting letter states we have temporarily stopped providing complimentary alcohol in most settings as described in our letter dated 26th ... (in response to the Show Cause Notice)."

And then:

10 "My understanding is that this was Comp Beverages in our PGR's only. As mentioned on the call ... the legal position is that the issuance of F&B vouchers to join the loyalty program and Star Play aren't linked to gambling activity, these were not stopped and have been and continue to run."

15 And then:

"If the position to the regulator has been that we have stopped all Comp Beverages in the 8 settings until we get a response ... please confirm if we need to pause the vouchers for those settings also."

20

Do you see that?

MR HUMPHREYS: Yes.

25 **MR CONDE:** It is correct on February 16 2023, Mr Wharton sent a letter to L&G New South Wales in which he told L&G that The Star was continuing to serve complimentary alcohol under five of the eight scenarios?

30 **MR HUMPHREYS:** I can't remember how many of the scenarios was mentioned in that letter in February, Mr Conde, but there was some scenarios, yes.

MR CONDE: I'll bring that up. STA.8000.0004.1881. Do you see a letter dated 16 February 2023?

35 **MR HUMPHREYS:** Yes.

MR CONDE: And then there's one scenario at the bottom of this page. If we could go over to 1882, please. And then it goes down to five. Do you see that?

40 **MR HUMPHREYS:** Yes. Yes.

MR CONDE: So far as you're aware, Mr Humphreys, is it correct, though, that Star's 26 September 2022 report to the NICC, the one that I took you to which was The Path to Suitability, that has not been corrected?

45

MR HUMPHREYS: Not that I'm aware of, Mr Conde.

MR CONDE: I see. I mentioned earlier the TICO fraud event. Do you recall that event?

MR HUMPHREYS: Yes.

5

MR CONDE: Would you agree it revealed at least two important issues -

MR BELL SC: Sorry, Mr Conde. Can I just cut across you. I just want to ask a question further about this document. So page 1882, it refers to scenarios 4, 6, 7 and 8. Do you see that, Mr Humphreys?

10

MR HUMPHREYS: Yes, Mr Bell.

MR BELL SC: If we could go back to page .1881, please, Operator. There is a reference there to scenario 3. Should I understand that the scenarios outlined in this letter, 3, 4, 6, 7 and 8, were scenarios in which complimentary or discounted alcohol was always available at all times since the previous review of The Star Proprietary Limited?

15

MR HUMPHREYS: Mr Bell, no, I don't believe so. Apart from the new member voucher, my understanding is that the rest of the scenarios were suspended as at that 26 September. Some of those scenarios started at different times, like I think the off-property events such as going to the races, et cetera, might have commenced in mid-November and then these were some updates that were sent through at different times after the meetings.

20
25

MR BELL SC: It might help, operator, if we had both of the pages 1881 and 1882 on the screen at the same time. I just want to be clear about this if I can. Operator, I'm asking if you can put pages .1881 and .1882 on the screen at the same time, please. Thank you.

30

So, when you referred earlier to offering complimentary alcoholic drink to a new member, that's what's described as scenario 8 here, is it?

MR HUMPHREYS: That's correct, Mr Bell.

35

MR BELL SC: And, sorry, are you telling me that that - that never ceased - I withdraw that. Are you telling me that that arrangement was always available at all times?

40

MR HUMPHREYS: To my understanding, that was correct, Mr Bell, yes.

MR BELL SC: Yes. And you're saying that of those five scenarios, that's the only one that was available at all times?

45

MR HUMPHREYS: That is my understanding, Mr Bell.

MR BELL SC: Thank you, Mr Humphreys. Yes, Mr Conde.

5 **MR CONDE:** Mr Humphreys do you recall - I was asking you about the TICO fraud event. And I was suggesting to you it revealed at least two important issues for the purpose of your roles. One was a technological issue, that the machines needed fixing, and the second related to detection, that this went for a period of close to two months without being detected. Are you presently satisfied in various roles at The Star Sydney that those two general issues have been fixed?

10 **MR HUMPHREYS:** Yes.

MR CONDE: Right. What makes you so satisfied of that?

MR HUMPHREYS: From the - I'll start with the cage side that I'm responsible for.

15 **MR CONDE:** Yes.

20 **MR HUMPHREYS:** The extra controls out of the investigation that happened as part of this incident, there was a large number of recommendations that were put forward. This included increased documentation and processes around the balancing of the individual TICO machines and how that flowed through to different systems. It also included an increase in the supervision level and awareness of what items or errors or variances may be appearing on different documents so that there was a heightened level of awareness that could be escalated. There was awareness sessions that were conducted with all the cashier team in regard to their responsibilities and requirements.

25 From the technical side there was a number of different testing procedures that were implemented after the fact to make sure that this instance in particular and overall an increase in that space was at a higher level.

30

MR CONDE: In September 2023, were you aware of a backlog of about 32,000 customers for whom Enhanced Customer Due Diligence needed to be undertaken?

35 **MR HUMPHREYS:** No, I wasn't.

MR CONDE: Right. So does it concern you that you weren't aware of that?

MR HUMPHREYS: Yes. I - yes.

40 **MR CONDE:** Are you aware that Ms Townsend, the Chief Controls Officer of The Star Entertainment Group, sent a letter to Liquor & Gaming New South Wales in relation to that backlog on 30 September 2023 saying that the ECDD had been completed?

45 **MR HUMPHREYS:** No, I'm not aware of that, Mr Conde.

MR CONDE: Right so it would be correct that you didn't have any - so far as you're aware, you didn't have any involvement in that process or in that letter?

MR HUMPHREYS: Correct.

5 **MR CONDE:** Are you aware that on 29 November 2023, the manager Mr Weeks sent a memorandum to the NICC with concerns in relation to The Star's - The Star Proprietary Limited's customer risk assessment and ECDD remediation?

10 **MR HUMPHREYS:** I wasn't aware of the memo. I was aware when it was mentioned in a - I can't remember if it was a GLT Risk Committee meeting or a - something of the line where that comment was made that the manager had raised concerns, yes.

MR CONDE: Do you recall roughly when that meeting would have been?

15 **MR HUMPHREYS:** No, sorry.

MR CONDE: I see. But are you aware in general terms that Mr Weeks had concerns relating to inadequate Source of Wealth checks, a bulk approval when individual review was required and inadequate transaction analysis?

20 **MR HUMPHREYS:** I'm aware that he had concerns. I wasn't aware of the individual concerns.

MR CONDE: I see. So you were just aware that at a high level that the manager had concerns regarding ECDD for a remediation cohort?

25 **MR HUMPHREYS:** Yes, correct.

MR HUMPHREYS: Yes, correct.

30 **MR CONDE:** Well, do you have any comment on that, that lack of awareness, in circumstances where you have the important roles that you do at The Star Sydney?

35 **MR HUMPHREYS:** I would - yes. The - I'm just trying to recall whether or not it was tabled at a GLT Risk Committee at some stage in that space, Mr Conde, but I can't recall specifics in that. But that would have been how it would have been escalated either to the Property Risk Committee or to the GLT Risk Committee, I would have thought would have been the appropriate escalation process.

MR CONDE: Right. Are you aware of what has been called Operation Falskur?

40 **MR HUMPHREYS:** Yes.

MR CONDE: Do you agree it reveals a very serious and systemic risk in relation to responsible service of gaming at The Star Sydney?

45 **MR HUMPHREYS:** Yes.

MR CONDE: And have you been involved in meetings or decision-making processes to make sure that there is an intervention for patrons who are gaming for three hours or more?

