



NEW SOUTH WALES INDEPENDENT CASINO COMMISSION

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

**PUBLIC HEARING
DAY 6**

MONDAY, 22 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 R. HARRIS FOR WITNESS BETTY IVANOFF

MR D. McLURE SC FOR WITNESS NICOLA BURKE

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<THE HEARING IN PUBLIC SESSION RESUMED AT 10.02 AM

MR BELL SC: Dr Renwick, I understand you wish to make an application. Is that right?

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DR RENWICK SC: Yes, Commissioner. Yesterday those instructing me provided to those instructing -

10 **MR BELL SC:** I might just interrupt you, Dr Renwick. I think we might hear this application in private hearing mode. Operator, can you take us back to private hearing mode, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 10.03 AM

15 **<THE HEARING IN PUBLIC SESSION RESUMED AT 10.23 AM**

MR BELL SC: Yes, Mr Conde.

20 **MR CONDE:** I call the next witness, Mr Scott Saunders.

MR BELL SC: Mr Saunders, can you hear me?

MR SAUNDERS: I can hear you, yes.

25 **MR BELL SC:** Would you rather take an oath or affirmation?

MR SAUNDERS: An affirmation, please.

30 **<TREVOR SCOTT SAUNDERS, AFFIRMED**

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

<EXAMINATION BY MR CONDE

35 **MR CONDE:** Mr Saunders, may I trouble you, please, to state your full name?

MR SAUNDERS: Trevor Scott Saunders.

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

MR SAUNDERS: Yes, I am.

45 **MR CONDE:** Is it correct that you are the Chief Risk Officer of Star Entertainment?

MR SAUNDERS: Yes, that's correct.

MR CONDE: And did you commence in that role on 13 February 2023?

MR SAUNDERS: Yes, that's right.

5 **MR CONDE:** Is it correct that before joining Star Entertainment you were the General Manager, Financial Crime and Chief Compliance Officer at Westpac Banking Corporation?

MR SAUNDERS: That's correct, yes.

10 **MR CONDE:** Is it correct you worked at Westpac from 2019 to 2023?

MR SAUNDERS: Yes, that's right.

15 **MR CONDE:** Is it correct before Westpac you worked at Macquarie Group where you were responsible for Enterprise Compliance and Financial Crime Compliance?

MR SAUNDERS: That's right, yes.

20 **MR CONDE:** Did you work at Macquarie Group from 2009 to 2019?

MR SAUNDERS: I actually started in January 2010 at Macquarie Group.

25 **MR CONDE:** And before that, is it correct that you worked at National Australia Bank as the Money Laundering Reporting Officer from 2008 to 2009?

MR SAUNDERS: Yes, that's correct.

MR CONDE: In terms of your role at Star Entertainment, are you based in Sydney?

30 **MR SAUNDERS:** I am based in Sydney, yes, for my role.

MR CONDE: Do you go to Queensland often?

35 **MR SAUNDERS:** Yes. Yes, every few weeks. Probably once a month on average.

MR CONDE: What does your work as Chief Risk Officer at Star Entertainment involve?

40 **MR SAUNDERS:** So, it's my role to - to establish the frameworks and the solutions to identify and manage risk for the group, aggregate those risks and report them to executive management and to the board and make sure that risks are understood and appropriate solutions are in place to mitigate the risks.

45 **MR CONDE:** Is it correct that you are the person on the GLT who is responsible for regulatory engagement?

MR SAUNDERS: The Regulatory Engagement team reports to me, yes.

MR CONDE: And in terms, then, of people on the GLT engaging with regulators, there would be obviously the CEO but then would you be the next most logical person on the GLT for that?

5 **MR SAUNDERS:** No, not necessarily. It would depend on the issues. So the reason I hesitated before in answering the question about what I was responsible for is that it really is the GLT's responsibility to engage with regulators depending on the nature of the issue. So the actual team, the Regulatory Engagement team reports to me, and we manage sort of submissions and the like. But there are different people who have
10 different levels of accountability for engagement with regulators on different topics.

MR CONDE: And so how does that work in terms of dividing up who is going to be the person responsible?

15 **MR SAUNDERS:** Well, so in the past, it's been a little bit ad hoc, to be honest. What we have done recently is establish a Regulatory Engagement Policy and a Regulatory Engagement Strategy that, became effective on the 1st of March to help us set out who owns what relationships and make it clear what each owner of each relationship actually does.

20 **MR CONDE:** And what relationships do you own, Mr Saunders?

MR SAUNDERS: I am principally responsible for engaging with L&G in the most part. But other people in my team are responsible for engaging with AUSTRAC on
25 day-to-day matters.

MR CONDE: When you say L&G - are you also the person responsible for the engagement with the NICC?

30 **MR SAUNDERS:** No. I wouldn't say that, no.

MR CONDE: Who is responsible for that?

MR SAUNDERS: That would be Mr Cooke.

35 **MR CONDE:** Or would it now be Mr Foster?

MR SAUNDERS: Sorry, pardon me, Mr Foster, yes.

40 **MR CONDE:** It would be the CEO.

MR SAUNDERS: The CEO, yes.

MR CONDE: So AUSTRAC is somebody who reports to you; is that correct?
45

MR SAUNDERS: The money laundering reporting officer reports to me. The AML/CTF compliance officer reports to me and it's her responsibility to manage the affairs with - day-to-day affairs with AUSTRAC.

MR CONDE: In terms of Queensland, are you responsible for the OLGR engagement?

5 **MR SAUNDERS:** Generally speaking, no. That would be the CEOs of the properties in Queensland. They would have those responsibilities.

MR CONDE: I see. Yes. To the extent that you are engaging with regulators, would you say that naturally forms part of your work as Chief Risk Officer? Or is it more of
10 an additional responsibility?

MR SAUNDERS: As the second line risk function, it's part of our role to engage with regulators and make sure that we are being responsive to the needs, breach reporting, responding to notices and in dealing with new regulations that may come
15 out and the like and interpreting those for the properties to operationalise. So, yes, from that context, we engage with regulators.

MR CONDE: So if I can give an example, you are aware, I take it, of the Guest Support Officer issue in Sydney?
20

MR SAUNDERS: Yes.

MR CONDE: And is it - with that, first of all as the Chief Risk Officer, you would have been involved, I take it, in any number of internal responses and activities to
25 identify what happened, identify people requiring disciplinary action, taking steps to make sure that going forward this risk is unlikely to arise again. Is that correct?

MR SAUNDERS: Yes, that is correct, yes.

30 **MR CONDE:** And then, armed with that internal work and knowledge, is it sort of natural and easy enough for you, then, to be the person engaging externally with the regulator L&G or does that external engagement require sort of separate and additional work in and of itself?

35 **MR SAUNDERS:** Well, probably both. So in that particular matter, the Investigations team, which reports to me, is doing the investigation into the activity and the GSOs and GSMs in Star Sydney. That individual who leads that team is dealing directly with L&G on feedback on day-to-day matters as they're coming up through that investigation. But I have had conversations with L&G about that matter
40 as well. So that's part of resolving everything and keeping our regulators engaged on matters that are significant.

MR CONDE: Would it assist your work to have someone on the GLT with a dedicated responsibility for engaging with the regulator? With different regulators?
45

MR SAUNDERS: No. No, I wouldn't say that. To me, it's a shared accountability on an issue-by-issue and regulator-by-regulator basis. If you have one person dedicated to dealing with regulators, they can't possibly be across all the issues that could come

up and need to be discussed with the regulators. It's a little bit inefficient, I would say.

5 **MR CONDE:** So putting it the other way, there are efficiencies based on having that internal knowledge and involvement initially. Is that correct?

MR SAUNDERS: Of matters that are discussed, yes, for sure, yes.

10 **MR CONDE:** Are you aware, Mr Saunders, that Mr Bell's first inquiry made recommendations for more autonomy at the licensee company level, including that The Star Sydney should have its own risk officer?

MR SAUNDERS: Yes, I am aware of that, yes.

15 **MR CONDE:** Would you agree, though, that at present, when important matters relating to risk at the Sydney property arise, they are managed at the group level?

20 **MR SAUNDERS:** I would say it's a bit of a split, but I wouldn't completely disagree with what you have just said, no.

MR CONDE: So when you mentioned there is a split, how does that arise?

25 **MR SAUNDERS:** Well, it depends a little bit on the nature of the issue. Many of the issues we are dealing with now at the Star are group-wide. Our financial crime enhancements and the like are group-wide, not just The Star Sydney. So it makes sense to solve those centrally. But some matters are more for the property specifically, such as events that happen on the property. Things like complimentary alcohol and the re-introduction of that.

30 **MR CONDE:** With the Guest Support Officers, is that a Sydney property matter?

MR SAUNDERS: That - not exclusively, no. Materially, yes, and certainly when I started, it was just thought to be a Star Sydney problem, but we have identified a small number of issues in other departments as well.

35 **MR CONDE:** And what are those, Mr Saunders?

40 **MR SAUNDERS:** They are the same as the ones that have been identified in Sydney.

MR CONDE: And is that in the Gold Coast? Is that where the other issues have been identified?

45 **MR SAUNDERS:** There is one in Gold Coast and one in Treasury in Brisbane.

MR CONDE: And is there - are those matters being investigated as part of the current operation or do they have separate investigations?

MR SAUNDERS: The Investigations team and the Risk - and my Risk team is looking at it as well as the ones at The Star Sydney.

5 **MR CONDE:** Right. Do you recall when the ones in Gold Coast and Treasury were first identified?

MR SAUNDERS: Only very recently. In the past fortnight, I would say.

10 **MR CONDE:** Right. And are you aware of the status of the investigation so far as those sites are concerned?

MR SAUNDERS: Yes. So, we are talking about - in Queensland now, we're talking about.

15 **MR CONDE:** Yes.

MR SAUNDERS: Yes. Yes, so we are in the process of expanding our surveillance, our monitoring and checking our records that have been maintained by the GSOs and GSMs in Queensland just to make sure we have got a full understanding of what the scope of any issue is there. It's - the investigation is still ongoing.

MR CONDE: And has this been triggered - sorry, what has triggered this investigation?

25 **MR SAUNDERS:** The issues we were dealing with in Sydney have prompted a question internally around whether or not the same matters were happening in other properties.

30 **MR CONDE:** Right. Is it correct that so far there is - is it one GSO in each of those Queensland properties who is being looked at?

MR SAUNDERS: I believe it's one in Treasury and two in Gold Coast who have been stood aside while we finish the investigation, awaiting some further discussions.

35 **MR CONDE:** In terms of managing the split between whether important matters relating to risk at the Sydney property are managed at the sort of property or group level, are you aware that Ms Vuong does not have a standing invitation to meetings of the Sydney Compliance Committee, whereas you do?

40 **MR SAUNDERS:** There have been changes to that charter, but if you say that's correct, that makes sense, yes.

MR CONDE: Well, in fairness, it is not a memory test, Mr Saunders. I will bring it up. It is STA.5013.0001.0001. Do you see a document that is titled Compliance
45 Committee Charter for The Star Pty Ltd?

MR SAUNDERS: Yes.

MR CONDE: I think it may be necessary just to note some definitions there, that "The Star" is defined as "The Star Entertainment Group Limited". That's in paragraph 1.2. Do you see that?

5 **MR SAUNDERS:** Yes. Yes.

MR CONDE: And, in any event, if we can go to page 0003, please, and do you see paragraph 5.10 identifies people who have a standing invitation to committee meetings?

10

MR SAUNDERS: Yes.

MR CONDE: And you, I believe, are in paragraph 5.10.4. Do you see that?

15 **MR SAUNDERS:** Yes.

MR CONDE: But there is no reference to the Head of Risk at Star Sydney, being the role of Ms Vuong. Would you agree?

20 **MR SAUNDERS:** Yes, I agree.

MR CONDE: Okay. Do you have any comment on that omission?

MR SAUNDERS: No, not really, no.

25

MR CONDE: Well, does it suggest that important matters relating to risk at the Sydney property are managed by you at the group level rather than by Ms Vuong at the property level?

30 **MR SAUNDERS:** So, Ms Vuong is a member of The Star Sydney Risk Committee, which is a management committee, this is a board-level committee. I suppose the implication would be, yes, that from a compliance perspective, that would land on me from a group risk perspective, yes.

35 **MR CONDE:** I see. Mr Saunders, do you recall what has been referred to in the materials as the TICO fraud event?

MR SAUNDERS: Yes.

40 **MR CONDE:** From June and July 2023?

MR SAUNDERS: Yes.

45 **MR CONDE:** What, if any, work were you involved in both in terms of responding to that event and also to make sure it won't happen again?

MR SAUNDERS: So the Investigations team that is part of the Risk function undertook the investigation into that matter once it came to light on or around 24

July. There was a detailed process to go through to understand a number of inquiries related to what may have caused that and what allowed it to go on as long as it did. There were interviews of employees, some 50 different interviews that took place of various individuals in the Technology and in the Cage Operations mostly, with a
5 view to understanding cause, root cause, and then leading to whether or not there were consequences for what happened through that matter.

MR CONDE: What if - sorry, have you undertaken any risk assessment to determine steps that can be taken to ensure it doesn't recur?
10

MR SAUNDERS: There was - I asked - because of the way the implementation went through on 7 June when the sequence upgrade was put in, there was a - that implementation was a little bit - it didn't go very smoothly and so there was a group - sort of a lessons learnt paper put through to The Star's Group Leadership
15 Team Risk Committee to talk about what could have been done differently and the lessons learnt. There were also some lessons that came out of the investigation report that I referenced before.

MR CONDE: And who prepared that document?
20

MR SAUNDERS: The investigations report was done by our GM of Investigations in my team. The matter in terms of lessons learnt around the implementation was prepared by Technology.

MR CONDE: Sorry, are they people who report to you?
25

MR SAUNDERS: The Technology team does not report to me. That is part of a separate reporting line.

MR CONDE: Right. And what were the lessons learnt, as best you can recall?
30

MR SAUNDERS: If I think about the lesson - sorry, pardon me, the paper that was done by Technology, I think the findings and observations in that were mostly around more of a - we need to be more critical in worst case outcome thinking. We
35 need to prepare more of that ahead of our implementation of any such technology solution to understand and be ready for things that may go wrong. Because the way that we approached that implementation was everything was going to go right, and so we weren't really ready for - it didn't go right. So that was the one that came out of that one.
40

On the investigations report, there were a number of observations related to feedback from our independent testers and the way that is received and incorporated, as well as process improvements around cage operations in the way that they operate, as well as Revenue Audit, which is a separate team that looks at cage operations.
45

MR CONDE: Would those cage operations recommendations matters likely make their way, in your view, to an SOP or maybe even an ICM amendment.

MR SAUNDERS: Certainly Standard Operating Procedures yes, yes. So the recommendations were provided to our Controls team who took forward the approach to that, and I would have thought there would be updates to the Standard Operating Procedures, yes.

5

MR CONDE: Without revealing the substance of the proposed Standard Operating Procedures, because you might appreciate they are confidential and we are not referring to them in the public hearings, but are you - what if any comment do you have on those Standard Operating Procedures and the likelihood of them achieving relevant change?

10

MR SAUNDERS: So, it has been raised again through another review that our cage operations, the Standard Operating Procedures for that team are quite complex and very lengthy, and so there is further opportunity still, I think, to simplify and make clear the absolute requirements for cage teams.

15

MR CONDE: Yes. I take it you agree the TICO fraud event was a serious incident.

MR SAUNDERS: Yes, it was.

20

MR CONDE: Does it appear to you to involve the breach of Internal Control Manuals in relation to the cage and possibly anti-money laundering?

MR SAUNDERS: Let me answer the second one first. So when we looked at it, other than it being actually a crime and that it was theft, we didn't actually see money laundering breaches associated with the fraud event as happened. I don't recall if there were specific breaches of any of the ICMs related to cage operations.

25

MR CONDE: Are you presently satisfied as Chief Risk Officer that the technological malfunction has been addressed and won't recur?

30

MR SAUNDERS: I am satisfied the technology - well, the issue that led to that event being possible has been resolved, the technology issue. I can't say that it would never happen again. So, no, I wouldn't make that statement. It is still possible.

35

MR CONDE: Is that because of a concern you have about the technology or is that just on the general never say never basis.

MR SAUNDERS: More the latter but that I - I think there has been quite a bit of discussion about culture and how that sort of played into the event taking longer to resolve and come to a head than it should have. I would say that we haven't fully resolved all those cultural issues yet. So I would say that's a risk.

40

MR CONDE: Are you referring there, Mr Saunders, to the failure of the TICO fraud to be discovered for close to two months?

45

MR SAUNDERS: Yes, that's what I'm talking about, yes.

MR CONDE: And if I can ask you, then, to elaborate, please, on what you meant by saying you wouldn't - you would say you haven't fully resolved those cultural issues yet, so there is a risk?

5 **MR SAUNDERS:** So, one of my observations on The Star's culture is that there is a little bit of a comfort with lack of precision which led to the balancing issues not being escalated internally in the way that it should have. So I don't know that we have fully resolved all of that. And that's not specific about cage operations. This is generally across the group. I would say that there is opportunities still to improve the
10 culture in that way.

MR CONDE: Can you think of other examples across the group in support of that view that there is a comfort with lack of precision?

15 **MR SAUNDERS:** I have seen it a little bit in Technology, yes, where certain coding of changes and the like has been not as fully set out in the requirements. So yes, yes, I've seen it in other places.

20 **MR CONDE:** Do you have any views, Mr Saunders, on where this comes from, what you have described as the comfort with lack of precision. Is it lack of resources? Is it something else?

25 **MR SAUNDERS:** Honestly, my view on this one is that it stems from The Star seeing itself as an entertainment company, one where sort of the customers are always right and we just do what the customer wants. And we are in the process of changing that culture and turning it into a highly regulated entity, which we are, of course, but what that means is sometimes the customer isn't always right. Sometimes the customer has a gambling addiction and may not know what is best for them. Sometimes they try to use our systems for nefarious purposes.
30

So I think there is a journey we are on to move from an entertainment company and how we see ourselves to highly regulated and responsible for more than just making the customer happy. I think that's where it comes from. It is just it is embedded in that, the customer is always right thinking.
35

MR CONDE: Is that a risk that is playing on your mind as indeed in your role -

MR SAUNDERS: Yes.

40 **MR CONDE:** - as the Chief Risk Officer.

MR SAUNDERS: Yes, it does, yes.

45 **MR CONDE:** And what, if any, steps do you have or do you intend to address it?

MR SAUNDERS: So, this is a - this is an all-of-company, issue, right. So I think many of the steps we have taken, the strengthening of our second-line Risk function, my team, building that out, establishing the frameworks, the monitoring solutions,

the capability to identify when something isn't quite right is a step. And the establishment of the Controls function is another step in helping - that team is responsible in helping the businesses formalise, document and maintain controls in a way that instils that precision. So we are making steps to get there, but it is still a journey though.

MR CONDE: You are aware, I take it that, that Ms Katsibouba gave evidence to this inquiry about being asked by the General Manager of Investor Relations with the CEO at the time present about booking the TICO losses against November rather than July and that had this been done, it would have caused a true and fair view of the company's financial position not to have been recorded.

MR SAUNDERS: I'm aware of that from last week, yes.

MR CONDE: And I take it that in your role as the Chief Risk Officer, you were pleased to learn that Ms Katsibouba said the losses were correctly booked against July 2023.

MR SAUNDERS: Yes, of course, yes.

MR CONDE: Are you otherwise concerned about Ms Katsibouba's evidence on this issue?

MR SAUNDERS: I don't - I'm not familiar with the background of that particular issue. All I've heard is what's been published in the press from last week.

MR CONDE: Well, does it -

MR SAUNDERS: So based on what I have heard, I'm pleased, yes. Pleased that it was resolved and booked properly.

MR CONDE: But are you otherwise concerned about her evidence about being asked to book losses in the wrong month?

MR SAUNDERS: So, I have no context around how that matter actually came about so I don't know if that was on Mr Rizzo saying to Ms Katsibouba, "Hey, why don't we book it in November" and he had no knowledge to know that that was not the right thing to do, or was it him pressuring her to do it. I don't have that background so I can't comment on the seriousness of the matter.

