



**EXTERNAL REVIEW OF THE QUEENSLAND OPERATIONS OF THE
STAR ENTERTAINMENT GROUP LIMITED**

BEFORE THE HONOURABLE ROBERT GOTTERSON AO QC

**PUBLIC HEARING
BRISBANE**

**THURSDAY, 25 AUGUST 2022
AT 10:00 AM (AEST)**

DAY 3 - TRANSCRIPT

**MR J.M. HORTON QC appears with MS A.R. HELLEWELL
as counsel assisting the Review**

**MR G.D. BEACHAM QC appears with MR P. HOLMES and MR D. WONG
as counsel for Star Entertainment Group Limited, Star Entertainment
Queensland Pty Ltd and The Star Entertainment Custodian Pty Ltd**

Witness Appearances

**MR H. STEINER, General Manager, Anti-Money Laundering/Counter
Terrorism Financing Compliance, The Star Entertainment Group Limited
MR G. HOGG, Interim Chief Executive Officer, The Star Entertainment
Group Limited**

<THE HEARING RESUMED AT 10:00 AM

MR GOTTERSON QC: Yes, Mr Horton.

5 **MR HORTON QC:** This morning we have resuming, with your permission, Mr Steiner.

MR GOTTERSON QC: Yes.

10 **MR HORTON QC:** I propose to be certainly not all morning with him and maybe considerably shorter. And then later we do have, if available, Mr Hogg, who we anticipate will be the final witness, at least at this stage, in these public hearings.

15 **MR GOTTERSON QC:** Yes.

MR HORTON QC: And we will deal with - if it is permissible, once his evidence is completed, if it is completed today, which we expect it may be, with some housekeeping matters and what we suggest might be the way forward.

20 **MR GOTTERSON QC:** Very well. Thank you.

<HOWARD IRA STEINER, ON FORMER AFFIRMATION

25 **<EXAMINATION BY MR HORTON QC:**

MR HORTON QC: Good morning, Mr Steiner.

30 **MR STEINER:** Morning.

MR HORTON QC: We were speaking when we left yesterday about Person 1 and the chronology. We got to about October 2021. By this time you are, in fact, at The Star; is that correct?

35 **MR STEINER:** Yes.

MR HORTON QC: And you had started in January of 2020?

40 **MR STEINER:** (Indistinct)

MR HORTON QC: And just so we can understand, as at October 2021, what is your role then at The Star in respect of the AML program?

45 **MR STEINER:** At that time, my title was AML project director.

MR HORTON QC: Yes.

MR STEINER: So I did not have direct operational control over any aspect of the AML team.

MR HORTON QC: And to whom did you report in that position?

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MR STEINER: Paula Martin.

MR HORTON QC: I see. Who was company secretary and general counsel and --

10

MR STEINER: Chief legal and risk officer.

MR HORTON QC: Thank you. I see. She was a number of things, but one of them was chief risk officer - is that right - and in that capacity, you reported to her about AML matters?

15

MR STEINER: Yes.

MR HORTON QC: And what influence did you have over any changes to the AML program at that point in that position?

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MR STEINER: As we were evolving the program to its current state, the influence I had was engineering improvements and helping to implement those.

MR HORTON QC: Yes. And so what - "visibility", I guess, is the corporate word. What visibility did you have of these matters involving Person 1 as at, say, October 2021?

25

MR STEINER: I had no visibility.

30

MR HORTON QC: I see. And why was that?

MR STEINER: Again, because I was not part of the operational team, I would not have had any reason to be included in the decision-making process regarding those patrons.

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MR HORTON QC: When did you first learn of the facts and circumstance involving Person 1 of the kind of which I have taken you over the last few hours yesterday?

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MR STEINER: For the most part, from public media reports.

MR HORTON QC: I see. Now, ultimately, of course, Person 1 is excluded by an issue of a Withdrawal of Licence. That's your understanding?

45

MR STEINER: Yes.

MR HORTON QC: Now, if you just turn, please, to page 12 of the chronology we have been going through, we will finish with this Person 1. And just so you can see there about the issue of Withdrawal of Licence that occurs at the top of the page there. 16 December, some minutes record that Person 1 has been issued with
5 a group-wide WOL and has been removed from the, in effect, meeting list.

MR STEINER: Yes.

MR HORTON QC: And then there's a table underneath about incidents we asked
10 The Star about, and you have dealt with some of them there. I'm interested in 8, 9, 10 and 11 - see those incidents?

MR STEINER: Yes.

MR HORTON QC:

"Person 1 paid an excess of his personal maximum by \$1000 and then by \$20,000, by 8000..."

MR HORTON QC: Could you just explain what a personal maximum is and why it is a problem?
20

MR STEINER: I'm sorry - personal maximum - I'm not quite sure what controls these were that were affecting this patron.

MR HORTON QC: Yes.
25

MR STEINER: I can't comment on it.

MR HORTON QC: Okay. Step away from this person for the moment. Do you
30 know what a personal maximum is and why they exist?

MR STEINER: Again, personal maximums are something that I'm not familiar with. They might have been in operation at the time in terms of procedures for cashing out funds or other transactions with the casino, but I'm not familiar with
35 them.

MR HORTON QC: Yes. And with number 8:

"Person 1 redeemed a \$100,000 chip voucher."
40

MR STEINER: Yes.

MR HORTON QC: Why is that an incident? Do you have any insight into that?

MR STEINER: I don't, no.
45

MR HORTON QC: We will take that up separately. Now, Person 2 is the next page. I don't want to repeat, of course, the same matters, but there are some

different things that arise with this case study. First of all, you will see this person was excluded in New South Wales and Victoria by both Police Commissioners in both states.

5 **MR STEINER:** Yes.

MR HORTON QC: And not excluded in Queensland until some time later; you agree with that?

10 **MR STEINER:** Yes.

MR HORTON QC: And so we take it that the same applies with what you said about Person 1 to Person 2, except here there are two Police Commissioner exclusions in two states, which make it no less strong in respect of Person 1 that there should have been a Withdrawal of Licence here also?

MR STEINER: Absolutely.

20 **MR HORTON QC:** And that, do I take it, under your present AML program, the fact of exclusion by two Police Commissioners would lead to him not being at the casino in one way or another?

MR STEINER: That's correct.

25 **MR HORTON QC:** Fairly promptly?

MR STEINER: Yes.

30 **MR HORTON QC:** Now, the other issue that arises here is - I wanted to draw this out because this is the one respect in which I would like to ask you about, know your customer in terms of identity for the moment rather than source of money. And here you will see at page 14, in item 45 - the number is not there, but it's a follow over from the previous page - there was a misspelling in this person's name in something called KCMS.

35

MR STEINER: Yes.

40 **MR HORTON QC:** And just so you can see that it's an issue that existed for a while, if you turn to page 18, item 54, there's reference made to the spelling of this person's name being different in media compared to ID checks, and that being a reason why he may not have been flagged in exclusion checks?

MR STEINER: Yes.

45 **MR HORTON QC:** So in terms of know your customer identity, what issues does that throw up in terms of AML?

MR STEINER: This is 2017. I believe that the systems we have in place now employ a more effective fuzzy logic such that minor misspellings or transliterations of names would not result in the problem that is being evidenced here.

5

MR HORTON QC: But in terms of, I suppose, the rules about AML, what should have been done then, on your understanding, with respect to a dilemma like this where identity was difficult by reason of the misspelling? What does one do under the KYC rules about identity where there's these problems?

10

MR STEINER: I think in - on line 54 towards the bottom, where Mr McGreevy states that the - that this was rectified. I think, again (indistinct) transliterations of names or misspellings come to notice that the records are updated to reflect that perhaps in different media reports, different names are actually referring to the same person.

15

MR HORTON QC: Yes.

MR STEINER: And our reference would be updated accordingly.

20

MR HORTON QC: But that there is rectified, as you said, by reference to, what, using what some official licence says; is that right? Is that what you are referring to as rectification?

25

MR STEINER: I think we would use all available information to make sure that we know who the patron actually is or who he is representing himself to be.

MR HORTON QC: Good. Well, this is the point, really, because what we see at the bottom of page 18 in item 54 is that reference is made to one such document, but I wanted to check with you there. That wouldn't exhaust, as I understand it, what you would say in a situation like this, in order to be certain about the person's identity?

30

MR STEINER: Correct. We use the standard of all available information to confirm identity.

35

MR HORTON QC: Yes. And so you would want more than just the driver's licence, for example?

40

MR STEINER: Yes.

MR HORTON QC: I see. And in terms of that general dilemma about knowing your customer identity, you want to be sure, I imagine, with AML, that you are definitely dealing with the person who is indeed the person they claim to be?

45

MR STEINER: Yes. Correct.

MR HORTON QC: Now, I've taken you to those. And just to show you the two references to the - you probably know it very well, but item 43 is the Crown Melbourne exclusion, 11 December 2014, for Person 2. And then the New South Wales exclusion is 9 June 2015, after Withdrawal of Licence in Queensland is not
5 until 6 January 2021. Is that your understanding?

MR STEINER: Yes, it is.

MR HORTON QC: Yes. Now, there's a couple of aspects of Person 2 I wanted to
10 ask you about. Item 55, the person here was one of the top 10 table players at The Star Gold Coast. In terms of the current AML program, will the fact that someone is one of the top 10 players at one of The Star casinos trigger any particular verification?

MR STEINER: I think being in the top 10 - actually, we look at the top 100
15 usually just to make sure that certain levels of play are commensurate with source of wealth and source of funds or whatever other information we have, either from an RG perspective to make sure that no one is perhaps being put into a situation where they can harm themselves from a gambling addiction. Certainly from an
20 anti-money laundering perspective, we will cross-reference things like occupation to source of wealth and look for inconsistencies.

So when someone is a high-value player and there's a lot of money going through
25 that account, there is an initial, if you will, back of the - hairs on the back of the neck suspicion, just as a course of doing business in AML, where we consider that information. We don't consider that information in terms of the decisions we make or we would make in terms of Withdrawals of Licence or additions to watch lists or consideration during a JRAM.

MR HORTON QC: Yes. If there's a high-value customer, one option is they have
30 got a legitimate source of funds and just enjoy high-value gambling. Another is the source of funds might not be legitimate, and they are using it for money laundering purposes. The third is they do have lots of money, it's all their own, but there's a responsible gambling issue that they are suffering from some addiction
35 with respect to gambling that needs to be intervened with in another way.

MR STEINER: Yes. It's each.

MR HORTON QC: So the issues, in some sense, come together, I guess, at the
40 macro level that you are talking about, is that you are on alert for a number of different possibilities?

MR STEINER: Correct.

MR HORTON QC: Now, then item 57, we see that there's an awareness, at least
45 at this stage, 9 January 2019, that this person is a police exclusion from Sydney. He was then, it said, rated at "high" on the register?

MR STEINER: Yes, I see that.

MR HORTON QC: And then reference is made to media articles at the bottom of the page on 19. But there's a problem, it says, because the media articles are
5 locked down by subscription, so the person couldn't give them to the other person to read. Does that throw up particular difficulties in terms of the AML program and verifying what is occurring in the public spotlight?

MR STEINER: I think in item 57, this is indicative of an operational sclerosis
10 that may have existed at the time, which is certainly not a feature of today's program.

MR HORTON QC: I see. So you say that if there were media articles then which were of interest, the fact someone didn't have a subscription shouldn't be a reason
15 not to scrutinise them?

MR STEINER: That's correct.

MR HORTON QC: And then reference is made in that same item but over the
20 page at 20, consideration was given to making this person a critical AML risk and then to execute a WOL. This is some time before it's actually issued. But the point that, in your system now, if someone wishes to raise putting someone at critical risk, which I know is, I think, very high on the current analysis, how would that feature in the TrackVia or other related system about AML today?

MR STEINER: The adjustment of a risk rating triggers certain events to happen
25 over the course of the patron's ongoing relationship with The Star. So it's not something that we would do after we withdraw the person's licence because that would make no sense. That's sort of backwards, right? Today if we raise the risk rating, that means we are either going to escalate that person to some level of
30 management where a decision needs to be made, we are going to escalate that person for some additional enhanced customer due diligence, as well as ongoing customer due diligence and monitoring. The raising of the risk rating should not happen after you produce a WOL.

MR HORTON QC: And then over the page, I think, to 21, there's a
35 recommendation internally of not issuing an exclusion or WOL, you will see there on the --

MR STEINER: I'm sorry. What line are we on?

MR HORTON QC: I'm sorry. Item 62, page 21. Sorry. If I am going - if I am
45 rushing too much, please slow me down. I'm just conscious I don't want to take too, too long on factual matters. You will see there in item 62, a recommendation to not issue an exclusion of WOL in Queensland on 1 March 2019, saying:

"Unless there has been a material recent change in circumstances, e.g., a charge brought against him, issuing an exclusion or WOL now would be a

departure from our longstanding practice - which we grandfathered on adoption of the revised exclusions policy."

5 Now, in your system or in your mind - and in your mind, is that any reason not to have acted with respect to a recommendation with respect to exclusion or Withdrawal of Licence?

10 **MR STEINER:** Clearly, this is a feature of the compliance strategy or appetite for risk culture of the past that does not exist today.

MR HORTON QC: Yes. The focus on the appetite for risk, we have had another witness talk about that. Always, appetite for risk in an organisation - correct me if I am wrong - can't be about an appetite for risk with AML.

15 **MR STEINER:** Correct.

20 **MR HORTON QC:** That is, if we talk about an appetite for risk commercially, it's a case of what sort of risk we take in the market for losing money, for example, or taking on a business or buying something or doing something which might, in the end, lose us money; correct?

MR STEINER: Correct.

25 **MR HORTON QC:** In terms of appetite for risk with regulation - and, again, correct me if I am wrong - it's not pretending as a lawyer that all laws are entirely clear all the time. But to speak in terms of appetite for risk with respect to AML is, I want to suggest, a little bit of misthinking.

30 **MR STEINER:** I'm not sure I agree with that. For many years, the standard for AML programs across the financial services industry, as well as non-bank financial institutions, has always been risk based. That doesn't mean that decisions from a compliance perspective necessarily have to accommodate business interests or profitability. So there are different measures of risk for the AML team, where our program is risk-based. I say we have zero tolerance - we have zero tolerance from an AML perspective. And the income of a given patron, and the value of a given patron to the casino, is not of any relevance.

40 **MR HORTON QC:** Yes. I understand. So when you talk about risk appetite, you are more talking about in the framework of section 36 of the Act, which talks about the risks that a reporting entity may reasonably face, rather, I guess, than a commercial risk appetite?

MR STEINER: Correct.

45 **MR HORTON QC:** And in terms of item 62, a grandfathering of something is offered as a reason not to issue an exclusion or WOL. And is that any reason in your current program not to proceed to issue an exclusion?

MR STEINER: Absolutely not.

5 **MR HORTON QC:** Thank you. It seems to be, I want to suggest to you, here, anyway, an excuse that, "We have always done this and we have already decided, so therefore we should continue to do it the same way."

MR STEINER: Correct. And I think we have adjusted that cultural change within The Star, and attitudes like that or culture like that are a vestige of the past.

10 **MR HORTON QC:** Thank you. Item 64, the bottom of the same page, there's reference now to an article that appeared in the Sydney Morning Herald, a media article. Would this trigger today a source of money deep dive to have to occur?

15 **MR STEINER:** It certainly would, yes.

MR HORTON QC: And including a report that he was involved in the 'Ndrangheta, you will see there at page 22, item 64, the Italian version of an aspect of the market. Then 66 - item 66, on 23 November 2020, Person 2 is recorded as being only excluded in New South Wales:

20 " ...and, as a result, is actively playing on the Gold Coast property."

Again, is that something which could not occur under your system because of the New South Wales exclusion?

25 **MR STEINER:** That's right. It could not occur.

MR HORTON QC: And do I take it also would not have occurred because these other aspects to which we have gone, the media reporting and so forth, would have provoked a need for a deep dive?

MR STEINER: Correct.

35 **MR HORTON QC:** So you see this. You are aware of it already. Item 70, page 23, this person is excluded on 6 January 2021 with a group-wide Withdrawal of Licence by The Star.

MR STEINER: Yes.

40 **MR HORTON QC:** Person 3 is the next one, page 24. Now, I will be corrected if I'm wrong, this is a case study offered because, as I understand it, there's no interstate Police Commissioner exclusion for this person. And so it's a way of testing, perhaps, some of the issues that arise more generally. But you will see at item 74, there's reference in your chronology to a cash paid amount that Person 3 had been paid from the casino.

45

MR STEINER: Item 77?

MR HORTON QC: Item 74, I'm sorry, page 24. Sorry if I misled you there.

MR STEINER: Whereas the request for information - I believe 77 is the (indistinct) that you are referring to.

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MR HORTON QC: That might be a different one. I think 77 may be different, but correct me if I am wrong.

MR STEINER: Yes.

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MR HORTON QC: I will give you some more information, but for the moment 74. Now, I want you to assume for 74 that - and just so those in the room know that I'm going to, I'm going to Mr Hogg's statement at page 107, just out of interest. This is the source of what I'm about to put to you, that what occurred at 15 item 74 was that on or around 4 March 2015, Person 3 was paid out approximately 1.5 million in cash. It's not clear whether this references an individual payment or a collection of payments.