5 **MR HUMPHREYS:** I was part of how this was going to be implemented as part of the ICM requirements when they were released back in November of 2022, I think it was. The dedicated team that was created in order to deliver that reported through and was developed under the Chief Risk Officer, I think, at the time and then
10 transferred to the Chief Controls Officer, but I could be wrong in regard to how that structure was organised. That was prior to my - probably when Scott Wharton was still here back in March 2022, sorry.

MR CONDE: In terms of - I appreciate your involvement from the ICM time, but following the operation, have you been involved in meetings or decision-making
15 processes to make sure that, going forward, there will be -

MR HUMPHREYS: Sorry.

MR CONDE: - an intervention for patrons who are going for three - gaming for
20 three hours or more?

MR HUMPHREYS: Yes, Mr Conde.

MR CONDE: Right. And what has been the nature of those meetings or
25 decision-making processes?

MR HUMPHREYS: Once this - this operation was advised to me -

MR CONDE: Yes.
30

MR HUMPHREYS: - we met with the team that manages that area to work out some extra resources that we could put into that space straight away to replace team members that had left, as well as some extra supervision that we're putting into that space. We actually seconded a staff member over as at the end of this week that will
35 go over to provide extra leadership in that space while we recruit a replacement in that space. We're also looking at what other supervision or leadership is required in that space to assist and make sure that the team have all the resources that they need.

MR CONDE: I see. And have you also been involved in meetings or any
40 decision-making processes to make sure, going forward, that TrackVia entries are accurate and that anybody who falsified such entries is the subject of disciplinary or other appropriate action?

MR HUMPHREYS: Yes.
45

MR CONDE: May I ask you, please, to summarise those meetings or decision-making processes?

MR HUMPHREYS: So I have been - as part of the advice of the investigations that have been happening and the investigation reports and the interviews that have been happening, as well as the possible structure that will be moving forward and how they can enhance from an assurance point of view to check and make sure that these documented conversations that have been documented are actually happening.

MR CONDE: Are you aware this issue came to light as a result of an inquiry from Liquor & Gaming and not from within Star?

MR HUMPHREYS: Yes, I was aware after the fact, Mr Conde.

MR CONDE: I see. Does that concern you in terms of risk detection practices at Star Sydney?

MR HUMPHREYS: Yes.

MR CONDE: So what, if any, steps have been taken in relation to risk detection practices, so far as you're aware?

MR HUMPHREYS: My understanding is they're looking at an assurance-type model to be - that's being implemented to do spot checks of records of conversation to verify that those conversations have actually happened, and that's on an ongoing basis, is my understanding.

MR CONDE: Okay. Do you have any other comment about Operation Falskur and addressing the issues that it presents?

MR HUMPHREYS: Reading the reports that I've - that I've read through, resourcing has obviously been a concern at times in that space, whether it be enough resources on the floor or replacing people that called sick or took time off to ensure we met the minimum requirements to (a) meet the ICMs but (b) to ensure that the actual conversations were happening.

MR CONDE: I see. And, Mr Humphreys, have you attended GLT meetings?

MR HUMPHREYS: Yes, I have.

MR CONDE: And since when, approximately?

MR HUMPHREYS: Once Scott Wharton resigned, I started attending as a property spokesperson or head, for want of a better word, and that would have been from - I'm going to say mid-May of last year. I may have attended a couple of earlier sessions because Mr Wharton was on holidays prior to his finishing-up date, so I may have done one or two in April 2023, but from May 2023.

MR CONDE: And during that time from May 2023 to now, to your observation, how efficiently have the group leadership teams - has the Group Leadership Team functioned as a unit during these meetings?

MR HUMPHREYS: Look, the comment I'd make on that, Mr Conde, is that I didn't have a comparison to make when I joined that team. So, I could only go by what I saw from that point in time. I found the GLT as a whole to be very welcoming to myself. There was a number of new members around that time. I think Betty Ivanoff joined the meetings around the same time that I commenced. There was a lot happening in and around that space at that time in May, that period of time, with the cost-out period that we were going through.

10 So there was a lot of discussions that were happening in different areas, so whether or not there was enough focus at different times on different matters would be the only other concern, because the meetings did tend to run long. So that was probably one of the observations I'd make.

15 **MR CONDE:** And, to your observation, why were meetings running long?

MR HUMPHREYS: As I mentioned, there was a number of items that needed discussing at the time. On the flip side, from what I witnessed in those meetings, there was a lot of discussion, which was good. There were questions and challenges being asked of the items that were being discussed. So, to me, that was a positive scenario, but that obviously does tend to make the meetings run later if there's a packed agenda.

25 **MR CONDE:** I see. And to what extent have you been involved in remediation milestones?

MR HUMPHREYS: From a remediation plan, I haven't had as much involvement in that space. I wasn't any of the stream owners. I attended the Remediation Steer Co to get updates on where we are at that point in time. We meet with the team regularly to understand what is coming up from a property point of view that we need to be aware of, and then documentation on the implementation and embedding of the milestones as they happen as they relate to operations.

35 **MR CONDE:** OK. Do you have any comment on - or assessment of Star's progress on - towards remediation?

MR HUMPHREYS: Look, I think there's a - I think there's 640-odd milestones that we're committed to meet over that period of time. I think the delay at the moment is essentially where those milestones are in regard to the assurance process. I think we've met 240 of those milestones in regard to we believe we completed those ones, but having the final step of that completion to go through the insurance - the assurance process with both KPMG as well as the manager's office is probably where we're behind, if I would be honest.

45 **MR CONDE:** Are you aware of any proposal to reset the assurance process?

MR HUMPHREYS: Yes, my understanding is that resetting review is happening as we speak.

MR CONDE: Right. And what is your understanding of that?

5 **MR HUMPHREYS:** There were - I think there were just - again, the milestones themselves are frequent, and whether they line up sufficiently between design, implement, embed, if we haven't finished the assurance process of the design process, it makes it hard to implement those in case the design is incorrect. So, to me, that's part of the issue that we're re-baselining to ensure that what we do implement and embed is correct and can be delivered.

10

MR CONDE: I see. Mr Bell, I have no further questions for Mr Humphreys.

15 **MR BELL SC:** Mr Humphreys, would it be fair to say that if The Star Casino in Sydney had followed its Internal Control Manuals and Standard Operating Procedures, the TICO fraud would have been discovered much sooner?

MR HUMPHREYS: Yes.

20 **MR BELL SC:** And as the senior management executive at Star Sydney in that period of time, what is your assessment of why it wasn't picked up sooner?

25 **MR HUMPHREYS:** Reflecting on what happened during that period, Mr Bell, the majority of the issue happened in a two-week period. And while there were, in my - to my belief, there was multiple red flags that should have happened - that should have been picked up prior to that period from 11 to 24 of July. The reason they were not classified or judged as a variance was essentially the issue, because if they - if it had been classified as a variance, anything over \$200 automatically generates a surveillance review and automatically goes on incident reports that then get viewed by multiple people. It would have been highlighted at a much earlier state.

30

MR BELL SC: Right. And would it be also fair to say that in relation to the falsification of responsible gaming records that if Star Casino in Sydney had followed its Internal Control Manuals and Standard Operating Procedures, that would not have occurred at all?

35

MR HUMPHREYS: Yes, I would suggest that, Mr Bell.

40 **MR BELL SC:** Yes. And I think you referred earlier to lack of resources at the time to - as being one of the problems there. Is that right?

MR HUMPHREYS: Yes.