MR CONDE: Would you agree that it is worth looking into?

MR SAUNDERS: Yes.

MR CONDE: So far as you are aware, is that being looked into at Star?

MR SAUNDERS: Since it has come to light, I don't know. I don't know. I'm not aware, no.

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

5 **MR SAUNDERS:** I'm sorry, what was the date you said?

MR CONDE: September 2023.

10 **MR SAUNDERS:** It was resolved in September 2023, but, yes, I'm aware of the ECDD backlog of 32,000 customers.

MR CONDE: I see. Were you aware at that time or did you become aware after?

15 **MR SAUNDERS:** Oh, no, I was aware at the time and before that it was - that it was there, yes.

20 **MR CONDE:** Right. So were you aware on 30 September - sorry, were you aware that on 30 September 2023, Ms Townsend sent a letter to Liquor & Gaming New South Wales in relation to that backlog saying that it had been completed?

MR SAUNDERS: Yes, I was aware.

25 **MR CONDE:** Now, Ms Townsend has told this inquiry that apart from relying on some Lines 1 and 2 team members, she did not otherwise take steps to satisfy herself as to the correctness of that statement. She agreed that various statements in her letter were wrong, that there was a breach of ICM3 and that although it was not her intention to mislead the regulator, she accepted it could be looked at in that way. Did that evidence concern you as the Chief Risk Officer?

30 **MR SAUNDERS:** It did concern me, yes.

35 **MR CONDE:** Would you agree that Star could have taken one of two better approaches - and I will just list them. One would have been to have told the regulator in advance, "In light of the large numbers, here is a proposed risk-based approach and please let us know if that is okay." Do you agree that that would have been one better option?

40 **MR SAUNDERS:** Sorry, Mr Conde, may I just clarify my last response? It concerned me because I didn't believe - I didn't believe what Ms Townsend said fully reflected what actually happened in leading to that closure of the memo.

MR CONDE: Okay. If I can go back, then, to that. So, would you like me to refer to what Ms Townsend has told this inquiry that I mentioned earlier?

45 **MR SAUNDERS:** Sure, yes, please.

MR CONDE: So Ms Townsend has told the inquiry that apart from relying on some Lines 1 and 2 team members, she did not otherwise take steps to satisfy herself as to

the correctness of that statement. She agreed that various statements in her letter were wrong, that there was a breach of ICM3 and that although it was not her intention to mislead the regulator, she accepted it could be looked at in that way. So do you consider that some or all of that was wrong?

5

MR SAUNDERS: So of those four things, the first matter concerns me but I can't comment on whether or not Ms Townsend undertook steps to understand what's going on. The second and third matters that you mentioned, I don't agree with so that concerns me for that reason. And the last version, I would agree with Ms Townsend, that we - there could have been more clarity in that letter, given the complexity of the work that was underway to close it off. So, simply, it was a bit unhelpful.

10

MR CONDE: Just to be clear about the ones you disagree with, it's that you disagree that various statements in the letter were wrong and that there was a breach of ICM3.

15

MR SAUNDERS: Correct. I disagree with those statements.

MR CONDE: Right. And why do you disagree with those statements?

20

MR SAUNDERS: So did we breach ICM3? And I assume we are speaking now of ICM3.6 which references the requirement to Enhanced Customer Due Diligence, so - in those regards, including collecting Source of Wealth. The letter that Ms Townsend sent talks about the various measures that we were taking to complete Enhanced Customer Due Diligence. It references measure 5, being Source of Wealth, and indicates that those were all complete.

25

That reference is to our Standard Operating Procedure where we set out measure 5, which includes a number of steps that could be taken, including, if the information is not provided, deactivating the customer's card, making their profile inactive and disabling their ability to play carded in the casino, which we all - we did all those things. So we were compliant with our ICM, we were compliant with the Standard Operating Procedure, and the letter that was written was accurate.

30

MR BELL SC: So to be clear, Mr Saunders, were you aware of the terms of that letter before Ms Townsend sent it?

35

MR SAUNDERS: I didn't see that letter beforehand, no.

MR BELL SC: When did you first become aware of the letter?

40

MR SAUNDERS: I don't recall specifically. I'm sorry, I can't answer that question. I definitely was aware of it leading up to this inquiry but I may well have been aware of it shortly after it was sent. I can't recall.

45

MR BELL SC: Yes, Mr Conde.

MR CONDE: First of all, if we can go to STA.8105.0002.0608 and go, please, to page 0624. I am just waiting for page 0624, please. Thank you. Mr Saunders, has ICM3 come up on your screen?

5 **MR SAUNDERS:** Yes, it has, yes.

MR CONDE: Then if we can bring up, please, pages 0625 and 0626. Do you see at the bottom of the left-hand page there is paragraph 6 that I think you referred to earlier?

10

MR SAUNDERS: Yes, I see that.

MR CONDE: And 6(b) refers to Source of Wealth checks.

15 **MR SAUNDERS:** Yes.

MR CONDE: And do you say that Source of Wealth checks were done?

20 **MR SAUNDERS:** Source of Wealth checks were done in accordance with our Standard Operating Procedures, yes.

MR CONDE: Well, it is not really a Source of Wealth check to send people a communication and to ask them to complete it and otherwise to say you won't be coming into the casino, is it?

25

MR SAUNDERS: It is an acceptable measure when we are unable to obtain the information. So as you may appreciate, we can't make somebody give us information that they are not prepared to give us. So what we were required to do in cases where we cannot get the information is to deactivate their profile and disable their ability to play in the casino carded, as set out in paragraph (f) of 3.6.

30

MR AHMED SC: I'm sorry, Mr Conde and Mr Bell, can I just raise one matter? Obviously the ICMs and the methods that are taken to prevent this kind of conduct are confidential. I'm not sure to what extent that this is going to go into the ins and outs of this process but it may be more appropriate that that be dealt with in private session.

35

MR BELL SC: Yes. Thank you, Mr Ahmed. Mr Conde, I'm sure you will take appropriate care.

40

MR CONDE: Yes. I will press on for the moment, Mr Bell, but if needing to go into the specific detail, I'm grateful for Mr Ahmed's reminder.

45

But, Mr Saunders, if I can just distinguish between process and outcomes. I think what you were referring to a moment ago was an acceptable outcome because there was a risk-based approach taken. Would you agree with that?

MR SAUNDERS: No, not in that particular case. What I was actually talking about there was a case where - where we sought to obtain information but did not get an answer and what steps do we take then? So, that wasn't necessarily risk-based.

5 **MR CONDE:** I see. But would you agree that in that situation where an answer had been sought and obviously the information hasn't been received, it would be wrong to say you have done a Source of Wealth check. Wouldn't it be more correct to say you have asked the question and not been given enough information to perform a Source of Wealth check?

10 **MR SAUNDERS:** This is where I actually think additional detail in that letter that was provided by Ms Townsend might have been useful. But the Source of Wealth as referenced there is Measure 5, Source of Wealth, which comes straight out of our Standard Operating Procedure.

15 **MR BELL SC:** Mr Saunders, I'm sure I will hear lots of submissions from lawyers about whether conduct was in breach of an ICM or not. That's a matter that will be no doubt engaging time later on. But do you agree that a suitable casino operator must be fully candid, frank and transparent with the regulator?

20 **MR SAUNDERS:** Yes, 100 per cent. Yes, I agree with that.

MR BELL SC: And do you agree that whether or not you or others at Star Entertainment held the view that what had been done was Source of Wealth checks, it would have been far preferable to fully and frankly and transparently tell the regulator what you had done, in fact.

25 **MR SAUNDERS:** I - yes, I think we could have provided more detail in the final letter that was provided. L&G was reasonably across the process we were using here so - including through other letters that were monthly provided to L&G. But I agree the final letter, to close it off in one sentence saying it's all done is a bit of a simple response.

30 **MR BELL SC:** Sorry I just missed the last part of your answer, Mr Saunders. Would you mind repeating it, please?

35 **MR SAUNDERS:** I'm sorry, Mr Bell. I said closing off the whole three months of work on this particular matter with one sentence saying it was all done was a bit of a simple answer for a complex and relatively involved exercise.

40 **MR BELL SC:** Yes, thank you, Mr Saunders. Yes, Mr Conde.

MR CONDE: Just while we still have this document on the screen, would you agree also, Mr Saunders, that paragraph 8 is relevant?

45 **MR SAUNDERS:** Yes. Yes.

MR CONDE: If I can take you to INQ.5001.0001.0239. So has the 30 September 2023 letter come up for you Mr Saunders?

MR SAUNDERS: It has, yes.

5

MR CONDE: Do you see in the second-last paragraph on this page it says:

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

10

MR SAUNDERS: Yes, I see that.

MR CONDE: And then if we can go over the page, please, do you see there is a table and there are seven measures including Measure 5, Source of Wealth.

15

MR SAUNDERS: Yes.

MR CONDE: And for all of them, it just says "Completed".

20

MR SAUNDERS: Yes.

MR CONDE: So you accept that this was too simple a communication and ought to have included explanation.

25

MR SAUNDERS: I think additional explanation would have been helpful, yes.

MR CONDE: Okay. Would you agree that this approach was unsatisfactory?

30

MR SAUNDERS: No, I wouldn't say that. We met the requirements - we needed to coordinate with L&G about the status of our program in the exercise of the initiatives and just close it off. So it met that requirement. But I do think some additional detail was required.

35

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 Pty Ltd's customer risk assessment and ECDD remediation?

MR SAUNDERS: No, I was not aware of that.

40

MR CONDE: If we can call up, please, MGR.0001.0001.0103. I appreciate this is not a memorandum addressed to you but is a document from - it is expressed as being from the manager's office to the NICC dated 29 November 2023 come up for you, Mr Saunders?

45

MR SAUNDERS: It has, yes.

MR CONDE: And is it correct that you haven't seen this document before?

MR SAUNDERS: I have not seen this document before.

MR CONDE: Right. Perhaps, then, if I can ask you to review, please, the Overview section.

5

MR SAUNDERS: Yes.

MR CONDE: And do you recall these concerns being relayed to you not in the form of this memorandum but in some other way?

10

MR SAUNDERS: Yes. After this memo in December, there were a variety of conversations.

MR CONDE: Right. And doing your best, who were those conversations with?

15

MR SAUNDERS: Well, the first time these concerns came to light to me was following a discussion that Mr Weeks and the NICC had with the board and then a conversation I had with our directors about the concerns that were raised. Following that, an individual conversation which I had with Mr Weeks to try to understand the source of specific concerns. Then again on 14 December were some written correspondence where Mr Weeks declined to provide the specifics of the concerns and then again on 21 December in our - one of my regular updates with Mr Weeks.

20

MR CONDE: And I think you said Mr Weeks declined to provide concerns. Is that correct?

25

MR SAUNDERS: The specifics of his concerns, yes. Although he mentioned 2(c), cultural and transparency with regulators, yes.

MR CONDE: Perhaps - now, the following paragraphs 3 through 5 are confidential. I would ask you not to read them aloud.

30

MR SAUNDERS: Yes.

MR CONDE: But you could read them to yourself and say whether you agree or not with what is recorded there. 3 through 6, please.

35

MR SAUNDERS: Yes.

MR CONDE: And do you agree - are those correct summaries, in your view?

40

MR SAUNDERS: I agree with those requirements, yes.

MR CONDE: If we can go to the next page, please. I'm sorry, to 0105. Do you have any comment on the manager's summary of information requests in paragraphs 18 through 24? I appreciate you will need time to read them.

45

MR SAUNDERS: Yes, may I have time to read them? Yes, okay.

MR CONDE: So far as you were aware, Mr Saunders, is that summary correct?

5 **MR SAUNDERS:** I don't agree with paragraph 20 of that summary but the rest of it makes sense, yes. Yes, it is correct.

MR CONDE: I see. And what do you not agree with in paragraph 20?

10 **MR SAUNDERS:** Well, that indicates that there was no discussion or sharing or awareness of a method to increase automation into our ECDD processes for this cohort of customers and there was.

15 **MR CONDE:** Right. And what discussions or sharing or awareness are you referring to?

MR SAUNDERS: So, this was first raised, knowing that we were going to be under pressure to get the cohort of customers resolved within the timeframe that had been provided by the NICC, we started looking at ways to address it. There was a proposal put forward to the Financial Crime Operating Committee on 27 June which set out for the first time some options to introduce automation into the process. That was then followed by - minuted on the 29th and the minutes were circulated to the manager's office, who was in attendance at the meeting and also to L&G.

25 On 14 July I had a conversation with L&G about this particular matter and the fact that we may introduce automation into this process. There was a discussion at the board, at the board Risk and Compliance Committee when I suggested in one of my risk papers that in order to achieve compliance, we may need to lower the standard of our KYC component, to which the board took exception and - and pushed back and asked us not to do that. So we took steps to take that item off the table as something we might consider.

30 So we went back then and looked at the automation. It was again discussed in August at the Financial Crime Operating Committee and the minutes were circulated. And I think particularly not so much in the September 30 letter but in the monthly updates that went to L&G on 2 August and on 1 September, it was clear in those letters that we were following an automated process going measure-by-measure as opposed to customer-by-customer to achieve the compliance that we need.

40 **MR CONDE:** When you mentioned "automated process", do you mean bulk?

MR SAUNDERS: Yes. Yes, dealing with certain cohorts of the remediation population in bulk, yes.

45 **MR CONDE:** So far as you can recall from the discussions you have just mentioned, did the manager or anyone from the regulator say that a bulk approach would comply with ICM3?

MR SAUNDERS: I don't recall that being said, no.

MR CONDE: On this page, if I could ask you please to look at paragraph 25 and first of all paragraph -

5 **MR BELL SC:** Just before you do that, Mr Conde, how does it make any sense to talk about a bulk check of Source of Wealth?

10 **MR SAUNDERS:** So the Source of Wealth that we are talking about here, our measure 5 set out in our Standard Operating Procedures, it includes the deactivation step if we are unable to obtain the information. So many of these customers were long inactive and hadn't been in the casino for five, six years, up to seven years. So the ability to obtain information for such long inactive customers is low and so the - so we moved to put the request for the information on the customer's profile and in the CMS and then deactivate the profile according to the measures set out in our
15 Standard Operating Procedure.

MR BELL SC: And they were then refused access to the casino completely; is that correct?

20 **MR SAUNDERS:** They were refused access to gaming carded, yes.

MR BELL SC: I beg your pardon?

25 **MR SAUNDERS:** They were refused ability to play carded.

MR BELL SC: Play carded, but they were not refused access to the casino; is that correct?

30 **MR SAUNDERS:** They could come into the casino, yes, but they would be subject to all the other limits that are prevalent in the casino. If they tripped any of those limits, they would be forced to identify themselves and be kicked out.

MR BELL SC: I'm sorry, I missed your last answer.

35 **MR SAUNDERS:** I'm sorry, if they tripped any of the limits that are in place in the casino, they would have been required to go to the cage or present themselves and, therefore, would have provided the information at that point.

40 **MR BELL SC:** But they could enter the casino under the protocols that you put in place?

MR SAUNDERS: They could enter the casino, yes.

45 **MR BELL SC:** So are you familiar with what I said in the 2022 report about the desirability of communications to the regulator being clear and in writing?

MR SAUNDERS: I recall that sentiment. Yes, I don't remember the specific reference but yes, I recall the sentiment.

5 **MR BELL SC:** Looking at paragraph 20 - and let's just break it down - are you saying that there was a clear communication in writing to the manager explaining precisely what was being proposed with this cohort of 32,000 customers prior to 30 September?

MR SAUNDERS: So it was certainly very clear on the response to the direction on 8 September which was provided on 15 September.

10 **MR BELL SC:** So are you saying it was communicated in writing that you were going to take this particular approach with the 32,000 cohort and it was put in writing and clear? Is that what you are telling me.

15 **MR SAUNDERS:** On 15 September, yes, for sure, yes.

MR BELL SC: And do you say it was communicated clearly and in writing to L&G NSW?

20 **MR SAUNDERS:** That same correspondence did not go to L&G NSW, to my knowledge, although the manager may have sent it there. But the Standard Operating Procedure was approved by L&G NSW in April. So the method of achieving it was approved and fully transparent.

25 **MR BELL SC:** And then the letter of 15 September, was that one that you signed?

MR SAUNDERS: It was - it was actually signed by Ms Townsend but I sent a separate attestation affirming my own agreement with what was provided in that letter.

30 **MR BELL SC:** And you say that was a communication in writing to the manager?

MR SAUNDERS: Yes, it was.

35 **MR BELL SC:** Yes. And you say that was a clear and complete explanation of what you were proposing to do with this 32,000 cohort?

MR SAUNDERS: It was a clear and documented explanation of how we approached the cohort, yes.

40 **MR BELL SC:** And did you seek response in writing approving that approach?

MR SAUNDERS: No, we did not.

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

MR CONDE: Thank you, Mr Saunders. In paragraph 25 on this page, which should still be there, if I can just ask you to read, please - all of that paragraph and say what, if anything, you disagree with.

MR SAUNDERS: Is it possible to see the next page, please?

MR CONDE: Of course, yes. If that could be brought up.

5

MR SAUNDERS: Okay.

MR CONDE: Do you agree with what was recorded in paragraph 25?

10 **MR SAUNDERS:** I can't confirm all of those numbers off the top of my head that are in all of those paragraphs. I don't fully agree with (c). I might need to go back to the previous page, if you don't mind.

MR CONDE: I see. If we could ask, please, for those two pages to be brought up.

15

MR SAUNDERS: Thank you. There is also - it is not quite correct about how we communicated with customers as well around the Source of Wealth, yes.

20 **MR CONDE:** Okay. So first of all, if I could just ask you to say why that's wrong, in your view?

25 **MR SAUNDERS:** So, in paragraph 25(a), in most cases, we did not email customers requesting the information. So a large number of these customers that were so inactive were located overseas and in places where gambling is illegal. So we do not email customers when they are overseas for purposes of being compliant with those laws. So, in all cases, with these customers, a message was put on their - on the CMS to indicate that when they presented in the casino, they would need to provide this information, and then that information would need to be assessed by the Financial Crime and Risk Operations team.

30

35 So where it says that we emailed everybody, that is actually not quite right. We did email those customers located domestically, where we had email addresses, because we didn't always. Where we could, we did. So that number of 397 of return forms sounds about right, but it was actually on the back of about - it was more about 700 emails that we sent for this cohort of customers.

40 **MR BELL SC:** So, Mr Saunders, just so that I'm clear, for the overseas customers, the entire Source of Wealth check was preventing them having carded play at the casino in the future.

40

45 **MR SAUNDERS:** If we actually - if you look at the Standard Operating Procedure and the requirements under Measure 5, Source of Wealth, that does require a review of suspicious matter history and the like, which we did. So there are other elements in there that we did comply with but, yes, substantively they were moved to an inactive status, the card was disabled and they were - a message was put on their profile to indicate that if they did return to the casino, they would need to give the information.

MR BELL SC: So is the short answer to my question that in respect of the overseas cohort, the only step that was taken to complete a Source of Wealth check was deactivating their card so they could not have any further carded play at the casino?

5 **MR SAUNDERS:** I'm sorry, no, let me give you a bit more detail. So we did a search, a suspicious matter reporting history for all of those customers. We did do Dow Jones searches, which is another aspect of Measure 5, to look for Source of Wealth, those were done as well. And then if there are any negative red flags on those then they are moved to manual management by individuals to pull up profiles and evaluate them. So what we are dealing with here are the customers where there were no red flags on them whatsoever. For those customers, yes, the action was to put a message on the CMS and prevent them playing carded at the casino.

15 **MR BELL SC:** Right, thank you.

MR CONDE: Mr Saunders, do you have a rough idea of the numbers where no email was sent?

20 **MR SAUNDERS:** It would have been something like 20,000 where there would have been no correspondence with the customer. 32,000, if I remember the breakdown - 32,000. About 7,000 of them were duplicate records, were already excluded from the casino, or had undergone ECDD within the most - in the most recent 12 months so, under our program, didn't need to be redone. That left about 25,000. Of those 25,000, a number of them were active in the past year, had red flags, such as checks for politically exposed persons or sanctions risks or negative news through various screening that we had done, and they were pulled out and done manually.