MR STEINER: Correct. It's unclear from the chronology.

20

MR HORTON QC: Sorry?

MR STEINER: It's unclear from the chronology.

MR HORTON QC: It is unclear from the chronology, but it has been provided to us by The Star separately, the fuller details in Mr Hogg's statement. There's no criticism of that, but I just wanted to link the two.

25

MR STEINER: Yes.

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MR HORTON QC: And these were prepared in a short space of time, we understand, and Mr Hogg's statement came after. But in terms of that fact alone, does that have any significance in the AML program as it now stands?

MR STEINER: Any time a patron cashes out for large amounts of money, it raises a red flag because it doesn't make sense. And the money laundering phases are placement, layering and integration. Casinos are normally seen as being used in the placement stage. Money launderers and criminals normally don't want cash. They want to place cash within the system and walk away with some negotiable instrument. So this would raise a red flag.

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MR HORTON QC: Yes, I see. The concept is you might be gambling large amounts, but if you are pulling large amounts out also, even though one might have made a loss --

45

MR STEINER: Well, if you are pulling cash out - if you are a money launderer, that's the last thing that you want.

MR HORTON QC: Yes.

5 **MR STEINER:** It wouldn't make sense from a anti-money laundering suspicion point of view because why would someone want to leave with cash. Money laundering is the - going the opposite direction, placing cash with the casino.

MR HORTON QC: I see. Yes. So you are suggesting here that the fact of being paid in cash, if he was --

10 **MR STEINER:** Is a problem.

MR HORTON QC: -- is a problem?

15 **MR STEINER:** Yes.

MR HORTON QC: I thought you might be suggesting it's not a problem because --

20 **MR STEINER:** No, it is. It just doesn't make any sense that someone would want to walk with cash and that would raise a red flag and doing a deeper dive into that transaction and into the patron in general.

25 **MR HORTON QC:** Yes. I see. And then 77, which you rightly went to, I think, is a different occasion, 3 January 2016, cashes a winnings cheque for \$100,000. It's raised in the system as an unusual activity referral, UAR.

MR STEINER: Yes.

30 **MR HORTON QC:** What would happen in the system now with such a referral?

MR STEINER: Today, I think that cash transaction plus the inquiry earlier from the AFP would have resulted in this patron either being added to a watch list or going to JRAM and having his relationship with the casino considered for termination.

35 **MR HORTON QC:** Yes. Now, 79, he does seem to be referred, months later, April 2016, to PAMM, P-A-M-M?

40 **MR STEINER:** Yes.

MR HORTON QC: You don't know what happened, if anything, because the minutes don't refer to Person 3, it said, and reference is made to below. But doesn't that rather suggest that simply referring to a meeting, albeit the meeting directed at assessing the risk, doesn't necessarily mean things are actually going to happen?

45 **MR STEINER:** Well, I would suggest that we never would - in today's world, we would never get to 79 because at 78 we were made aware of that the AFP is investigating this person specifically for alleged drug importations. So it's not just

an inquiry for information; they are telling us something that we can act upon as well. They are telling us that the person was involved in baggage handling and, I imagine, was employed by the airport, which is different what the patron told us that is in our casino records.

5

MR HORTON QC: Yes.

MR STEINER: And that inconsistency alone would probably end up in him being excluded.

10

MR HORTON QC: Yes. But the system surely needs to have some legacies in, in case people slip up, which humans do. And surely there has got to be some protection if he is referred to a meeting for something to actually be done in that regard and some record kept of why or why not?

15

MR STEINER: Well, I think in today's world, every meeting is minuted, if that's what you are getting at.

MR HORTON QC: Yes. Thank you. Item 84, his risk rating was increased to high across the group in May 2016. Now - that's item 84 on page 26. I want to use this as an example for this. We have earlier discussed risk labels. If he is high risk for The Star's purposes, he doesn't trigger the high risk on The Star's thinking at the time and now. Leave aside how it might be handled practically, but on the label, that doesn't trigger the high risk in the AML rules we have been to in 15.9, sub (1)?

20
25

MR STEINER: I can't comment on how it worked back then. But again. I'm looking at this chronology and thinking everything past the date noted in 78, where I think he would have had, under today's program, been issued a WOL - everything else after that is somewhat irrelevant, and it wouldn't happen in today's program.

30

MR HORTON QC: I understand you say that. But I'm looking at a chronology where we're saying with everyone, "We wouldn't have got to this stage. If it got to that stage, we wouldn't have got to this stage, wouldn't have got to this stage." But it is - really what I'm putting to you is - and I'm not suggesting it's your failure, but there's a successive number of failures here of a, in some cases, staggering kind.

35

MR STEINER: I agree that there was a failure. I would point out that the date that we are at right now was six years ago.

40

MR HORTON QC: Yes. I make very clear this is - I'm talking about 2016. So I'm not suggesting that you were at The Star at the time, but I'm trying to test these propositions. And the one I'm trying to test here is this. I want to suggest to you this is an example where if one doesn't have one's labels right, one's thinking is misdirected. And so here at 84, we have a high risk which would not trigger the AUSTRAC high risk because The Star policy says we actually treat it like it's a medium.

45

MR STEINER: I would agree with that premise.

5 **MR HORTON QC:** Now, if I can move forward a fair way. Now, it's not until 11 June 2021 that a Withdrawal of Licence, group wide, is issued by The Star. And you will see that at page 32, item 108. Do you agree with that?

MR STEINER: Yes.

10 **MR HORTON QC:** Then for Person 4, again, as I understand it, is a person in respect of whom there is no Police Commissioner exclusion interstate. Again, to test some other sorts of facets of AML. I should make clear - and I won't make clear the detail of it. But in each of these five cases, the chronology records contact between law enforcement and The Star. So none of what I suggest to
15 you - and this is really for the purpose of those listening rather than for you, as you know, suggest that this wasn't - that there wasn't any contact with law reporting agencies about these people. This is about, really, The Star's own management risk internally. Now, can I ask you to turn to item 115, page 36. There's a couple of incidents here, what is called a credit theft incident.

20

MR STEINER: Yes.

MR HORTON QC: Please correct me if I am wrong, it's about a small amount of money, \$35. Does that have any - that doesn't have any significance, does it, for
25 AML purposes?

MR STEINER: Not just because of the value, but the - as the chronology suggests, it's not an AML related incident.

30 **MR HORTON QC:** Yes. Thank you. And then there's a second incident there. But, again, it doesn't seem to invoke any AML consideration of any kind; it's small value and seems to be unrelated to any AML risk.

35 **MR STEINER:** Again, I would say we always consider value. We never dismiss it, however small it is.

MR HORTON QC: Yes.

40 **MR STEINER:** But, again, as you note, there doesn't seem to be anything involving a financial crime or something that would be a reportable incident.

MR HORTON QC: Yes. And do you read that - I'm not asking you to form a view conclusively, but would one read that in AML as, at worst, opportunistic in what is being done and possibly inadvertent?
45

MR STEINER: By the patron?

MR HORTON QC: Yes.

MR STEINER: Yes.

5 **MR HORTON QC:** Yes. And then there's reference at item 116 to some win/losses on slots. Are they significant in number to attract any AML attention?

MR STEINER: No.

10 **MR HORTON QC:** And then item 123, page 37, this person is fined by a court for deliberate exploitation of migrant workers and fined a not insignificant sum.

MR STEINER: That's correct.

15 **MR HORTON QC:** Does that have AML significance?

MR STEINER: It does.

MR HORTON QC: I see. And what significance and how should it be treated?

20 **MR STEINER:** Part of the job of the AML program is to protect the casino against reputational risk. So I think this sort of charge certainly is something that we would consider as valuable information to consider an exclusion.

25 **MR HORTON QC:** Yes. I see. So the concept is, with this particular type of activity, the money might not be being laundered, but it might be the proceeds of abhorrent conduct?

MR STEINER: That's correct.

30 **MR HORTON QC:** And how, then, would that - what are the mechanics, then, for the way in which that would be raised and treated in your AML system today?

35 **MR STEINER:** Well, it depends on how this would come to notice. If the patron was already in the system, he would normally be scanned against third-party databases for adverse information. If that information was picked up by those vendors of those databases, that information would trigger an ECDD review and then escalation as appropriate.

40 **MR HORTON QC:** Item 125 on page 38, he was considered at the meeting - the PAMM meeting, P-A-M-M meeting, but the minutes don't refer to him. Is that another minuting issue of the kind we discussed earlier where, today, the meetings must be minuted and what they deal with?

45 **MR STEINER:** That's correct.

MR HORTON QC: And then Withdrawal of Licence for this individual is given group wide by The Star following a World-Check due diligence on 28 November 2018?

MR STEINER: Yes. And World-Check is an example of the third-party type database that we would use.

5 **MR HORTON QC:** Yes. Yes. But that check, I would note, occurs some six months after the World-Check result for Person 4 at item 123, which was done in 21 May 2018.

10 **MR STEINER:** Right. I'm not commenting on the chronology so much as the tool.

MR HORTON QC: I understand. And my comment in response was, yes, but the check was done - a check was done five months earlier and the same record exists. So there's five months of, I'm suggesting - and not at a time when you were
15 there - inaction about material which should have caused them to act differently.

MR STEINER: Yes. And that is an example of an operational inefficiency which I think we have engineered out of the system, which is appropriate.

20 **MR HORTON QC:** And then just to complete that so it's clear, item 130 on page 39, the risk rating is recorded as "very high" on 3 February 2022. Could you help me: why would one need to go on and assess risk after the Withdrawal of Licence issues?

25 **MR STEINER:** You wouldn't. It doesn't make much sense.

MR HORTON QC: Okay. Now, then, Person 5. This, on the chronology - and there's a supplementary chronology you might be aware of too, Mr Steiner. Are you aware there is a supplementary chronology been provided for this patron?
30

MR STEINER: Yes.

MR HORTON QC: Do you want a copy or --

35 **MR STEINER:** Is it concluded in this binder?

MR HORTON QC: Probably not. I will give you a copy just so it's clear. Could I hand to the witness Supplementary Chronology of Patrons of Interest, Person 5. We will get a document number in due course, and I will tender it in due course.
40

MR GOTTERSON QC: Is this to be substituted for the --

MR HORTON QC: I think it is an addition, but I --

45 **MR GOTTERSON QC:** But merely an addition?

MR HORTON QC: Yes. And I think we might propose to give it to you separately in a more orderly way when we tender it, but just for reference now.

MR GOTTERSON QC: Very well. All right.

5 **MR HORTON QC:** Mr Steiner, this case study has been offered because, again, there's no exclusion - I'm sorry. It's a complicated case, that is, there are self-exclusions. You will see item 135, self-excluded, and then a non-voluntary exclusion you will see at item 135. It says an exclusion order in Sydney at 139 on 15 April 2016. Are you familiar, even in a broad way, with these facts that are in the chronology?

10

MR STEINER: Only from what I read in the chronology.

MR HORTON QC: Good. Well, same here. It's just a confusing set of facts. What does one make of these from an AML perspective with self-exclusion combined with non-voluntary exclusions?

15

MR STEINER: It appears to be the information that's given in the chronology that the - that all of the exclusions are a function of behaviour, not so much of financial crime or transactional inconsistencies, things that would alert to AML. The incident in the lift, noted at 138.

20

MR HORTON QC: Yes.

MR STEINER: These are things that would normally, you would think, result in an exclusion of some type, but not necessarily one related to a crime being committed in the casino, other than perhaps a crime of violence or throwing a chair or something behavioural based.

25

MR HORTON QC: Yes. But more circumstances which are inexplicable on any normal state of affairs.

30

MR STEINER: It's clearly not normal.

MR HORTON QC: But not an AML case particularly?

35

MR STEINER: Correct. If the patron was somehow - had been of note to the AML team by being in the AML system, the fact of this exclusion would filter across the system so that we would know next time, if he came back to the casino after an exclusion was lifted or something else happened - being in the system, we would be alerted, bringing up his patron record, that he was excluded for some other reason not related to AML.

40

MR HORTON QC: Yes. And then you will see he excludes himself at item 135 on page 41, 21 March '15, but then he attempts to re-enter.

45

MR STEINER: Right.

MR HORTON QC: And correct me if I am wrong, it seems from the chronology he is successful at re-entering?

MR STEINER: Yes.

5

MR HORTON QC: In some way, anyway, continued to play.

MR STEINER: Yes.

10 **MR HORTON QC:** And then you will see, for instance, at item 146, July '19 - item 147 at page 44, he is raised or noted in JRAM and PAMM meetings, and there's suspicions about money laundering and about, I suppose, in summary, what we might call a politically exposed person; is that correct?

15 **MR STEINER:** Yes.

MR HORTON QC: Would that trigger AML attention?

MR STEINER: It would, yes.

20

MR HORTON QC: Something has been raised which is not a problem at the moment. Thank you. And then you will see there's an exclusion issued, item 151, 23 July 2021. New South Wales - he is excluded in New South Wales pursuant to section 69 of the Act in that state.

25

MR STEINER: Right.

MR HORTON QC: And a group-wide exclusion. And the only issue there, I guess, is whether - from the bizarre behaviour that is exhibited from 2015
30 onwards, whether six years is the right amount of time before action is taken to withdraw group-wide.

MR STEINER: I would suggest it isn't. But specific to the chronology, the group-wide WOL was probably in response to the articles and the old notices and
35 such.

MR HORTON QC: Yes. And I suppose the point you would make is only part of this chronology bears upon the AML risks that would enliven your program and the attention that you now give to it.

40

MR STEINER: Yes.

MR HORTON QC: But it doesn't mean there aren't other aspects of his behaviour which would come to The Star in respect of RSG or just general bizarre
45 behaviour.

MR STEINER: That's correct.

MR HORTON QC: And in terms of politically exposed person, how is - does this gentleman trigger the threshold for attention on that?

5 **MR STEINER:** So anyone who is noted as politically exposed is automatically routed to the AML compliance officer for a review.

MR HORTON QC: Can you briefly explain what a politically exposed person is under the AML rules?

10 **MR STEINER:** It differs from country to country. In Australia, a politically exposed person is someone, either domestically or internationally, that has a nexus to some government positions, especially where that government position has access to funds.

15 **MR HORTON QC:** And how, once it's raised, without giving any unnecessary detail, is that taken through the system now?

MR STEINER: I'm sorry. Taken through the system?

20 **MR HORTON QC:** So if one is identified as a PEP, politically exposed person, what are the mechanisms, if you like, for raising it, but just in a very broad-brush?

MR STEINER: If they are identified as PEP, TrackVia immediately routes it to myself and for an ECDD review.

25 **MR HORTON QC:** Yes. And you make - or they make specific inquiries?

MR STEINER: Correct.

30 **MR HORTON QC:** Now, that's the detail of what I wanted to go through with you. I've just got a few other supplementary points, none of which are detailed and won't take very long. The first is, we have heard evidence in this inquiry about gifts given to individual gamblers, some of high value, say \$50,000. In terms of AUSTRAC reporting obligations, does the giving of a gift trigger any reporting
35 obligation?

MR STEINER: Not that I'm aware.

40 **MR HORTON QC:** If it was a cash gift, would it trigger a reporting obligation?

MR STEINER: Cash - I don't know if cash gifts - there are rebate programs that, in effect, rebate some portions of money, and those do have an effect, not so much from an AUSTRAC reporting perspective but from a state and a taxation
45 perspective.

MR HORTON QC: Yes. From an AML perspective, does the giving of a high-value gift at, say, \$50,000 to a high-value customer trigger any particular

AML attention in your current program, if it's The Star giving a gift to its own customer?

5 **MR STEINER:** Generally not.

MR HORTON QC: And should it?

MR STEINER: I'm sorry?

10 **MR HORTON QC:** Should it?

15 **MR STEINER:** I think a review of (audio drop) - I think our current program - I don't think - I know our current program provides for AML to be an approver in the risk assessment process for any standard operating procedure that dictates that those types of gifts can be made. So we review every SOP and every policy document from an AML perspective and, without our approval, things that we recommend for change, those approvals are not given.

20 **MR HORTON QC:** Yes. That focus - that answer focuses on the gift needing to be in accordance with considered and reflected policies and approvals?

MR STEINER: That's correct.

25 **MR HORTON QC:** But what about where the gift is within the realm of what is called a discretionary comp?

30 **MR STEINER:** I think discretionary comps are probably addressed in - or should be, at least, addressed in the specific documents for those casino departments that are involved in giving those gifts or approving them.

MR HORTON QC: Yes. And in any event, I'm not suggesting there wasn't a policy about those because even then for those, there was monetary thresholds for who ought approve them historically in The Star?

35 **MR STEINER:** Yes.

40 **MR HORTON QC:** Now, we have been through the case studies, and in some cases there were queries from law enforcements made to The Star. I want to briefly explore with you what significance in AML a mere inquiry from a law enforcement agency has with respect to an individual. Under your program, what, if anything, does that trigger or cause to be brought about?

45 **MR STEINER:** "Mere inquiry" piques our interest, but it doesn't necessarily result in an action. It depends on the nature of the inquiry and the information that is shared with us.