45 **MR BELL SC:** And as the senior management executive responsible for The Star Casino Sydney in that period of time, would it be fair to say that Star Casino Sydney has not been adequately resourced to satisfactorily discharge its obligations under ICMs and SOPs?

MR HUMPHREYS: In that instance, that was definitely the case, it appears, Mr Bell, yes.

5 **MR BELL SC:** When you say "that instance", you're referring to the Safer Gambling issue?

MR HUMPHREYS: Correct.

10 **MR BELL SC:** Is resourcing also a potential issue for the TICO fraud not being picked up for six weeks or more?

15 **MR HUMPHREYS:** No, I don't believe resourcing was an issue in that case, Mr Bell. I think it was more oversight in the cage area and then with other areas that may have picked up these variances prior to when it was -

MR BELL SC: There were multiple areas of the casino that should have picked up this problem, weren't there?

20 **MR HUMPHREYS:** Yes.

MR BELL SC: There should have been balancing of cash much more frequently than, in fact, occurred?

25 **MR HUMPHREYS:** Correct.

MR BELL SC: So there presumably were multiple, multiple causes for these - for this problem?

30 **MR HUMPHREYS:** Yes.

MR BELL SC: Right. And at this stage is that something you're still reviewing?

MR HUMPHREYS: Sorry, Mr Bell?

35 **MR BELL SC:** Are you still reviewing the causes of this problem?

MR HUMPHREYS: No. The TICO fraud you're talking about, Mr Bell, now?

40 **MR BELL SC:** Yes, I am.

MR HUMPHREYS: Yes. No, I think we have finalised the root cause analysis and the investigation and recommendations in that space. The vast majority of those recommendations have been implemented. There are a couple that we're just finalising some SOP updates at the moment in regards to a technology increase that we did at the time.

MR BELL SC: Insofar as there were failures, there were failures across a broad range of - a range of functions within the casino?

MR HUMPHREYS: Yes.

5 **MR BELL SC:** Mr Ahmed, do you have any questions for Mr Humphreys?

MR AHMED SC: Mr Bell, there is one issue I need to seek some instructions on. I notice the time. Would it be convenient to take the morning adjournment?

10 **MR BELL SC:** Indeed. I'll adjourn now until 11.45.

<THE HEARING ADJOURNED AT 11.27 AM

<THE HEARING RESUMED AT 11.46 AM

15 **MR BELL SC:** Yes, Mr Ahmed.

MR AHMED SC: Thank you, Commissioner. I have no questions.

20 **MR BELL SC:** Yes. Dr Renwick, are you seeking leave to ask any questions of this witness?

DR RENWICK SC: Yes, I am seeking leave to ask questions about Mr Cooke's management style.

25 **MR BELL SC:** Sorry, I think we should go into private session to determine that application in private. We'll move into private mode and, operator, if you could take Mr Humphreys out of the private hearing room, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 11.47 AM.

30

<THE HEARING IN PUBLIC SESSION RESUMED AT 11.49 AM

MR BELL SC: Yes, Dr Renwick.

35 **<EXAMINATION BY DR RENWICK SC**

DR RENWICK SC: Mr Humphreys, my name is Renwick. I'm acting for Mr Cooke, and I have some questions in relation to your interaction with him. And I am particularly focusing on the time you joined the GLT, which, if I've got your
40 evidence correct, is about April last year. Is that correct, Mr Humphreys?

MR HUMPHREYS: I would suggest from May, but I may have been in one or two in April when Mr Wharton was on holidays.

45 **DR RENWICK SC:** So when you joined the GLT from that time, firstly, can I ask whether you felt you had adequate direct reports to you to fulfil your role?

MR HUMPHREYS: Direct reports to myself?

DR RENWICK SC: Yes.

MR HUMPHREYS: Yes, yes.

5

DR RENWICK SC: All right. Can I ask you some questions about Mr Cooke's general management style. What was - how would you describe Mr Cooke's general management style in his dealings with you, please?

10 **MR HUMPHREYS:** I thought I had a good working relationship with Mr Cooke. He was very approachable. He was open to suggestions and comments that we made from an operational point of view. He was a very hard worker. I would often get emails in the early hours of the morning but, yes, I had a - I thought a very good relationship, working relationship with Mr Cooke.

15

DR RENWICK SC: Thank you. So, for example, did you feel that if you needed additional team members he would be supportive of requests?

MR HUMPHREYS: Yes.

20

DR RENWICK SC: Did you consider he was empowering you in your role?

MR HUMPHREYS: Yes. With Scott Wharton leaving, like I said, there was some extra responsibilities in regard to committees, et cetera, that I would attend. But, again, if at any time I need any assistance, I knew Mr Cooke was always available, either on the phone or in person, to assist with them.

25

DR RENWICK SC: A couple of questions, please, about GLT meetings. Before GLT meetings, was it your experience that you were invited to add agenda items of concern to you?

30

MR HUMPHREYS: Yes.

DR RENWICK SC: Did you feel you had appropriate access to your GLT peers when you needed to interact with them?

35

MR HUMPHREYS: Yes.

DR RENWICK SC: A couple of final questions about Town Hall meetings in Sydney. I - there were fairly regular Town Hall meetings in Sydney which you attended and Mr Cooke also attended. Is that right?

40

MR HUMPHREYS: That's correct.

45 **DR RENWICK SC:** And did you - can you give any direct evidence about what you saw Mr Cooke say at those meetings to the Sydney staff about whether, if they felt there were problems with casino operations or matters with which they were uncomfortable, they were encouraged to speak up or call out such problems?

MR HUMPHREYS: Very much so.

5 **DR RENWICK SC:** Anything to (indistinct) about that? Yes.

MR HUMPHREYS: Yes.

10 **DR RENWICK SC:** So that happened, did it, on one occasion? More than one occasion?

MR HUMPHREYS: I would say that was the - a commentary would have been made of that either during a presentation Mr Cooke had made or in answering questions at those Town Halls during that period.

15 **DR RENWICK SC:** And, last question, to your observation, did you find Mr Cooke committed to remediation and cultural improvement?

MR HUMPHREYS: Yes.

20 **DR RENWICK SC:** And can you give an example of that, perhaps, to your observation?

25 **MR HUMPHREYS:** Mr Cooke was always, I think, demonstrating the values that we were trying to achieve, from what I saw and the way he communicated to me and to the team below. So from - as in regard to the messaging that he was saying and he was encouraging us to say from a property level down, I would suggest that was always positive.

30 **DR RENWICK SC:** No further questions, Commissioner.

MR BELL SC: Mr Humphreys, the Town Hall meetings were meetings at Sydney Town Hall of staff at the Sydney casino, were they?

35 **MR HUMPHREYS:** That's correct, Mr Bell.

MR BELL SC: How many of those did you attend?

40 **MR HUMPHREYS:** Mr Bell, they happened about once every six months for the all staff and about once every three months with the local leaders. So I would suggest during the period that I've been in this role, we would have had three, maybe four Town Halls and about five to six of the local leaders' meetings.

MR BELL SC: Right, I see. Thank you. Mr Conde, anything arising?

45 **MR CONDE:** No, Mr Bell.

MR BELL SC: Thank you for your attendance, Mr Humphreys, and for your evidence. The order I'll make is your examination is adjourned, which means it is

potentially possible you will be asked to come back, but that won't be necessary unless you hear from the solicitors assisting, thank you. Operator, can we now move into private mode, please, and if you could ask Mr Humphreys to move - leave the meeting.