30 Then that left about 22,000 that they were left in the automated approach. The 22,000, about 2600 were domestic Australians and we emailed about - emailed about 700 of those 2600. The balance were overseas, so whatever that ends up being. I think it was about 19,000.

35 **MR CONDE:** So -

MR SAUNDERS: I might offer as well. Sorry, if I could just - sorry, carry on. Sorry to interrupt.

40 **MR CONDE:** No, please, Mr Saunders. You wanted to say as well.

45 **MR SAUNDERS:** I was going to say that this cohort of customers also included customers who had never been provided a designated service under the AML/CTF Act. So there were customers in this cohort - and this came about in August last year - where we actually put them into the mix to complete ECDD under this process because they are - they were carded, but they were carded and a member our loyalty program who had only been to our hotel and restaurants, that had never been in the casino.

But we were aware they could have crossed into the casino at any time, and so we wanted to make sure we understood the risks associated with those customers even though they weren't gaming customers up until then. There were about 14,000 of those that went in out of 32,000. That's how the number ended up being increased.

5 So one thing was never clear for us, when we talked about customers, were we talking about customers of the casino or were we talking about customer of The Star? So we took the broader definition and put that into the mix. So even though they are flagged high risk, they were never actually using gaming services.

10 **MR CONDE:** Mr Saunders, if I can just confirm my notes of what you were saying earlier, of 32,000 people, 7000 were duplicates or already had been excluded and can be put to one side, leaving 25,000.

MR SAUNDERS: Yes.

15

MR CONDE: Is it correct that of that 25,000, 3000 were done manually, 2600 received an email, and some 20,000 just had an entry put on the system?

20 **MR SAUNDERS:** Sorry, it was about 700 that received an email out of the 2600 because, for a variety of emails, we didn't have the right information to send them an email. But something like nineteen and a half thousand had a message put on the system, yes.

25 **MR CONDE:** And that was it?

MR SAUNDERS: In addition to the other screens that I talked about, making sure there was no negative news, making sure there was no suspicious matter history, making sure there are no red flags or sanctions filed, yes.

30 **MR CONDE:** I'm sorry, I think I misunderstood. So those screenings about news and so on, red flags, did that apply for all 25,000?

MR SAUNDERS: Yes, it did, yes.

35 **MR CONDE:** Right. I see the time, Mr Bell.

MR BELL SC: Yes, we will adjourn until 11.45.

40 **<THE HEARING ADJOURNED AT 11.30 AM**

<THE HEARING RESUMED AT 11.46 AM

MR BELL SC: Yes, Mr Conde.

45 **MR CONDE:** Mr Bell, some documents have been produced to the inquiry at 10.24 am this morning when I was on my metaphorical feet. I understand they ought to have been produced earlier. Importantly, they may bear upon Mr Saunders'

examination. I seek an adjournment for a short period, not less than 15 minutes, so that I can consider the documents and then resume the examination.

5 **MR BELL SC:** Yes. That's very unfortunate. I will adjourn until I hear from the solicitors assisting that you are ready to proceed, Mr Conde.

MR BELL SC: Thank you, Mr Bell.

10 **<THE HEARING ADJOURNED AT 11.47 AM**

<THE HEARING RESUMED AT 12.18 PM

MR BELL SC: Yes, Mr Conde.

15 **MR CONDE:** Mr Saunders, I just wanted to be clear that you have had an opportunity to review all of that paragraph 25 from the manager. So if we could just call that up. It is MGR.0001.0001.0103 and the two pages being shown to Mr Saunders were pages 0105 and 0106. Do you see -

20 **MR SAUNDERS:** Yes, I do.

MR CONDE: I think you might have finished with any comments on that, but perhaps not.

25 **MR SAUNDERS:** I don't think I had, actually, finished all the comments on this.

MR CONDE: Well, may I trouble you then, please, to read - I think I had asked you at least 25(a) but if you keep reading the rest of 25 and then offer any comments on this that you agree with or don't agree with.

30 **MR SAUNDERS:** Yes, thank you for the opportunity to re-read. So, just in paragraph (d), there is - just in reference to (d), subparagraph (iii), facial recognition. So, just - a way of excluding somebody from the casino as we are being suggested stronger measure, our view on that is that we didn't always have photos, that the
35 photos were dated and aged and, therefore, would have been of poor quality and would have led to a large number of false positives. So that's why we didn't take that measure. That and the fact that together the customers did not have any red flags other than the fact that their risk rating was high.

40 **MR CONDE:** I see. So would it be fair to say that apart from the matters you were speaking about before the break and that matter, you agree with paragraph 25?

MR SAUNDERS: Yes, yes.

45 **MR CONDE:** Now, if we can go to one of the new documents from this morning. It is STA.8121.0001.3289. And do you see an email from you to Mr Cooke copied to Mr Foster dated 17 January 2024 at 3.39 pm?

MR SAUNDERS: Yes, I do.

5 **MR CONDE:** And I just refer you to the fourth paragraph where you say "I advised" - sorry, you are relaying a conversation you had with somebody from the NICC. Do you see that at the top?

MR SAUNDERS: Yes. Yes, I do.

10 **MR CONDE:** You say then in the fourth paragraph:

"I advised I was not personally clear - and I emphasise this may be just me - on when we should be speaking with L&G and when we should be speaking with NICC. I advised that the manager (NW) was the default for any matters of disclosure and often L&G, but rarely would we speak with NICC on such matters."
15 Do you see that?

MR SAUNDERS: I do, yes.

20 **MR CONDE:** When I was asking you earlier about the 30 September 2023 letter and you referred to - which was from Ms Townsend to Liquor & Gaming, do you recall you referred to a 15 September letter?

25 **MR SAUNDERS:** A 15 September document that we provided to the manager? Is that the one you are talking about, in response to the direction on 8 September?

MR CONDE: Yes.

30 **MR SAUNDERS:** Yes.

MR CONDE: And so that document was to the manager obviously, not to L&G.

MR SAUNDERS: Yes.

35 **MR CONDE:** But is your understanding, as recorded in this email that matters of disclosure, would go to the manager?

40 **MR SAUNDERS:** Oh, in terms of, like - not explicitly. Not - no, no. Not completely. Not everyone. It would depend. So we - we're talking about, for example, breaches and the like. We have breach reporting mechanisms that go, obviously, directly to L&G and we have got policy-type matters that would typically go to the manager first but then to L&G afterwards. So, yes. Does that answer your question?

45 **MR CONDE:** Well, perhaps I will ask this question. In the 30 September 2023 letter to L&G, I think you accepted earlier that it was too concise, to put it - yes.

MR SAUNDERS: Yes.

MR CONDE: But you I think pointed to the 15 September communication as a kind of mitigating factor where these matters were, I think, you felt communicated. Is that a fair summary?

5

MR SAUNDERS: Not to L&G. Sorry, I didn't mean to say that. They were communicated to the manager on 15 September.

MR CONDE: So is the reason why you were referring to that in the context of discussing a communication to L&G as explained in this email that I have brought to your attention?

MR SAUNDERS: No, I'm sorry. I'm - if it was confused. I didn't mean to imply L&G had that correspondence. I didn't realise we were speaking only of correspondence with L&G at that point. So that was communication that was to the manager. I didn't have a presumption that the manager would pass that on to L&G, but I didn't know that he would or wouldn't.

MR CONDE: Right. So when we were discussing the 30 September letter and I think you referred to the 15 September letter, you didn't expect that that 15 September letter had already been communicated to the L&G. Is that correct?

MR SAUNDERS: I don't know one way or the other. So yes, I guess I had those - I didn't know - I didn't expect that they had, no.

25

MR CONDE: Just to be clear on which document you are referring to, if we can go to INQ.5001.0001.0191. Do you see a communication to Mr Weeks dated 15 September 2023 has come up?

MR SAUNDERS: Yes, I do.

30

MR CONDE: Is this, as best you can recall the document that you were referring to earlier?

MR SAUNDERS: Yes, it is.

35

MR CONDE: And in particular, if I draw your attention to page 0198. Now, again, this is in blue so I won't ask you to read anything aloud.

MR SAUNDERS: Yes.

40

MR CONDE: But are these the sorts of I suppose disclosures or communication to which you were referring earlier?

MR SAUNDERS: This is the communication that went to the manager on 15 September outlining in detail how the - what's labelled here, the remediation ECDD process and how that compared to the BAU ECDD process, the business as usual process.

45

MR CONDE: Yes. And if we can go over the page, please, to 0199. Do you see it continues down to about halfway down the page and there is some material there referring to some of the things we have discussed?

5

MR SAUNDERS: Yes.

MR CONDE: Also if we can go, please, to page 0204. Up the top - again, it is in blue so I would ask you not to read it aloud - but the second row, is that the sort of thing you are referring to there?

10

MR SAUNDERS: Yes, yes.

MR CONDE: Right. Okay. Do you recall in January 2024, Mr Cooke worked on a response to some reports from the manager which had been received in November 2023?

15

MR SAUNDERS: Yes, I do.

MR CONDE: Is it correct that you have not seen those reports from the manager in full?

20

MR SAUNDERS: No, that's not correct. I believe I saw the first report that came out - I think it was in October and I did see that report in full. I didn't see the second report in full.

25

MR CONDE: Do you recall when you saw that report in full?

MR SAUNDERS: The - it was early in January, first week in January, I think.

30

MR CONDE: Was that part of working with Mr Cooke on The Star's response.

MR SAUNDERS: Mr Cooke asked for my input on aspects of the response, yes.

35

MR CONDE: I see. And in that context you saw all of the 3 October report, did you?

MR SAUNDERS: I believe I did, yes. I only saw the original document. I only saw it with crossed out with proposed answers underneath each question, each comment.

40

MR CONDE: I will show you that, to check if that's what you are referring to, but before turning to that, are you aware that there were two reports from Mr Weeks dated 3 October 2023 and 24 November 2023 and they were provided to Star Entertainment on 29 November 2023?

45

MR SAUNDERS: The specific dates, I'm not aware of. But yes, I was aware there were two reports and they were provided to somebody at The Star, Mr Cooke or the board or somebody, yes.

MR CONDE: Do you recall a GLT meeting around December 2023 where Ms Ivanoff asked Mr Cooke about those reports?

5 **MR SAUNDERS:** I - I remember conversations about it. I don't remember the timing of it, yes.

MR CONDE: Do you recall - what do you recall of the conversations?

10 **MR SAUNDERS:** Only that the reports - Mr Cooke wasn't going to share them. They felt they were sensitive and he was working on an answer. I think it was something like that.

MR CONDE: And do you recall - what was your reaction at that time, to that?

15

MR SAUNDERS: I sort of thought - I just took it on face value, to be honest. So, yes.

20 **MR CONDE:** If we can have, please, STA.8100.0078.4684 at page 4687. Can you see an email from Mr Cooke to you dated 15 January 2024 that says:

"Hi Scott

I'm wading through the manager's second report.

25

Could you please have a look at the below dealing with the ECDD matter - can you see if I have captured the position correctly noting this will be very contentious."

MR SAUNDERS: Yes, I do see that.

30

MR CONDE: Of the text below, you can - the black is the manager's, the green is Mr Cooke's and the blue is a suggestion from you. In fairness, to understand the blue text, I need to show you your email, which is on the preceding page, 4686, please. Just pausing there. I'm sorry, Mr Bell, but the previous email and this one, I need to mark as MFIs.

35

MR BELL SC: Yes. Do you want them separate MFIs?

MR CONDE: Yes, please, Mr Bell.

40

MR BELL SC: The first document will be MFI 9 and the second document will be MFI 10.

45 **MR CONDE:** Thank you. Do you see towards the bottom of this page, Mr Saunders, there is an email from you to Mr Cooke dated 15 January 2024 at 6.43 pm?

MR SAUNDERS: Yes, I do.

MR CONDE: And you wrote:

5 "Robbie - I think this is fine but it will be contentious. When I expressed similar views to these to the manager before Christmas, he indicated that we weren't truly transparent and that this was an example of the 'old Star' where we said we were transparent but we weren't really."

10 Now, pausing there, do you agree that Star was not transparent in the letter from Ms Townsend dated 30 September 2023?

MR SAUNDERS: No, I believe it was factually correct. I think we could have had more detail in that letter to explain how we actually got to the position that we landed on in that letter.

15 **MR CONDE:** But - well, in light of that further detail missing, do you agree it was not transparent?

20 **MR SAUNDERS:** It - so, transparent? No, it was transparent. We finished the work. It was done. So - I believe that was an accurate statement. So I think we could have been more descriptive about how we achieved that work, but I don't think that makes it not transparent.

25 **MR CONDE:** Do you agree that a document can be not transparent by leaving information out?

MR SAUNDERS: I suppose it can, yes.

MR CONDE: If we look at the second paragraph of your email, it says:

30 "It's a little difficult for me to comment without seeing all of the before and after comments/responses but I wonder if there's a place where we could put some context around why a different approach was needed."

35 And then do you see in the last two sentences of this paragraph you wrote:

"There was no choice but to find another way, noting that the clock was clicking during the time that we determined a new approach. You could add or integrate some of the words written in blue if you thought it made sense."

40 Do you see that?

MR SAUNDERS: Yes, I do.

45 **MR CONDE:** Now, when you wrote "There was no choice but to find another way", do you agree that, in the circumstances, what Star was adopting was a form of risk-based approach?

MR SAUNDERS: No, I - not necessarily, no. So, when I look at what we did, it was - it achieved the outcome set out in the ICMs but it used automation to do it. Now, we had - if we looked at going at this and solving it the way we initially planned, we asked for 12 months to do it, which was then reduced to six months, and
5 that we thought we could get across just through resourcing, but then at the last minute, right before we went live with the new customer risk assessment model, that was reduced to three months. There was no - it was impossible to - to get it done in the time frame that was allowed.

10 **MR CONDE:** Would you describe it as a workaround?

MR SAUNDERS: No. No. We introduced automation to get the exercise complete.

15 **MR CONDE:** Well, I think I asked you earlier about whether it was a risk-based approach. If we can go back, please, to INQ.5001.0001.0191 at page 0198. Do you see the language in the first column, third and fourth lines?

MR SAUNDERS: Yes.

20 **MR CONDE:** But you don't consider that the description I suggested earlier is correct?

25 **MR SAUNDERS:** So that - that does talk about what's documented in the Standard Operating Procedure, which talks about a risk-based approach to achieving Source of Wealth checks, yes.

MR BELL SC: Operator, can we back to the first page of this letter, .0191? Do you see, Mr Saunders, that this letter concerns the ECDD remediation backlog?

30 **MR SAUNDERS:** Yes.

MR BELL SC: At the bottom of the first page Star Entertainment says it:

35 **".. has taken a risk-based approach to the remediation ..."**

Do you say that that's wrong, do you?

40 **MR SAUNDERS:** Sorry. I - so, I guess, let me correct myself. The risk-based approach came in by the way that we executed the - included in the population our non-gaming customers. That was a risk-based approach, to put that in. Risk-based approach comes into everything that we do in this exercise in terms of evaluating alerts and the like and assessing that. So to say there is no risk-based approach is too simple, I'm sorry.

45 **MR BELL SC:** So are you correcting your previous evidence about accepting that Star Entertainment did take a risk-based approach.

MR SAUNDERS: Across this whole exercise, there are elements of risk-based approach, yes.

5 **MR BELL SC:** So you are correcting your earlier evidence about that.

MR SAUNDERS: I am correcting myself, yes.

MR BELL SC: Yes, Mr Conde.

10 **MR CONDE:** If we could go back, please, to STA.8100.0078.4684 and to page 4686 that we were on earlier. Just to reiterate, reference STA.8100.0078.4684 at page 4686, please. Has that come up for you, Mr Saunders?

15 **MR SAUNDERS:** Yes, it has.

MR CONDE: Mr Saunders, do you see the final paragraph of your email of 15 January in the second-last sentence you wrote - well, you wrote to Mr Cooke:

20 "We will need to be careful about how strongly we state our position on the 'process' as opposed to the outcomes."

Do you see that?

25 **MR SAUNDERS:** Yes.

MR CONDE: I want to suggest to you that those were wise words. Because even if you felt you could defend the outcomes, the fact is the process had not been approved. So you were right to caution Mr Cooke against coming out too strongly on that issue of process. Do you agree with that?

30 **MR SAUNDERS:** The question of process was a point of contention, yes.

MR CONDE: And then, if we can go over to page 4689, which has the blue text that you had suggested - I'm so sorry, I think it should have been 4687. Yes, 4687.
35 STA.8100.0078.4684 at 4687. Do you see the blue text at the bottom, Mr Saunders?

MR SAUNDERS: Yes.

40 **MR CONDE:** In the third line, do you see you wrote:

"There was practically no way to achieve the L&G NSW deadlines without considering the approach."

45 Do you see that?

MR SAUNDERS: Yes, I do.

MR CONDE: And so isn't it correct that, faced with the practical impossibility, Star adopted a risk-based approach to meet the deadline?

5 **MR SAUNDERS:** So, I guess why I keep getting - pausing on risk-based approach is because risk-based approach implies that we did some things and not some other things on higher-risk customers and less for other risk - other types of customer. But, in fact, the outcome was the same. So - so - so that's the only pause I will take on it.

10 **MR CONDE:** I see. Perhaps if I can put it this way, that faced with the practicable impossibility you have noted there, Star adopted an as-yet unapproved process to meet the deadline.

15 **MR SAUNDERS:** We adopted a process that included automation to achieve the outcomes.

MR CONDE: And is it correct that that had not been approved?

20 **MR SAUNDERS:** That is correct. It was not approved. It wasn't clear to us that it needed to be approved.

MR CONDE: Mr Saunders, yesterday the inquiry received some further documents, including a response to this. If you can go to STA.8100.0077.5550. Do you see there is an email in the middle of the page from you to Mr Cooke dated 17 January 2024 at 1.17 am where you wrote:

25 "Robbie, you may find this too hard-hitting in parts, so please edit as you see appropriate."

30 Do you see that?

MR SAUNDERS: Yes, I do, yes.

35 **MR CONDE:** Now, was it the late hour or did you think it would be a good idea to be hard-hitting with the regulator and the manager who holds your casino licences?

MR SAUNDERS: No, that - that's why I wrote those words.

40 **MR CONDE:** If we can look at the suggestions you made from the bottom of page 5551, please, do you see in blue at the bottom of the page underneath the highlighted text it says:

45 "The Star has been in near-continuous engagement with The Manager and L&G NSW on ECDD matters since the implementation of the new Customer Risk Assessment Model on 4 July 2023."

Do you see that?

MR SAUNDERS: Yes, I do.

MR CONDE: There are a series of subparagraphs which continue over the page. If we can go, please, to page 5552. I'm sorry, Mr Bell, this document also needs an MFI. I think it is 11. Do you see at the top of this page, 5552, Mr Saunders, it says:

5

"ECDD-related matters were a topic of discussion between The Star's Group CRO and the Manager on 31 August, 14 September, 28 September, 12 October, 26 October, 9 November, 22 November, 6 December and 21 December 2023."

10 **MR SAUNDERS:** Yes.

MR CONDE: Now, these manager's reports to which The Star was replying were dated 3 October 2023 and 24 November 2023. Do you accept that the manager could not have known, when he wrote his reports, what would be said at meetings afterward?

15

MR SAUNDERS: I'm sorry, Mr Conde, I'm not - I don't understand your question. Could you rephrase that?

20 **MR CONDE:** Well, were you aware that Mr Cooke was preparing a response to reports from the manager that were dated 3 October 2023 and 24 November 2023?

MR SAUNDERS: Yes. I think so, yes. Yes.

25 **MR CONDE:** So -

MR SAUNDERS: I'm sorry, I'm saying "I think so" because I'm not sure of the exact precise dates and I can't recall if the date - if I knew the date on this particular letter. But the reason I reference all those other subsequent dates is that they're - they had happened, obviously, up to the point that I had written this.