MR HORTON QC: Yes, I see. It is said by The Star to us, and you don't - I don't need you to go to this, but so it's known. This is in the letter in response to the

interim investigation report, which is in volume 6 of exhibit 3 behind tab (e). It's said at page 7 of that:

5 "The Star notes that the fact an individual is the subject of law enforcement attention does not necessarily carry with it an immediate need to consider issuing a WOL or exclusion."

MR STEINER: Yes, I would agree with that.

10 **MR HORTON QC:** Sorry, Mr Gotterson. It is there behind 6.1(e), page 7 at the top of the page.

MR GOTTERSON QC: 6.1?

15 **MR HORTON QC:** Yes. And then little (e) is the tab.

MR GOTTERSON QC: It must be a different document from the one I have got here. I am looking at volume 6 of the tender volumes.

20 **MR HORTON QC:** Yes.

MR GOTTERSON QC: And under (e) - item (e); is that --

25 **MR HORTON QC:** Yes.

MR GOTTERSON QC: -- correct? In the - 6.1 headed Interim Report, then through to the (e).

30 **MR HORTON QC:** Yes.

MR GOTTERSON QC: And --

MR HORTON QC: A letter from KWM to this inquiry --

35 **MR GOTTERSON QC:** Yes.

MR HORTON QC: -- dated 22 August 2022.

40 **MR GOTTERSON QC:** Yes, that's it.

MR HORTON QC: Good.

MR GOTTERSON QC: 6.1?

45 **MR HORTON QC:** Well - sorry. The general tab is 6.1, I'm sorry, but it's just page 7 of that document, Mr Gotterson. I'm sorry.

MR GOTTERSON QC: I'm sorry.

MR HORTON QC: No. I apologise.

5 **MR GOTTERSON QC:** I understand now. I was looking at 6.1 - because there are paragraphs in the - or the topics are numbered.

MR HORTON QC: Yes. There are two. Exactly.

10 **MR GOTTERSON QC:** Yes. So that was confusing. I've got page 7.

MR HORTON QC: The very first two lines of page 7.

MR GOTTERSON QC: Yes.

15 **MR HORTON QC:** That's the proposition which I put to this witness, he has agreed with and that's what The Star has said in response to our probing about this in connection with the OLGR's interim investigation.

20 **MR GOTTERSON QC:** Yes. I understand.

MR HORTON QC: I should say we are not suggesting any differently, but I wanted to check this witness agreed.

25 **MR GOTTERSON QC:** Yes.

MR HORTON QC: Next - really, it's a matter of completeness, Mr Steiner. Sorry, Mr Steiner. I've just got to find my volume. Yesterday, we discussed the risk labels and their importance, and I had suggested to you that KPMG had raised this as an issue in its review in May 2018. And I think you had said words to the effect of, "Well, maybe, but (indistinct) is."
30

MR STEINER: Yes. I think the discussion was about what KPMG actually recommended, and I think the August 2019 Risk Assessment Framework that we discussed yesterday where you suggested there was a mismatch between the
35 AUSTRAC nomenclature for risk ratings and ours - that document describes the mapping of the methodology of the four risk ratings in place now at The Star versus the three AUSTRAC ratings. I think the KPMG item was addressed. It may need further uplift to make it more efficient and address some of the issues that you brought to note in this hearing, and certainly those are - they have been
40 considered, and those improvements are in flight.

MR HORTON QC: The reference I was making - and I don't need you to go to them, but I will read them so people are clear about it - is in the KPMG report of May 2018 regarding Part A, which is STA.3001.0001.2750. It's in volume 1 of the
45 tender bundle, exhibit 3. It's behind tab 1.4. And page 11.

MR GOTTERSON QC: Thank you.

MR HORTON QC: I will read it to you, Mr Steiner:

"The inconsistent definition of ML/TF risk ratings against AML/CTF Rules may lead to confusion."

5

That's the reference. You will see that, Mr Gotterson, at page 11 of that landscape page, top of the page, last sentence.

MR GOTTERSON QC: 11. Yes, I have that.

10

MR HORTON QC: Yes. And, again, two pages on - these are examples only - page 13 deals with the same issue:

"We have reviewed the list and noted the following customers rated as 'medium', whereas we consider the more correct rating would be 'critical'."

15

They're just an example of the misallocation of risk in KPMG's opinion at the time.

MR GOTTERSON QC: Yes.

20

MR HORTON QC: And, finally, really I would like to ask you some questions about the importance of AML and why it exists. And non-compliance with AML, I want to suggest to you - AML responsibilities - exposes the reporting entity - here, The Star - to a risk; is that right?

25

MR STEINER: Yes, that's correct.

MR HORTON QC: And the risk in particular, I guess, to frame it in terms of the rules, is involvement in criminality of others and the risk that it's being used to launder bad money?

30

MR STEINER: Correct.

MR HORTON QC: And a risk, indeed, of The Star itself falling foul of AML laws and responsibilities?

35

MR STEINER: Yes.

MR HORTON QC: And, indeed, it's part of a system which is needed in order to ensure the casino remains free from criminal influence and infiltration?

40

MR STEINER: Correct.

MR HORTON QC: I should tender, I think, at this point, if I haven't - I haven't - two volumes of material for Mr Steiner to accompany his statement. I think you have them.

45

MR GOTTERSON QC: I have them. Yes.

MR HORTON QC: And could I tender those as a component of exhibit 3.

5 **MR GOTTERSON QC:** Yes.

MR HORTON QC: And the volumes, I think, are marked on the front of what they ought be in that context.

10 **MR GOTTERSON QC:** They are given - well, they are volume 9, consisting of binder 1 and binder 2.

MR HORTON QC: Thank you.

15 **MR GOTTERSON QC:** And those two binders will form part of exhibit 3.

MR HORTON QC: Thank you. I tender those.

MR GOTTERSON QC: Yes.

20

MR HORTON QC: And that can have the statement included as well so it's (indistinct).

MR GOTTERSON QC: Yes. Yes.

25

MR HORTON QC: Thank you. That's the questions that I had for him in-chief, in any event.

MR GOTTERSON QC: Thank you. Yes, Mr Beacham.

30

MR BEACHAM QC: Thank you, Mr Gotterson.

<EXAMINATION BY MR BEACHAM QC:

35 **MR BEACHAM QC:** Mr Steiner, you mentioned amongst the many tools that you were taken through that form part of the AML program. You mentioned the watch list.

MR STEINER: Yes.

40

MR BEACHAM QC: Could you describe what the watch list is and how it functions within the program, please.

45 **MR STEINER:** Dealing with suspicion, sometimes that is a very subjective conclusion on whether something is suspicion or the suspicion is identified and actionable or not. With regards to what you do with AML at the lowest level, we will monitor transactions and sometimes a transaction will result in an analyst not taking any further action from a reporting perspective but, for some reason,

something just doesn't make sense, something can't be concluded based on the facts and evidence, and rather than just shrugging one's shoulder and letting it go, that person is automatically added to the watch list. The watch list allows us - the watch list meeting - the governance process using that list is a monthly meeting
5 whereby everyone on the watch list is reviewed around the tables, everyone on the AML team.

So the person who added that person to the watch list can brief everyone else and there can be a discussion. We can bring in people from outside the AML team to
10 provide some colour as to what we are seeing and help us make a determination on whether that customer should be escalated further in the process to potentially exclude them, maintain them on the watch list for some period of time to reach out to - if the customer is hosted to get further information on source of wealth, for example. So it's a way to make sure that nothing falls through the cracks even if
15 something doesn't result in an actionable, reportable event.

MR BEACHAM QC: I think you mentioned earlier that inquiries from law enforcement without anything more might pique your interest, I think were the words you used.
20

MR STEINER: Yes.

MR BEACHAM QC: Might that piquing of interest result in a watch list entry for the person?
25

MR STEINER: It could, yes.

MR GOTTERSON QC: So I think you said what action you might take would depend on the detail of the information that the law enforcement agency would impart to you?
30

MR STEINER: Yes, that's correct.

MR GOTTERSON QC: And as a matter of course, are law enforcement agencies willing to disclose much or is it a matter of little --
35

MR STEINER: Well, that is --

MR GOTTERSON QC: -- or does it vary?
40

MR STEINER: Yes. So we like to consider ourselves a good partner with law enforcement as part of being a good corporate citizen. It's not so much necessarily a component of the AML program. Sometimes the police, for whatever reasons that they might have, they share with us information. Sometimes they give us
45 nothing and they are just asking. When they are just asking for information, we certainly comply to the best of our ability. But without a reason why they are asking, for the most part, in my experience over the last 20 years, not necessarily just in Australia, but most law enforcement inquiries are just that and there is no

feedback after these inquiries and they don't result in any action that, in hindsight, we should have acted upon. So, of course, the obvious question, whenever we get an inquiry, is, well, why are you asking, and sometimes we don't get an answer to that.

5

MR GOTTERSON QC: Yes. Thank you.

MR BEACHAM QC: Is - the watch list is group-wide; is that correct?

10

MR STEINER: That's correct.

MR BEACHAM QC: And one more thing. I don't know if you mentioned this in your evidence, but there's something called the daily wash.

15

MR STEINER: That's correct.

MR BEACHAM QC: Okay. Could you explain that, please.

20

MR STEINER: So everyone in TrackVia - there's a large collection of patrons who have come to notice over time for whatever reason, with a nexus to an anti-money laundering - anti-money laundering compliance purpose, are screened daily against a third-party Dow Jones database which looks at sanctions, compliance lists. It looks at terrorist watch lists. It looks at adverse media information that is available through that third-party database.

25

MR BEACHAM QC: So as I understand what you are saying, the daily wash is a group of people that are screened daily for further information by reference to those databases?

30

MR STEINER: Yes. It's everyone in the TrackVia database, not a subset. Yes.

MR BEACHAM QC: Those are the questions I had for Mr Steiner. Thank you.

35

MR GOTTERSON QC: Thank you. Anything by way of re-examination?

MR HORTON QC: Nothing. Might Mr Steiner be excused if the Commission is finished --

40

MR GOTTERSON QC: Yes. Thank you for your attendance and for your evidence, Mr Steiner. The inquiry is grateful to have it.

MR STEINER: Thank you, sir.

45

MR GOTTERSON QC: Thank you.

<THE WITNESS WAS RELEASED

MR HORTON QC: Might I use this opportunity to tender the witness examination bundle of Mr Chris Peasley. As promised yesterday, that now includes only the documents to which I referred yesterday from the bundle and adds the two that were separate.

5

MR GOTTERSON QC: Yes.

MR HORTON QC: And perhaps they can just be made a separate exhibit perhaps, maybe exhibit 4.

10

MR GOTTERSON QC: Yes. I think that's a convenient way of dealing with that --

MR HORTON QC: Thank you, Mr Gotterson.

15

MR GOTTERSON QC: -- matter. So that will be exhibit 4.

MR HORTON QC: Would it be convenient to take the mid-morning break there because we can rearrange folders in the witness box. I propose to call Mr Hogg next.

20

MR GOTTERSON QC: Yes. And how long do you think the rearrangements would take?

MR HORTON QC: 20 minutes, if that's permissible.

MR GOTTERSON QC: Very well. And I will need to have in front of me, I think, the four volumes --

MR HORTON QC: Yes.

MR GOTTERSON QC: -- that contain both his statement and the documents.

MR HORTON QC: With your permission, I might hand it up now. I will tender it at the conclusion of his evidence so your Honour's associate has it.

35

MR GOTTERSON QC: Very well. I will just get these ones out of the way.

MR HORTON QC: I should say, as we hand these up, two things. One is that although the tender bundle is becoming large, it does include the material to be tendered, in effect, by The Star as well. Although we as counsel assisting tender it, this has been in consultation with what The Star would wish to have tendered as well in its so-called case.

40

MR GOTTERSON QC: Yes.

MR HORTON QC: It doesn't mean it's exhaustive yet, but it does mean that it is the bulk of material, I think, which we expect to be before you, Commissioner.

45

MR GOTTERSON QC: Yes. Good.

5 **MR HORTON QC:** And second, in some places you might have seen there is what is called a placeholder, a reference to another document with a document reference number but not the document.

MR GOTTERSON QC: Yes.

10 **MR HORTON QC:** That has been in order to avoid duplication. It means the document is somewhere else and rather than burden you with unnecessary --

MR GOTTERSON QC: I think we had mentions of that yesterday.

15 **MR HORTON QC:** Thank you.

MR GOTTERSON QC: Yes. That explains that sufficiently. I have, just make sure I have got it before I go, volume 7, binder 2; volume 7, binder 1. Should I have - here we are. 3 and binder 4. And I think the witness statement, I assume, is
20 at the beginning of - yes, it is.

MR HORTON QC: It is. Thank you.

MR GOTTERSON QC: Volume 1. Well, 11.03 - is 11.25 sufficient time?
25

MR HORTON QC: Thank you, Mr Gotterson.

MR GOTTERSON QC: We will adjourn now until 11.25 am.

30 **<THE HEARING ADJOURNED AT 11:01 AM**

<THE HEARING RESUMED AT 11:26 AM

MR GOTTERSON QC: Yes, Mr Horton.
35

MR HORTON QC: Could I call Geoffrey William Hogg, Mr Gotterson.

MR GOTTERSON QC: Yes. Would you administer the oath, Mr Associate.

40 **<GEOFFREY WILLIAM HOGG, SWORN**

<EXAMINATION BY MR HORTON QC:

MR HORTON QC: You are Geoffrey William Hogg; is that correct?
45

MR HOGG: Yes, that's correct.

MR HORTON QC: And your business address, I think, is Level 3, 159 William Street?

MR HOGG: Yes, that's correct.

5

MR HORTON QC: And you are currently the interim chief executive officer of The Star Entertainment Group Limited?

MR HOGG: Yes.

10

MR HORTON QC: And you've prepared a statement at the requirement of the inquiry by Mr Gotterson; is that correct?

MR HOGG: Yes, that's correct.

15

MR HORTON QC: And your statement is dated 18 August 2022; is that correct?

MR HOGG: Yes.

20

MR HORTON QC: Now --

MR GOTTERSON QC: Indeed, it's in the form of a statutory declaration.

MR HORTON QC: Exactly. Sorry.

25

MR GOTTERSON QC: Yes.

MR HORTON QC: Yes. It's a statutory declaration, I'm sorry. And you wish to make, as I understand it, one change to that document?

30

MR HOGG: A minor date change, I think, on point 68.

MR HORTON QC: Yes.

35

MR HOGG: It should refer to 2018 rather than 2020.

MR GOTTERSON QC: Paragraph 68?

MR HOGG: Paragraph 68, yes.

40

MR GOTTERSON QC: Yes. And it says:

"The fact that Person 1 had on..."

45

It has 2 May 2020, and the date is to be?

MR HOGG: 2018 is the year, not 2020.

MR GOTTERSON QC: 2018. Yes. Thank you. That is noted.

MR HORTON QC: Thank you. With that change, Mr Hogg, are the contents of statutory declaration true and correct to the best of your knowledge and belief?

5

MR HOGG: Yes, that's correct.

MR HORTON QC: Thank you. You have got next to you, Mr Hogg, hopefully not only a copy of that statutory declaration on your left, you've got four folders of material which are the documents you have referred to, as I understand it, in your statutory declaration. Do you want to have a copy of your - I would like you to, a copy of your statutory declaration in front of you as you give evidence?

10

MR HOGG: That would be great. Yes, please.

15

MR HORTON QC: Good. It should be behind the first of the tabs in binder 1, which might be tab 7 - I think it is volume 7.

MR HOGG: I have that. Thank you.

20

MR HORTON QC: Thank you. And if you need to pull that out - if it's easier to read it, we can give you a clip rather than - because you might be looking at more than one folder. Would that be easiest, to pull it out? You have got it there. Wonderful.

25

MR HOGG: Yes.

MR HORTON QC: Good. And if it helps you, you can free yourself of that folder for the minute. And as I understand it, you've got there also the chronology which is an exhibit to your statutory declaration on your right-hand side?

30

MR HOGG: Yes, I have that too.

MR HORTON QC: Good. Thank you. Now, to the extent it works, I'm going to try to ask you questions, really, on topics as we go, rather than from documents upwards, but from issues downwards, bearing in mind you are the - at the moment, the head of the company in the executive sense.

35

MR HOGG: Thank you.

40

MR HORTON QC: Now, you've been the interim chief executive of The Star since 1 June 2022?

MR HOGG: That's correct.

45

MR HORTON QC: And before that time, you were the chief casino officer for Queensland; is that right?

MR HOGG: Yes, that's correct. There was a brief time between 1 May and 1 June where I was also the chief casino officer for New South Wales.

5 **MR HORTON QC:** I see. And were you just filling in for someone for that period?

MR HOGG: Yes. They have left the organisation.

10 **MR HORTON QC:** Yes. So at paragraph 13, I think, of your statutory declaration, you give us a bit more detail about the positions you've held, working backwards from page 2 in time but forwards in the statement.

MR HOGG: Yes, that's correct.

15 **MR HORTON QC:** 1 May 2022 to 31 May - I see. That's your point about being both Queensland and New South Wales.

MR HOGG: Yes.

20 **MR HORTON QC:** And then 1 July 2020 to 30 April 2022, chief casino officer, Queensland, of The Star Entertainment Group?

MR HOGG: Yes.

25 **MR HORTON QC:** And then before that, group executive operations, Star Entertainment Group. And then May '14 to July '19, managing director, Queensland?