5

<THE WITNESS WAS RELEASED

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 11.54 AM

10 **<THE HEARING IN PUBLIC SESSION RESUMED AT 11.55 AM**

MR BELL SC: Yes, Mr Conde.

15 **MR CONDE:** Mr Bell, that completes the list of witnesses we had originally proposed to have this week, but we have brought forward another witness, who is Ms Rav Townsend, who I propose to call. And we would need to take an adjudication - an adjournment consistent with the approach today.

20 **MR BELL SC:** All right. I'll have a short adjournment, thank you.

<THE HEARING ADJOURNED AT 11.56 AM

<THE HEARING RESUMED AT 12.05 PM

25 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: I call the next witness, Ms Rav Townsend.

30 **MR BELL SC:** Ms Townsend, can you hear me?

MS TOWNSEND: Yes, I can.

MR BELL SC: Do you have a legal representative there with you?

35 **MS TOWNSEND:** Yes, I do.

MR BELL SC: Who is that?

40 **MR BEATON:** Mr Bell, my name is Beaton. I appear for Ms Townsend.

MR BELL SC: Would you prefer an oath or affirmation?

MS TOWNSEND: An affirmation, please.

45 **<RAVNEET RENU TOWNSEND, AFFIRMED**

MR BELL SC: Yes, Mr Conde.

<EXAMINATION BY MR CONDE

MR CONDE: Ms Townsend, please state your full name.

5 **MS TOWNSEND:** Ravneet Renu Townsend.

MR CONDE: Are you aware that your address has been made known on your behalf to the solicitors assisting Mr Bell's inquiry?

10 **MS TOWNSEND:** Yes, I have.

MR CONDE: Are you the Chief Controls Officer at Star Entertainment?

15 **MS TOWNSEND:** That's correct.

MR CONDE: And have you been in that role since 11 July 2023?

MS TOWNSEND: Yes.

20 **MR CONDE:** What did you do before becoming the Chief Controls Officer at Star Entertainment?

25 **MS TOWNSEND:** I was at Deloitte working with Risk function and prior to that I was with KPMG.

MR CONDE: And what were you doing at KPMG?

30 **MS TOWNSEND:** At KPMG, I was an associate director - and after that at Deloitte, I was a director in the Risk Consulting practice.

MR CONDE: I see. Do you recall sending a letter on 1 September 2023 to Liquor & Gaming with an operational update regarding ECDD reviews?

35 **MS TOWNSEND:** Yes, I do.

MR CONDE: If I can ask that that be brought up please. It is INQ.5001.0001.0186. You see there's a letter there at - dated 1 September 2023 addressed to a Manager Casino Policy at Liquor & Gaming?

40 **MS TOWNSEND:** Yes, Mr Conde.

MR CONDE: And if I can show you page 0187. Do you see this was a letter sent by you?

45 **MS TOWNSEND:** Yes.

MR CONDE: Now, by this point, 1 September 2023, you would have been in the job for about one and a half months. Was - was this something you were involved in personally or were you relaying the work of others?

5 **MS TOWNSEND:** I was relaying the work of others.

MR CONDE: Okay. And who were those others, as best you can recall?

10 **MS TOWNSEND:** So this was prepared by my Line 1 team and the Line 2 team also reviewed it.

MR CONDE: And, as best you can recall, are there any particular names of people from the Lines 1 and 2 teams to whom you're referring?

15 **MS TOWNSEND:** Yes, so Luke Nielson, who's from Line 1, and Ritu Bhandari from Line 2.

20 **MR CONDE:** I see. Do you see on this page the section 2, it says Transitional Relief?

MS TOWNSEND: Yes.

25 **MR CONDE:** And there's a reference in the second paragraph in that section to 14,000 - sorry an increase of 14,618 customers. Do you see that?

MS TOWNSEND: One -

MR CONDE: Sorry, it's the paragraph - it says:

30 "Due to the increased scope of 14,618 customers as outlined above."

Do you see that?

35 **MS TOWNSEND:** Yes, I do.

MR CONDE: And then at the end of the third paragraph just after the blue text - and I should flag the blue text is confidential which I won't read out loud and I'd ask you not to either. But after the blue text in that third paragraph do you see it says:

40 "An ECDD on these Customers is being prioritised with a completion date targeted for 14 September 2023."

MS TOWNSEND: Yes, I can see that.

45 **MR CONDE:** And then in Table 1, that - do you see that? That's a - the heading is Status Update of 32,205 In Scope Remediation Customers?

MS TOWNSEND: Yes.

MR CONDE: And that's across seven measures. Do you see that?

MS TOWNSEND: Yes.

5

MR CONDE: Do you recall understanding around this time in early September 2023 that the NICC approved an extension for ECDD to be completed in respect of this backlog by the 30th of September 2023?

10 **MS TOWNSEND:** I was aware of that, yes, Mr Conde.

MR CONDE: So do you recall then on the 30th of September sending another letter to Liquor & Gaming New South Wales in relation to the backlog?

15 **MS TOWNSEND:** Yes, I do.

MR BELL SC: So, Ms Townsend, as the Group Chief Controls Officer, what steps did you take to satisfy yourself that the factual matters that you were asserting in this letter were correct?

20

MS TOWNSEND: Mr Bell, at this time I really did rely on my Line 1 team and Line 2 team because those individuals had agreed the approach for this, and I really heavily relied on them to input the data.

25 **MR BELL SC:** So I'll ask you again. What steps did you take to satisfy yourself that the factual matters in this letter were correct?

MS TOWNSEND: I didn't take any steps beyond what I just mentioned, Mr Bell.

30 **MR BELL SC:** What were those steps?

MS TOWNSEND: With the team, I got them to input that into the table and I took the numbers they inputted as accurate. I didn't do anything further.

35 **MR BELL SC:** You just signed what was put in front of you?

MS TOWNSEND: I relied on my team, yes.

MR BELL SC: So you just signed what was put in front of you?

40

MS TOWNSEND: Yes, Mr Bell.

MR BELL SC: Yes, Mr Conde.

45 **MR CONDE:** If we can go to INQ.5001.0001.0239. Do you see a letter dated 30 September 2023 addressed to a manager at Liquor & Gaming?

MS TOWNSEND: Yes, I can.

MR CONDE: And by this time, Ms Townsend, had your role changed in terms of being involved in these matters personally? Or were you continuing to relay the work of others?

5

MS TOWNSEND: I continued to relay the work of others, Mr Conde.

MR CONDE: Right. And I'll show you some particular figures in a moment, but do you see the second paragraph of this letter, it records:

10

"On 1 September 2023 TSEG notified Liquor, Gaming and Fair Trading Office of Liquor and Gaming Regulation that remediation cohort had increased by 14,618 ..."

Which took the customer remediation cohort to a total of 32,205? Sorry -

15

MS TOWNSEND: Yes, I -

MR CONDE: Then do you see two paragraphs below that it says :

20

"As at 30 September, all customers identified in the ECDD cohort (32,205) have been completed."

Do you see that?

25

MS TOWNSEND: Yes, I do.

MR CONDE: And is it correct that apart from relying on the Line 1 and 2 team members who you've referred to earlier, you did not otherwise take steps to satisfy yourself of the correctness of that statement?

30

MS TOWNSEND: That's correct, Mr Conde.

MR CONDE: If we can then go, please, to page 0240. Do you see there is then a table with seven columns recording seven different - sorry eight columns, but there's a record of seven different measures and rows of Not Started, In Progress and Completed?

35

MS TOWNSEND: Yes, I do.