30

MR CONDE: But - right. So to the extent, though - would you accept that to the extent the manager would not have taken into account whatever was discussed in meetings after the dates of his report -

35

MR SAUNDERS: Of course, yes. Sorry, yes, I understand the question now. Yes, of course.

40 **MR CONDE:** So you are not suggesting Mr Weeks was a time traveller or something?

MR SAUNDERS: No.

45 **MR CONDE:** But would you agree that in preparing these suggestions, you had developed some sort of - perhaps even anger to be missing a basic chronological fact like that. Would you agree?

MR SAUNDERS: No. No. So, the fact that I included those, I suppose if I was suggesting words again, I would still include them because I didn't have the context of the response that was going back to this letter and whether it was a response, you know, to include subsequent events to the letter going on whether it was just - so this
5 is being provided as information for Mr Cooke to include in his response as - as needed.

MR CONDE: Right. So you weren't aware of that context. Is that correct?

10 **MR SAUNDERS:** The context of the response? No, I was not, no.

MR CONDE: I see. I think earlier you said you had seen either extracts or the content of Mr Weeks's reports. Is this the form in which you saw that?

15 **MR SAUNDERS:** This is the extent of the - what I saw from the second letter, yes.

MR CONDE: Right. So if I were to tell you that the actual reports are sort of a lot longer and standalone documents, you haven't seen those. Is that correct?

20 **MR SAUNDERS:** I did see the 1 October response, the letter, yes. And there was - I provided feedback on proposed responses to that as well, but that was separate to this.

25 **MR CONDE:** I see. In any event, at any of these meetings that you have referred to there, do you recall the manager suggesting that Ms Townsend's 30 September 2023 letter was acceptable?

MR SAUNDERS: No.

30 **MR CONDE:** I mentioned the Guest Support Officer issue earlier. You are aware of Operation Falskur?

MR SAUNDERS: Yes, I am, yes.

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

MR SAUNDERS: Yes.

40 **MR CONDE:** I think you mentioned earlier you have been involved in various meetings and decision-making process to see identify people responsible and disciplinary action that might need to be taken.

MR SAUNDERS: Yes.

45

MR CONDE: In terms of managing risks going forward, what meetings and decision-making processes have you been involved in to make sure that there will be an intervention for patrons who are gaming for three hours or more?

MR SAUNDERS: So, can I ask the timeframe you are asking about? Is that back to the very beginning or, like, back -

5 **MR CONDE:** Yes, from the discovery of this issue.

MR SAUNDERS: From the discovery of this issue, okay. So this matter came to light where Liquor & Gaming New South Wales identified that there was a patron who was gaming for three hours and had not had a conversation from a GSO or
10 Guest Support Officer or a Guest Support Manager. So it is a requirement under the ICMs that went live on 1 July last year that we have conversations with guests at least every three hours and, in fact, ultimately, once we get to fully carded play, that we actually enforce breaks for customers every three hours.

15 So Liquor & Gaming escalated this matter to The Star, who then looked at the records in our systems, our record-keeping from the GSOs, where we saw that there was a record of an intervention and a discussion with the customer. That prompted, then, an investigation to be launched - a review of CCTV footage to identify whether there had been an actual intervention or not. That - that review confirmed L&G's
20 position, that there was no intervention.

That prompted a conversation with our GSO, who admitted that the records had been falsified and leading to that person's suspension and termination of employment. That then - from there, we identified through that interview process the individual
25 said that that was common practice, as if that made it okay. That - on the basis of that, we went and did CCTV footage and reviews of record-keeping across the GSO population. So that included another 11 individuals.

By the end of February we had completed our review. We had identified that there
30 was a wider issue that needed investigation and further - further reviews that launched Falskur, I think, is the name, Falskur 2 was the investigation. Falskur 1 was the first one on that one individual. And then following that, we had interviews with a number of GSOs, and we rolled that into the GSMs, the Guest Support Managers, and also the management of that team with a view, ultimately, of making sure that
35 anybody who had falsified records had been - relevant consequences with respect to their employment and made sure that we were able to identify the root cause that led to this particular matter becoming so significant.

MR BELL SC: Mr Saunders, both Mr Wagemans and Mr Humphreys told me to the effect that, in their view, a significant part of the reason why Star Sydney has failed
40 to comply with its responsible gaming responsibilities is because it had insufficient resources. Do you consider that they are correct about that?

MR SAUNDERS: I - I don't know. We haven't finished the investigation yet to get
45 to the root cause. I'm not trying to be evasive. We definitely had breaches reported around the volume of work and not being able to execute the work. So I have got to think that it was a factor, yes. I don't know if that's the entirety of the root cause.

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

5 **MR CONDE:** I think you said earlier, Mr Saunders, in the last fortnight, the investigations have expanded to Queensland with the three incidents you mentioned earlier; is that correct?

MR SAUNDERS: That's correct, yes.

10 **MR CONDE:** You also mentioned the issue came to light as a result of an inquiry from Liquor & Gaming, not from within Star. Does that concern you in terms of risk detection practices?

15 **MR SAUNDERS:** Ideally, we are identifying it ourselves, yes, when these sorts of things are happening, but we are happy to have it identified by L&G and raised to us.

MR CONDE: Is there anything, to the best of your knowledge, being done about risk detection practices?

20 **MR SAUNDERS:** So, we are bolstering our assurance activities over these processes in relation to our Safer Gambling controls. We have had assurance reviews done through our Assurance team and Audit has looked at the controls, but we need - we have assessed that we need a dedicated team to focus on the Safer Gambling controls on a continuous basis.

25 **MR CONDE:** I mentioned that you have been a member of the GLT I think throughout your time at Star Entertainment. Is that correct?

30 **MR SAUNDERS:** Yes. So it was ExCo when I started. It was called something else but yes.

MR CONDE: Do you call a meeting or session in mid-2023 where Ms Katsibouba shared her views on the financial condition of Star Entertainment?

35 **MR SAUNDERS:** Possibly. Was that in May in 2023?

MR CONDE: I said in mid-2023. May, June, July.

40 **MR SAUNDERS:** Okay. Yes, I became aware at some point, yes, of the financial situation for The Star, yes.

MR CONDE: From Ms Katsibouba, as best you can recall?

MR SAUNDERS: I don't honestly remember how I came to know.

45 **MR CONDE:** Do you have any recollection of expressing a concern at the time that you became aware that you were learning about this for the first time when you were?

MR SAUNDERS: I don't especially recall that. I don't deny it. It's possible I did, but I don't recall expressing that.

5 **MR CONDE:** Do you have any comment on how the GLT has functioned in the past and any comment on the GLT now?

10 **MR SAUNDERS:** When you say "function", do you mean sort of how we work together and - or did we? Is that like, did we cooperate? Is that sort of what you are talking about?

MR CONDE: Let me ask you about that first, yes. How has the GLT functioned, in your view, while you have been a member?

15 **MR SAUNDERS:** Yes, so, look, I'd say - I have no particular concerns about how GLT operated. I think, you know, we took some steps to set out a charter for the GLT of how we would operate, and I'd say, you know, for sure there are lots of different opinions around that table on various matters. But generally speaking, I found the GLT, you know, respectful in the way it engaged and we had decent conversations on topics. So I think - we didn't always have a sort of rhythm of meetings, so we didn't - we intended to meet every week. We didn't always. But, you know, I felt like it functioned reasonably well. But for sure, there were different views on different topics around the table.

25 **MR CONDE:** Would you describe it as efficient?

MR SAUNDERS: Efficient?

MR CONDE: Yes.

30 **MR SAUNDERS:** Probably not, no. No.

MR CONDE: Do you feel that you have always received papers and materials ahead of GLT meetings with sufficient time to review those?

35 **MR SAUNDERS:** Not always, no. Sometimes they were late. And to be honest, often, yes, there wasn't sufficient time.

MR CONDE: Do you have any comment on the GLT now?

40 **MR SAUNDERS:** Well, it's a bit difficult to say now. There has been very substantive changes over the past six weeks or eight weeks. So I can't - we need to find a new rhythm, I would say, in light of management changes.

45 **MR CONDE:** You are aware, I take it, that if someone ceases to be a close associate of a casino operator, there needs to be a notice given to the NICC of that fact as part of what's called a minor change in the state of affairs of the casino operator?

MR SAUNDERS: Yes, we need to notify them. Yes, we do. We make that notification.

5 **MR CONDE:** Do you recall sending a notification to NICC on 22 March 2024 about the departure of Mr Cooke and Mr Jenkins?

MR SAUNDERS: I do, yes.

10 **MR CONDE:** If we can call that up, please. It's STA.8122.0001.1519.

MR BELL SC: Mr Conde, perhaps you could repeat that number a little more slowly.

15 **MR CONDE:** Yes, sorry. It's STA.8122.0001.1519. Thank you. Mr Saunders, do you see a letter dated 22 March 2024 and it is addressed to the NICC and Liquor & Gaming and it says:

"Notification of a Minor Change in the State of Affairs."

20 **MR SAUNDERS:** Yes.

MR CONDE: And do you see the first bullet point:

25 "Mr Robbie Cooke has tendered his resignation as the Group Chief Executive Officer and Managing Director effective today."

MR SAUNDERS: Yes.

30 **MR CONDE:** Is it correct that that statement accorded with your understanding at the time of the circumstances of Mr Cooke's departure?

MR SAUNDERS: Yes.

35 **MR CONDE:** And then under the second bullet point to you see the statement:

"Mr Cooke will continue as a consultant for six months to support an orderly transition."

40 **MR SAUNDERS:** Yes.

MR CONDE: At the time you sent this letter, were you aware of what Mr Cooke would be doing as a consultant?

45 **MR SAUNDERS:** No, I didn't have those details.

MR CONDE: I see. Mr Bell, I see the time. I do have maybe 10 minutes with Mr Saunders. So I don't -

MR BELL SC: We will adjourn now until 2 pm.

5 **DR RENWICK SC:** Commissioner, I'm sorry to do this to you at 1 pm. There is just a matter I will need to raise with you before Ms Ivanoff comes back. Is it intended to interpose her at 2 o'clock or at the conclusion of all of Mr Saunders evidence, may I request?

10 **MR BELL SC:** I understand from Counsel Assisting that Mr Saunders will only be required for about 10 minutes or so. Is that right, Mr Conde?

MR CONDE: Yes.

15 **MR BELL SC:** I would think it would be least disruptive to allow Mr Saunders to finish and then hear from Ms Ivanoff.

MR AHMED SC: I'm sorry, Commissioner, I should flag, I will have some questions for Mr Saunders. They may take 20 to 30 minutes.

20 **MR BELL SC:** In those circumstance, given I have allowed Mr Cooke's application for Ms Ivanoff to be recalled, I think she should be recalled at 2 pm.

DR RENWICK SC: Well, if that's so, I do need to raise a matter and I do need to raise it now and in confidential session. I'm sorry about that.

25 **MR BELL SC:** Yes, all right. We will go to private hearing mode now, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 1.02 PM

30 **<THE HEARING IN PUBLIC RESUMED AT 2.00 PM**

MR BELL SC: Ms Ivanoff, can you hear me?

MS IVANOFF: Yes, I can, Mr Bell.

35 **MR BELL SC:** Mr Harris, do you represent Ms Ivanoff?

MR HARRIS: Yes, I do. Thanks, Mr Bell.

40 **MR BELL SC:** Ms Ivanoff, Mr Cooke has been given leave to ask you some questions. Can I ask, would you prefer to take an oath or an affirmation?

MS IVANOFF: An oath is fine.

45 **<BETTY IVANOFF, RECALLED AND RESWORN**

<EXAMINATION BY DR RENWICK SC

DR RENWICK SC: Ms Ivanoff, my name is Renwick. I act for Mr Cooke. Just to be clear at the outset, nothing I am putting to you is a suggestion that you have made a deliberate misrepresentation or untruth. I may wish to suggest to you that you are mistaken about certain matters. Is that clear?

5

MS IVANOFF: Yes, clear.

DR RENWICK SC: Yes, thank you very much. Ms Ivanoff, do you recall when giving evidence last week you gave some evidence about a meeting between you and Mr Robbie Cooke on 6 September 2023. Do you recall being asked about that?

10

MS IVANOFF: Yes.

DR RENWICK SC: And I think your evidence was that that was the first time you told Mr Cooke you wished to resign. That's right, isn't it?

15

MS IVANOFF: Yes.

DR RENWICK SC: And last week you recall being shown some emails and other documents. Would you agree with me about this: it was clear from the documents you were shown, by December, you and Mr Cooke had differing recollections of what had occurred at the meeting. Would you agree with that?

20

MS IVANOFF: Yes, I would.

25

DR RENWICK SC: And I think you were also asked some questions about a meeting at 15 November 2023?

MS IVANOFF: Yes.

30

DR RENWICK SC: And there were some emails you and Mr Cooke exchanged about that?

MS IVANOFF: Yes.

35

DR RENWICK SC: So would you agree the 6 September meeting with Mr Cooke was about your desire to leave The Star. Is that fair?

MS IVANOFF: Yes.

40

DR RENWICK SC: And you had agreed that regardless of the precise details of what was discussed at the end of the meeting, you and Mr Cooke had agreed you would revisit the resignation issue, if I can put it that way, in a couple of months.

45

MS IVANOFF: Yes.

DR RENWICK SC: Alright. I will ask you some questions about the 6 September letter, which is - you know what I'm referring to there?

MS IVANOFF: Yes.

5 **DR RENWICK SC:** Alright. Now, you agree, don't you, that the 6 September letter, the resignation letter, was not something that you emailed to Mr Cooke on 6 September.

MS IVANOFF: Ever, yes.

10 **DR RENWICK SC:** Ever. Thank you. You say you handed a copy to him then.

MS IVANOFF: Yes.

15 **DR RENWICK SC:** Yes, thank you. So can we put up the first document on the screen, which is STA.8000.0029.5433. STA.8000.0029.5433. If it assists the operator, it's attachment A to this document STA.8000.0029.5429.

20 **MR BELL SC:** Mr Conde, do you know whether there is a problem in producing this document and putting it on the screen?

MR CONDE: I'm just seeking instructions, Mr Bell.

MR BELL SC: Thank you.

25 **DR RENWICK SC:** Just to be clear, this is the attachment to the letter from Mr Cooke to Mr Crawford of 20 December 2023, request for further information regarding resignation of Ms Betty Ivanoff. It's the attachment to that document.

30 **MR CONDE:** Mr Bell, my instructions are that this document is not in the Hearing Book. But I think something has come up.

MR BELL SC: Good, thank you. Yes, Dr Renwick.

35 **DR RENWICK SC:** So that's 5429. Is it possible to go forward in the same document to 5433? Yes, could you blow that document up a little, please? Ms Ivanoff, do you recognise that email as an email you sent Mr Cooke on 6 September at 4.25 pm?

40 **MS IVANOFF:** Yes, I do.

DR RENWICK SC: And it is the one headed "Subject: Marker" and you say:

45 "Thanks for the chat this afternoon and agreed - lets see how the next two months go."

MS IVANOFF: Yes.

DR RENWICK SC: Can I ask you this. You'd agree, wouldn't you, that when a senior executive, such as the position you held, resigns as the head lawyer, certain steps need to be taken and let me give you some examples. Firstly, there is a need to notify certain people. We can come to who but some people need to be notified about that fact, do they not?
5

MS IVANOFF: Yes.

DR RENWICK SC: Your replacement would need to be identified at an appropriate time?
10

MS IVANOFF: Yes.

DR RENWICK SC: There would be a need to negotiate the terms of your departure?
15

MS IVANOFF: To a point. It's a resignation so to a point, yes.

DR RENWICK SC: Well, at least whether it's a strict resignation or termination without notice or the like.
20

MS IVANOFF: Well, no -

DR RENWICK SC: I'm not trying to trick you.
25

MS IVANOFF: No, I understand. But given it was a resignation, I don't think it was something that required negotiation but anyway.

DR RENWICK SC: Alright. So if I can take you to another document, which is STA.8517.0029.8477. If we could blow that up a little. Can I ask you just to take a minute, please, Ms Ivanoff, just to read that document through?
30

MS IVANOFF: Yes.

DR RENWICK SC: Am I right in thinking that's an email you sent to Mr Cooke, Ms Hammond and Mr Foster at that date stamp; is that right?
35

MS IVANOFF: No, Mr Renwick, I did not send that email. That email was sitting in my draft items. I did not send that on that Friday.
40

DR RENWICK SC: I see. Thank you. Neither of us are IT experts, I suspect, Ms Ivanoff, but what is the significance of the date? Do you say that was the date it was saved to your inbox, do you?

MS IVANOFF: I say it was the date I prepared that email and subsequent events occurred, meaning I did not then send that email.
45

DR RENWICK SC: I see. Thank you. Are you still there, Ms Ivanoff. Sorry, I can't see you.

MS IVANOFF: Yes, I am.

5

DR RENWICK SC: I'm sorry. Yes, thank you. And looking at that email -

MS IVANOFF: Yes.

10 **DR RENWICK SC:** - appreciating as I now do that it was not sent, that draft at least recognises the appropriateness and necessity of advising persons other than Mr Cooke about a resignation. You would agree with that?

MS IVANOFF: Yes.

15

DR RENWICK SC: Alright, thank you. I will take you to the next document, please. So, can I show you the document at STA.8517.0027.0552. Again, can I just invite you to - firstly, if we can blow it up a little - can I just invite you to read what's on the top half of the page and then I will ask you some questions.

20

MS IVANOFF: Yes.

DR RENWICK SC: Is that an email you sent on or about that date?

25

MS IVANOFF: Yes.

DR RENWICK SC: Well, just to be fair, can I also - and can we put this up side by side, if possible - can I show you this document, STA.8100.0078.5823.

30 STA.8100.0078.5823. Alright. So, can you just, please, compare the top half of the document on the left and the top half of the document on the right and indicate whether the document on the right was also sent apparently some eight minutes after the document on the top left.

MS IVANOFF: Sorry, could you just repeat that question?

35

DR RENWICK SC: Sorry. You would agree with me, wouldn't you, having read the document on the top left and the document on the top right -

MS IVANOFF: Yes.

40

DR RENWICK SC: - that they are documents from you to the same addressees apparently sent within eight minutes of each other and in similar terms but with this difference in the document on the right-hand side - the addition of the statement:

45 "I confirm my notice resignation as below effective 6 September 2023."

Do you see that there is that difference between the two of them?

MS IVANOFF: Yes, there is, and I think what the - in relation to the question, while I was mid one response, an email had come through from Robbie and so I'm not sure whether, you know, like, my draft got sent and then I got Robbie's email and was reading that. So that might have occurred.

5

MR BELL SC: Ms Ivanoff, can I ask you this question. The email on the left has got your name in inverted commas around it. Do you have any understanding of what the significance of that is?

10 **MS IVANOFF:** No, I'm sorry, Mr Bell, I'm not sure.

MR BELL SC: Yes, Dr Renwick.

15 **DR RENWICK SC:** Yes, thank you. Ms Ivanoff, just to be clear - and I have said it at the beginning and I continue to say it, I'm not suggesting you are anything other than possibly mistaken - but is it possibly the case that one of those emails on the top half of the documents on the screen was sent and the other was not? Or are you saying you are sure both were sent.

20 **MS IVANOFF:** It could be the case, Dr Renwick, yes.

DR RENWICK SC: Yes, thank you. Alright. But you would agree with me, wouldn't you, that whichever version or if both versions were sent, neither actually attaches the - what I call the resignation letter of 6 September.

25

MS IVANOFF: Yes.

DR RENWICK SC: Those particular emails.

30 **MS IVANOFF:** Yes, I do.

DR RENWICK SC: Yes, alright. Can I then take you to this document, STA.8131.0001.6241. Can you just blow that up again? So, Ms Ivanoff, do you recognise that email?

35

MS IVANOFF: All I can see is just the header.

40 **DR RENWICK SC:** Yes, I see. Does what is on the screen with the statement attachment "Ivanoff_Resignation Copy.pdf", does that trigger your memory as to whether something was attached to that email.

MS IVANOFF: I may have been at that time sending from my home scanner a copy of my letter of resignation to my work email address.