MR HOGG: Yes, that's correct.

30 **MR HORTON QC:** And then 2008 to 2014, managing director of the Treasury Brisbane?

MR HOGG: Correct.

35 **MR HORTON QC:** And you seem to suggest elsewhere in your statement that at least at this period, for a part of that, you might have been with Tabcorp?

40 **MR HOGG:** Yes. Prior to Star Entertainment Group, which was originally named Echo Entertainment Group. So between 2008 and 2011, my employment was with Tabcorp. From 2011, about April, it became Echo Entertainment Group, which is now known as The Star.

45 **MR HORTON QC:** Yes. And is my understanding correct that these casinos would demerge from a Tabcorp at or about the time of the change to Echo Entertainment?

MR HOGG: That's correct.

MR HORTON QC: The casino assets, to speak in business terms, were merged off into a separate business, and that business, Echo Entertainment, became The Star Entertainment Group?

5

MR HOGG: That's correct.

MR HORTON QC: So your knowledge of things goes back to 2008, at least for the Treasury Brisbane?

10

MR HOGG: Yes.

MR HORTON QC: Bearing in mind what position you held. And you seem only to have worked for Tabcorp/Echo/Star since that time?

15

MR HOGG: Yes, that's correct.

MR HORTON QC: Yes. Now, because I'm going to you ask about some historical matters as we go, what role in particular did you have as managing director, Queensland, between May '14 and July 2019?

20

MR HOGG: My particular role?

MR HORTON QC: Yes.

25

MR HOGG: So around that time, the role primarily had been the Brisbane property and then it was expanded in 2014 to include the other two properties within Queensland. So at that stage, we had Jupiters on the Gold Coast, which is now The Star Gold Coast --

30

MR HORTON QC: Yes.

MR HOGG: -- and also we had the property in Townsville, which was called Jupiters Townsville. Over the initial period, the Townsville was part of the sale process for which that asset was sold out late '14, early '15, somewhere around that time. And my focus was primarily on the operations of Gold Coast and Brisbane.

35

MR HORTON QC: I see. And its operations, is it, that is the touchstone to your role in that capacity?

40

MR HOGG: I think the period of 2015, '16, '17, the company transitioned a lot of functions into the centre of the organisation. So roles were created in regards to chief legal officer, chief risk officer, chief marketing officer. Some of those functions became peers.

45

MR HORTON QC: Yes. So there were property-specific functions going on, and over time, some have been centralised in the group?

MR HOGG: Yes. There was some group functions already in '14, '15 but a lot more after that.

5 **MR HORTON QC:** Yes. I think risk might be one that became centralised. Legal, is that another one?

MR HOGG: Yes.

10 **MR HORTON QC:** And treasury - lower case T, treasury; is that right?

MR HOGG: I recall Treasury and finance was always pretty much centralised.

MR HORTON QC: Okay. Yes. Understood.

15 **MR HOGG:** Yes.

MR HORTON QC: Thank you. And in that capacity, to whom did you report upwards?

20 **MR HOGG:** The CEO and MD of Echo Entertainment Group and then the CEO and MD of The Star.

MR HORTON QC: Yes.

25 **MR HOGG:** Prior to that, when I was at Tabcorp, there was a chief - I'm not sure of the title, CEO of casinos for Tabcorp that reported to the CEO of the company.

MR HORTON QC: Yes.

30 **MR HOGG:** But certainly since it was Echo Entertainment, I reported direct into the CEO and MD.

MR HORTON QC: So in this capacity, you're the responsible person for the Queensland operations; is that right?

35 **MR HOGG:** Yes.

MR HORTON QC: And above you is the CEO and the board?

40 **MR HOGG:** Yes, that's correct.

MR HORTON QC: Then as chief casino officer, 1 July 2020 to 30 April 2022 but only for Queensland, was that a position above the managing director?

45 **MR HOGG:** No. The titles had sort of changed over a period of time. So the chief casino officer is a similar role to the MD, less width in regards to the role, but it's quite similar.

MR HORTON QC: So, what, more focus on casinos but less wide in terms of the other aspects of the business?

MR HOGG: Yes.

5

MR HORTON QC: And what the aspects of the business which were now not within your purview once you came chief casino officer?

MR HOGG: Most of them of were similar, really, from 2016 onwards.

10

MR HORTON QC: Yes.

MR HOGG: So roles like VIP international, gaming, marketing, finance, HR, legal, risk, were all separate functions for a lengthy period of time.

15

MR HORTON QC: And to what extent, then, in these roles did you have knowledge of, for instance, high-value customers who might be coming to gamble at Star casinos in Queensland? I'm not including Townsville in any of these questions.

20

MR HOGG: Yes, high-level sort of understanding of those customers and the groups. Certainly more in that first job up until 2014. After '14, yes, the focus is less in the detail in regards to the customers.

MR HORTON QC: I see. Because up until 2014, you are managing director of a particular property?

25

MR HOGG: Yes, that's correct.

MR HORTON QC: What, is that responsible for, in effect, all that goes on in that particular property?

30

MR HOGG: Yes. And at that point in time, functions like marketing and others reported through into the role.

35

MR HORTON QC: Yes. And you reported in that capacity before to the chief executive of casinos?

MR HOGG: That's correct.

40

MR HORTON QC: To what extent in those roles we have just discussed were you responsible for, or had input into, policies in Queensland about, for example, the exclusions of patrons and on what basis that could occur?

MR HOGG: Yes. Certainly as part of the leadership group, I would get consulted on a number of policies. The exclusion policy was a policy that is owned by the chief risk officer. But throughout that period of time, you get the opportunity to get consulted or give feedback back on as requested.

45

MR HORTON QC: And in terms of AML responsibilities, in those roles, did you have particular functions in that regard?

5 **MR HOGG:** No. In regards to AML, the only time that it has really become a direct functional report is in my current role. So as at 1 June as the interim CEO, everyone reports through. But prior to that, no direct.

10 **MR HORTON QC:** Yes. So there was always, presumably, some AML team or officer?

MR HOGG: Yes. And in the operations, you are very focused on delivering your standard operating procedures, et cetera. So a lot of the detailed transaction reporting was the operational teams delivering on it.

15 **MR HORTON QC:** Yes.

MR HOGG: But certainly in regards to the policy and reviews, that was with the chief risk officer.

20 **MR HORTON QC:** Yes, that's right. Your operations are conducted in the broad context of policies and settings and have wider responsibility, such as AML and Responsible Service of Gambling; is that right?

25 **MR HOGG:** That's correct.

MR HORTON QC: Did you have particular responsibility in any of these jobs for the Responsible Gambling strategy, policy or procedures of The Star?

30 **MR HOGG:** From 2014 onwards, yes, more as a consultant view rather than ownership. Yes.

35 **MR HORTON QC:** And to what extent would you be involved in decisions about exclusions for people on the grounds of - I'm using the terms of the Act here, it's old terminology - problem gambling?

MR HOGG: In my role, we had approval and was delegated to be able to issue exclusions consistent with the policy. And there's a number of people that can do that.

40 **MR HORTON QC:** Yes. And would you - were you ever asked about those sorts of things?

45 **MR HOGG:** Not as much since 2015. But at times, the team would ask advice or consideration. Post 2015, we ended up with a lot more of a consistent policy to follow. It was a lot more structured, and I have had less questions since then.

MR HORTON QC: And in terms of exclusion of people on the grounds of Withdrawal of Licence for suspicion of involvement in criminal activity, would that come to you?

5 **MR HOGG:** In some cases the team may raise it, but not too often.

MR HORTON QC: We will come back to some of these questions in a specific context. Now, I would like to ask you about, really, the first of the topics, and that's the exclusion of people or the Withdrawal of Licence. One of the grounds
10 upon which people can be kept out of the casino property - by that, I mean the whole property - is by withdrawal of their common law licence they would otherwise have to enter; is that right?

MR HOGG: That's correct.

15 **MR HORTON QC:** And you seem to accept now - I want to check this. You seem to accept now that the Withdrawal of Licence need not have a particularly probative, articulated basis within the context of the Act?

20 **MR HOGG:** Yes, that's correct.

MR HORTON QC: That is, it's a discretionary withdrawal that you can act on as more or less you see fit?

25 **MR HOGG:** Yes, there's more flexibility. Yes.

MR HORTON QC: Yes. But historically, you didn't understand it that way. Is that what you have said?

30 **MR HOGG:** Yes. Certainly until 2019, the policy, my understanding of it, was a lot more prescriptive, and you were looking for both with an exclusion or a Withdrawal of Licence something to have occurred, some proof, some example. And we had a checklist that you would check against in regards to exclusions. Around 2018 - or late 2018, I became aware of more flexibility in its use.

35 **MR HORTON QC:** I see. And I don't want to inquire into the nature of this, but just the fact of it. In acting as you did up until late 2018, did you take advice internally about how you should be treating Withdrawals of Licence?

40 **MR HOGG:** I can't recall taking necessarily a lot of advice but obviously was aware of how we used them in the policy and how it operated.

MR HORTON QC: Yes. I suppose what I'm trying to get to is this: did you apply your own mind to whether you should - could be giving Withdrawals of Licences
45 generally or did you simply follow what you thought the policy dictated?

MR HOGG: Yes, I can't recall thinking about WOLs too much in regards to that context until the rule changed.

MR HORTON QC: And you didn't think about them as a useful tool to protect the casino's own interests in broad circumstances to exclude those who might be, to use a broad term, undesirable?

5

MR HOGG: Yes, not until 2018.

MR HORTON QC: The Sydney casino had issued Withdrawals of Licences, hadn't it, historically?

10

MR HOGG: We issued them at all properties. Yes.

MR HORTON QC: And was your understanding in those other properties the same rules applied, that is, one had to meet the checklist in the policy?

15

MR HOGG: That was my understanding at that point in time. That's correct.

MR HORTON QC: You say at paragraph 21 you recollect that before 2011, the issuing of WOLs by the group was uncommon and that it has become more common in the last 10 years.

20

MR HOGG: Yes, that's correct. Yes.

MR HORTON QC: And in the last sentence of that same paragraph, you say:

25

"The Star Entertainment Group operated on the basis that there needed to be a sufficient evidentiary basis for excluding a patron (including by a WOL) and that unproven or unsubstantiated allegations were not a sufficient basis for excluding a patron (including by a WOL)."

30

MR HOGG: Yes, that was my understanding.

MR HORTON QC: Yes. And do you accept that understanding was, and is, wrong?

35

MR HOGG: I understand now that, obviously, the flexibility that's available in a WOL is significantly more flexible. And our policy that we changed at the end of '18 and implemented in '19 gives us more flexibility and is (indistinct).

40

MR HORTON QC: I want to move away a little bit from the policy. I don't challenge for a minute what you say about the policy. I'm trying to get underneath a bit to what was available to the casino as a matter of law or a matter of reality. And the fact is by not having a proper understanding of WOLs until late 2018, I suggest to you the casino lost a valuable mechanism it had to protect itself against the risk of involvement in criminal activity and infiltration by people who might be associated with criminal links?

45

MR HOGG: Yes. Certainly used the data to assist us with that, so I would agree.

MR HORTON QC: Now, there was no policy before 2019, was there, of requiring the exclusion in Queensland where there had been a particular person - a direction by a Police Commissioner in another state that they be excluded from the casino there?
5

MR HOGG: That's correct.

MR HORTON QC: Even if your understanding is as you have stated and have cited at paragraph 21, wouldn't the fact that a senior - the most senior police officer in another state had turned their mind to this and given a not inconsequential order be enough to think, "Well, that is a sufficient evidentiary basis in my mind to not want them in my casino here"?
10

MR HOGG: Yes, I can agree with that.
15

MR HORTON QC: That is, the idea is, well, police are only normally concerned with criminal matters. The Police Commissioner is a very senior person. You assume they wouldn't make the order lightly and, presumably, it's challengeable. So if it stands, (1) I want to suggest to you would need good reason not to exclude them from your own casino?
20

MR HOGG: That's correct.

MR HORTON QC: At paragraph 25 - I want to be careful about this. I think it might be my misunderstanding or my lack of clarity. You explain below your understanding about The Star Entertainment Group's inability to use a New South Wales police exclusion as a reason to exclude a patron from the Queensland properties, but you are speaking there, I think, historically, are you?
25
30

MR HOGG: Historically, yes.

MR HORTON QC: Good.

MR HOGG: So as at - at that point in time.
35

MR HORTON QC: I understand. But you are not suggesting, as far as you are concerned anyway, that you're limited in any way now, other than whatever the restrictions are at law, for giving a Withdrawal of Licence to a person who you, not unreasonably, suspect might not be desirable at your casino?
40

MR HOGG: Yes. At that point, it was looking at an exclusion, not a WOL, and I agree with your point on a WOL.

MR HORTON QC: Yes. And I'm only - that question is only directed to WOLs because I'm suggesting to you that it's a very wide discretion, a very wide range of circumstances in which that can be given. Yet, in section 92 of the Act, there are a
45

range of things which have their own statutory threshold for doing it. Just answer audibly if you are agreeing with me.

MR HOGG: Yes.

5

MR HORTON QC: Thank you. Otherwise it looks on the transcript like there was a monologue. Now, paragraph 29 on - there's no page, but it doesn't matter, 29. Yes, page 6. I've written over it. In 2019, The Star changed its policy, in effect, to say we will mirror an exclusion on the basis of a WOL in Queensland where there has been a Police Commissioner direction in another state; correct?

10

MR HOGG: Yes.

MR HORTON QC: And what prompted that change in the policy?

15

MR HOGG: I couldn't comment on the actual review. I can't recall being part of those conversations. But the policy change was about addressing this opportunity and --

20

MR HORTON QC: Yes. Yes.

MR HOGG: There had obviously been a consideration to using WOLs differently. That was my understanding, is that that change in view allowed a review of our whole exclusion policy.

25

MR HORTON QC: Yes. Okay. But then when the policy is put in place, my understanding is, at least initially, no one goes back and says, "We better check what Police Commissioner directions are extant in other jurisdictions to make sure that we mirror them here"?

30

MR HOGG: I don't know if they didn't discuss it, but certainly there was a decision not to retrospectively apply it.

MR HORTON QC: Yes. Was that your decision?

35

MR HOGG: No.

MR HORTON QC: Were you involved in that decision?

40

MR HOGG: (Indistinct)

MR HORTON QC: Do you know whose decision it was?

45

MR HOGG: The updated policy had the discretion with the chief risk officer to give exceptions.

MR HORTON QC: And at any time did you say to anyone, "Hey, we should check the casinos of which I'm the boss that I don't have people in my casino who have been excluded by a Police Commissioner in another jurisdiction"?

5 **MR HOGG:** No, I don't recall discussing that.

MR HORTON QC: Now, that eventually changes and retrospective mirroring is done; is that correct?

10 **MR HOGG:** Yes, that's correct.

MR HORTON QC: And I think the dates between that - between which that was done were September 2021, and that project finished in May of 2022?

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

MR HORTON QC: And to your knowledge, is that retrospective treatment of those directions complete now?

20 **MR HOGG:** Yes.

MR HORTON QC: Now, what caused, to your knowledge, the retrospective application of the 2019 policy with regard to mirroring exclusions? You say - I'm sorry, I won't - it's not a guessing game. Paragraph 30, you say the decision not to apply it - you have given us who it was made by, a person no longer with The Star.

MR HOGG: Yes, that's correct.

MR HORTON QC: And in conjunction with another person who is no longer with The Star?

MR HOGG: Yes.

MR HORTON QC: And a third person who, I think, is no longer with The Star also; is that correct?

MR HOGG: That's correct.

MR HORTON QC: And there was a concern with accuracy of historic information that might be relied upon. I want to suggest to you that is no reason at all because for those excluded by the New South Wales Police Commissioner, one would want to verify that anyway for the casino's own protection in Queensland; correct?

45 **MR HOGG:** Yes, I was just trying to reference what I understood was one of a number of reasons.

MR HORTON QC: Yes.

MR HOGG: But I agree it's not a reason.

MR HORTON QC: Included - yes, you do - you say that was one of the reasons.
5 Now, you don't suggest that process of doing it retrospectively was impossible by reason of it being impractical because of the number of persons?

MR HOGG: I agree.

10 **MR HORTON QC:** I think you say there was, in effect, a manageable number. The New South Wales police exclusions to date is 768, you say at paragraph 24. So that's not an unmanageable number in terms of going back and checking respective application of the policy?

15 **MR HOGG:** No. I agree.

MR HORTON QC: Then you say at 32:

20 "The change in the policy reflects a corresponding change in attitude in respect of risk at The Star Entertainment Group."

MR HOGG: Yes, that's correct.

MR HORTON QC: In what sense are you using the word "risk" there?
25

MR HOGG: I think that's where the conversation has gone about how do you ensure that people like this don't come to the property. That's with the - the positioning on WOLs is being challenged and, therefore, we have come up with a policy that says, with WOLs, you can use them in situations where there's not
30 enough evidence for an exclusion or it's just someone you don't want to be in the organisation. That was around challenging how we operated. So from a risk perspective, it was in that context.