40

MR CONDE: And all seven of those columns have 32,205 in the Completed row. Do you see that?

MS TOWNSEND: Yes.

45

MR CONDE: And, again, is it correct that for all of those figures and for that table, you relied on the colleagues you've referred to from Lines 1 and 2 to - in relation to that table?

MS TOWNSEND: That's correct.

MR BELL SC: Ms Townsend, how long had you been in the role Group Chief Controls Officer at the time you signed this letter?

5

MS TOWNSEND: I think it was 11 July, Mr Bell, so just a few months.

MR BELL SC: And you're telling me, are you, that once again you took no steps to satisfy yourself personally that the factual matters asserted in the letter were correct?

10

MS TOWNSEND: At this time, Mr Bell, I did respond to a letter from Mr Weeks. So I was across, I guess, the measures that they had taken to conduct ECDD, but I hadn't confirmed these numbers there, Mr Bell.

MR BELL SC: Let's be clear, what steps did you personally take to satisfy yourself that the factual matters asserted in this letter were correct?

MS TOWNSEND: Nothing separate from relying on my team.

MR BELL SC: And who in particular did you rely on?

MS TOWNSEND: My GM of Financial Crime Operations.

MR BELL SC: And what's his or her name?

25

MR BELL SC: Luke Neilson.

MR BELL SC: Yes, Mr Conde.

MR CONDE: If I can take you first of all to STA.8105.0002.0608 and go to page 0624. While that's coming up, Ms Townsend, are you aware of ICM3, Customer Probity?

MS TOWNSEND: Yes, I am.

35

MR CONDE: That should be coming up. Has that come up on your screen, Ms Townsend?

MS TOWNSEND: Yes.

40

MR CONDE: If we can go, please, to pages 0625 and 0626, if they can be brought up, please. And if I could ask you, please, Ms Townsend, to read to yourself paragraphs 5 and 6. As I indicated earlier, you'll see these are all blue, so -

MS TOWNSEND: They're not blue on my end, Mr Conde.

MR CONDE: Well, they are on mine. If I could ask you to read paragraphs 5 and 6 to yourself and not aloud.

MS TOWNSEND: Okay. Yes, Mr Conde.

5 **MR CONDE:** And, may, I then ask you to read to yourself paragraph 8, which is on the second page.

MS TOWNSEND: Yes.

10 **MR CONDE:** See that? So is it correct at the time of your letter dated 30 September 2023, you were aware that a requirement of the ICM was for ECDD to include Source of Wealth checks?

MS TOWNSEND: That's correct.

15 **MR CONDE:** Is it correct at the time of your letter dated 30 September 2023 you were aware that a requirement in the ICM was for any decision to continue to transact with a high-risk customer following ECDD had to be a decision made by either a person or a process approved by the regulator?

20 **MS TOWNSEND:** I was aware, yes.

MR CONDE: And would you agree that Source of Wealth checks were not, in fact, performed for those 32,000 customers referred to in your letter?

25 **MS TOWNSEND:** Mr Conde, I think for that particular step - so I'm going to talk to the best of my knowledge because the approach that was agreed for this backlog was agreed prior to me joining. So for these particular customers, the decision was made that, given these patrons had not been for quite some time - and it wasn't the full
30 32,000; it was a subset of that. I think it was approximately 25,000, roughly. For those patrons, because they hadn't gamed here or been at the casino for quite some time, the information they had on file wasn't sufficient. So for that subset of patrons, they were requesting new Source of Wealth documentation and they had put a note on the patrons' profile.

35 **MR BELL SC:** So to answer Counsel Assisting's question, do you agree that in respect to those 32,000 patrons that Source of Wealth checks were not performed?

40 **MS TOWNSEND:** Not for the full 32,000, Mr Bell, but the 25,000 that I spoke about, yes.

MR BELL SC: So, sorry, just to be clear, there were 7,000 - your understanding was that there were approximately 7,000 of these customers for whom Source of Wealth checks were not performed; is that the case?

45 **MS TOWNSEND:** No, Mr Bell. So for the 32,000, there was a subset that was removed. So patrons had already been excluded, or if they'd completed ECDD in the last 12 months, they were excluded from the cohort. And then there was

approximately two to three thousand which I believe went through the normal course of ECDD and Source of Wealth.

5 **MR BELL SC:** So in respect of the 32,000 patrons, approximately, how many of those approximately were Source of Wealth checks not performed?

MS TOWNSEND: Approximately 22 or 25 thousand, Mr Bell.

10 **MR BELL SC:** Thank you. Yes, Mr Conde.

MR CONDE: And is it correct to your understanding, Ms Townsend, that what Star had done was emailed the cohort of customers to say, "The next time you come in you'll be required to complete a Source of Wealth check, but you can complete one now if you want to"?

15 **MS TOWNSEND:** Mr Conde I don't believe emails were sent to the full cohort, I believe there was only some of the cohort which they could send it to. The remainder, the only steps that were taken was a note was put on the customer's account and the account was deactivated.

20 **MR CONDE:** I see. So there were emails sent and then there was that extra step in respect of those customers you've just mentioned. Is that correct?

25 **MS TOWNSEND:** Sorry, just to be clear, we didn't email the full cohort. Only a subset of the 25,000.

MR CONDE: Yes. Yes.

30 **MR BELL SC:** So, Ms Townsend, just so I'm clear, before you signed the letter of 30 September 2023, were you aware of what you've told me now that 22 to 25 thousand customers, that those customers had not had Source of Wealth checks performed?

35 **MS TOWNSEND:** I was aware that we had put this note, yes, Mr Bell.

MR BELL SC: Yes, Mr Conde.

40 **MR CONDE:** Well, before coming to that, Ms Townsend, just in terms of the process that was adopted, would you agree that what - the approach that was adopted was what might be called a risk-based workaround?

MS TOWNSEND: That's the way that it's been explained. It's been a risk-based approach, yes.

45 **MR CONDE:** But would you agree it's a workaround in the sense that you had 32,000 people to deal with - and I appreciate that it breaks down into a subset and so forth, but the way to deal with that many people in that amount of time was to adopt the approach that was taken. Is that correct?

MS TOWNSEND: I can't comment on the way that they designed it, Mr Conde.

MR CONDE: Okay. Well, if we can go -

5

MR BELL SC: But it would be fair to describe it as a work around, wouldn't it, in your understanding?

MS TOWNSEND: Mr Bell, to me, it was not explained as a workaround. The way it was explained is it's - for these particular customers, the 22,000, they weren't able to get the Source of Wealth from them because they couldn't contact them, and this was the only approach they could take. I don't know if I would consider that a workaround.

10
MR BELL SC: Well, how would you describe it?

MS TOWNSEND: I guess it's - I don't see any other option of obtaining Source of Wealth on these customers if you can't contact them so I do believe that it was the only steps that they could take or the options. And we did deactivate -

20

MR BELL SC: There was no just Source of Wealth check performed for those 22 to 25,000 customers; is that right?

MS TOWNSEND: That's right, Mr Bell.

25

MR BELL SC: Yes, Mr Conde.

MR CONDE: If we can pull back up, please, INQ.5001.0001.0239. This is back to the 30 September letter. If we can go to page 0240, please. And do you see "Measure 5 (SOW)" in that table?

30

MS TOWNSEND: Yes, I do, Mr Conde.

MR CONDE: And that stands for Source of Wealth, doesn't it?

35

MS TOWNSEND: Yes.

MR CONDE: And it says Completed, 32,205?

40

MS TOWNSEND: Yes.

MR CONDE: And that was wrong, correct?