45 **DR RENWICK SC:** So let me show you what indeed appears to be just that. So the next document, 6242, please. So is this the position, that that may have been what is attached to the email I showed you a moment ago?

MS IVANOFF: Yes.

DR RENWICK SC: And if that's right, that's you sending it from your home to your work address on 4 September?

5

MS IVANOFF: Yes.

DR RENWICK SC: All right.

10 **MR BELL SC:** Is that date right, 4 September?

MS IVANOFF: Sorry -

15 **DR RENWICK SC:** I'm sorry, I beg your pardon. The previous email is 4 December, Commissioner. That's my error. The letter, of course, is 6 September.

MR BELL SC: Thank you.

20 **DR RENWICK SC:** Just looking at the document on 6 September and going back to the meeting of 6 September, do you say, do you, that you had - you went to the meeting with an original or a copy when you met with Mr Cooke? Is that the position?

25 **MS IVANOFF:** I had two copies in my notebook at that meeting. One was in an envelope which I gave to Mr Cooke and the other one was my file copy, which I took home with me that evening.

30 **DR RENWICK SC:** I see. And the notation - the handwritten notation, which I think is your handwriting at the bottom, that was written at the meeting? Immediately after the meeting.

MS IVANOFF: When I got home later that evening.

35 **DR RENWICK SC:** Alright, thank you. Now, looking at this - alright. We can take that off the screen, please. At that meeting on 6 September, did you say to Mr Cooke, "I want you to keep what we have now discussed about resignation just between the two of us"?

40 **MS IVANOFF:** I don't recall saying that, Dr Renwick.

DR RENWICK SC: Were you concerned - was it your desire to keep it confidential between you and Mr Cooke until the two months had elapsed?

45 **MS IVANOFF:** No, because I had also then subsequently informed the Chief People Officer of my resignation and I had also informed the chairman. What was important for me was that I didn't inform the broader Legal team at that point in time. I thought that might need a little bit of time while we worked through that kind of period, given I had a six-month notice.

DR RENWICK SC: So is this right. From your point of view, there was no difficulty with those who had a need to know, if I can put it that way, knowing that you had resigned? Is that fair?

5

MS IVANOFF: Yes, but also on the basis that Robbie, you know, did say to me, "Look, I'm making some changes and I'd really like you to have a think about those and if in the next two months we can work through that", ideally I didn't start the job, Dr Renwick, just to resign within four months.

10

DR RENWICK SC: I'm not suggesting you did. Can I show you this document, INQ.5003.0002.0001. So if you just look down - if we can blow it up, please. So this is an email, is it, from you to the NICC on 21 December 2023 at 4.53 pm addressed to the Chief Commissioner?

15

MS IVANOFF: Yes.

DR RENWICK SC: And that was an email which was sent, was it?

20 **MS IVANOFF:** Yes, I believe so.

DR RENWICK SC: Alright. And if you look at the contents of the letter, the fourth paragraph reads:

25 "This resignation letter was not e-mailed as we have executive assistants with access to their manager's e-mail accounts and I wanted to keep this confidential, although I did soon after inform Ms Paula Hammond our Head of People and Performance of my resignation."

30 Do you see that?

MS IVANOFF: Yes.

35 **DR RENWICK SC:** And you have agreed that you didn't - is this right, you didn't ask Mr Cooke to keep it confidential at your meeting of 6 September?

MS IVANOFF: Not that I recall.

40 **DR RENWICK SC:** But you would have expected, wouldn't you, that a letter of this significance, if handed over on 6 September, would be immediately provided by Mr Cooke, among other people, to his executive assistant so that it could be forwarded to other people with a need to know in the company. Isn't that right?

45 **MS IVANOFF:** Well, not particularly, given the conversation I had had with Mr Cooke.

DR RENWICK SC: I see. Alright. You would agree, wouldn't you, that it's easier to defer a proposed decision to resign where you have a marker for your notice period

than it would be to trigger a formal resignation which you may later need to reverse. You would agree with that conceptually, would you?

MS IVANOFF: Yes.

5

DR RENWICK SC: And if you had triggered a formal resignation and later wished to reverse it, it wouldn't so much be a reversal as a rehiring, would it?

MS IVANOFF: I guess so. I would probably think it would be a retraction of a resignation, if that differs at all.

10

DR RENWICK SC: But isn't the difficulty, Ms Ivanoff, that by then Mr Cooke would have needed to have notified quite a few people in the organisation and possibly also the manager as well?

15

MS IVANOFF: Yes, he would have.

DR RENWICK SC: But isn't this right? You knew, certainly by your meeting of mid-November 2023, that he had not done so.

20

MS IVANOFF: I did not know if he had informed the regulators by November. That's - that would be correct. I assumed that in his discussions with the manager that he would have raised it.

DR RENWICK SC: I see. Because is this right. When you - by mid-December, when Mr Cooke did formally notify the regulator - you accept he did that in mid-December or thereabouts?

25

MS IVANOFF: Yes, I do.

30

DR RENWICK SC: Then it was a matter which came to public attention. It was reported in the press, wasn't it, shortly after that?

MS IVANOFF: Yes, it was.

35

DR RENWICK SC: It was a matter of some significance that a senior manager in your position had resigned in all the circumstances.

MS IVANOFF: Yes.

40

DR RENWICK SC: And if there had, in fact, been a resignation on 6 September, you would have expected it, wouldn't you, to have been made public in the same way at least by the meeting of 15 November, wouldn't you?

MS IVANOFF: At least - well, not made public in terms of media and similar. No, I would not expect that. But by 15 November, I accept that, you know, that was definitely the date where Mr Cooke knew that I would not be retracting my resignation based on the discussions we had had in September.

45

DR RENWICK SC: I see. Alright. Look, let me just try and put it this way, and please tell me if you disagree with anything I'm putting. Broadly speaking, you and Mr Cooke had agreed in September that you proposed or wished to resign but,
5 putting to one side the particulars, your wish would be revisited in a couple of months.

MR HARRIS: I object to that question.

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

MR HARRIS: Mr Bell, I'm just not sure it is intelligible when one tries to put to one side the particulars. I just don't understand it.

15 **MR BELL SC:** Dr Renwick, perhaps you can put the question again. Ms Ivanoff, if you are having difficulty understanding, please say so.

MS IVANOFF: Thank you.

20 **DR RENWICK SC:** So what I'm putting to you - let me break it down. You have a meeting on 6 September. There is no doubt about that.

MS IVANOFF: Yes.

25 **DR RENWICK SC:** You agree that in December, there are emails between you and Mr Cooke which express a difference about what actually occurred at that meeting. You agree with that?

MS IVANOFF: Yes.

30

DR RENWICK SC: You agree that - you have given evidence today to this effect - that you never emailed the resignation letter to Mr Cooke.

MS IVANOFF: Yes.

35

DR RENWICK SC: And when you wrote to Mr Cooke, for example, in the letter, the email headed "Marker", the first email I showed you today which contains the words "agreed - lets revisit in two months", you didn't attach the resignation letter then?

40

MS IVANOFF: No.

DR RENWICK SC: And I suggest to you that would have been a perfectly natural thing to do then, wouldn't it?

45

MS IVANOFF: Well, given I had already left him with a copy of the letter and given that his EA was reading all of his emails and I would assume that my EA was

reading some of mine, I did make that decision to not email the letter because I had handed it over.

5 **DR RENWICK SC:** And finally, you agree in the exchange of email correspondence on 4 December which I took you to earlier - you recall what I'm talking about there?

MS IVANOFF: Yes.

10 **DR RENWICK SC:** In none of those emails did you say to Mr Cooke, "You will recall I handed you a written resignation on 6 September 2023".

MS IVANOFF: Sorry, that I did not say that in my email?

15 **DR RENWICK SC:** Yes, that's right. You didn't say in your email -

MS IVANOFF: I didn't, no.

20 **DR RENWICK SC:** - "I handed a resignation letter to you on 6 September 2023".

MS IVANOFF: No, I didn't. I had had a discussion with Mr Cooke a month earlier where we confirmed that my resignation was still on foot. So if Mr Cooke had not received my resignation formally, I would have, you know, expected maybe he would have raised it at that point rather than a month later.

25 **DR RENWICK SC:** Alright. Look, in all the circumstances, Ms Ivanoff, I suggest to you that you must accept the possibility that you might be mistaken about handing the letter on 6 September. What do you say about that?

30 **MS IVANOFF:** Well, I don't agree with that.

DR RENWICK SC: Just bear with me, Commissioner, for one minute, please. Those are my questions, Commissioner.

35 **MR BELL SC:** Yes, thanks Dr Renwick. Mr Ahmed, do you have any questions?

MR AHMED SC: No, thank you.

40 **MR BELL SC:** Mr Conde, do you have any questions?

MR CONDE: No, Mr Bell.

MR BELL SC: Mr Harris, do you have any questions?

45 **MR HARRIS:** No, thank you, Mr Bell.

MR BELL SC: Ms Ivanoff, thank you for attending again today. Thank you for your evidence. Once again, the formal direction I will make is that your hearing be

adjourned but you won't be required unless you hear from the solicitors assisting.
Thank you very much.

MS IVANOFF: Thank you, Mr Bell.

5

<THE WITNESS WAS RELEASED

MR BELL SC: Yes, Mr Conde.

10 **MR CONDE:** Mr Bell, I think we might need to adjourn briefly to go back to
Mr Saunders.

MR BELL SC: Yes. I will adjourn for a few moments.

15 **<THE HEARING ADJOURNED AT 2.28 PM**

<THE HEARING RESUMED AT 2.32 PM

MR BELL SC: Yes, Mr Conde.

20

MR CONDE: Mr Bell, we are resuming with Mr Saunders.

MR BELL SC: Yes. Please proceed.

25 **<TREVOR SCOTT SAUNDERS, ON FORMER AFFIRMATION**

<EXAMINATION BY MR CONDE

MR CONDE: Mr Saunders, can you hear me?

30

MR SAUNDERS: I can, yes.

MR CONDE: If I can ask that STA.8121.0001.3292 be brought up, please. I might
have said that a bit quickly. STA.8121.0001.3292.

35

MR BELL SC: Can you say it one more time, Mr Conde.

MR CONDE: STA.8121.0001.3292. Thank you. Mr Saunders, do you see on the
bottom of this page there is an email from you to an address at the NICC dated 3
40 January 2024 at 4.44 pm?

MR SAUNDERS: Yes.

45 **MR CONDE:** And if we can go over the page, please, to 3293. Do you see after the
salutation and the "Happy New Year" message, you wrote:

"While I was away from my desk over the past 10 days or so, I have been ruminating
on the state of the Star's regulatory relationships. It occurred to me that we are

nowhere near where we need to be and not yet able to sustain meaningful and effective regulatory engagement. We simply don't seem to be on the same wavelength with key regulators, something which The Star needs to own."

5 Do you see that?

MR SAUNDERS: I do, yes.

MR CONDE: And then later you asked for a call. Do you see that?

10

MR SAUNDERS: Yes.

MR CONDE: Since the time of this email on 3 January 2024, in your opinion, has the status of Star's regulatory engagement improved, stayed the same or gotten worse?

15

MR SAUNDERS: It hasn't improved. It's difficult in this environment to - to make improvements. If anything, it's probably gotten worse, yes.

20 **MR CONDE:** And may I ask you, please, to explain why?

MR SAUNDERS: Well, look, it's difficult to know the state of our regulatory engagement and our relationships. I mean, it was - leading into where we are now with this inquiry and - and some of the back and forth that happened, I gather, after this, probably with the return of Robbie's - sorry, Mr Cooke's responses to the letters, it just seems to me we haven't gotten any better and we have probably gotten worse, just in terms of being on the same page and the same wavelength, as I've written here.

25

30 **MR CONDE:** You mentioned Mr Cooke's responses to the reports. Do you feel that they did not improve the relationship?

MR SAUNDERS: I'm - I - I'm assuming not. I never saw them, but given the inquiry that followed, this inquiry, I would say they didn't help.

35

MR CONDE: And is it your understanding that the sort of - I would call the genesis of this inquiry was the reports?

MR SAUNDERS: I don't know. I don't know that for sure. I would gather that that would - that would make sense but I don't know for sure.

40

MR CONDE: Is it correct - and it is not a criticism - is it correct that you have been left to speculate about these things?

45 **MR SAUNDERS:** Yes. Yes, that's correct.

MR CONDE: Right.

MR BELL SC: Sorry, Mr Saunders, did you say that you hadn't seen Star's responses to the manager's reports?

MR SAUNDERS: Not the final responses, no.

5

MR BELL SC: Thank you.

MR CONDE: Mr Saunders, it is correct you chair the Remediation Program Steering Committee?

10

MR SAUNDERS: At the moment, yes.

MR CONDE: Is that not normally a role that you would fulfil?

15 **MR SAUNDERS:** No, it was normally held by the Chief Transformation Officer.

MR CONDE: Right. And are you referring there to Ms Burke?

MR SAUNDERS: Yes, I am.

20

MR CONDE: Is it correct that she has been on a period of sick leave and, therefore, it has fallen to you. Is that correct?

MR SAUNDERS: Yes, yes.

25

MR CONDE: What is your assessment of Star's progress towards remediation?

MR SAUNDERS: I would say the plan has been developed. The plan is thorough. It needs some refinement now that we are six months into it, as we are moving through it, to create greater clarity around the milestone objectives and expectations for our assurance provider around how those would be closed out. I feel like we are moving quickly through the development of the key points that are necessary to - to get back to suitability, but my position, which I have said internally, is I do feel we need to slow down a little bit in order to have everything embed properly.

30

35

We are turning out milestones and milestone closure memos quite quickly. My view is that - that some of what we are doing - and this is coming out through some of the culture discussions we are having as well as some of the independent checks we have done over our financial crime program - we're not landing fully in terms of driving change across our properties, for the whole organisation. So I think we have more work to do on our change management and our embedment activities. Although, we are still two years to go in our remediation plan, so it is still progress, but lots of work to do.

40

45 **MR CONDE:** You have just used some language there, Mr Saunders, "embedding" and "landing" which is also seen in some of the culture analysis. Is that something which you have been a part of?

MR SAUNDERS: The culture do you mean? Or embedding and landing?

MR CONDE: More the cultural assessment and how that feeds into your work as risk.

5

MR SAUNDERS: Yes. Yes, so risk culture is a big part of culture generally. So I have been part of various initiatives principally led by our People and Performance team but it does cross into Risk and certainly an improved culture is necessary for sustainable risk management going forward.

10

MR CONDE: I see. If we could have MGR.0001.0002.1357 brought up, please. Are you familiar with this document or form of document, Mr Saunders?

MR SAUNDERS: This form, yes, for sure.

15

MR CONDE: What is it?

MR SAUNDERS: It looks like it's - sorry, I don't know - it looks like it's extracted from a Remediation Plan Steering Committee document, I believe.

20

MR CONDE: You can take it from me it is from KPMG.

MR SAUNDERS: Okay, yes.

25 **MR CONDE:** There is "Milestone Assurance - Status Update". Do you see that up the top?

MR SAUNDERS: Yes.

30 **MR CONDE:** 19 March. That's of this year. Do you see that down the bottom of the page there is - you have total milestones of 631. 221 have been received by KPMG and at the end you have 526 remaining. Do you see in the middle of the page there is a series of bullet points with the fourth main one that says:

35 "The pace of KPMG report issue continued to be impacted by ..."

And then there is a list of, I think, six bullet points. Do you see that?

MR SAUNDERS: Yes, I do.

40

MR CONDE: And in particular do you see there is a reference in the first one to variable quality of closure memos; closure memos being submitted post-agreed cut-off dates, which is the third bullet point; document requests not being responded to; complex milestones; limited clarity on milestone sequence. Do you have any comment on those issues as reported by KPMG?

45

MR SAUNDERS: No. I believe those are valid issues. I believe there would be variable quality of the closure memos. That doesn't surprise me. Some being

submitted past cut-off dates. That's probably true. Although I would say KPMG has reviewed less than half the ones they've received. So I'm not sure how that would impact, necessarily, the timeliness of their reviews.

5 But the other points, for sure, some of them are very complex milestones, that is one of the challenges with our remediation plan is that some of the milestones are super complicated and involved and some of them are very simple. And so it is one of the things we are trying to address by doing a reset of the remediation plan now. So hopefully we can address some of these points that are listed here.

10

MR CONDE: I just want to ask you about that. So what is your understanding of the proposed reset of the remediation program?

MR SAUNDERS: So it's not intended to extend out what we are doing and the timeframes forward, but it is looking to create greater clarity around the criteria for delivery and what we are actually going to deliver by each milestone and whether or not it's sort of - the milestone is landing in sort of a design, implement or embed, you know, from what it is trying to achieve. But, in some cases, it is a bit muddled across some of the milestones and unclear, and that leads to significant back and forth in the assurance process with KPMG, which is partly being referred to here.

20

MR CONDE: And who would be leading this reset, so far as you are aware?

MR SAUNDERS: We have engaged an external party to help us do that reset, and the person who is leading that report is reporting to me temporarily.

25

MR CONDE: And would they be working with your team in the absence of the Chief Transformation Officer?

MR SAUNDERS: They would be working with the Transformation Office to do this work, yes. So they are not actually the Risk Team. It's the Transformation Office Team, which was led by Ms Burke before she went on leave..

30

MR CONDE: I'm sorry, but would you be stepping in, in the way that you were chairing the Remediation Program Steering Committee - do you have any expectation about your future role in any reset remediation program?

35

MR SAUNDERS: So I am managing it at the moment but it's not intended to be a long-term engagement.

40

MR CONDE: Right. If we can go over the page to 1358, please, do you see there is a closure memo summary down on the right?

MR SAUNDERS: Yes.

45

MR CONDE: And there is a qualitative assessment of - for each workstream, the quality of the closure memos and the responsiveness to requests. Do you see that?

MR SAUNDERS: Yes.

MR CONDE: So Governance is given as low, medium, very slow. Do you see?

5 **MR SAUNDERS:** Yes.

MR CONDE: Risk Management & Controls is medium and moderately slow.

MR SAUNDERS: Yes.

10

MR CONDE: And so on, Financial Crime, high but moderately slow. Do you have any comment on this summary?

15 **MR SAUNDERS:** Not really, no. Do you mean specifically on those ones you mentioned or just generally? I mean, I think it's a - likely a reasonable assessment by our independent assurer so I think that's fair.

20 **MR BELL SC:** Mr Saunders, with the Culture workstream, workstream 3, there is a blank under "Quality of Closure Memos" and a blank under "Responsiveness to Requests." Why is that?

MR SAUNDERS: I'm sorry, I don't know the answer to that question.

25 **MR BELL SC:** Right. Have there been any milestones closed on the Culture workstream?

MR SAUNDERS: I can't say for certain but I would say yes, there has been quite a lot of work done in that space but I can't say for sure.

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

MR CONDE: If we can then go, please, to MGR.0001.0002.2574. Does a document dated 26 March 2024 titled Remediation Program Steering Committee come up for you, Mr Saunders?

35

MR SAUNDERS: Yes, it has.

MR CONDE: If we can go to page 2575, please. Do you see there are various attendees listed and then, underneath, you are identified as the Chair?

40

MR SAUNDERS: Yes.

MR CONDE: If we can go over, please, to 2576. I'm sorry, 2577. Yes. Do you see the Program Assurance Update?

45

MR SAUNDERS: Yes.

MR CONDE: Then to 2578. Now, in the top right corner of this page, do you see it says "Overall Project status", "Red"?

MR SAUNDERS: Yes.

5

MR CONDE: Does that mean out of risk appetite?

MR SAUNDERS: I wouldn't take that to mean risk appetite. I would take that to mean project delivery timeframes and scope. So - so I think what that's saying overall is that the project is under extreme pressure and running behind.

10

MR CONDE: Do you see in the bottom the numbers - they have moved slightly from the version I showed you a moment ago but for "Assurance Complete", it is 110, whereas in the document before it was 105.

15

MR SAUNDERS: Yes.

MR CONDE: If we go, please, to 2581, do you see on the right it says "RAG Summary"?

20

MR SAUNDERS: Yes.

MR CONDE: And I just ask to you read that, please, from the top to the bottom of the page.