MR HORTON QC: Yes. Let me test something with you about this, accepting
35 for a moment the evidence you have given about the extent to which you were and were not involved in the decision we have just been through. I'm really putting this to you as the interim CEO now more than your historical involvement or non-involvement, that this approach to the treatment of interstate exclusions by a Police Commissioner was, really, a self-serving one by Star because it meant that
40 its business was less restricted in Queensland than it might otherwise have been.

MR HOGG: Having certainly - having reviewed some of the situations, the people that were looking at those exclusions, I believe, did think they couldn't exclude and weren't using a WOL because they didn't think that was an option. I
45 know in a number of those situations, when it has been raised with them, they have gone to Queensland Police to discuss and go through the customers. The people that are doing the reviews are not in the operational side; they are

independent. I do think in hindsight, looking at our AML processes, our reviews, et cetera, and our policies, they weren't as strong as they should have been.

5 **MR HORTON QC:** Yes. I want to really go one step further than that. And, again, I'm putting this to you as interim CEO. And I will take you to the detail in a moment. You've seen the five case studies.

MR HOGG: Yes.

10 **MR HORTON QC:** And what they show, as a sample only, is that the process of applying one's mind to whether a person should be excluded in Queensland despite being excluded by a Police Commissioner elsewhere was one that seemed to be blinded and miscarried by reason of what appears to be self-interest in having the patrons gamble rather than not.

15 **MR HOGG:** I'm not sure that is the case. I do accept that our policies and procedures weren't strong enough and those people should have been excluded earlier. Strongly agree. To state that that's because people were - were not looking hard, challenging hard, working hard, trying to find the right decisions, I'm not as
20 sure about. But certainly from my involvement and what I've looked at, our policies weren't strong enough, both in AML and the use of WOLs, and our policies today have been updated to address that and acknowledge the failings.

25 **MR HORTON QC:** Well, they might have been working hard, but it's a matter of working hard and directing your mind to the right test and the right rigour, rather than simply working.

30 **MR HOGG:** Certainly good policies and procedures help you focus on the right area. I agree with that. And individuals haven't necessarily made all the right decisions.

35 **MR GOTTERSON QC:** I have several questions in relation to the replaced 2.1 police exclusion policy that's in paragraph 26 of your statement. I think you are familiar with it, of course. The first is that, as worded, if there is an interstate exclusion by a Commissioner of Police, what the policy required was an assessment of readily available public information.

40 That seems to me to, firstly, displace as a relevant consideration that there had been the issuance of the exclusion by the Commissioner interstate and at least a primacy put upon readily available public information. Why would it be thought that readily available public information would be more informative than a Commissioner of Police exclusion interstate? Is there any logic in that that you could see?

45 **MR HOGG:** Yes. Having asked about this question back at the time, the reason I was given was that the New South Wales police exclusion was given solely to the property in Sydney and wasn't allowed to be shared with our Queensland properties --

MR GOTTERSON QC: Yes.

5 **MR HOGG:** -- and that the New South Wales investigator team were, therefore, looking for other information on the public record to recommend an exclusion in Queensland. But that was what was communicated to me at the time as --

10 **MR GOTTERSON QC:** I see. But in reflection and hindsight, readily - readily - publicly available information is likely, is it not, to fall well short of information available to a Police Commissioner conducting an investigation?

MR HOGG: I agree.

15 **MR GOTTERSON QC:** Yes. And the other aspect of 2.1 is that as I read it, the consideration of that information is to determine if there are grounds to issue an exclusion order. So the only step contemplated by the policy was an exclusion order as opposed to a Withdrawal of Licence. Do I understand that correctly?

20 **MR HOGG:** That's correct.

MR GOTTERSON QC: So it wasn't until 2019 that a Withdrawal of Licence was contemplated as a reaction to an interstate Police Commissioner exclusion?

25 **MR HOGG:** That's correct.

MR GOTTERSON QC: Thank you.

30 **MR HORTON QC:** In terms of the change - in terms of the retrospective application of the 2019 exclusions policy, do you recall what prompted looking retrospectively at it?

35 **MR HOGG:** Around September, the discussion on reviews and information. So I think it was one of the things that was triggered out of the recent events.

MR HORTON QC: Yes. Paragraph 29 of your statement deals with the issue. I don't think you give a reason, but I want to ask you: was it only after the regulator prompted you in that respect? By "you", I mean The Star.

40 **MR HOGG:** In regards to - sorry?

MR HORTON QC: In respect of what you say at 29, that is, the retrospective implementation of the policy of 2019 occurred only after you had been prompted by the regulator to retrospectively apply?

45

MR HOGG: No, I think we were already reviewing it at that point in time.

MR HORTON QC: Now, I would like to move to the next topic. Let's deal with, Mr Hogg, the question of junkets. And you deal with that later on in your statement. Perhaps page 47 is where you've got that heading, Topic 6. Now, we've had the benefit of an interview you were compelled to give by Mr Gotterson
5 conducted before you gave your statement; is that correct?

MR HOGG: Yes, that's correct.

MR HORTON QC: And your statement was prepared after the interview and dealt with the topics you had been asked to deal with in the interview, as well as
10 others?

MR HOGG: That's correct.

MR HORTON QC: Thank you. In terms of junket arrangements, there are two types in Queensland, group junkets and sole junkets; is that correct?
15

MR HOGG: Very close. There's group junkets and then there's sole participant junkets which, technically, is a group of one.
20

MR HORTON QC: Yes, I understand. In New South Wales, the latter type is often described not as a junket but as rebate play; is that right?

MR HOGG: Yes, that's right.
25

MR HORTON QC: So recognising the fluidity of the definition - and I'm going to talk about both as we go, but you have made that distinction clear. Junkets, in recent history in Queensland, do not seem to have been as prevalent or as common as they were in New South Wales; is that right?
30

MR HOGG: That's correct.

MR HORTON QC: So New South Wales, at The Star anyway, was the primary place that they would occur in terms of volume and number?
35

MR HOGG: Correct.

MR HORTON QC: And is that because Sydney is, by some, regarded as a better destination for that type of activity?
40

MR HOGG: Well, there's certainly a lot of flights in and out of Sydney, so there's an attractiveness to that, and also the quality of the facilities that are offered.

MR HORTON QC: Yes. Yes, I understand. And so in Queensland, as I understand it, the frequency and volume of junket play, as you call it, increased
45 from about late 2017, early 2018?

MR HOGG: That's correct.

MR HORTON QC: And that was predominantly at The Star Gold Coast?

MR HOGG: Yes. Correct.

5

MR HORTON QC: And that may be for reasons which include the - you had invested some money in improving the nature of the property?

MR HOGG: Correct.

10

MR HORTON QC: And the Gold Coast as a destination is one that is attractive to people?

MR HOGG: Correct.

15

MR HORTON QC: But you didn't find, with respect to Treasury Brisbane, the same level of frequency and volume of junket play increase in the same period?

MR HOGG: Correct.

20

MR HORTON QC: So more was occurring at The Star than at Treasury Brisbane?

MR HOGG: Star Gold Coast. Correct.

25

MR HORTON QC: Yes. What was the last word you said?

MR HOGG: Star Gold Coast.

30

MR HORTON QC: Star Gold Coast. Sorry. Yes. I'm sorry. And then at present, The Star Entertainment Group has no intention of junket groups, not sole junkets, returning to The Star Entertainment Group casinos; is that correct?

MR HOGG: That's correct.

35

MR HORTON QC: And that in respect of sole participant junket rebate programs, that is - let's just call them sole junkets for a minute. You don't make that same statement in respect of them?

40

MR HOGG: No, that's correct.

MR HORTON QC: They are not currently happening, you say, but you are undertaking a review of your processes for them. And until the review has been completed, that type of junket play will remain suspended, by which you mean sole participant junket play?

45

MR HOGG: That's correct.

MR HORTON QC: Why the distinction between the group and the sole?

MR HOGG: The difference is primarily the focus on a relationship and information direct with a customer. In the broader groups of junkets, you are
5 dealing with an interim person between you and the customers. And going forward, it was very clear to us, after our AML reviews, that you only want to deal with a relationship that's direct with the individual customer. And that's the difference between the two.

10 **MR HORTON QC:** Yes. And so is it right to say that group junkets involve more inherent risk?

MR HOGG: Correct.

15 **MR HORTON QC:** And at present, at least, there's no intention, for that reason and related reasons, to have them return to the Star Entertainment Group casinos, either here or in New South Wales?

MR HOGG: That's correct.

20 **MR HORTON QC:** Now, I don't think there is any factual difference between us on those points. Now, can I turn, please, to another separate issue of China UnionPay. Now, you deal with that, Mr Hogg, page 33 of your statement. And I should give this background to make sure it's known and that you agree that it's
25 correct. This issue was dealt with in the Bell Inquiry in New South Wales. The Star received, through the Commission, an interim investigation report prepared by OLGR dated 21 April 2022; is that correct?

MR HOGG: That's correct.

30 **MR HORTON QC:** And you were invited - The Star was invited to comment on that interim report?

MR HOGG: That's correct.

35 **MR HORTON QC:** And through its lawyers, The Star has respond to that report?

MR HOGG: Yes, that's correct.

40 **MR HORTON QC:** And in some respects, what is said is accepted and in some respects is not and in some respects there's some qualifications?

MR HOGG: Yes.

45 **MR HORTON QC:** I would like to explore probably the qualifications or bits that aren't agreed with and leave the other as read, so to speak. And there's a few aspects of that that - and a few aspects, then, in Queensland that feature which

didn't feature, for good reason, in the inquiry in the other state. In about 2013 - is that right - the use of China Pay debit cards was introduced at Star casinos?

5 **MR HOGG:** In Sydney. Yes. Correct.

MR HORTON QC: In Sydney, yes. And that involved a terminal being placed in The Star casino premises?

10 **MR HOGG:** Correct.

MR HORTON QC: And someone with a China UnionPay debit card could put a card in the machine and it generate a receipt for them; is that correct?

15 **MR HOGG:** Yes.

MR HORTON QC: And then that would be used, then, to fund the person's - I'm using a generic term for the moment - entertainment and accommodation, perhaps, at the premises?

20 **MR HOGG:** That's not how it was being created for, but - yes.

MR HORTON QC: How was it being created?

25 **MR HOGG:** It was more working as a function where people were taking cash that would be loaded onto a front money account.

MR HORTON QC: Yes. And would it be physical cash from the machine or would it be a receipt?

30 **MR HOGG:** Receipt.

MR HORTON QC: Yes.

35 **MR HOGG:** Yes.

MR HORTON QC: So the machine wouldn't spit out a very big wad of cash; it would spit out something which you could go and, in effect, cash at the hotel or the casino?

40 **MR HOGG:** Yes. It's very similar to using EFTPOS and using a debit card to take cash out in regards to the function.

MR HORTON QC: Yes. But the thing that comes out isn't cash; is that right?

45 **MR HOGG:** You get a receipt.

MR HORTON QC: Yes. And then The Star would use that receipt to be assured of money coming in to it?

MR HOGG: Yes. There's a difference between how that receipt or paperwork was happening in New South Wales to Queensland. I've only become aware of that this year, but - and, ultimately, the transaction and how it operates is similar to
5 Queensland.

MR HORTON QC: Yes. Well, I think we are going to cover that topic, and I need to understand the topic anyway. So shall we start there?

10 **MR HOGG:** Yes.

MR HORTON QC: What is the difference between the way it was happening in Sydney versus Queensland?

15 **MR HOGG:** Yes. So in Queensland, the person would go to the hotel. They would get the transaction. The transaction would become approved. They get their receipt, and they would take that receipt to the cashier, for which then they would load the funds onto their front money account.

20 **MR HORTON QC:** Yes. And just explain what a Front Money Account is, please?

MR HOGG: It's an account where people can have funds available for them to use in the property rather than carrying cash around on them the whole time. They
25 can go use it. It's not a bank account, but a bit like a bank account.

MR HORTON QC: Yes. Like an account from which I can go and gamble, I can go and have a drink, I can stay in the hotel using the money, and I can have a meal in the premises, all drawing down on this pool.
30

MR HOGG: Yes, they could take it out. Most people use it for gaming.

MR HORTON QC: Yes.

35 **MR HOGG:** (Indistinct) primary use.

MR HORTON QC: Yes.

MR GOTTERSON QC: Would they have a card related to the Front Money
40 Account which would allow them to make withdrawals or how was it, that once the crediting had been done to the front money account, that when they were at the machine or elsewhere they would do the draw down?

MR HOGG: They would go into the casino where the main cashier cage is or in
45 one of the other private rooms, and they would do, like, a withdrawal. The withdrawal would either be - in most cases, gaming chips. But they could, if they want to, get some cash. That was very rare. And the other transaction is obviously

some people would send the money back to their bank accounts. But it's at the cashier in the casino to do with the withdrawal.

5 **MR GOTTERSON QC:** All right. But the crediting was to - you said a front money account. Was that in some sort of bookkeeping sense?

MR HOGG: Yes.

10 **MR GOTTERSON QC:** And to get back to what I was saying, how then was it that that account would be debited, as I assume it was, progressively as the person engaged in gambling?

MR HOGG: Yes. They wouldn't have, like, a bank card as such.

15 **MR GOTTERSON QC:** No.

MR HOGG: But it would require their identification, a passport or a driver's licence, to prove identity to be able to access that account.

20 **MR GOTTERSON QC:** I see. Thank you.

MR HORTON QC: And in Queensland, there wasn't a statutory prohibition on the use of debit cards; is that right?

25 **MR HOGG:** No, I don't think - no.

MR HORTON QC: Yes, I'm not suggesting there was. But is that part of the story of the difference between the New South Wales practice about this and the Queensland practice?

30 **MR HOGG:** I believe it is, yes.

MR HORTON QC: And so just explain how it was different than in Sydney from what you just described?

35 **MR HOGG:** Again, I'm not as knowledgeable on it, but my understanding is that they were getting a temporary CCF at the hotel rather than the receipt to go to the front money account.

40 **MR HORTON QC:** Yes. What is a CCF?

MR HOGG: It's like a credit - a cheque sort of cashing facility, CCF, which allows them to take that to the cage to use to access getting chips or purchases.

45 **MR HORTON QC:** Yes. The provision in Queensland was, just for reference, section 67, subsection (5) of the Casino Control Act:

"Nothing in this section prevents a casino operator allowing a person to use a debit card to deposit an amount in the person's player account."

5 None of what I'm going to suggest to you is that it wasn't open to The Star in Queensland - I want to emphasise in Queensland - to allow a person to use a debit card to deposit an amount into their player account. So I want to be clear that permits the use of debit cards for gambling, in effect.

10 **MR HOGG:** Correct.

MR HORTON QC: But in Queensland anyway, the concept in broad-brush wasn't contrary to the Act is your understanding?

15 **MR HOGG:** That's my understanding.

MR HORTON QC: Now, then it was, what, used in - this process was used in Sydney, albeit in a slightly different form, you suggested, between what years?

20 **MR HOGG:** I think 2013 through to early 2020.

MR HORTON QC: March 7 or 9 or something; is that right?

MR HOGG: March 2020.

25 **MR HORTON QC:** And it was used in Queensland as well?

MR HOGG: From early '17 through to March 2020.

30 **MR HORTON QC:** I see. And the volume of transactions, I think, there's no dispute about for Queensland, the - between the years you've just discussed, the volume - I think there was maybe 1168 transactions involving about \$55 million in the period?

35 **MR HOGG:** That's correct.

MR HORTON QC: You've given us the figure, so the precise figures aren't in dispute. And in Sydney, I think, over the same period, it's about 400 million, I think.

40 **MR HOGG:** 400, 450. Yes.

45 **MR HORTON QC:** Yes. I understand. So the differences in Queensland was (1) in the practice you've described; (2) the statutory context I've just taken you to; and (3) in volume and number of transactions. But in terms of the provision of the facility generally behind the scenes of what we have just discussed, it relevantly seems to have been a group or systems approach rather than a state-specific approach; is that right?

MR HOGG: That's correct.

MR HORTON QC: That is, behind this arrangement sat the National Australia Bank; is that correct?

5

MR HOGG: Yes. That is correct.

MR HORTON QC: And all the arrangements behind the termsnip inals, if you like, were the same for Queensland as they were for New South Wales?

10

MR HOGG: Yes, I believe that's correct. Yes.

MR HORTON QC: So there's no reason to distinguish for the moment any of that for Queensland as compared to New South Wales?

15

MR HOGG: Correct.

MR HORTON QC: I'm not suggesting. I don't know of any reason. I'm just checking. Now, there's another respect in which the Queensland facts differed here, I want to suggest to you, and that is that, here, there was an application by The Star on two relevant occasions to change what are called the internal control manual with respect to the use of debit cards; is that correct?

20

MR HOGG: That's correct.

25

MR HORTON QC: Now, you should have there a volume called volume 6. I'm sorry, we might have to get the associate to provide the witness's copy of volume 6 of exhibit 3. And, Mr Gotterson, if you could have it as well. These are the ICMs. In fact, I might be able to do it anyway by reference to your statement, Mr Hogg, because I think you have set them out. Now, the relevant part is in that volume behind tab 6.2, Internal Control Manuals, ICM, and it's (c) behind that tab. It's the relevant part of the ICM. I'm looking at document OLGR.0003.0002.0144, and page B6, page 1. There might be lots of document numbers.