MS TOWNSEND: That's correct.

45

MR BELL SC: And you knew it was wrong at the time, did you?

MS TOWNSEND: I didn't believe that at the time, Mr Bell.

MR BELL SC: So it suddenly dawned on you, has it, that this representation in this letter was false?

5 **MS TOWNSEND:** I think there's two elements, Mr Bell. So the first one that's come to my attention just recently is - and I didn't know it at the time - is that it shouldn't have been 32,000; it should have been had 25 that I'm referring to. In regards to the second point around the 25,000, I understood it, based on discussions, that if we put the note on the file, that means that that step was complete so I took the guidance of
10 that.

MR BELL SC: But at the time you signed this letter, you've told me, you knew Source of Wealth checks had not been performed for 22 to 25 thousand of those cohort; correct?
15

MS TOWNSEND: Mr Bell, so putting the note on the file and not reviewing the Source of Wealth, at that point in time, I was advised we completed that step and hence why I put the number on there.

20 **MR BELL SC:** I would be grateful if you would answer my question. At the time you signed this letter, you've told me, haven't you, that you knew that Source of Wealth checks had not been performed for 22 to 25 thousand of this cohort?

MS TOWNSEND: Yes.
25

MR BELL SC: Yes, Mr Conde.

MR CONDE: Did - were you also aware, Ms Townsend, that transaction analysis had only been conducted for customers who had transacted with the Star in the last
30 12 months?

MS TOWNSEND: Yes, that's right.

MR CONDE: And did you know that at the time of sending the letter?
35

MS TOWNSEND: Yes.

MR CONDE: And so do you see Measure 6 has - says "(Transaction analysis)",
40 32,205.

MS TOWNSEND: Yes.

MR CONDE: And that was wrong. Is that correct?

45 **MS TOWNSEND:** Mr Conde, in the AML programs it stipulates that we will only review - at that time. It was different now, but at the time of submitting this is that you would only review transaction analysis for the last three months. I understand that the approach for this was taken to look at 12 months. So if there was any patrons

that had transactional analysis which was older, we did not review it based on the AML program.

5 **MR CONDE:** But isn't it the case that you've told the regulator in this letter that 32,205 customers have been completed for ECDD in relation to transaction analysis in circumstances where you knew that transaction analysis had only been conducted for people who had transacted in the last 12 months?

10 **MS TOWNSEND:** I can see now reviewing it how it can be taken that way, Mr Conde, yes.

MR CONDE: Well, would you agree again there was a kind of risk-based workaround adopted?

15 **MS TOWNSEND:** Again, I don't think it's a workaround. From my perspective, they followed the AML program. But I understand that this looks like we conducted it on the full cohort, so I accept that.

20 **MR CONDE:** Do you - is it - do you consider that this had to be done this way because otherwise you weren't going to meet the 30 September 2023 deadline?

MS TOWNSEND: Mr Conde, I can't comment because I didn't come up with the plan on how to complete it so I can't really comment.

25 **MR CONDE:** So you weren't aware of the reasons for the approach but, nonetheless, it resulted in you being able to send this letter on 30 September. Is that correct?

MS TOWNSEND: That's right.

30 **MR CONDE:** Well, do you agree that by adopting the approaches it did, Star breached ICM3?

35 **MS TOWNSEND:** I believe we have breached ICM3 in relation to one of the controls - one of the obligations, sorry, Mr Conde, we have.

MR CONDE: So far as you're aware, is it correct that if a customer is deemed "inactive", the customer can still access the Sydney casino and play up to \$5,000 and is not loaded in for facial recognition?

40 **MS TOWNSEND:** Yes, that's right.

MR CONDE: And what, if any, comment do you have on that?

45 **MS TOWNSEND:** Again, I don't have any comment on - on it, given I wasn't a part of the approach that decided on how we would remediate the backlog.

MR CONDE: Are you aware that on the 29th of November 2023, the manager Mr Weeks sent a memorandum to the NICC with concerns in relation to The Star

Proprietary Limited's customer risk assessment and Enhanced Customer Due Diligence remediation?

5 **MS TOWNSEND:** I'm aware of it, yes.

MR CONDE: Do you recall being aware at the time or has that been subsequently?

10 **MS TOWNSEND:** I don't know if I was made aware at that time. I don't remember. But I was aware and Nick - Mr Weeks did have concerns and we did have a meeting with Mr Weeks as well in regards to it.

MR CONDE: Perhaps if I could ask MGR.0001 -

15 **MR BELL SC:** Sorry, Mr Conde, before we leave this document, Ms Townsend, take as much time as you need, but I want you to have an opportunity to tell me why I should not conclude that you have misled the regulator in this letter in relation to the facts concerning Source of Wealth and transaction analysis.

20 **MS TOWNSEND:** Mr Bell, at the time of signing this letter, I thought it was accurate. I did not send this letter wanting to mislead the regulator. I accept now, looking back at it, that it could be looked at it that way, but it was not my intention and it was not my understanding when I sent that letter to the regulator.

25 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: Sorry, I was just - yes, if we go, please, to MGR.0001.0001.0103. And has a memorandum come up for you, Ms Townsend, dated 29 November 2023 expressed to be from the manager's office to the NICC?

30 **MS TOWNSEND:** Yes, it has.

MR CONDE: And is this a - does this jog your memory about - is this a document that you've seen before?

35 **MS TOWNSEND:** I don't believe I've seen it, Mr Conde.

40 **MR CONDE:** And, again, I should indicate the blue is not - would not have been on the original. That's a confidentiality marking. Okay. If we go, please, to pages 105 and 106 of this document. And do you see - it's paragraph 25. It's under the heading Manager's Observations on ECDD Conducted for the Remediation Cohort.

MS TOWNSEND: Yes, I can see that.

45 **MR CONDE:** And starting with subparagraph a, which is Source of Wealth, would you agree that what the manager has recorded in the two paragraphs, i and ii, was correct?

MS TOWNSEND: Could I have a minute to read it, Mr Conde?

MR CONDE: Of course. Of course.

5 **MS TOWNSEND:** Mr Conde, in terms of the first point there, like I said, I'm not sure if we emailed the full cohort of patrons.

MR CONDE: Yes.

10 **MS TOWNSEND:** So I'm not sure on that. And I'm not sure on the number of 397 but the - what Mr Weeks has mentioned seems correct. Just the numbers I'm unsure of.

15 **MR CONDE:** Right. And I'll come back to b, but if you look at c, Transaction Analysis, again, if I could ask you to read the two i and ii paragraphs there and say whether you agree with what's recorded there.

MS TOWNSEND: Mr Conde, I agree with the comments there. Again, I am not sure about the numbers.

20 **MR CONDE:** Right. And then b, do you see it's - there's a heading Bulk Approval and then Mr Weeks has written some comments. If I could ask you to read those.

25 **MS TOWNSEND:** Mr Conde, I'm not too sure on this Bulk Approvals section. I know that there were bulk approvals made, but I'm not sure to the extent of if it was - so if the patron had no Source of Wealth, so what we just spoke about there, where we had asked them for the Source of Wealth, there was particular - sorry, if I step back a minute. For the seven measures of ECDD, if there was particular criteria, I understand that that bulk approvals were made. In terms of the criteria, I'm unsure of what that criteria was, but it was not the full subset.

30 **MR CONDE:** Right. You've mentioned earlier you were aware of the Source of Wealth and Transaction Analysis matters, subject to those clarifications you've given, at 30 September 2023. Were you aware of a general approach of involving bulk approval at that time as well?