25

MR SAUNDERS: Down the right-hand side, you are asking?

MR CONDE: Down the right-hand side, please.

MR SAUNDERS: Yes. Yes.

30

MR CONDE: Is it disappointing to see in the "Red Workstream" such important matters as Risk Management, Compliance, Technology & Data, Strategy For Premium Players, Legacy Issues and Program Assurance?

35

MR SAUNDERS: Some of those. Although, I'll say some of the specifics behind these, if I take "Compliance" as an example, the matters that are there are - we can't deliver them because of things that are beyond our control. So the milestone 5.12.4 relates to sharing of police exclusions across states, which is not something we can do without amendments to the CCA, so it's out of our control. So it is something we would like to be able to do but can't without breach of privacy.

40

And the ICM Queensland milestones, that's working with the Office of Liquor & Gaming Regulation in Queensland to resolve and address our ICM and get agreement as to what our proposed approach is working with them. Some of these, yes, it's disappointing. We don't want to be late, for sure. But some of them are a little bit beyond our control.

45

MR BELL SC: Mr Saunders, the colour coding that is used is green, amber and red, which is the same colour coding that is used in the risk appetite statement. Is that correct?

5 **MR SAUNDERS:** That is correct, yes.

MR BELL SC: So is this a shorthand for conveying that if it is red, it's out of the risk appetite?

10 **MR SAUNDERS:** No, I wouldn't make that extension. So, red, amber, green is used on a number of different measures across much of our reporting, as it is in many organisations. So it's not specifically about risk appetite, these ratings.

15 **MR BELL SC:** Doesn't the risk appetite statement, though, have one metric, which is if a certain number of milestones are behind?

MR SAUNDERS: The updated risk appetite statement which was approved by the board on 1 March this year, yes, does incorporate status of our remediation plan.

20 **MR BELL SC:** So in terms of the risk appetite statement, where you are up to with remediation is in the red zone in terms of the risk appetite statement. Is that correct?

MR SAUNDERS: I'm sorry, I don't have that information at hand. I don't know what the actual threshold is to take it out of appetite but it could be, yes.

25 **MR BELL SC:** Do you see that on the left-hand side there is another colour coding talking about milestone delivery by workstream?

MR SAUNDERS: Yes.

30 **MR BELL SC:** Do you see it uses a pink colour to identify milestones completed?

MR SAUNDERS: Yes.

35 **MR BELL SC:** And focusing on the Culture workstream, this graph appears to indicate that none of the Culture milestones have yet been completed. Am I interpreting that correctly?

40 **MR SAUNDERS:** That is what that looks like, yes. Although - yes, that is what that appears to say.

MR BELL SC: Yes, Mr Conde.

45 **MR CONDE:** Mr Saunders, as things presently stand, what, if any, comment do you have on Star's prospects of remediation?

MR SAUNDERS: Look, I would say I have never worked for an organisation that's under the pressure that The Star is under at the moment. It's a very challenging

environment and it's not getting easier, but I do feel like the plan that we have put together for remediation is sound, notwithstanding the fact that we are doing a bit of a reset right now. I believe the work that has been set out in that plan is required and we are on track to deliver that work.

5

There are definitely hurdles ahead, and I guess I would flag that this is a - we have two years left, at least, in this remediation plan. So we are six months in and two years to go, so there is still much to do. I believe we can get there but it is - it is challenging, for sure.

10

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

MR BELL SC: Operator, I wonder if we can bring up the Compliance Committee charter for Star Sydney, which I think is STA.5013.0001.0001. Whilst that is coming up, Mr Saunders, do you recall that in my 2022 report, I expressed some concerns about the level of effective oversight and management of The Star Pty Ltd at the level of the casino operator?

15

MR SAUNDERS: Yes, I do. Chapter 26.

20

MR BELL SC: Yes. And one of the recommendations that I made, you might recall, was that there be a dedicated Compliance Committee reporting into the board of The Star Pty Ltd, that is, the board of the casino operator. Do you recall that?

25

MR SAUNDERS: Yes, I do.

MR BELL SC: If we look at this Compliance Committee Charter, do you see at paragraph 1.2, "The Star Entertainment Group", that is the holding company, is defined as "The Star" and "Star Sydney" is defined as "Star Sydney". Do you see that in 1.2.

30

MR SAUNDERS: Yes, I do. Yes, I do.

MR BELL SC: And in terms of responsibilities for The Star Pty Ltd Compliance Committee charter, its reporting line is into the board of Star Entertainment. Do you see that?

35

MR SAUNDERS: Yes.

MR BELL SC: So whereas what I had recommended was that the Compliance Committee for The Star Pty Ltd report to the board of The Star Pty Ltd, what has been put in place is a structure where the Sydney Compliance Committee reports to the board of Star Entertainment. Correct?

40

45

MR SAUNDERS: Yes.

MR BELL SC: Do you know why my recommendation has not been implemented and this change has been made?

MR SAUNDERS: I think there was a bit of confusion about how your recommendation was transposed in the ICMs, which seems to have been interpreted as being reported that the committee will report to the board of The Star Entertainment Group.

MR BELL SC: You are not suggesting - are you suggesting that the recommendation I made was unclear?

MR SAUNDERS: No, no. Well, no but the ICMs that were provided point to the Compliance Committees reporting to The Star Entertainment Group board.

MR BELL SC: Okay. Do you know how that has arisen?

MR SAUNDERS: I don't know. It was one of the later additions to the ICM development coming about 22 May and dropped into ICM2.28 in the People and Performance area. So I don't know. It came out in the middle of May, which is relatively late in the piece.

MR BELL SC: Thank you. Mr Ahmed, do you have some questions for Mr Saunders?

<EXAMINATION BY MR AHMED SC

MR AHMED SC: I do. Thank you, Mr Bell. Mr Saunders, you started at Star in February 2023; is that correct?

MR SAUNDERS: That's correct, yes.

MR AHMED SC: At the time, were you able to make any observations about the culture at The Star?

MR SAUNDERS: First impressions, for sure. So - and I guess I will just caveat what I'm about to say, that everybody has difficult impressions of culture based on their own experiences. My impression when I started was that the culture was - I would say nice. Everybody was super nice and super willing to do the right thing. Like, they - I have never worked at an organisation where so - they were so responsive to feedback from the Risk function.

So it seemed to me that everybody wanted to do the right thing but they generally didn't know what the right thing was. And so that, to me, gave me hope and that it was - with that kind of culture, you can make changes, you can drive an impact and get to a new place much more readily than if the culture were obstinate, or difficult or unresponsive, which is not at all what I saw.

MR AHMED SC: Yes. And over your time at Star over the last - I guess it's about a bit over the year, have you seen changes in the culture at Star?

MR SAUNDERS: Yes. Every now and then I have interactions that make me think that we are making inroads. I can think of a particular time when there were some items in the news that impacted some of our business and I ended up having a conversation with one of the property heads about this particular matter. And I was
5 sort of expecting to have to have a long conversation to explain the risks and - but in the end, it was a very short conversation, and the head of the property said to me at one point, "Well, it's not a question of can we; it is actually should we be doing this."

I said "That's precisely the question that we should be asking ourselves." And the
10 individual said, "Leave it with me, and I will deal with it" and hung up the phone. And I thought to myself "Okay, job here is done", but it was not quite; it was just a one-time thing. But it was a positive that I took away.

MR AHMED SC: Yes. Have you had any other interactions of that kind that has
15 given you same sort of feeling about the culture at Star?

MR SAUNDERS: Yes, I have, yes. I mean, it's a lot of hard slog, right, in grinding
20 out change. But I feel like within the Risk function we are developing a good culture, asking the right questions and challenging the properties to deliver and, you know, I feel like we are driving real change across the organisation.

MR AHMED SC: Yes. I think when you were talking to Mr Conde previously, you
25 said that one of the things you picked up was a lack of precision. Do you remember talking about that?

MR SAUNDERS: I do, yes, yes.

MR AHMED SC: I think also, you said that was linked to - I think you said it was
30 because Star was, in effect, treating the customer as right?

MR SAUNDERS: That - that's, yes. So - so, yes. And so that is something that we
35 work with the business on now. Of course, the customer is important, but the customer doesn't always know what is right for the customer, so that is something we are working on from a Safer Gambling perspective.

MR AHMED SC: Yes. Have you seen any changes in Star's culture from that
perspective?

MR SAUNDERS: Yes. I mean in the work that the organisation is doing on controls
40 to - to help create clarity around the controls, that does drive precision, more precision. Certainly as we're working through, you know, matters as we find them and bring them to light, we are able to have good discussions with various parties involved to get to a better place. So it is - it is moving in the right direction.

MR AHMED SC: Yes. One of the matters you spoke about a moment ago was
45 changes in controls. Is that a part of the work at Star that you have been particularly involved in?

MR SAUNDERS: Yes and - so, Control is - it is - sits mostly under Ms Townsend's space, as we're documenting those controls, but certainly developing the framework to support those controls and how we actually manage the risks associated with those controls. Incidents, issues, breaches, they are all connected to our are main system
5 that we use to report and track all of those things which is owned by Risk. So we are definitely close to it, yes.

MR AHMED SC: And in your time at Star, have you seen development in relation
10 to those matters?

MR SAUNDERS: For sure, including with our remediation plan. There are many milestones there around the improvements to our governance risk and compliance system, GRC, just in terms of updating it, maintaining it, simplifying it and removing
15 complexity to make it easier for people to use. We have implemented new breach reporting protocols through this system but to L&G New South Wales and according to expectations by the regulators as well.

MR AHMED SC: Thank you. From your perspective, do you perceive that there is
20 anything that would stop the culture of Star from achieving the state that you would be regard appropriate for it?

MR SAUNDERS: At the moment, look, I would say we are at a fairly precarious place. We are on a cultural journey but - and due to be better and I think having a strong Risk function is a key part of that, and I don't see that changing. But it's a bit
25 difficult with the change in leadership of the organisation and sort of if the wrong sort of person were introduced into that role, it could be quite detrimental.

MR AHMED SC: Yes. Now, can I just ask you a couple of questions about your
30 relationship with Mr Weeks.

MR SAUNDERS: Yes.

MR AHMED SC: What's the nature of your interactions with Mr Weeks? Are they
35 regular, irregular?

MR SAUNDERS: Regular. So, Mr Weeks and I catch up every fortnight to speak at a minimum or often speaking in between as well on various matters when they come
up.

MR AHMED SC: Yes. How would you characterise your relationship with
40 Mr Weeks?

MR SAUNDERS: I would say - I would call it professional and constructive.
45 Although, sometimes - sometimes we have robust conversations where we don't always agree. But I would say I would call it professional and constructive.

MR AHMED SC: Yes. Those instances where you don't agree, what happens there? Do you discuss the matter? Do you go your separate ways? Or how are those addressed?

5 **MR SAUNDERS:** We usually discuss them robustly. So - yes. Yes, I'm sure he would say the same thing. We definitely have full-on conversations about them. But, you know, from my perspective, we have those discussions and then we carry on with our business, engaging as we need to. So I don't see that those robust
10 engagements get in the way at all of us working together. To me, it's just part of a healthy relationship.

MR AHMED SC: Yes. Now, I just want to ask you a couple of questions about the resourcing for your function.

15 **MR SAUNDERS:** Yes.

MR AHMED SC: How would you describe the level of resources that have been allocated to you and your team?

20 **MR SAUNDERS:** So - so we have substantially increased the risk resources in the organisation. It's a bit difficult for me to know when I started how many there were because there are so many contingent workers, but by my estimate, we have come from about 25 to 125 in the Risk team over the course of the calendar 2023. I have
25 never once had push-back from Mr Cooke or our People and Performance team or the board on the resourcing that I thought we needed, whether that be the number of resources or the level of the resources. We are able to get approval to recruit as we need.

MR AHMED SC: Thank you. Now, Mr Saunders, do you remember you were
30 asked some questions by Mr Conde about the Enhanced Customer Due Diligence issue that arose in 2023?

MR SAUNDERS: Yes.

35 **MR AHMED SC:** Do you remember those questions?

MR SAUNDERS: Yes, I do.

MR AHMED SC: How was your team involved in that issue?
40

MR SAUNDERS: It was the Risk team's - well, it sort of evolved over time. At the beginning the Controls team was not as developed. So Ms Townsend was not in the role. I played more of a design role around the implementation, but then come about the middle of July, I moved into more of an oversight role, ensuring that it was being
45 executed and then managed appropriately.

MR AHMED SC: Yes. Am I correct in understanding that that issue arose because a number of customers were re-classified as high risk?

MR SAUNDERS: Yes, that's correct, yes.

5 **MR AHMED SC:** And are you aware of the reasons why they were re-classified as high risk?

10 **MR SAUNDERS:** Yes, because we implemented a new customer risk assessment model that was designed and coded and implemented by 4 July as part of the new ICM requirements.

MR AHMED SC: Yes. And what sort of people were classified as high risk. What were the criteria?

15 **MR SAUNDERS:** It's a variety of criteria depending a bit on the activity in the casino. The attributes of the customer, including the residency, their citizenship, their occupation, as well as any other factors such as whether they are connected to a politically exposed person, et cetera.

20 **MR AHMED SC:** Yes.

MR SAUNDERS: The challenge we have with some of what we - when we put it in place, is that with many of the very inactive customers, over time, our customer identification processes required additional information, and for those very old customers, we did not have that information, such as citizenship and occupation. We didn't collect it. The way the model was put together is if we are missing that data, we tended to default to a higher risk. So some of those customers would have been higher risk than might otherwise have been the case if we had the information.

30 **MR AHMED SC:** Yes. So on a scale of kind of gauging the relative risk averseness of that approach, would you classify that as an aggressive approach, a conservative approach, somewhere in the middle?

35 **MR SAUNDERS:** No, that's a fairly conservative approach, to assume the worst if you don't know.

MR AHMED SC: Yes. Now, can I show you a document. It's STA.8100.0001.0191. I will just repeat that. It's STA.8100.0001.0191.

40 **MR BELL SC:** Mr Conde, do you have any information about why we are having a difficulty here?

MR CONDE: I don't. I will inquire.

45 **MR AHMED SC:** Mr Bell, I have an alternative barcode I can try and use to see if that might solve the problem.

MR BELL SC: Okay.

MR AHMED SC: Second time lucky but STA.8100.0048.6221.

MR CONDE: I'm told, Mr Bell, this is not in the Hearing Book but we will obviously try -

5

MR BELL SC: What about the previous doc ID? Same problem?

MR CONDE: I believe so.

10 **MR BELL SC:** Would it assist to adjourn for a minute or two to get the document on the screen?

MR AHMED SC: Mr Bell, I think I can probably work around it. I'm not sure I need to necessarily show Mr Saunders the document itself.

15

MR BELL SC: Thank you.

MR AHMED SC: Mr Saunders, do you remember on 8 September receiving a direction from Mr Weeks?

20

MR SAUNDERS: Yes, I do.

MR AHMED SC: Yes. Do you remember what the nature of that direction was?

25 **MR SAUNDERS:** It was seeking information in relation to our Enhanced Customer Due Diligence process that we used to deal with the population of high-risk customers arising from the implementation of the customer assessment model.

MR AHMED SC: Thank you. I will have a third go at trying to find the document. If we could please call up INQ.5001.0001.0191. There we go. Mr Saunders, is that the response to Mr Weeks's request?

30

MR SAUNDERS: It is, yes.

35 **MR AHMED SC:** Perhaps if we could just go through to the second page of that. You will see, Mr Saunders, there is a reference to some bullet points at the top of the page. You can see those?

MR SAUNDERS: Yes, I can.

40

MR AHMED SC: Please don't read those out but what are they a reference to?

MR SAUNDERS: Those are measures that are set out in the Standard Operating Procedure that the Financial Crime Risk Operations team uses to execute Enhanced Customer Due Diligence.

45

MR AHMED SC: Thank you. If we can just turn over the next page. In that table there, does that - does that set out each of those measures that are identified in the bullet points?

5 **MR SAUNDERS:** It does, yes.

MR AHMED SC: Reading through that table, the fourth and the fifth columns, what do those columns do?

10 **MR SAUNDERS:** So those two columns, one of them is referred to as the BAU ECCD Process. It's how we handle individual cases of Enhanced Customer Due Diligence when they arise. And the fifth column sets out how we deal with the ECDD cases connected to the remediation population so the population of high-risk customers arising from the implementation of the CRA.

15

MR AHMED SC: Thank you. And you are familiar with this table?

MR SAUNDERS: Yes, I am.

20 **MR AHMED SC:** Yes. To your mind, in terms of the outcomes achieved, was there a material difference between the business as usual process and the remediation process?

MR SAUNDERS: No, there was not.

25

MR AHMED SC: Thank you. I think you may have covered this to some extent in your evidence previously. Did the board ever consider the remediation ECDD processes?

30 **MR SAUNDERS:** It was included in various reporting to the board. I gave an example before where, at one point, when we were working out how to get through the population of higher-risk customers we had been considering a lower standard of KYC that would have meant AML/CTF requirements under the Act but it was different from what was set out in our AML/CTF program manual. So the board was
35 not happy with that and raised concern that I would even consider it. So we stepped back from doing that. So I recall having that conversation.

MR AHMED SC: Certainly. Did you have an understanding as to whether Mr Weeks was - was aware of the difference between the business as usual process
40 and the remediation ECDD process?

MR SAUNDERS: So, I thought, yes. So we had lots of conversations with the Financial Crime Operating Committee where Mr Weeks attended or members of his team, the first one being in the end of June, the 27th I think it was. We also talked
45 about it in August in more detail around how we had approached it. So, yes, it was my impression he was across it.

MR AHMED SC: Yes. Can I show you another document. It is STA.5002.0029.5715. Now, this letter - do you remember receiving a copy of this letter around about the date of it?

5 **MR SAUNDERS:** It was a few days after 28 September, but, yes, I did receive it.

MR AHMED SC: Yes. Can you just tell Mr Bell what your understanding is of the content of this letter?

10 **MR SAUNDERS:** This letter - sorry, could I take a minute?

MR AHMED SC: Of course. As much time as you need, Mr Saunders.

15 **MR SAUNDERS:** So, Mr Ahmed, what I take from this letter, and what I took at the time, is that we had sought an additional month in order to complete the Enhanced Customer Due Diligence reviews for the population of high-risk customers arising from implementation of the CRA. This was telling us it was granted on 27 September so we had another month to do that work. It is clear in this letter that NICC was across the information that we provided to Mr Weeks and his team in response to his
20 direction on 15 September, but they were unsure as to whether it was - it met their expectations.

MR AHMED SC: Thank you. I will show you another letter. It's INQ.5001.0001.0189. This should be a letter that you saw a little earlier this
25 morning.

MR SAUNDERS: Yes.

30 **MR AHMED SC:** That was Ms Townsend's letter?

MR SAUNDERS: Yes, it was, yes.

MR AHMED SC: I think your evidence was that you couldn't recall whether you saw this at the time it was sent; is that right?
35

MR SAUNDERS: I don't believe I did see it before it was sent.

40 **MR AHMED SC:** Yes. Can we just go to the second page, please. That table that is set out, have you seen letters which had tables of that kind in it previously?

MR SAUNDERS: Yes, a table like that was included in the first update that was provided to Liquor & Gaming New South Wales on 2 August and I think on 1 September.

45 **MR AHMED SC:** Yes. And the references to measures there, what did you understand those to be?

MR SAUNDERS: Those are measures as set out in the Standard Operating Procedure. There were seven measures that were referenced to me throughout the document.

5 **MR AHMED SC:** Yes. Around about this time, did you hold a belief as to whether Liquor & Gaming was aware of the nature of those measures that had been applied?

MR SAUNDERS: Yes, they were set out in the Standard Operating Procedure to L&G ahead of our go live on 1 April last year.

10

MR AHMED SC: Had any other information been provided to Liquor & Gaming about the process which was to be followed in relation to the remediation ECDD cohort?

15 **MR SAUNDERS:** So, in terms of our approach to resolving the high risk customers?

MR AHMED SC: Correct.