30

35

MR GOTTERSON QC: I'm sorry. I missed the last numbers you mentioned, the page --

MR HORTON QC: B6, page 1, it says at the bottom.

40

MR GOTTERSON QC: Page 1?

MR HORTON QC: Yes, even though it's five pages in behind the tab. It's on the back of the fifth page.

45

MR GOTTERSON QC: Yes.

MR HORTON QC: And the heading is Front Money Account Deposits about a third of the way down the page. The big heading is Front Money Account.

MR GOTTERSON QC: I've got --

5

MR HORTON QC: B6.

MR GOTTERSON QC: -- at the bottom, B4, page 1. Is that the one?

10 **MR HORTON QC:** Yes. If you turn over two more pages.

MR GOTTERSON QC: I see.

15 **MR HORTON QC:** I don't know whether these are double-sided, but two more sheets, one gets to B6.

MR GOTTERSON QC: Yes.

MR HORTON QC: And 0153 is the document ref at the top right-hand corner.

20

MR GOTTERSON QC: Yes, Front Money Account Deposits.

MR HORTON QC: That's it. And it's the fourth dot point down. Now, Mr Hogg, are you struggling to find it? The page numbering is not easy because this is a bit of a loose-leaf document.

25

MR GOTTERSON QC: I think Mr Associate might assist.

MR HORTON QC: Thank you.

30

MR HOGG: I think I'm on the right one, but if I could confirm, that would be great.

35 **MR HORTON QC:** Yes. There were two adjustments to the ICMs. This is the second of them, by the way. This is the reflection of what occurred second. One was in 2015, 11th - well, 2015. I'm not completely clear on the date, actually. It's a contrary document. But at first, the amendment sought by and approved in respect of The Star was this:

40 "Funds transferred from China UnionPay debit cards via the hotel system."

And then the ICM was again amended on 14 December 2016 to remove references to China UnionPay and leaving what you now see at dot point 4. Is that your understanding of what happened?

45

MR HOGG: Yes.

MR HORTON QC: So first of all, there was a view that the ICMs needed to be amended to refer to funds transferred from China UnionPay debit cards via the hotel system and, subsequently, that view changed to just allow funds to be transferred from debit cards.

5

MR HOGG: That's correct.

MR HORTON QC: Now, you were involved - and you will explain how in a moment - you will get a chance to explain - in those amendments; is that right?

10

MR HOGG: Yes, I don't recall how much detail, but I was aware of conversations around debit cards.

MR HORTON QC: Yes. Okay. Well, two things I want to be clear about before we start. First of all, the date of the second change is 2016, which is before the 2017 commencement of the process which I'm concerned about. So all this occurs before 2017, first of all. I'm not suggesting to you at the time of the changes, because I don't have any evidence of it, that the bank was in any way writing to you or The Star raising any concerns. That's the second point.

15

20

MR HOGG: Yes.

MR HORTON QC: And the third point is in these dealings that occur, they are with the regulator, not with your bank, obviously. I just want to put that in proper context. Do you disagree with any of that?

25

MR HOGG: No.

MR HORTON QC: Now, you say in your statement, I think, that you accept you did have an involvement in these applications for change and the grant of them; is that correct?

30

MR HOGG: Yes, I have been copied in on updates.

MR HORTON QC: You say at 204 you weren't personally involved in the preparation of the ICMs.

35

MR HOGG: No, that's correct.

MR HORTON QC: But you accept, don't you, that there were documents into which you were copied which discussed the precursor to the application to the regulator for these changes?

40

MR HOGG: Yes.

45

MR HORTON QC: I might have been shown recently a bundle of documents which address - which contain some emails mentioning your name in the context of China UnionPay where you were copied in.

MR HOGG: Yes.

5 **MR HORTON QC:** And - which I can say for the moment because I don't propose to go to them unless you think I need to explain your position. But you were being copied into things but not directly asked about this issue, but obviously involving you, but not primarily you; is that correct?

10 **MR HOGG:** That's correct.

MR HORTON QC: Whose responsibility were matters like ICM changes with the Queensland regulator?

15 **MR HOGG:** They would be progressed through our regulatory affairs team, which reported through to the chief legal officer. They would have consultation with different areas in the organisation, but regulatory affairs reported through to the legal team.

20 **MR HORTON QC:** Okay. So if I do two things now. One is I would like to go to the detail of what you understood about things and what you saw as the - and didn't see as the issue, and then go to some dealings with the regulator about the ICMs and explore that.

25 **MR HOGG:** Okay.

MR HORTON QC: The purpose is to understand what you knew and didn't know and what your understanding was. Now, at 203 - I'm sorry. 202 frames the issue of your statement at page 44. What you only found out during this year, during the Bell Review, was that the merchant code used for CUP transactions recorded the transactions as a hotel purchase when it was, in fact, in effect, a cash withdrawal; is that right?

MR HOGG: That's correct.

35 **MR HORTON QC:** Now, you don't mean to suggest it's a cash withdrawal in the sense that actual cash is being spit out of the machine; you mean, in Queensland, a receipt is being issued which is then being used for liquid expenses?

40 **MR HOGG:** That's correct.

MR HORTON QC: But the - yes. And then you say at 203, you have located some records, and you have given us the references to them all. But you say you were copied into an email from Oliver White, general counsel, corporate, and he gave you certain advice. Now, that email, I think, there's a claim of privilege over. I don't mean to in any way seek to impinge on that. Yes. That's right. And for reference, Mr Gotterson doesn't have that email. So --

MR HOGG: Okay.

MR HORTON QC: But you took advice, is the point, I think, you're making there, and you drew from that the understanding that China UnionPay cards would not be used to acquire gaming chips directly; is that right?

5

MR HOGG: Yes.

MR HORTON QC: So when one is using the terminal and getting out the receipt for the minute, which I know you are saying is cash, which I need to think of as a receipt, and going to the cage, if you like, to get, I suppose, what, chips for use on the table - is that what happens - or loading up a card?

10

MR HOGG: They have to deposit that into their front money account.

MR HORTON QC: Yes, yes.

15

MR HOGG: So that's the transaction part.

MR HORTON QC: Front Money Account and then they can draw down at the tables.

20

MR HOGG: Then they can do that later, yes.

MR HORTON QC: I understand. But do you - I just want to be clear. Do you see that as using the card to directly buy chips, for example?

25

MR HOGG: No. That's the same as any other debit card transaction. So today if you go into the - if were you in the casino and you want to purchase chips but use your debit card, at that point in time gone outside of the casino and used an ATM, gone to an EFTPOS machine, got cash, et cetera, and then you would have brought the cash in to purchase. So they are two separate transactions. So this is very consistent with the same processes you are required to do to go to an ATM or to use an EFTPOS terminal.

30

MR HORTON QC: Yes. Are you saying - because I'm saying - this is the use of China UnionPay to acquire gaming chips directly?

35

MR HOGG: Well, you're not.

MR HORTON QC: Yes. You tell me why it's not, because I'm suggesting it is.

40

MR HOGG: Okay. Well - yes. So certainly the transaction itself is you've gone to the hotel or an EFTPOS terminal, but in this case a hotel. You have processed a transaction. You have then got the receipt to use, which you put into your front money account.

45

MR HORTON QC: Yes.

MR HOGG: At that point in time, you could transfer it to your bank account to go back. You could withdraw the funds. You could purchase chips. At that point in time, there is choices available to a guest. One of them they do a lot of is purchase chips, but that's not what's happened at that point in time. So the same situation, like I said, no one was able to use a debit card to purchase chips in the casino. They would have to leave the casino to do a separate transaction before they do that. It's still the same with ATMs. It's still the same how that operates today.

10 **MR HORTON QC:** Yes. I've got to say I'm not following the logic, just so you're aware of that. But if - I'm going to explore a bit further with you for that reason. I accept there are steps between one putting the card in the machine and one having the chips in one's hand, right? So I accept in that sense there's a time delay and there's some steps someone has to go through. But they are all perfunctory, aren't they, in the sense that I am getting from the machine something which leads to me getting, maybe among other things, gaming chips?

MR HOGG: Among they are things they can go through, but they are separate transactions.

20 **MR HORTON QC:** Yes. But the "among other things" doesn't make it any less direct; I'm getting gaming chips. Let me put it to you this way: I go to the CUP terminal.

25 **MR HOGG:** Yes.

MR HORTON QC: I get 10,000 out as a receipt, and I go and buy a burger - I put it in my front money account. I buy a burger, and I go and get the rest to gamble at the table. The fact I bought a burger doesn't make the gaming chips purchase any less direct, is my point.

MR HOGG: I understand.

35 **MR HORTON QC:** Now, I might have picked an extreme example, but I've gone and had a \$5000 dinner and gone and gambled 5000, but I still bought the gaming chips directly from the machine, albeit that I had to go to the machine, get the receipt, go to the Front Money Account and then go to the cage or the table or whatever and get out my Front Money Account. Do you see what I mean?

40 **MR HOGG:** Yes, I understand. We are at one coming from - I will use the example like an ATM. So if I'm in the casino and I want to get a couple of hundred dollars out, I leave the casino. I use the ATM. Am I likely to be using that \$200 to go back into the casino to buy chips? The answer is yes. But at the point I'm at the ATM, you haven't purchased chips.

45 **MR HORTON QC:** Okay. Well, let's agree this, then. Yes, the China UnionPay system was less direct than me just giving cash over and getting chips in return or my debit card over and getting chips in return. I accept that. What I'm suggesting

to you is it seems for present purposes completely irrelevant. I will just give you a chance to comment on that.

5 **MR HOGG:** Like I said, from my perspective, when looking at that at that point in time, we're seeing someone doing a debit card transaction to get cash out and then making a decision later.

MR HORTON QC: Yes.

10 **MR HOGG:** So that's --

MR HORTON QC: Yes.

15 **MR HOGG:** I understand - yes.

MR HORTON QC: That's right. Well, I think the difference between us is clear, whether it matters for me and which, if it strikes, it's not going to be for me. But I did want to push it one step further and say this: that to go through the rigmarole - that's my characterisation - of receipt, front money account, download, get gaming chips, doesn't, in substance, make this any different from using a debit card for gambling purposes.

20 **MR HOGG:** I agree. Yes.

MR HORTON QC: And I'm not suggesting - because I've read you the section - that that contravened the Act in Queensland. But it's relevant for this purpose: there seems to have been a desire to characterise this - a wish - a desire to characterise this, on The Star's part, as looking like a hotel transaction rather than as a gambling transaction.

30 **MR HOGG:** I agree with that.

MR HORTON QC: Now, it doesn't matter from the purpose or view of the Act because the Act permits even the direct gambling purchase here in Queensland. Now, you say at 204 - we are now talking about the ICMs. Now, the first of the changes referred to China UnionPay in the context of the - via the hotel system, and that was changed in 2016, before 2017 obviously, when it's just simply taken as debit cards.

40 **MR HOGG:** That's correct.

MR HORTON QC: Yes. So the concern - correct me if I am wrong - before 2017, it seemed for the moment, seemed to be to have this arrangement characterised as one via the hotel system rather than as a gambling transaction.

45 **MR HOGG:** Yes, it was processed in the hotel.

MR HORTON QC: Yes.

MR HOGG: That's how it was referenced, yes.

5 **MR HORTON QC:** And what - and that - I can say this from the advice that you say you've received - was consistent with the advice you received from others?

MR HOGG: Yes.

10 **MR HORTON QC:** That is, that it should be treated as something that's via the hotel system in order to make it legally right?

MR HOGG: It had to happen outside the casino, yes.

15 **MR HORTON QC:** I see. Now, you say, then, in the context of the ICMs, that both amendments were approved and, of course, they were. 214:

"None of the submissions for approval referred to the fact the merchant code recorded the transaction as a hotel transaction."

20 So I will ask a bit about this. Take this at a moment as a fact only, not as a criticism, because I'm just trying to explore the facts and what I make of it I will put to you separately, or don't make of it. But the regulator wasn't told that, behind the scenes and separate from the regulator, you may have had a banker who regarded it as important that the merchant code not be in relation to gambling.

25

MR HOGG: Yes.

MR HORTON QC: That is, that the purpose be characterised as hotel transaction rather than gambling; is that correct?

30

MR HOGG: I believe so. Yes.

MR HORTON QC: Now, the approval in Queensland had come, I think you have alluded to before, after the practice had commenced in New South Wales?

35

MR HOGG: That's correct.

40 **MR HORTON QC:** And can I explore with you a document. I'm going to ask it be brought up on the screen. STA.6003.0001.0410. I've got an OLGR reference too, Mr Operator, if that doesn't work, and that is OLGR.0001.0006.0076. And if that doesn't work, I've got a hard copy. That's it. And the only bit I want to ask you about in this document, Mr Hogg, is in number 3:

"Transaction at front desk POS."

45

Is the third dot point. Do you think I'm correct in asserting that this material was provided at Star - by The Star to OLGR in securing amendments to the ICM?

MR HOGG: I believe it would have been, yes.

MR HORTON QC: Yes. Assume that for the moment. I want to ask you about that entry - the third dot point on 3:

5

"Transaction at hotel front desk POS."

I presume that is point of sale; is that right?

10 **MR HOGG:** Point of sale. That's correct.

MR HORTON QC: And then the dot point reads:

15 "Patron is advised funds will only be available once clear in Jupiters/Treasury bank account, which could take 24 hours."

MR HOGG: Yes, I can read that.

20 **MR HORTON QC:** Good. Now, with the China UnionPay system, it did take 24 hours, didn't it, in any event for the funds to clear - is that right - or to be available?

MR HOGG: Yes, I'm not quite sure. I couldn't answer that.

25 **MR HORTON QC:** Did you assist in preparing this document?

MR HOGG: This document, no.

30 **MR HORTON QC:** Had you seen it before it was provided to you in the last day or so at our request?

MR HOGG: Yes, I've only just recently seen it. Yes.

35 **MR HORTON QC:** Can I put this to you in general terms and just explore it with you to see if you know. First, is it your understanding that the China Union funds system took time to clear in any event? That is, I couldn't walk directly from the terminal with my receipt and have it added to my front money account and go and buy the burger or the gaming chips the next minute?

40 **MR HOGG:** I think that's the case, but - yes, I'm basing it not on strong knowledge, but my understanding is this would have been written based on Sydney's process. And I assume that, therefore, it's written because it did take that long.

45 **MR HORTON QC:** Yes. My suggestion is this was written with the Sydney process in mind, and it just was not relevant to the Queensland context that it took 24 hours to clear because it did anyway and (indistinct).

MR HOGG: That sounds correct.

MR HORTON QC: So it's, in that sense, not a criticism, perhaps; it's just simply irrelevant information for Queensland?

5

MR HOGG: Yes.

MR HORTON QC: And no reason to approve or not approve in a material sense because it still took 24 hours to clear in any event?

10

MR HOGG: Agreed.

MR HORTON QC: Thank you. Now, until now I've been fairly factual, I hope, in what I've asked you about. Can I ask you a few conclusions. I want to suggest to you and give you a chance to comment on with respect to this. Sorry, I'm not wrapping up. My junior thinks I'm wrapping up. I'm just wrapping up this topic. She is giving me the wind-up. No.

15

I'm really - I want to put this. I'm genuinely giving you a chance to comment so that the issue is explored because - recognising the Queensland context is different from New South Wales. And you need to bear in mind that section which, at all times, permitted a person to use a debit card to deposit an amount into their player account.

20

So the - and to the extent you don't know and you can't answer, we will deal with it separately with the The Star in written notice. In the dealings I've taken you through, there seems to have been a concerted effort on the part of The Star to characterise what was happening with China UnionPay as a hotel transaction rather than a gambling transaction; correct?

25

30

MR HOGG: That's correct.

MR HORTON QC: That was done on internal advice from people within The Star who people were entitled to place reliance upon in terms of advice?

35

MR HOGG: That's correct.

MR HORTON QC: That was done because of arrangements, real or perceived, with The Star's banker, NAB?

40

MR HOGG: Yes.

MR HORTON QC: When dealing with the regulator in Queensland, although in the first ICM that was approved there's reference made to it being via the hotel system, the second one makes no such restriction; is that correct?

45

MR HOGG: That's correct.

MR HORTON QC: And I think you accept, although it would have been preferable - well, you put it only that high. You say it would have been preferable to tell the regulator more about what was happening in seeking the approval of the change to the ICMs?

5

MR HOGG: It's always good to be transparent with the regulator, yes. Absolutely.

MR HORTON QC: But not because even not doing it via the hotel system was illegal, simply because it is detail about what was happening and why?

10

MR HOGG: Yes.

MR HORTON QC: I think that's as far I need to take it, with you, Mr Hogg, at this stage, anyway, on that issue. Can I move to the case studies, Mr Hogg. We have given you - as you know, in the interview and afterwards, we gave you brief chronologies about five - four main persons, and your team and you filled out those chronologies usefully - thank you - by reference to the wider Star documents. Many of the facts I put to Mr Steiner came from Star's additions to those chronologies and ones which we proposed.

15

20

I'm going to try to deal with this generally, and if you say that doesn't fully reflect what you wish to say about it, I'm happy to go into more detail or to go to the chronologies. There are five persons. Two of those people for the moment - more than that, but Person 1 and Person 2 were excluded in other state and states respectively, one in New South Wales, the other in Victoria and New South Wales. And I want to suggest to you both of them have a litany of reasons why they should not have been in Star Queensland casinos from a long time ago. Do you agree with that?