35 **MS TOWNSEND:** I was aware that bulk approvals were made, yes.

40 **MR CONDE:** Right. And I think you've already given evidence about this but just to be clear, if you could review paragraph d and the paragraphs ii and iii under that and let me know if you agree or disagree with what's said there, please.

MS TOWNSEND: Yes, I can see that and that's correct.

45 **MR CONDE:** It's correct. Now, putting to one side what you were saying about your intent or - at the time in sending that 30 September 2023 letter, would you agree that it's just a wholly unsatisfactory state of affairs to have that communication going to the regulator in the form that it did in those circumstances?

MS TOWNSEND: Yes, Mr Conde.

MR CONDE: Ms Townsend, do you recall what's been described as the TICO fraud event?

5

MS TOWNSEND: Yes, I am.

MR CONDE: Is - do - would you agree with me that it revealed at least two important issues, one being a technological one which needed fixing, and the second relating to detection or lack thereof for a period of close to two months? Would you agree with that?

10

MS TOWNSEND: Yes.

MR CONDE: Are you presently satisfied as the Chief Controls Officer that those two general issues have been fixed?

15

MS TOWNSEND: I am satisfied that we have put in processes and controls, yes.

MR CONDE: And what is the basis of that? What makes you satisfied in that respect?

20

MS TOWNSEND: So we were provided the Investigations Report which included approximately 23 recommendations. I had two team members which then worked with - on those recommendations and have built it out. We've further extended it to, I think, 53 recommendations and we're currently working with all the different teams on those to implement those. They're been tracked and those updates are sent through to the Sydney team, and I get updates on where we're progressing with those as well.

25

MR CONDE: And do you get those updates in your capacity as Chief Controls Officer or as a member of the GLT or some other capacity?

30

MS TOWNSEND: As the Chief Controls Officer.

MR CONDE: I see. Are you aware of Operation Falskur?

35

MS TOWNSEND: Yes, I am.

MR CONDE: This is the issue of Guest Support Officers recording false entries to suggest patrons had been checked on when they had not. Is that correct?

40

MS TOWNSEND: That's correct.

MR CONDE: Would you agree that that revealed or reveals a very serious and systemic risk in relation to responsible service of gaming at The Star Sydney?

45

MS TOWNSEND: Yes, I do agree with that.

MR CONDE: And who to your knowledge has been leading Star's response to make sure that, going forward, there is an intervention for patrons who are gaming for three hours or more?

5 **MS TOWNSEND:** So I'm leading that, Mr Conde.

MR CONDE: I see. And are you satisfied presently that there is - that there are processes in place to make sure that there will be an intervention for patrons who are gaming for three hours or more?

10

MS TOWNSEND: Currently, no.

MR CONDE: Right. And may I ask you please to explain that?

15 **MS TOWNSEND:** We're still in the process - so I stood up a team prior to this incident occurring early January to look at all of our obligations and understand what our current processes are. So I have got a team reviewing every single process that we've got to understand are we meeting our obligations, and we're currently conducting that uplift. So currently I don't think we have everything in place yet. Am I confident that we will? Yes.

20

MR CONDE: And when do you expect that to - for everything to be in place?

MS TOWNSEND: So I think we're a couple of months off at the moment.

25

MR CONDE: I've been asking there about interventions at the three-hour mark. Is the work that you're referring to there, does that also encompass making sure that, going forward, TrackVia entries are recorded accurately?

30 **MS TOWNSEND:** Yes, Mr Conde, in terms of the interactions, yes.

MR CONDE: And is it the same - would you say in respect of that that you have - you're not presently confident that The Star has systems in place to make sure that TrackVia entries are accurate but you expect that to be fixed in the next few months?

35

MS TOWNSEND: In regards to that specific element, Mr Conde, I've introduced new controls to - and they're audits, effectively, so making sure that we review all our staff. So that's already been implemented immediately after the first incident. So I'm confident that we do have controls in that space for that particular issue.

40

MR CONDE: I see. So you are satisfied that the controls presently in place at the Sydney property are sufficient to ensure that if TrackVia entries are falsified, that can be detected promptly?

45

MS TOWNSEND: Yes, Mr Conde.

MR CONDE: Right. Are you aware that this issue came to light as a result of an inquiry from Liquor & Gaming and not as a result of any processes within The Star?

MS TOWNSEND: Yes.

5

MR CONDE: Does that concern you in terms of detection practices?

MS TOWNSEND: Yes, it does.

10 **MR CONDE:** And are you satisfied that controls presently in place at the Sydney property are sufficient to ensure that if such conduct were to occur again, it would be detected promptly?

15 **MS TOWNSEND:** Mr Conde, in relation to the three-hour or just - are you referring to -

MR CONDE: Yes, both. Well - sorry.

20 **MS TOWNSEND:** No. Three hours, yes, as I mentioned, but for other elements, no, I'm not 100 per cent confident.

MR CONDE: Right. And if I could ask you, please, to explain why?

25 **MS TOWNSEND:** The Group Controls team was - I was the first member when I joined in July to set that up, so it is a newly-formed function. We did have a project team which helped deliver the ICMs prior to that, but it was quite a rapid delivery in a small period of time. And since setting up the Controls function, I only brought on my GM Controls in October. So that team's only really forming, growing, and they're starting to test the controls, review all the processes to make sure that they're
30 sufficient. Until they've done - done that, I won't have the confidence.

MR CONDE: I see. And - do you have a rough timeframe for when you expect that work to be done?

35 **MS TOWNSEND:** It's going to take time, Mr Conde. We are trying to grow the team, so I don't have a time period at this stage. We are looking at high-risk areas, though, so we are looking at financial crime, Safer Gambling. We're trying to prioritise work.

MR CONDE: Do you think it would be months or years?

40

MS TOWNSEND: To get through the high-risk areas, months.

MR CONDE: Right. Is it correct, Ms Townsend, that you have been a member of the GLT throughout your time as Chief Controls Officer?

45

MS TOWNSEND: Yes, that's right.

MR CONDE: And to your observation, how efficiently has the Group Leadership Team functioned while you have been on it?

5 **MS TOWNSEND:** In terms of the GLT, it could be more efficient. I think, individually, each GLT member is quite dedicated, hard-working. In terms of functioning, I think we have not been as, I guess, a unit as we should be.

MR CONDE: And what do you mean by that, Ms Townsend?

10 **MS TOWNSEND:** I guess each GLT member has their own priorities and focus and, from my perspective, I feel that the GLT hasn't functioned as a cohesive unit and come together and focused on priorities together as a group. It feels like it has been more of an individual - individuals.

15 **MR CONDE:** Right. Are you aware of reports sent by the manager Mr Weeks dated 3 October 2023 and 24 November 2023 which were provided by the manager to the NICC but were made available to The Star on 29 November 2023?

20 **MS TOWNSEND:** I am aware of those, yes.

MR CONDE: Have you seen them?

MS TOWNSEND: Yes.

25 **MR CONDE:** And when was that, Ms Townsend?

MS TOWNSEND: I saw just a small subset from Mr Cooke that I had to reply to, and it was only my subset in regards to Controls. I was shown the full set of reports just in the last couple of weeks.

30 **MR CONDE:** I see. Do you recall a GLT meeting where Ms Ivanoff called for copies of the reports?

35 **MS TOWNSEND:** Yes.

MR CONDE: And what is your recollection of the conversation?

40 **MS TOWNSEND:** Ms Ivanoff had mentioned that she was aware that there were reports and if Mr Cooke would be able to share them with us. Mr Cooke advised that he wouldn't be able to share it with us and it was up to the discretion of the board.