20 **MR SAUNDERS:** Yes, so - so Liquor & Gaming would have received all the minutes out of the Financial Crime Operating Committee. We were required to send them to them, which we do. So the 27 June minutes would have the first elements of how we would approach this. That's when we became aware of the requirement to move - immediately before that is when we became aware of the requirement to
25 move quite quickly, as in three months, to resolve the population.

Subsequent to that, I did have a phone conversation with Liquor & Gaming on 14 July about the approach, and then there were subsequent updates on 1 September. It had this table in an earlier version. The Financial Crime Operating Committee
30 meeting's minutes again from August as well as, then, the 1 September update and 3 September update.

MR AHMED SC: Certainly. Now, I will show you a final document. I will ask a question before I do that. Mr Saunders, do you remember if external legal advice was
35 ever sought in relation to the approach that Star had adopted in relation to this ECDD cohort?

MR SAUNDERS: Yes, we sought external legal advice on the approach that we took as to whether it complied with the ICMs and AML/CTF Act and the rules.

40

MR AHMED SC: Thank you. If I can ask for a document be brought up. It's STA.8000.0138.0647. Is that a copy of the external advice?

MR SAUNDERS: That is a copy of the external advice, yes.

45

MR AHMED SC: Thank you. I will just go to another document we have shown a little earlier. MGR.0001.0001.0103.

MR BELL SC: Just before we go back. Can I just be clear, this external legal advice was sought after the letter of 30 September, was it?

MR SAUNDERS: That's correct, Mr Bell.

5

MR AHMED SC: It was. Sorry.

MR BELL SC: Yes, thank you.

10 **MR AHMED SC:** Now, Mr Saunders, could I just ask you a question about - you will see at paragraph 4(b), if you can read to yourself that.

MR SAUNDERS: Yes.

15 **MR AHMED SC:** Is that a matter that is dealt with within the ICM?

MR SAUNDERS: It is, yes.

20 **MR AHMED SC:** Does the matter also deal with if that particular issue cannot be performed?

MR SAUNDERS: That's in a different section of that ICM, 3.6, yes.

MR AHMED SC: Yes.

25

MR SAUNDERS: And, sorry, I should say, and set out in our Standard Operating Procedure in how we conduct the Source of Wealth checks.

30 **MR AHMED SC:** Thank you. You referred a moment ago to the Financial Crimes Oversight Committee. Do you remember that?

MR SAUNDERS: Yes, I - yes.

MR AHMED SC: Did Mr Weeks have any involvement in that committee?

35

MR SAUNDERS: Mr Weeks, or somebody from his office, was in attendance at those meetings.

MR AHMED SC: Thank you.

40

MR SAUNDERS: Is that what you mean, involvement?

45 **MR AHMED SC:** Precisely, thank you. Now, one of the other things I think you were asked by Mr Conde was whether the approach to ECDD was unapproved, and I think you said that it was not clear to you that there was a requirement for approval. Do you remember giving that evidence?

MR SAUNDERS: Yes, I do.

MR AHMED SC: Did you, in fact, have an understanding as to whether approval was required for that approach?

5 **MR SAUNDERS:** So, from my perspective, we were not deviating from the Standard Operating Procedure in terms of what we were doing and how we were doing it, other than having included automation. The Standard Operating Procedure is silent on automation. So we were still achieving the requirement. The legal advice that we obtained, albeit after the fact, does confirm -

10

MR AHMED SC: Sorry, I might just stop you there, Mr Saunders. I won't ask you to reveal the content of the legal advice.

MR SAUNDERS: Okay.

15

MR AHMED SC: From my perspective, Mr Bell, those are all the questions that I wished to ask.

20

MR BELL SC: Yes. Dr Renwick, do you seek leave to ask questions of this witness?

DR RENWICK SC: I do, on the same brief topics as for the witnesses on Friday.

25

MR BELL SC: Yes, that leave is granted.

<EXAMINATION BY DR RENWICK SC

30

DR RENWICK SC: Mr Saunders, my name is Renwick. I act for Mr Cooke. I have a couple of questions for you about your relationship - your professional relationship with Mr Cooke. So, firstly, in relation to your membership of the GLT while Mr Cooke was the CEO, were you able, as necessary, to add agenda items to GLT meetings?

35

MR SAUNDERS: Yes, we were invited - I was invited, along with the other GLT members each meeting, to add things to the agenda.

DR RENWICK SC: In relation to the contents of board papers, did Mr Cooke ever try to influence you or constrain you as to what you would put in those papers?

40

MR SAUNDERS: No.

DR RENWICK SC: How would you describe Mr Cooke's management style, to your observation?

45

MR SAUNDERS: Mr Cooke, very collaborative, even-tempered. Balanced and easy to work with, no matter the pressures. I'd say, because everybody has strengths and opportunities, I do think he could have delegated more and there were times when I

have asked him about that, but I thought he was a good person to be within the company and good person to work for.

5 **DR RENWICK SC:** And to your observation, was that a view held more widely in the GLT and among Star employees?

MR SAUNDERS: I can't really answer that question. Based on some of what I heard last week, I-

10 **DR RENWICK SC:** Thank you. And in relation to town hall meetings, did you ever observe Mr Cooke in town hall meetings?

MR SAUNDERS: Yes.

15 **DR RENWICK SC:** And do you have anything to say about his approach or style or what he highlighted in those town hall meetings when you were present?

20 **MR SAUNDERS:** Very comfortable, easy. He presented as being very approachable. He talked about sort of the importance of escalation and - and, you know, being transparent internally on issues of concern. He was, as he presented, very approachable - like, a very approachable person.

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

25 **MR BELL SC:** Yes, I will adjourn now until 3.45.

<THE HEARING ADJOURNED AT 3.28 PM

<THE HEARING RESUMED AT 3.49 PM

30

MR BELL SC: Yes, Mr Conde. Anything arising?

35 **MR CONDE:** Yes, Mr Bell. Mr Saunders, do you recall that one of Mr Bell's recommendations from his last inquiry was that ICMs should have a greater level of prescription on the basis that all important control mechanisms for the operations of The Star Casino should be provided for in the ICMs themselves and not in SOPs?

MR SAUNDERS: Yes, yes.

40 **MR CONDE:** And you agree, don't you, that SOPs are subject to ICMs?

MR SAUNDERS: ICM requirements are embedded in SOPs. Is that what you mean?

45 **MR CONDE:** No. SOPs are subject to ICMs.

MR SAUNDERS: Yes, yes. Yes, some of them, yes.

MR CONDE: Well, when you say "some of them" -

5 **MR SAUNDERS:** Sorry, sometimes we use Standard Operating Procedures - some of them are connected to ICMs and some of them are not. So we have various procedures across The Star Sydney that we use to run the business, including such things as dress code, et cetera. They're in procedures and sometimes baked into Standard Operating Procedures so the actual SOPs go beyond what is required in the ICMs.

10 **MR CONDE:** I see. But to the extent that an SOP sits underneath ICM, it can't be inconsistent with it. Do you agree?

MR SAUNDERS: Yes. I agree with that, yes.

15 **MR CONDE:** Can I just ask that STA.8105.0002.0608 at page 0625 be brought up please. Just to take you back to ICM3, again, remembering this is all confidential. I think it is marked blue, at least on my screen.

20 **MR SAUNDERS:** It's not marked blue, but that's okay.

MR CONDE: If I can ask you, please, to read paragraphs 5 and 6(b).

25 **MR CONDE:** May I also, just over the page at page 0626, ask you to read paragraph 8.

MR SAUNDERS: Yes.

30 **MR CONDE:** Mr Saunders, how do you say that what occurred which led to Ms Townsend's 30 September 2023 letter is consistent with the ICM?

35 **MR SAUNDERS:** So, Ms Townsend's letter refers to Measure 5, Source of Wealth which comes out of the Standard Operating Procedure. Standard Operating Procedure was approved by Liquor & Gaming New South Wales in response to these ICMs. So -

MR BELL SC: Mr Saunders, I don't think you have answered counsel's question.

40 **MR SAUNDERS:** Okay. Sorry, could you rephrase the question or repose the question for me?

MR CONDE: Mr Bell, I think this may be best to ask Mr Saunders in private so that he can explain without needing to -

45 **MR BELL SC:** Do you have any more questions for him in public mode?

MR CONDE: No, I don't, Mr Bell.

MR BELL SC: Operator, let's go into private hearing mode, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 3.54 PM

5 **<THE HEARING IN PUBLIC SESSION RESUMED AT 4.07 PM**

MR BELL SC: Yes, Mr Conde.

10 **MR CONDE:** I call the next witness, Ms Nicola Burke.

MR BELL SC: Ms Burke, can you hear me?

MS BURKE: Yes, I can.

15 **MR BELL SC:** And, Mr McLure, you're representing Ms Burke?

MR McLURE SC: Yes, Mr Bell.

20 **MR BELL SC:** Ms Burke, would you prefer to take an oath or affirmation?

MS BURKE: An affirmation.

<NICOLA ANNE BURKE, AFFIRMED

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

<EXAMINATION BY MR CONDE

30 **MR CONDE:** Can I ask you to begin, please, by stating your full name?

MS BURKE: Nicola Anne Burke.

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

MS BURKE: Yes, I am.

40 **MR CONDE:** Is it correct you are currently the Chief Transformation Officer of Star Entertainment?

MS BURKE: No, I resigned from The Star on 19 March.

MR CONDE: Right. And what have you been doing since that time?

45 **MS BURKE:** I have been just taking some time off.

MR CONDE: I see. Is it correct that before 19 March your job title was Chief Transformation Officer of Star Entertainment?

MS BURKE: Yes.

MR CONDE: Is it correct that you have been on a period of leave for some time?

5

MS BURKE: I went on leave, I recall, 5, 6 March.

MR CONDE: And -

10 **MS BURKE:** Prior to my resignation.

MR CONDE: I see. It is correct that you were appointed as the Chief Transformation Officer on 1 May 2023?

15 **MS BURKE:** Yes.

MR CONDE: And before that time, what roles did you have at Star Entertainment?

20 **MS BURKE:** I joined The Star in July 2018. My first role was General Manager Business Change within the group IT function. Then 2019, I became the General Manager of IT Program Delivery within the IT function. December 2021, I was appointed the General Manager of the Transformation Office and then CTO role from May of last year.

25 **MR CONDE:** And before working at Star, is it correct you led a transformation program at David Jones?

MS BURKE: I did.

30 **MR CONDE:** What did that program at David Jones involve?

MS BURKE: The program was a three-year transformation program following the acquisition of David Jones by Woolworths South Africa, and they embarked on a range of projects within their transformation program.

35

MR CONDE: Are you aware that on The Star Entertainment website it has described your role as Chief Transformation Officer as being to and I quote:

40 "... manage the delivery of the Company's Remediation Program, working closely with the Executive Management team, the Manager's office, regulators and senior business leads."

MS BURKE: Yes.

45 **MR CONDE:** Is that an accurate description of your role?

MS BURKE: Yes, for most part, yes.

MR CONDE: When you say "for the most part", is there any particular qualification that you had in mind?

5 **MS BURKE:** Could you repeat precisely the description because I just didn't have it in front of me.

MR CONDE: Of course. The role being to:

10 "... manage the delivery of the Company's Remediation Program, working closely with the Executive Management team, the Manager's office, regulators and senior business leads."

MS BURKE: Yes, I think that's fair, yes.

15 **MR CONDE:** And has your role involved any work around cultural transformation?

MS BURKE: In this particular role?

20 **MR CONDE:** Yes.

MS BURKE: Not specifically. The way the program is constructed, there are 15 workstreams which are essentially sub-projects within the program with executive sponsors accountable for delivery of the remedial actions within those workstreams. So there is a workstream within the program entitled Culture and that accountability for delivery is with the Chief People Officer.

MR CONDE: And I think, Ms Burke, you are referring there to workstreams under the remediation plan, is that correct?

30 **MS BURKE:** That's right.

MR CONDE: So is your role one of project managing that remediation plan as you see it?

35 **MS BURKE:** Yes. So the Transformation Office typically provides project management expertise for systems and processes to support the delivery of the program and it also provides a leadership role and so, working closely with executive stakeholders, whatever that may be, to ensure that they are effectively delivering what they are accountable for as it relates to the program.

40 **MR CONDE:** And so the question, for example, of cultural transformation is dealt with by someone other than you; is that correct?

45 **MS BURKE:** That's right. The executive sponsor for the Culture workstream was the Chief People Officer.

MR CONDE: Do you have risk or compliance-based possibilities.

MS BURKE: No, that accountability for the risk and compliance elements of the program, specifically those workstreams, rests with the Chief Risk Officer, Scott Saunders.

5 **MR CONDE:** And is your role - I appreciate the word "limited" might not be right but is your role focused on the remediation plan solely? I appreciate it is a very large amount of work with a large amount of milestones and so on, but are there other tasks and responsibilities in your role as Chief Transformation Officer?

10 **MS BURKE:** No. At this point, the program that my team support is the remediation program.

MR CONDE: I see. In terms of remediation milestones and progress, do you recall on 18 December 2023 that you expressed your concern to Mr Cooke that there was a
15 request from the manager, Mr Weeks, to have certain December milestones assured in one calendar month and you considered this was not doable?

MS BURKE: Yes, that's right.

20 **MR CONDE:** If I can show you STA.8890.0001.0146. If that could be enlarged, please, for Ms Burke. Do you see a message from you to Mr Cooke? IT records it as being read on 18 December 2023, down the bottom right, and the message is:

25 "I need to help Robbie with this request from NW to have milestones due from 8 December assured in one calendar month. It's not doable. David wants me to raise it as a risk. It's not a risk, it's just not doable."

Do you see that?

30 **MS BURKE:** Yes, I do.

MR CONDE: What did you mean with the statement that "David wants me to raise it as a risk"?

35 **MS BURKE:** I had some discussion with Mr Foster, and he suggested that this was flagged within the program as a risk. My view was it was not technically a risk; it was an issue that we had to deal with.

40 **MR CONDE:** And you are aware, I take it, that on 21 December 2023, the manager, Mr Weeks, wrote to you regarding the status of remediation and milestones?

MS BURKE: Yes.

45 **MR CONDE:** Do you recall he wrote that the remediation plan included approximately 125 milestones that should have been completed by that time, in his view, with close to 170 milestones due by the end of the year, but he said he had only received three milestone closure packs?

MS BURKE: Yes. So what Mr Weeks was referring to was assurance of those milestones. They had been technically completed in as far as the work had been done to deliver those 125 milestones. However, the assurance activity was a separate activity to validate that the milestone has achieved what it set out to achieve. This
5 was an exercise undertaken by KPMG.

MR CONDE: Pausing there. When you say "technically completed", do you mean by that that the work on Star's end had been done and they had been submitted for assurance by KPMG?
10

MS BURKE: I don't recall if they had all been submitted for assurance at that point. I think they had not, which was the issue I was raising. The activity to assure a milestone was quite lengthy in as far as closure packs would be prepared, or closure memos, I should say, for each milestone and then documentation as evidence would
15 be attached to that pack. Then it would be submitted to KPMG for their assessment of the milestone.

KPMG in turn would take a range of two to eight weeks to make their assessment, dependent on the complexity of that milestone. So to that end, I knew that the
20 one-month target was just not going to be achievable, given the steps that needed to be undertaken.

MR CONDE: It is correct, isn't it, that Star's reply was from Mr Cooke and you in a joint letter dated 10 January 2024?
25

MS BURKE: Yes.

MR BELL SC: Mr Conde, before we go away from this document, I just wanted to ask you, Ms Burke, do you remember the substance of the conversation you had with
30 Mr Foster which led you to write, "David wants me to raise it as a risk"?

MS BURKE: I actually can't recall if we had a verbal conversation or text message conversation or email, but it was - I think I provided him with the status update of this issue Rob and I were dealing with, and his advice to me was to flag it as a risk.
35 But by definition, for me, it was not a risk; it was an active issue.

MR BELL SC: Did he say why he suggested flagging it as a risk?

MS BURKE: I think that's just normal project management best practice to raise, you know, something with this materiality through the governance process, which
40 was the Steering Committee.

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

MR CONDE: If we could bring up, please, STA.8000.0029.5217. Can you see, Ms Burke, this is a letter dated 10 January 2024 addressed to Mr Weeks?
45

MS BURKE: Yes.

MR CONDE: If we can jump to the back page, please, page 5220. Do you see this was from Mr Cooke and from you?

5 **MS BURKE:** Yes.

MR CONDE: If we can go back, please, to page 5217. Do you see in the third paragraph on this page it says:

10 "As you are aware however, a significant issue has become evident with regard to the specified 'milestone due dates' ..."

And then the next sentence:

15 "Specifically The Star notes the milestone due dates specified in the remediation plan are the dates on which the action prescribed in the milestone are to be completed and ..."

Underlined:

20 "... those dates specifically exclude collation of evidence and closure of the milestone via the independent assurance process."

MR BURKE: Yes.

25 **MR CONDE:** And still on this page, 5217, it says in the fourth paragraph:

30 "Whilst it would be ideal if the milestone due dates could simply be stated to accommodate the assurance process, the reality is the timelines specified were already significantly compressed and there is minimal ability to further accelerate delivery dates to accommodate KPMG's time to undertake their independent assurance work."

Do you see that?

35

MS BURKE: Yes.

MR CONDE: If we can go over to 5218, please. Do you see about halfway down the page there is a paragraph beginning:

40

"The approved remediation plan makes this aspect very clear in its terms. The definition of milestone due dates excludes ..."

It is underlined:

45

".. closure evidence collation and excludes ..."

Underlined again:

".. the time for the assurance process."

Do you see that?

5

MS BURKE: Yes.

MR CONDE: And Mr Cooke and you wrote:

10 "Specifically we highlight from the..."

And underlined:

15 ".. remediation cover page the following definition (and please note the wording in red is highlighted in the red font in the plan):"

Do you see that?

20 **MS BURKE:** Yes.

MR CONDE: Would you agree this was a pretty strident letter from Mr Cooke and you?

25 **MS BURKE:** Yes.

MR CONDE: Was this part of the letter drafted by Mr Cooke?

MS BURKE: From memory, yes.

30 **MR CONDE:** It's correct, isn't it, that Mr Cooke had asked you to find for him any references in the remediation plan document set which mentioned the assurance phases being outside the milestone days. Do you recall that?

35 **MS BURKE:** Yes.

MR CONDE: If I can bring up STA.8890.0001.0147. If we could enlarge the second message on this page, please. This should be a message from Mr Cooke to you. Do you see the fourth paragraph:

40 "It would help if you could clip for me any references."

Do you see that?

45 **MS BURKE:** Yes, I do.

MR CONDE: Over to page 0149, please, and if we could enlarge the top message, do you see Mr Cooke wrote:

".. could I get you to send me a template letter to Nick Weeks - no sleep tonight."

MS BURKE: Yes.

5 **MR CONDE:** Then if we could look at the next message - sorry, over to page 0148. At the top, do you see there is a message from you. If that could be enlarged. It should say:

"Sure thing Robbie."

10

Do you see that?

MS BURKE: Yes.

15 **MR CONDE:** Sorry, I took you to the "no sleep tonight" message. If we can go back to page 0149. I'm sorry, if we can then look at the second message on this, the one in blue. Do you see you wrote:

"Yep, will resend the summary I prepared before Xmas and also a template that ..."

20

Somebody prepared:

"Although it needs work."

25 If we can go to the top of page 0150, please, and enlarge the message at the top. Do you see Mr Cooke wrote:

"All good just getting smashed all directions ..."

30

And then later:

".. clips of rem plan assurance vs milestone dates would be super helpful."

Do you see that?

35

MS BURKE: Yes.

MR CONDE: The next message, if we can enlarge that, you wrote:

40 "It's in the summary document.....first page"?

MS BURKE: Yes.

45 **MR CONDE:** If we could go to page 0151. If we could enlarge the second message, please, on this page. Do you see Mr Cooke wrote:

"You mentioned it was also in the excel - I could only ..."

Find, I think he means, an:

"... oblique reference in the glossary/definitions."

5 Has that come up?

MS BURKE: Yes, it has.