25

30

MR HOGG: Yes, I do.

MR HORTON QC: Now, that was - many of those events were at a time when you were in charge of Treasury Brisbane and then later in charge of Queensland casinos; is that correct?

35

MR HOGG: Yes.

MR HORTON QC: When did the events - take Person 1, for example - come to your particular attention?

40

MR HOGG: In the middle of 2015 or late 2015, maybe early 2016, I became aware of a customer playing at the Gold Coast, Patron 1, that was a New South Wales police exclusion. That was the first time I had come across one of those situations.

45

MR HORTON QC: You would want to know in all the positions you've held, wouldn't you, who - leave aside Treasury Brisbane for the minute because you are

talking about The Star Gold Coast, but after the Treasury Brisbane manager. You would want to give your attention to - from time to time, to those high-value players who were coming in and out of your casino; is that right?

5 **MR HOGG:** Yes. Certainly.

MR HORTON QC: And correct me if I am wrong, but I'm putting this to you because the inquiry has heard this evidence, that Person 1 was one of perhaps two or three top players in Queensland at the time?

10

MR HOGG: Yes, I'm not sure if it was at that level, but he was a high-value customer. Yes.

MR HORTON QC: Yes. He was enough to - just on volume, to be the subject of attention from the casino from time to time?

15

MR HOGG: Yes.

MR HORTON QC: And he was certainly the attention - came to the casino's attention in terms of recognition and reward; is that right?

20

MR HOGG: Yes, that's correct.

MR HORTON QC: In fact, he was, your records reflect, fairly regularly attended to in terms of keeping a relationship open with him and giving him complimentary things; is that right?

25

MR HOGG: That's correct.

MR HORTON QC: What I'm trying to contrast that to is this: that someone who attracts that sort of attention from your sales team and who is of that high value should have come to your attention at some point or another.

30

MR HOGG: He did in 2015, yes.

35

MR HORTON QC: Yes. Well, one, he should have come to your attention - well, I suppose you leave Treasury Brisbane, don't you, as the primary point of your concern in 2014?

MR HOGG: Yes. And that's happening in 2014.

40

MR HORTON QC: Yes.

MR HOGG: 2014, I'm spending most of my time on the Queen's Wharf bid process --

45

MR HORTON QC: Yes.

MR HOGG: -- as well as in 2015. But early in 2015, I became aware of this customer.

5 **MR HORTON QC:** Good. I understand. Okay. So let's take it from that point because he is at The Star Gold Coast mainly.

MR HOGG: Gold Coast.

10 **MR HORTON QC:** He is not the Treasury's concern so much. But then you become Queensland concerned rather than property specific.

MR HOGG: That's correct.

15 **MR HORTON QC:** And at that time, he does come to your attention; is that right?

MR HOGG: At some point in 2015, yes.

20 **MR HORTON QC:** Yes. And he would have regularly come to your attention, wouldn't he, even after 2015 because of the kinds of things in the chronology which are red flags or red hot alerts that should have been raised with you?

MR HOGG: Red flags in regards to our AML program and investigations don't get communicated to myself.

25

MR HORTON QC: I see.

MR HOGG: So a lot of that I've just found in the last few weeks reviewing.

30 **MR HORTON QC:** Yes. Was it a surprise to you to review that material in the last four weeks, to know that hadn't been brought to your attention?

MR HOGG: Yes, the material was concerning to read. And I can understand some of the investigation stuff was never shared, so - but when you read it, you certainly wish you had been informed.

35

MR HORTON QC: And were you able to attend the PAMM and JRAM meetings?

40 **MR HOGG:** No, I wasn't attending those.

MR HORTON QC: Yes. Able to attend?

MR HOGG: Able. I was - I suppose I would be able to attend, but --

45

MR HORTON QC: Yes. But were you an invitee to them?

MR HOGG: No.

MR HORTON QC: So who, from the properties that you oversaw, both at Treasury and then later at Gold Coast and Treasury - leaving out of account for the moment Townsville entirely, who, from your properties, would go along?

5

MR HOGG: You would have your general manager of gaming, the team members that are dealing directly with those customers on a more daily basis and they would also be there with the AML team and the investigators to discuss.

10 **MR HORTON QC:** Yes.

MR HOGG: But it was the operational people dealing with the customers on a daily basis.

15 **MR HORTON QC:** And people never came to you and said, "Look, I'm going off to this PAMM meeting or this JRAM meeting, and we have got this guy who is of concern who is here a lot and we are giving a lot of benefits to but who is gambling a lot of money, and we're not completely sure where the money is coming from"?

20

MR HOGG: No, I don't recall this.

MR HORTON QC: Wasn't there, though, any process by which you would do your proactive checking to say, "Look, I want to have a look at - this morning I've got a bit of time" - I know you might not have that regularly, but "I've got a bit of time. Can you bring me a summary or a file of one of our big guys. I just want to do a bit of a check. You know, I'm the boss here and I thought I would have a quick look into it." Did you ever think that?

25

30 **MR HOGG:** Yes, it's more if things are raised or queries, you pick something up. Obviously, you're focusing a lot on your internal audits, your reports that are showing things coming.

MR HORTON QC: Yes.

35

MR HOGG: So certainly if something was raised in an internal audit or a regulator report, et cetera, that would certainly trigger my interest.

MR HORTON QC: Yes.

40

MR HOGG: But not on a daily basis in regards to gaming customers, no.

MR HORTON QC: Well, just dealing with what was raised then, was nothing - you said it came to your attention in 2015. Do you remember the context?

45

MR HOGG: Well, the context was we had had that guest in property --

MR HORTON QC: Yes.

5 **MR HOGG:** -- and had some player activity. We had a new general manager of gaming who had moved from Brisbane to the Gold Coast. I asked him about a few customers. I asked if that particular customer plays in Sydney much and was informed that they don't because of an exclusion. And that triggered one of those situations where you would do a review.

10 **MR HORTON QC:** Yes.

MR HOGG: I've then gone to our chief legal officer to try and understand why is this person not excluded.

15 **MR HORTON QC:** Yes.

MR HOGG: And they have explained to me the processes they have gone through and why not. But it was one of those examples which triggered a review.

20 **MR HORTON QC:** I understand. And so that - without probably going into detail, but was that advice to the effect that everything was okay?

25 **MR HOGG:** It wasn't that it was okay. It was that they felt that they couldn't issue an exclusion under the Act at that point in time and that it was primarily due to the information not being accessible from the New South Wales exclusion legally and, therefore, they had done the review, challenging what was happening. And that was the rationale. As we have talked about earlier, a WOL wasn't being considered for that purpose. It was about why is the person not excluded.

30 So I understood from that the reasons that our processes weren't done. But then I also felt that I wanted a little bit more understanding about the situation. So I have asked the general manger of gaming to contact the on-site police at the Gold Coast and specifically talk about that patron to understand if they had concerns. It was common practice for us to talk about guests with the on-site police, and at times they would give us information which would help us get to the point of an
35 exclusion. But it did trigger the review, like you talked about.

40 **MR HORTON QC:** But is it no part of your responsibility as boss, in the sense you've described in the position descriptions, to yourself think, "Well, hang on, this, in some ways, is my casino and I've got to look after the risk in my premises, not only from a legal point of view but as a matter of integrity and honesty. I have to make sure that what is happening here isn't with undesirables"?

45 **MR HOGG:** I agree. I mean, certainly that was the reason I wanted to understand if the police had any extra information that would lead us to an exclusion. I would highlight at the same time, I can't be using an exclusion under the Act if the advice is telling me it's not in a circumstance suitable to be excluded. And the feedback I was receiving at that point in time was we could not exclude that customer based on the information we had.

MR HORTON QC: Yes.

5 **MR HOGG:** Therefore, I was looking to see if there was more information from Queensland Police that we could use to make a decision to exclude. So the intent of that review was to try and understand all the information available and make a decision on whether we could exclude at that point.

10 **MR HORTON QC:** Now, so far, you've been talking about whether you can exclude. I want to suggest to you this might be with the benefit of hindsight for you, but looking at the chronology for a minute. Even if one took a narrow view of the Withdrawal of Licence, there's an overwhelming body of material there upon which that person could, and should, have been excluded, full stop.

15 **MR HOGG:** I agree. And we had the exclusion policy that we had at that time. We had made that decision earlier. We would have WOL'd that person in 2015.

20 **MR HORTON QC:** Yes, but I'm even saying on that - take that for a minute. Take that WOL, I'm suggesting, approach. I suppose the question is what more do you need than Person 1's factual situation to exclude a person on whatever basis?

MR HOGG: No, I agree. Today we would make a better decision, absolutely.

25 **MR HORTON QC:** I want to suggest to you it's hard to think of a more overwhelming case where some sort of exclusion was absolutely essential.

MR HOGG: Agreed.

30 **MR HORTON QC:** Whether for his benefit or the casino's or both; is that right? Do you agree?

MR HOGG: I agree.

35 **MR HORTON QC:** Thank you. Now, we have been talking about exclusions, but we know with Person 1 there were many benefits given to that person; is that correct?

MR HOGG: Yes, that's correct.

40 **MR HORTON QC:** I think the summary runs for hundreds and hundreds and hundreds of pages, recognising some are loyalty points earnings; is that right?

MR HOGG: That's correct.

45 **MR HORTON QC:** So with Person 1, for example - and we will come to the others after lunch - it's not just a function here of exclusion, I want to suggest to you. It's a function of making the person feel good about the casino and their

experience there so that they continue a relationship and continue to gamble; is that right?

5 **MR HOGG:** That's one number of the benefits too, yes.

MR HORTON QC: Yes. So that here it's not just an issue of saying "exclude from the casino"; here, you accept on the chronology, on the facts, that much is being done to bring him back to the casino repeatedly?

10 **MR HOGG:** Yes. In hindsight, having reviewed it, that is correct.

MR HORTON QC: I notice the time, Mr Gotterson. Is that a convenient time?

15 **MR GOTTERSON QC:** Well, yes, it is. Now, it has been suggested to me that you might finish Mr Hogg's evidence today.

MR HORTON QC: Yes.

20 **MR GOTTERSON QC:** Does that stand still as a reasonable possibility?

MR HORTON QC: It does. I will finish Mr Hogg's evidence today.

MR GOTTERSON QC: Very well.

25 **MR HORTON QC:** Maybe another hour or so.

MR GOTTERSON QC: I see. And, Mr Beacham, how long do you think you would be?

30 **MR BEACHAM QC:** I think somewhere around about 15 minutes at the moment.

35 **MR GOTTERSON QC:** Very well. On that basis, then, it doesn't seem necessary to abridge the luncheon adjournment and reduce it to one hour. Both agreed?

MR HORTON QC: We agree. I agree.

MR BEACHAM QC: Yes. Correct.

40 **MR GOTTERSON QC:** Very well. On that basis, we will adjourn now until 2.30 this afternoon.

<THE HEARING ADJOURNED AT 12:57 PM

45 **<THE HEARING RESUMED AT 2:30 PM**

MR GOTTERSON QC: Yes, Mr Horton.

MR HORTON QC: Thank you. Mr Hogg, before lunch I think we were on, in general, Person 1. I would like to discuss with you briefly 2, 3, 4, 5 and see what issues arise and put to you some general matters about that, and then ask you a few questions about additional topics, but none will take very long. We have been
5 through Person 1. Person 2 was excluded in both Victoria and New South Wales, as you now know. When did he first come to your attention?

MR HOGG: (Indistinct) in this process more.

10 **MR HORTON QC:** Sorry. I can't hear, I'm sorry.

MR HOGG: Sorry. In the process?

15 **MR HORTON QC:** Yes.

MR HOGG: Yes. I believe I became aware of the guest late in 2014 but not in the detail in this until recently.

20 **MR HORTON QC:** Yes. You have no recollection at the time of dealing with him?

MR HOGG: That's correct.

25 **MR HORTON QC:** And, in effect, it's a reconstruction. But you were aware, by 11 December '14, that Person 2 had been excluded from the Crown in Melbourne; is that right?

MR HOGG: That's correct.

30 **MR HORTON QC:** And that didn't trigger, in your mind, a need personally to exclude him from one of your casinos or more in Queensland?

35 **MR HOGG:** No, the notification I received explained about the exclusion process and why they felt at that time he couldn't be excluded. Yes.

MR HORTON QC: Yes. Okay. But in your mind, did that really conclude the question for someone like this?

40 **MR HOGG:** No. I think, in hindsight, we clearly should have been asking more questions from that point. I agree.

MR HORTON QC: But being a bit more broad than that, you have the news that someone is excluded in another state and that that itself is not enough to exclude, rightly or wrongly, from your casinos in Queensland; correct?
45

MR HOGG: Yes. The chief risk officer - I think that's the title at the time - they had reviewed it and made a determination which I didn't (indistinct).

MR HORTON QC: I understand. But accept that for the minute for the sake of argument and moving on. But you are still left with a person who, in fact, has been excluded elsewhere and who, in fact, has that quality; correct?

5 **MR HOGG:** Yes. Correct.

MR HORTON QC: What you've heard doesn't mean he's unexcluded elsewhere; it just means you, on that material, on what you believe, on the advice, can't exclude him merely for that; correct?

10

MR HOGG: Yes, that was my understanding at the time.

MR HORTON QC: But doesn't it set another process running in your mind or with your staff at your direction, "Well, what can we do? We need to check on him regularly because I'm told I can't exclude, but I'm really worried about this," from a risk point of view at your casino?

15

MR HOGG: Well, I took it as the company was reviewing - was looking at it, that had started a process. They were doing a review.

20

MR HORTON QC: Yes.

MR HOGG: The exclusion policy, the review of customers, was all managed through the chief risk - I took this - it was as a snapshot but also a process of an ongoing review.

25

MR HORTON QC: Yes. But you would want to go back then, wouldn't you, after a little while and say, "By the way, what happened with Person 2? He has got those exclusions. What exactly are you guys doing about this? Because not to put too fine on point on it, chief risk officer, you know, I've got a responsibility for this property or these properties as the chief casino guy"?

30

MR HOGG: Well, with a number of topics with my peers, I'm asking questions. I can't specifically recall going back to them on this customer, but I understand that I could have considered that.

35

MR HORTON QC: What I'm suggesting to you is as often happens when we are busy, you might say, "Well, I thought the chief risk guys were dealing with that." But then you wake up in the middle of the night and think, "I better check. I haven't heard for three weeks on what is happening and, you know, this Person 2 is excluded. I need to check they are doing their job," in effect. Did that occur to you?

40

MR HOGG: Well, the chief risk officer is my peer. I'm not always thinking about whether they are doing their job. I had confidence in - I didn't follow up on this particular customer, but I would have had a belief they were clearly focused on it, looking at it, there was a number of people involved and I didn't challenge my peer in this case.

45

MR HORTON QC: Well, not just them doing your job but them doing what you needed them to do in order for your job to be done well; yes?

5 **MR HOGG:** I agree. Yes.

MR HORTON QC: Now, Person 2 was one of the top 10 table players at The Star Gold Coast at as February 2018; is that correct?

10 **MR HOGG:** I believe that's correct, yes.

MR HORTON QC: And would someone of that high value - I think is the term to be used for someone like that - have come to your attention merely for that reason in the course of your role at the time?

15

MR HOGG: They may have been on a report or something I had been copied on but wouldn't be a focus for me at that point, no.

20 **MR HORTON QC:** Yes. But would you not, in your role at the time, have wished to interest yourself from time to time in the people who were the top players at one of your casinos?

MR HOGG: Awareness, but that's not something I'm looking at every day, no, or focusing on.

25

MR HORTON QC: No. Let's not go every day. Let's go from time to time. But you might at him in the course - or her. You might say, "Well, I want to be mindful that I'm - in a commercial sense, I'm doing the right thing to get this customer playing at my casino"; correct?

30

MR HOGG: Personally?

MR HORTON QC: Yes.

35 **MR HOGG:** No, I'm not focusing on that level.

MR HORTON QC: Well, my staff are.

MR HOGG: The team are. Absolutely.

40

45 **MR HORTON QC:** Yes. Presumably, at some point - I'm not saying every day, but at some point - from time to time, you would meet with your team and you go, "Let's check in about how we are doing with everyone, but let's talk about today our big players. How are we managing, driving, stimulating, managing risk, money laundering risk, RSG - can we have a discussion about that?" Does that ever occur in your role at or about the time of February 2018?

MR HOGG: Not at that time. Prior in 2014, more of that. But in my role in 2018, I'm more focused on the holistic issues with regulators, what's happening from internal audits, what's happening with Queen's Wharf development. The detail of individual customers is not my focus on a daily basis or in that level of detail. So
5 that's why this particular name doesn't ring a bell for me.

MR HORTON QC: Let's get away from daily basis. I'm not suggesting - nothing of what I'm suggesting is daily basis, right? So can you put that in your mind. From time to time, okay? Not every day. Not every week. But at some point, don't
10 you - even in your high-level role, there's still a need in doing that job to check in from time to time about what is happening with, for example, the high-value players?