MR CONDE: Do you recall approximately when this took place?

45 **MS TOWNSEND:** December from memory, Mr Conde.

MR CONDE: December 2023?

MS TOWNSEND: That's correct.

MR CONDE: Are you involved, Ms Townsend, in Star's remediation program and achievement of milestones?

5 **MS TOWNSEND:** Yes, I am.

MR CONDE: And what is the nature of your involvement?

10 **MS TOWNSEND:** I am one of the executive sponsors for the workstream which is in regards to exclusions.

MR CONDE: I'm sorry, Ms Townsend, I missed the last part.

15 **MS TOWNSEND:** Sorry, it was exclusions. Workstream 6, I think, from memory.

MR CONDE: I see. And what is the general nature of the work there?

20 **MS TOWNSEND:** So I think there was a finding in Bell 1 in regards to exclusions and ensuring that our exclusions were consistent across both states. So that workstream looked to stand up a team which processed exclusions and revocations. So majority of the process would sit in a central team, so standing up that function and making sure we have the processes and controls and making sure that we actually cleared our backlog of exclusions that we had.

25 **MR CONDE:** I see. And what is your assessment of Star's progress towards remediation in workstream 6?

30 **MS TOWNSEND:** I think we're progressing well. Majority of the backlog has now been closed off. And we have stood up a team called Customer Life Cycle Management Team which processes these as well moving forward.

MR CONDE: Do you have any expectation around timing for the finalisation of that workstream 6?

35 **MS TOWNSEND:** It's dependent on technology, Mr Conde. So we are - we've stood up the process as it is today and we're now looking to leverage how we cannot use individuals to replicate exclusions but technology. So I'm not sure what the date is on that, from memory.

40 **MR CONDE:** I see. Do you have any awareness of Star's progress towards remediation more generally across the full program?

MS TOWNSEND: Yes, I do.

45 **MR CONDE:** And what is that?

MS TOWNSEND: I think we're still - we have a lot of milestones on that remediation plan. We are behind in terms of delivering the milestones through to Mr Weeks. There's - from my perspective, there's a lot still to get through.

5 **MR CONDE:** Thank you. Do - are you aware of a proposed reset of the remediation program?

MS TOWNSEND: Yes, I am.

10 **MR CONDE:** And what is that?

MS TOWNSEND: We're undertaking activities to look at the prioritisation of some of these milestones. I have also requested that I have a separate workstream. So when this remediation plan was developed, I had only just commenced. So I'm speaking
15 with the lead on how I get my own workstream to ensure that my activities from a Controls functions are stipulated in my own workstream.

MR CONDE: And does the - do you expect the reset to affect your workstream 6 in particular?
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MS TOWNSEND: I have requested additional milestones be added into workstream 6, Mr Conde.

MR CONDE: I see. Mr Bell, those were my questions for Ms Townsend.
25

MR BELL SC: Yes. Mr Ahmed, do you have any questions?

MR AHMED SC: No. Thank you, Commissioner.

30 **MR BELL SC:** Dr Renwick, do you seek leave to ask any questions?

DR RENWICK SC: Yes, on the same basis and on the same topics as the previous witness, if that's convenient.

35 **MR BELL SC:** Yes, I grant that leave.

<EXAMINATION BY DR RENWICK SC

DR RENWICK SC: Ms Townsend, my name is Renwick. I'm acting for Mr Robbie
40 Cooke. I just have a couple of questions about your role in the GLT. From the time you joined on 11 July 2023 in your current role, I think it's right to say you attended the GLT meetings from that time?

MS TOWNSEND: That's right.
45

DR RENWICK SC: Can I just ask you about the capacity you observed as a GLT member to add things - add agenda items. Were you able to do that as required?

MS TOWNSEND: Yes, I was.

DR RENWICK SC: Can I ask you in relation to your dealings with Mr Cooke, do you have any general observations about his management style, in relation to you?

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MS TOWNSEND: Robbie and I met every fortnight. He was supportive. He would assist in areas where I required support. He - yeah, so there were some areas where I would have loved more support or more intervention, I guess, and sometimes I didn't always get that, given he was so extremely busy, but he was always supportive of the work I did.

10

DR RENWICK SC: Yes, no further questions, Commissioner.

MR BELL SC: Mr Beaton, do you wish to ask any questions of Ms Townsend?

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MR BEATON: No, thank you, Mr Bell.

MR BELL SC: Yes. Ms Townsend, thank you for your attendance today and for your - sorry, Mr Conde.

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MR CONDE: Sorry. I did have a question arising.

MR BELL SC: Yes, of course.

MR CONDE: Ms Townsend, you referred to areas for more support. What were you referring to?

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MS TOWNSEND: Mr Conde, I guess with the three lines of accountability, I feel like there's been a lot more focus on the second line. I did ask for support on ensuring there was clarity between Line 1 and Line 2, between myself and Mr Saunders, and that was the support that I did ask from Mr Cooke. And I guess that was left to me to work through, as opposed to getting the support that I would have wanted from Mr Cooke.

30

MR CONDE: And, Ms Townsend, do you have any other comments that you wish to make?

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MS TOWNSEND: No, I don't.

MR CONDE: Thank you, Ms Townsend. Mr Bell, I have no further questions.

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MR BELL SC: Mr Beaton, anything arising from that?

MR BEATON: No, thank you, Mr Bell.

45

MR BELL SC: Ms Townsend, the order I'll make is that your examination is adjourned, but you won't be required to attend again unless you receive notification from the solicitors assisting the inquiry. Thank you.

MS TOWNSEND: Thank you.

<THE WITNESS WAS RELEASED

5

MR BELL SC: Yes, Mr Conde.

MR CONDE: Mr Bell, that concludes the list of witnesses for this week, plus the addition of Ms Townsend. The next witness is Mr Scott Saunders, and I believe he's been given a marking or an indication that we'll be commencing at 10 am on Monday.

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MR BELL SC: All right. Mr Ahmed, I believe you wanted to make an application about sitting days next week?

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MR AHMED SC: Yes, please, Commissioner. Commissioner, you would be aware that the Senior Counsel engaged in this matter are Mr Walker and myself. Unfortunately, both of us have pre-existing commitments on 26 April so, in our application, what we'd ask, appearing that we appear to be running ahead of time, would be that the Commission not sit on 26 April.

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MR BELL SC: Mr Conde, do you want to say anything about that?

MR CONDE: No, Mr Bell.

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MR BELL SC: All right. Very well. Well, as we are running ahead of schedule, I'll do that and the inquiry won't sit on 26 April.

MR AHMED SC: Thank you, Commissioner. We're very grateful.

30

MR BELL SC: Is there anything else anyone wanted to raise before we adjourn for the week?

DR RENWICK SC: Yes, with your permission, Commissioner - and I'm happy to do this in private session - just some timetabling issues just so that we can have an idea of - I think there's now another two, four, six witnesses to go. And then what - after that has concluded, what timetable is proposed?

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I appreciate leave is needed for submissions as well, but we are anticipating that, at some point, Counsel Assisting will be providing submissions relevant to our client. When might we expect, very roughly, that to occur after the end of the evidence. Very roughly, when is it expected we would need to respond? Mr Conde may not know at the minute, but at a convenient time, we would be grateful so that we can assist the Commission.

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MR BELL SC: Well, why don't we move to private mode and we can have at least a preliminary discussion about those matters now. That concludes the public hearings for this week.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12.57 PM