10 **MR CONDE:** Then over to page 0152, if we go to the top of that page, please - sorry. Yes, thank you. It says - you wrote to Mr Cooke:

"Yep, I sent you an image from the excel. Cover page tab defined milestone due date. See red font on the image."

15 Do you see that?

MS BURKE: Yes, I do.

20 **MR CONDE:** Are you aware, Ms Burke, that the form of remediation plan that was sent to the Queensland regulator for approval on 5 October 2023 did not have that language in red in it and, in fact, did not have a cover page at all?

MS BURKE: I - I don't believe that is the case.

25 **MR CONDE:** Perhaps if I can ask that that be brought up. It is INQ - I'm sorry. It's STA.8100.0054.6546. This is not an Excel file. It doesn't have a cover page or any of those things. I will try to bring up what I think was the document being quoted from. It is STA.8000.0003.0001. There should be a - I don't know if it's possible to bring
30 up the cover page tab of this file. While that might be being attempted, Ms Burke, would it be fair to say that you were not aware that the form of remediation plan that was sent to the Queensland regulator for approval on 5 October 2023 lacked that language and didn't have a cover page?

35 **MS BURKE:** I don't believe that's the case. So, in submitting the remediation plan, there was a number of documents, one of which was the plan in an Excel format. And in the Excel document, there is a tab, which I believe was entitled "Glossary" and that is the tab where the definition of "milestone due date", which includes that red text stating that milestone assurance is not completed within the milestone due date. And that, I believe, was part of our submission, that we submitted the plan.
40

MR CONDE: I see. Perhaps I can take it this way. If we could call up, please, INQ.5000.0005.0009. Is this a document you have seen before, Mr Burke?

MS BURKE: Yes.

45

MR CONDE: Do you see it is dated 20 March 2024 up the top right and it's headed The Star Entities' Response to Request For Information No.5?

MS BURKE: Yes.

MR CONDE: And do you see there is a reference there, in 1.1, to:

5 "The remediation plan that was submitted to the Office of Liquor & Gaming on 5
October 2023 ..."

Do you see that?

10 **MS BURKE:** Yes, I do.

MR CONDE: And the document ID there is the one that I took you to a moment ago. So is it your understanding that there were two documents submitted to the regulator?

15

MS BURKE: From memory, there was about five. So there was - the document you first brought up on screen, which was a sort of narrative description of the program.

MR CONDE: Yes.

20

MS BURKE: Which was entitled "Synopsis." Then there were various other attachments when submitting the plan, one of which was a detailed Excel spreadsheet which encapsulates all of the workstreams and milestone dates, the owners, et cetera. We also had another tab, from memory, was around dependencies, so listing out all of the interdependencies in the program. There was another document entitled "Change Control", which really was how The Star had addressed the various iterations of feedback that came from the manager's office in preparing the plan.

25

I think we may have put in some governance - I'm not recalling, but I do know there was a number of separate attachments which formed the package of the plan that was submitted.

30

MR BELL SC: Ms Burke, can I tell you what my present understanding is and you can tell me if that's incorrect?

35

MS BURKE: Yes.

MR BELL SC: My present understanding is, that there was a remediation plan in the form of an Excel spreadsheet.

40

MS BURKE: Yes.

MR BELL SC: But that what was submitted to the New South Wales and Queensland regulators on 5 October 2023 was a PDF version of the document and not the Excel spreadsheet. Is that correct or incorrect or don't you know?

45

MS BURKE: There was, I believe, embedded within the Document 1, Synopsis, there was a PDF image of the spreadsheet also attached within that Document 1. My

understanding was the Excel spreadsheet was also submitted, but I have to advise you I was on annual leave on that date, so I don't know for certain.

5 **MR BELL SC:** Right. So that's your understanding, but you are not sure.

MS BURKE: Every time we submitted to the manager's office the plan, the Excel spreadsheet was provided. So my assumption is that the Excel spreadsheet was also provided when this version on 5 October was provided.

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

MR CONDE: And, Ms Burke, I think you said earlier that this document that's up on the screen was something you had seen before. Is it correct that you had worked on assisting Star Entertainment with its responses to requests for information from this inquiry?
15

MS BURKE: My team did and then I took leave before this document was finalised. As I mentioned, I think 6 March I went on leave. So I've seen an early iteration of it, yes.
20

MR CONDE: Is it correct that before 6 March you had involvement with Star Entertainment's responses to this inquiry's request for information?

MS BURKE: My team provided documentation to the taskforce that was established to support responding to the inquiry and then we did - one of my team started to assist with preparing some of the submissions. That's correct.
25

MR CONDE: But what was your own involvement, if any?

30 **MS BURKE:** I didn't have a specific involvement. I was just overseeing it from my team's perspective.

MR CONDE: I see. If we can return to your letter STA.8000.0029.5217. Could we go to page 5219. Do you see there is a heading about halfway down, Update on Progress of Milestone Completion and Milestone Assurance?
35

MS BURKE: Yes.

40 **MR CONDE:** Would it be correct to summarise the contention here that 148 milestones had been completed from Star's point of view because they had been sent to KPMG for assurance?

MS BURKE: They had been completed - The Star's view is they had been completed because the work needed to take place had been done. At that point, I can't say for sure - I don't believe the entire set of closure memos had been sent on to KPMG at that point.
45

MR CONDE: And - so everything was done from Star's point of view. Is that correct?

MS BURKE: Yes.

5

MR CONDE: Now, assuming that to be correct, do you accept that Mr Weeks was also correct in his numbers to the extent that he was going by milestones where assurance had taken place?

10 **MS BURKE:** That's certainly another metric, yes.

MR CONDE: Yes. So, in a sense, you were at cross purposes. You were looking at who is doing - looking at different milestones. Yours was from the perspective of Star having done everything it needed to do, and Mr Weeks was looking at the perspective of completion of the entire milestone.

15

MS BURKE: Yes, that's right. In the Steering Committee paper we reported on completion rates and we also reported on completion of assurance, which are quite different activities.

20

MR CONDE: Right. If I can ask you to explain the difference, please?

MS BURKE: So, completion refers to the work required to deliver the milestone, and then assurance refers to the assessment from KPMG to determine that the milestone achieved the outcome that it was intended to achieve.

25

MR CONDE: Is it correct that you met with Mr Weeks on about 18 January 2024 where you discussed the need for KPMG to be moving through that assurance workstream urgently?

30

MS BURKE: Yes. Yes, I wanted them to work as quickly as they could so that we could assure as many milestones as possible.

MR CONDE: And do you recall being of the view that Mr Weeks was being reasonable in his discussions with you at that time?

35

MS BURKE: Yes. Yes, he was.

MR CONDE: Do you recall that Mr Weeks later issued a direction dated 6 February 2024 by which he directed Star to meet various milestone dates set out in his letter?

40

MS BURKE: Yes.

MR CONDE: If we can go that letter, please. It's STA.8100.0066.1340. Has a letter dated 6 February 2024 come up for you, Ms Burke?

45

MS BURKE: Yes, it has.

MR CONDE: And do you see at the bottom it is from Mr Weeks?

MS BURKE: Yes.

5 **MR CONDE:** And if we can go over, please, to page 1341. Do you see there is a table?

MS BURKE: Yes, I do.

10 **MR CONDE:** And is it your understanding that Mr Weeks was issuing a direction and identifying the latest date for submission to the manager's office of those various milestones?

MS BURKE: Yes.

15

MR CONDE: What is your expectation about Star's ability to comply with these dates?

20 **MS BURKE:** So that table, in fact, had been provided by myself to Mr Weeks. So I met with KPMG to try and understand how quickly they could scale up to conduct this assurance, recognising that Mr Weeks really wanted to see milestones assured quickly. So I worked with KPMG, because, really, it was out of The Star's hands, the time required for KPMG to undertake their independent assessment.

25 So they essentially - we worked together to map out a sort of a plan by which these milestones could be reasonably assured. We did caveat - when I submitted this table, there was a number of assumptions in terms of what may impact or threaten these dates, but it was at that point our sort of best estimate in terms of how quickly these milestones could be assured.

30

MR CONDE: And what is your present expectation about Star's ability to comply with these dates?

35 **MS BURKE:** I don't think I'm in a position to answer that given that I've left the organisation a few - about five weeks ago.

MR CONDE: I see.

40 **MS BURKE:** So I'm not sure where they're up to.

MR CONDE: Are you familiar with milestone assurance status updates from KPMG?

45 **MS BURKE:** Yes.

MR CONDE: In fact, before I take you to that, I'm told that the Excel document I was trying to take you to earlier, that the cover page has been put together. I think it

is STA.8000.0003.0001 and then I believe it is underscore 102. If we could enlarge - sorry, do you see, Ms Burke, on the top left it says "Cover page"?

MS BURKE: Yes.

5

MR CONDE: Then if we could enlarge, please, I suppose the bottom half of this. There is a row that says "Milestone due date" and then:

"States the date by which a milestone is required to be completed ..."

10

And then there is some text in red.

MS BURKE: Yes.

15 **MR CONDE:** Is this - do you recognise this as the form of document to which were you referring earlier?

MS BURKE: Yes, that's it.

20 **MR CONDE:** And it was in the form of an Excel file, was it?

MS BURKE: Yes, that's correct.

MR CONDE: Okay. If I can take you, please, to MGR -

25

MR BELL SC: Sorry, before we leave that document, operator, can you scroll through to the right-hand side of the page so we can see how the red notation ends? Do you see, Ms Burke, it says:

30 "... does not include collation of the evidence and closure of the Milestone by the Independent Monitor)?"

MS BURKE: Yes.

35 **MR BELL SC:** Who is the independent monitor?

MS BURKE: Well, at that point, we were making a sort of assumption that an independent monitor may be appointed to undertake assurance, but as it evolved, that was not the case and KPMG were appointed by the company.

40

MR BELL SC: So you were assuming that there would be some independent monitor. There wasn't one in place?

45 **MS BURKE:** That's right. We weren't sure where that was going to land. That's right, at that point, yes. And this was an early version of the plan, had this language.

MR BELL SC: And you say that you assume or you understand that this version of the document was provided to the regulators in New South Wales and Queensland?

MS BURKE: Yes, it was, yes.

MR BELL SC: Yes, thank you.

5

MR CONDE: If we can now go please to MGR.0001.0002.1357. Do you see this is a form of Milestone Assurance - Status Update from KPMG, Ms Burke?

MS BURKE: Yes, I do.

10

MR CONDE: And the date is 19 March 2024, so that would have post-dated your resignation, wouldn't it?

MS BURKE: That's right.

15

MR CONDE: Is it correct that you haven't seen this particular document but you have seen earlier versions?

MS BURKE: That's right.

20

MR CONDE: And do you - if I could ask you, please, to read the fourth bullet point, which says:

"The pace of KPMG report issue continues to be impacted by: ..."

25

And then there are six sub-bullet points?

MS BURKE: Yes.

30

MR CONDE: Do you have any comment on the issues identified there?

MS BURKE: These issues had been reported previously by KPMG so I'm familiar with them.

35

MR CONDE: So they are - you are familiar with the issues?

MS BURKE: I'm familiar with the - sorry, I will just make a point to read it carefully. So the first point in relation to quality of closure memos, I am aware of that. It's fair to say that the initial ability of the business to prepare closure memos was not the standard it should have been and then, as we evolved through the process, the quality picked up. The "lack of updated and comprehensive dependency mapping", I don't think I have seen that on this report previously, but I understand the issue.

40

45

"Closure Memos being submitted post agreed cut off dates", I understand.

"Document requests not responded to", yes. Complex milestones, yes, I'm aware of that. "Limited clarity of milestone sequence", okay, I think that is probably a new bullet point to prior versions that I have seen.

MR CONDE: Do you see in the table, row 3 talks about Culture?

MS BURKE: Yes.

5

MR CONDE: And there are 14 milestones.

MS BURKE: Yes.

10 **MR CONDE:** Then none received by KPMG. I think you said earlier - sorry, was that the Chief People Officer who has responsibility for that?

MS BURKE: That's correct.

15 **MR CONDE:** And do you have any comment on there being no milestones received by KPMG?

MS BURKE: They hadn't been completed yet.

20 **MR CONDE:** And is that a concern to you or it depends, I suppose, on the work involved?

MS BURKE: No. So within the - do you see the workstream 0, Organisation Readiness?

25

MR CONDE: Yes.

MS BURKE: So this workstream was essentially designed to fast-track some of the key Culture activities by way of laying the foundations for the execution of the remediation program. So as we were preparing the plan, we received feedback from the manager's office in relation to some of the Culture activity needing to be done quickly, and so we made an agreement that we would actually extract some of those key culture activities and put them into this workstream entitled "Organisational Readiness."

35

And the logic for that was that the P&P team needed on to on-board some capability to really deliver on those Culture activities. Now, I was very aware that the feedback from the manager's office, in particular Ms Attracta Lagan, was that these Culture elements really needed to be activated quickly. So the proposal that was we would engage Deloitte to activate these activities and then we put them into Organisational Readiness workstream, but then the subsequent Culture deliverables sat exclusively in the Culture workstream.

40

So, to that end, the Culture milestones within the workstream hadn't actually commenced or haven't, which is why you are not seeing them here in this table.

45

MR CONDE: I see. Thank you. So if we go over the page, please, to 1358, do you see over in the Closure Memo Summary on the right side -

MS BURKE: Yes.

5 **MR CONDE:** - there's no entries for Culture, but that's for the reasons you have just explained?

MS BURKE: That's right.

10 **MR CONDE:** If I can take you, then, to MGR.0001.0002.2574. Has the document headed Remediation Program Steering Committee dated 26 March 2024 come up for you, Ms Burke?

MS BURKE: Yes, it has.

15 **MR CONDE:** Again, I appreciate this followed your resignation.

MS BURKE: Correct.

20 **MR CONDE:** If we can go over the page, please. Do you see - why are you listed as an attendee?

MS BURKE: I think it's just a copy and paste error, I would suggest.

25 **MR CONDE:** It is correct, isn't it, though, that you didn't attend this meeting?

MS BURKE: No, I did not.

30 **MR CONDE:** If we can go over, please, to page 2577. Do you see it says Program Assurance Update?

MS BURKE: Yes.

35 **MR CONDE:** I should have asked, Ms Burke, is this a form of document with which you are familiar, even though this particular document you wouldn't have seen?

MS BURKE: Yes, this is our standard Steering Committee template.

40 **MR CONDE:** If you can go over to 2578, please. Do you see there, Status Update at 25 March?

MS BURKE: Yes.

45 **MR CONDE:** And there is a comment in the top right, "Overall Project status", marking it as red. What does that mean?

MS BURKE: Simply put, that means they're running behind schedule.

MR CONDE: Does it have any relation to risk appetite, so far as you are aware?

MS BURKE: No, not for - this is a KPMG-produced report. So they have - they have made this assessment. It is red status. Based on their plan versus the actuals.

5 **MR CONDE:** If we can go to 2581, please. Do you see on the right there is a red, amber, green summary?

MS BURKE: Yes.

10 **MR CONDE:** And again, appreciating this is not a document you would have seen, but having regard to all the versions that you have seen -

MS BURKE: Yes.

15 **MR CONDE:** - what, if any, comment do you have on the amber and red workstreams identified there?

MS BURKE: So, this was simply saying that these particular workstreams had a risk profile or they had delays - essentially, the RAG status provides a view on the status or the progress of that particular workstream. So, typically, if something is amber, it means - it doesn't necessarily mean it's off track, but there could be some risks or issues that the workstream is addressing so they are conservatively reporting it to be amber.

25 Then for red, that really means that there is some sort of delay, there is an issue that can't be resolved, it is running behind, hence, it is classified as a red status. This is fairly - this would be the very common project management methodology.

30 **MR CONDE:** Does it concern you to see Risk Management, Compliance, Technology & Data, Strategy For Premium Players, Legacy Issues and Program Assurance all in red?

MS BURKE: I think that's the - the honest and transparent status of those particular workstreams at that time. So, ideally, you don't want to be in red status, but clearly there is issues within those workstreams that explain the red RAG status.

MR CONDE: Are you aware, Ms Burke, of a proposed reset of the remediation program?

40 **MS BURKE:** Well, I would say that was always intended as part of the plan. So within the Governance workstream, we had, from memory, four milestones entitled, I think, "Foundational reviews". And, from memory, they occur on a six-monthly basis with the first one due in June of this year. And so a foundation review is a very, you know, standard project management process whereby, essentially, you take stock of the plan and you make a decision to potentially adjust the plan, re-sequence it, 45 reprioritise, potentially change dates. So that reset would be that foundational review process.

MR CONDE: Are you aware of any proposal, though, involving a third party?

MS BURKE: I'm not. I wasn't part of that discussion.

5 **MR CONDE:** Before I leave the topic of remediation, do you have any general comments regarding Star's prospects of remediation, in your opinion?

10 **MS BURKE:** I would say that, you know, there is a robust plan in place and comprehensive scope that was produced by, you know, a number of experts in their field, and we had very good engagement with the manager and his team during the development of the plan. We had some external consultancies assist with the development of the plan so I think, you know, the scope is there. You know, naturally through a program of this size and complexity, you will find the need to reset and refine and adjust. You learn lessons as you move through the execution.

15

So, to that end, I think - I think the plan is sound. And if you look at the milestone summary there, you know, there has only been nine milestones not actually completed, whereas 242 have been, and I would suggest that's a very good run rate.

20 **MR BELL SC:** Aren't they workstreams rather than milestones, Ms Burke?

MS BURKE: No, no. They refer to milestones that are within each of the workstreams.

25 **MR BELL SC:** This is identifying amber and red workstreams?

MS BURKE: Sorry, amber and red, yes, that's referring to workstreams.

30 **MR BELL SC:** Thank you. Ms Burke, as Chief Transformation Officer, did you feel yourself under pressure to try and ensure that the company met milestone deadlines?

MS BURKE: I think everyone felt the pressure.

35 **MR BELL SC:** And did you?

MS BURKE: At times, certainly. You know, it was an aggressive plan. We wanted to succeed.

40 **MR BELL SC:** Looking back on it now in hindsight, do you think that the planned remediation milestone dates were too ambitious?

45 **MS BURKE:** I think it's fair to say it was ambitious. It was front-loaded. And the executive sponsors who essentially developed the plans for their workstreams were ambitious, yes. They were ambitious in terms of a desire to expedite the program, to demonstrate the suitability. So, you know, that probably is correct. Of course, that puts pressure on the teams and so I think it's a good - it's a good time to do that reset and just reconsider, is there a need to re-sequence or prioritise some of the activity?

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

MR CONDE: Ms Burke, throughout your time as Chief Transformation Officer, it's correct, isn't it, you were a member of the GLT?

5

MS BURKE: Yes.

MR CONDE: Do you recall a GLT meeting or session in mid-2023 where the CFO, Ms Katsibouba, shared her views on the financial condition of Star Entertainment?

10

MS BURKE: Can you remind me, sorry, Mr Conde, on the date of that meeting?

MR CONDE: Around the middle of 2023. It seems to be either June or July, possibly earlier May.

15

MS BURKE: So I joined in May. I don't recall specifically, I must be honest.

MR CONDE: Right. Do you have any comment on how the GLT was functioning at that - at the time of your commencement?

20

MS BURKE: Look, I think, you know, executives, you know, have good relationships and bad relationships, and I certainly see there's probably some relationships working more effectively than others. But, you know, I must say, from my perspective, the commitment of the GLT to deliver on the remediation program and the support that I got from them and the executive sponsors was - was what we needed. So I did see a cohesive team as it relates to remediation who were very committed and collectively taking ownership of delivering on this program.

25

MR CONDE: I see the time, Mr Bell.

30

MR BELL SC: Well, how much longer do you think you will be? I'm reasonably keen to let Ms Burke go today, if possible.

MR CONDE: Yes. I could be, I think, another five to 10 minutes max.

35

MR BELL SC: Mr Ahmed, are you going to have any questions for Ms Burke so far?

MR AHMED SC: I will have some questions. I expect them to be about five to 10 minutes.

40

MR BELL SC: Yes, I see. In that case, we should adjourn until 10 am tomorrow. Thank you. I will now adjourn.

45

<THE HEARING ADJOURNED AT 5.01 PM