MR HOGG: In general topics, yes, I would ask questions about is there any issues, is there any challenges, any gaps that we have had. I'm just highlighting it's not specific about a customer. It would be if it was raised with me, then I would obviously look at it further.
15

MR HORTON QC: Okay. So there's that issue there. You are saying, in one sense, it could be raised with you. And you are saying with respect to persons 1, 2, 3, 4, 5, never raised with you other than how you have described today in your evidence.
20

MR HOGG: That's correct.
25

MR HORTON QC: Is that correct?

MR HOGG: That's correct.

MR HORTON QC: But there doesn't seem to be active inquiry from you the other way, which is, "Look, I'm - I've got a bit of time this morning. I just want to check in. I want a report about a sample of two of our top players and where we're standing on that," or something.
30

MR HOGG: Not - not in how I would be focusing on things. I'm looking at things more from regulatory reviews, summaries, what's going on, incident reports, looking at those sort of snapshots rather than a review on a customer - yes.
35

MR HORTON QC: Okay. And really what I'm putting to you is to be the healthy, human skeptic as a boss, not the passive recipient of what others might give you.
40

MR HOGG: Yes, you are definitely challenging and asking different questions on different topics. The focus of those topics is broad in our organisation. For me, it wasn't as detailed on the individual customers, no.
45

MR HORTON QC: Yes. I suppose these questions come from this place: that if you can do what Person 1 is recorded as doing and do what Person 2 is recorded as

doing, it just seems - I'm giving you the opportunity to comment on this - incomprehensible that in some way that wouldn't come to the attention of someone in the positions you held at the time for review or consideration.

5 **MR HOGG:** I can understand that view, and I would highlight that we've - part of what we have realised is there's lots of information within the organisation that wasn't being shared at that time. There's certainly gaps in our AML program, gaps in regards to communicating with our investigations team. And a large amount of the information that's come up on these customers wasn't known and most probably should have been known.

10 **MR HORTON QC:** And I can probably draw a contrast, too, between what we see coming to you in terms of meeting budget and commercial considerations did often come to you; is that right?

15 **MR HOGG:** High-level summaries, yes. Yes.

MR HORTON QC: And from the domestic sales team, for example?

20 **MR HOGG:** I would potentially be copied on their reports, yes.

MR HORTON QC: Yes. But you're saying you don't get the same sort of reports about, for example, the top 10 players at a particular property and the risk they may or may not pose?

25 **MR HOGG:** No, I can't recall a report focusing on their risk. No.

MR HORTON QC: What I'm suggesting is there seems to be a focus at the top level on getting the money side of things right for the casino but not as well the risk and compliance side of things.

30 **MR HOGG:** I don't think that's the case. I think there's gaps in our risk and compliance and how we're operating, and we're not, at that timeframe, as effective as we are today. But certainly knowing the commitment and people had, the focus, audits we were doing, this is more about it wasn't picked up in that particular area. But there was lots of focus on how we operate and how things should be improved.

35 **MR HORTON QC:** Yes. But project forward even, for example, with Person 2. And in October 2020 - so 2020 - there is the Sydney Morning Herald article, for example, about Person 2 - I'm just taking you to an example. So you might not be getting for a moment - for the sake of argument, you might not be getting these reports internally. But don't you pick up the paper or someone sends it to you and you say, "Yikes". An outsider is saying that this person, just on the face of it for the moment, is not the sort of person that any reasonable casino boss wants in his casino or her casino. Okay. I'm on a mission this morning." And your staff will presumably say, "Be careful. He is coming into the office. We better have an

answer because he is going to demand them." But I just don't see that - correct me if I am wrong - in respect of Person 2 specifically at or about October 2020.

5 **MR HOGG:** I believe, within the company, that did trigger a process with the chief risk officer to review, but I would have to confirm that.

MR HORTON QC: It did trigger a process?

10 **MR HOGG:** I believe so, yes.

MR HORTON QC: Referred to JRAM. But, again, don't you say - don't you be the painful boss and say, "Look, track down those people. What's happened? I read the article. People are telling me at dinner about it because they know I work at the casino and the boss. I'm in regulatory affairs, guys. You had better get me an answer and track them down, and I want an explanation why we are not dealing with him - not what we have done, but why we are not dealing with him. Because if I read that article, I'm highly concerned."

20 **MR HOGG:** Yes. Again, I believe that those reviews were happening. The chief risk officer, who is my peer, was doing those reviews. So I was aware that that had triggered a process. That's what I believe had occurred.

25 **MR HORTON QC:** Person 3, I'm not suggesting there was an exclusion, I think, in respect of him, but there were some big payouts, as you might recall. You deal with one at paragraph 107 of your statement that occurred on 4 March 2015. Do you recall that coming to your attention at the time? Person 3, paragraph 107 of your statement. Page 19 of your --

30 **MR HOGG:** Yes. So just to clarify, my understanding of Person 3 and that transaction is occurring in Sydney.

MR HORTON QC: Yes.

35 **MR HOGG:** I wouldn't have been aware of that.

MR HORTON QC: I see. So there's no process by which the group said if something - and I want to suggest to you, an unusual activity of that kind occurred, someone would say, "You had better tell the Queensland guys as well in due course about this or log it on the system in some way."

40 **MR HOGG:** Yes. Certainly one of the reviews we did with our AML program was in '15/16. A lot of information wasn't being shared even between our AML and our investigations team within the chief risk function, let alone broader. That has been addressed now with our updated AML system.

45 **MR HORTON QC:** Yes. Wouldn't you have wanted to say just in general, at a high level, to your counterpart in Sydney, "We need to meet regularly to talk about things because it would not be not a good idea if we had people slipping between

the gaps, i.e., someone I don't want in my casino in Queensland coming to yours and vice versa," because presumably you have got pretty much the same interests; is that right?

5 **MR HOGG:** Yes, that's correct. Just from a structural perspective, there's myself and the role in Queensland; there's a similar role in New South Wales; and the chief risk officer is our peer. And that communication hadn't happened to the Sydney one either.

10 **MR HORTON QC:** Yes.

MR HOGG: There was gaps in the communication. It should have been sorted.

15 **MR HORTON QC:** Yes. But it sounds like you are saying, for some reason, you couldn't have that communication with your Sydney counterpart without the involvement - or with the involvement of someone who you describing as a peer, not a superior, the AML person - the risk person?

20 **MR HOGG:** Yes, there should have been more discussion and dialogue and sharing of information. I agree.

MR HORTON QC: Because presumably the very same - I mean, can you think of a case where there's someone who you don't want in your casino in Brisbane who you could think, on any reasonable grounds, the Sydney casino boss would want in his or her casino there?

MR HOGG: No, we agree. And that's why our group policy going forward from '19 has ensured that's the case. Totally agree.

30 **MR HORTON QC:** And then - so, again, it took until, for Person 3, 11 June 2021 for the group-wide Withdrawal of Licence. No, I won't ask that. Now, with respect to Person 4, when, if at all, did this person come to your attention?

35 **MR HOGG:** In this review. Yes.

MR HORTON QC: Sorry, in this review?

MR HOGG: In this review.

40 **MR HORTON QC:** Thank you. And you deal with Person 4 in your statement from paragraph 132, page 23. And you will see from the chronology that on 21 May 2018, a World-Check result for Person 4 asserts that in May of '18 that person was fined by the Federal Circuit Court for deliberate exploitation of migrant workers. Was there no system in place, to your knowledge, at that time, 45 by which that fact would come to your attention?

MR HOGG: No, it did not.

MR HORTON QC: And, again, there was no mechanism by which you could proactively raise concerns you might have about - concerns you had about the integrity or probity of those people gambling at the casino who might have been the subject of convictions?

5

MR HOGG: Sorry. Can you just repeat the question?

MR HORTON QC: So you're saying there is no mechanism, at this time anyway, by which this sort of material comes to your attention --

10

MR HOGG: That's correct.

MR HORTON QC: -- either by the AML team or the risk team, I guess; is that right?

15

MR HOGG: Yes.

MR HORTON QC: But there seems to be a complete absence then also of other ways in which you might be alerted to the fact that someone gambling at your casino has a conviction and fine for reprehensible, if you like, behaviour?

20

MR HOGG: Yes, there were gaps in our systems.

MR HORTON QC: Would that be any different today with respect to someone like Person 4?

25

MR HOGG: Yes. We have done significant improvements in our AML processes and systems, including installing a new IT system which records all the interactions in one location. So staff within AML or in investigations are able to see all the information more holistically.

30

MR HORTON QC: Yes.

MR HOGG: And I believe that would have led to this customer being ranked very high, very early, and ultimately excluded significantly earlier.

35

MR HORTON QC: We have heard from Mr Steiner about that system, so I don't propose to go into it with you. But I want you to speak now for a moment not as interim CEO because that's a level above where you were, but if were you in the position of being manager of casinos for a state, which is a level or two below the CEO; is that correct?

40

MR HOGG: A level below, yes.

MR HORTON QC: Yes. Then how, on the current system, would it now come to the attention of the person who is now filling the position you were in?

45

MR HOGG: In most of those cases, it would be raised as someone they are recommending to exclude or go through. So in a lot, we would still find out more at the end of the process after the decision has been made.

5 **MR HORTON QC:** Yes.

MR HOGG: And, again, that is ensure from a governance perspective there's independence in the risk function and there's no influence.

10 **MR HORTON QC:** Yes.

MR HOGG: But in most cases now, if an AML review was happening, it was escalated for a decision to be made, we would be informed of the decision.

15 **MR HORTON QC:** Yes. So even under this system - and it may be this is consistent with your evidence to date - you are still saying this assessment that's being undertaken of people like 1, 2, 3, 4, 5 is an assessment to be done by risk people, not by the casino manager?

20 **MR HOGG:** Yes, your information is feeding into the review to assist them in making a decision. But a decision on someone's suitability is managed independently, in a way. It's a bit like separation of duties.

MR HORTON QC: Yes.

25

MR HOGG: So the operational team is feeding feedback into the centre to consider the exclusion, et cetera.

30 **MR HORTON QC:** Yes. Well, can I test a few general propositions with you, which really come out of that evidence and, I think, probably fairly arise from this distinction we have been talking between the risk and the operations of the casino - the duty of the casino manager and so forth. So I'm going to put a couple of propositions to you, and I want you - I would ask you to comment on whether you agree or disagree, and if you disagree, please, why. If you agree, feel free to
35 say why. In the course of using the five case studies we have just used, there was a failure to have systems in place to ensure matters like those came to your attention in your role as, in effect, head of the relevant casinos.

MR HOGG: Yes. Agreed.

40

MR HORTON QC: This is now about you. You didn't interest yourself enough in matters properly within your various roles about case studies like these five?

45 **MR HOGG:** I definitely challenged the business in different areas on these particular five. I'm only aware of one which I made a challenge. Yes.

MR HORTON QC: Thank you. With respect to the Withdrawal of Licence, you, on advice from others, acted on an erroneous basis as to the occasions on which they could be and should be issued?

5 **MR HOGG:** Well, I know today, on a WOL, they certainly should have been applied a lot earlier. Yes.

MR HORTON QC: And one step further, even on what you had within your means of knowledge - that's important, not knowledge for a minute. Within your
10 means of knowledge, you had a sufficient basis to exclude persons 1, 2, 3, using them as an example, from your casinos regardless of whether it was a Withdrawal of Licence or not?

MR HOGG: Yes. At the time, I obviously believed I didn't have the right to
15 exclude under the Control Act. But in hindsight, I now know I could have WOL'd under a Withdrawal of Licence.

MR HORTON QC: Coming to some other topics, please, more general, a little
20 bit lighter for the minute, one is - just because they are not as detailed. One is Responsible Gambling commitments and responsibilities. First, facial recognition has been in Sydney for some time now; is that correct?

MR HOGG: Yes, we implemented that for a trial at the second half of 2019.

25 **MR HORTON QC:** Yes. And working sufficiently well?

MR HOGG: Working well, yes.

MR HORTON QC: It's being, or about to be, rolled out at The Star Gold Coast?
30

MR HOGG: That's correct.

MR HORTON QC: And that technology is a very useful way of uplifting the
35 checks on those that are excluded remaining so?

MR HOGG: Significantly, yes. Correct.

MR HORTON QC: Is any delay in the roll out of the facial recognition
40 technology attributable to a desire to use that technology for a purpose other than to exclude the individual on a basis based in statute or in the self-exclusion?

MR HOGG: Was that a reason for a delay?

MR HORTON QC: Yes.
45

MR HOGG: No. Normally what would happen is if we trialled something and rolled it out, like we did in Sydney, you would evaluate it for a five or six month period and then you would consider rolling it to the other properties.

MR HORTON QC: Yes.

MR HOGG: That was actually occurring around the middle of 2020.

5

MR HORTON QC: Yes.

MR HOGG: With the closure of the properties and COVID, we sort of had 12 months where we didn't make a lot of those sort of technology investments. And then we made a decision last year to roll it out. So the delay primarily between is solely linked to COVID.

10

MR HORTON QC: Yes. I understand. And it's easy to forget that important period - I get that - which I do from time to time. But I want to check with you: the facial recognition technology is only sought to be used for the purpose of checking to see that people who are excluded are, in fact, not granted entry?

15

MR HOGG: In its initial stages, yes, that's how we are using it.

MR HORTON QC: Yes.

20

MR HOGG: That's what we use it for.

MR HORTON QC: I just want to check that no part of the delay - no part of the time taken for the minute, given what you have said, for the roll out of that technology is attributable to a desire to use it for any other purpose than I have described?

25

MR HOGG: No.

30

MR HORTON QC: Thank you. And it's right, isn't it, that the sheer number of people who are excluded for various reasons, not just 93A, is impossible for humans, without technological assistance, reliably to enforce?

MR HOGG: Agree. Technology like facial recognition is required, yes.

35

MR HORTON QC: So is there still any lingering concern with the system having, for example, false positives? Is that the terminology?

MR HOGG: Yes. With all systems, you can still recognise different faces. The technology continues to advance. From my understanding is it's - the number of false positives continues to reduce. It does depend a lot on how recent your photos are taken of the excluded customer.

40

MR HORTON QC: Yes.

45

MR HOGG: The quality of the photo reduces the false positives significantly.

MR HORTON QC: I want to move on to some more general matters. It may be that some of these are more appropriate for submissions in due course. The first one is resourcing of the Responsible Gambling component of your business. Do you regard that as sufficiently well-resourced presently?

5

MR HOGG: Yes, it's an area where we are continuing to always expand and grow, and we're expected to. So we've recently expanded the operational team focusing on RG by another 24 bodies only six ago. They have only just started, so --

10

MR HORTON QC: Yes.

MR HOGG: And it's an area we will continue to invest.

15 **MR HORTON QC:** Yes. It's an area in which, I think this inquiry has heard, there are matters still being looked into, I think is pretty much the word the witness used, and matters still - some things in the process still of development. Is there anything you wish to say, bearing in mind you might have an opportunity more in submissions specifically, about whether or not greater resources should be
20 directed to the achievement of those things which would remain outstanding as priorities for the RSG team?

MR HOGG: Yes, I think we will always be looking to expand that team. Absolutely. I would highlight that one of the things with Responsible Gaming in
25 particular is you don't want people in the organisation not knowing it's their responsibility. Everyone's responsibility and has a role. You don't want this dedicated team being seen as the group to look after it, but it is very important that you have that growing dedicated team that are reviewing customers and assisting. But every employee needs and plays a role.

30

MR HORTON QC: I would like to deviate down that little side track for a minute. Are any of the sales staff in the casino given incentives based upon turnover they generate or contribute to?

35 **MR HOGG:** Some of the sales team will have revenue targets, yes.

MR HORTON QC: And meeting the revenue targets means better remuneration for them; is that right?

40 **MR HOGG:** It's one of the variables that's required, yes, that's correct.

MR HORTON QC: And do you not see that as a risk for Responsible Service of Gambling?

45 **MR HOGG:** Yes, it is considered as a risk. I mean, one of the factors we have today is they have risk components and KPIs that must be achieved. And if those don't get achieved, then they are not eligible for it. But that is some of the mechanism to manage the risk.

MR HORTON QC: It must place, don't you think, a staff member in a very difficult position to think, "I need to achieve in order to be better remunerated, then otherwise my turnover target, or contribute to it. But at the same time I have,"
5 as you're saying, as every member of the staff does, "responsibilities to restrain gambling where it might cause harm"?

MR HOGG: I agree. That's why you have teams that are dedicated, that are not in the operational teams, reviewing and challenging and doing it. So that the team
10 that are part of our dedicated RG team are separated from those. They are the team that are responsible, from a governance perspective, to really challenge and ensure we are doing the right thing as well.

MR HORTON QC: Yes. And this is, is it, the sort of idea that you might have
15 tension in your organisation - by that, I mean healthy tension - between those primarily concerned, for example, with Responsible Gambling and those primarily concerned with sales, for example?

MR HOGG: Yes, we try to make sure our sales team understand their
20 responsibility so that that's managed effectively so they really have a clear understanding how important it is to manage the guests. And from an RG perspective, we don't want someone here who has got an issue.

MR HORTON QC: Yes.
25

MR HOGG: But also then we have got the separate team to govern it.

MR HORTON QC: I understand. So you might have everyone with
30 responsibility but people with areas of focus - is that correct - and you might have tension between those areas?

MR HOGG: There could be some tension.

MR HORTON QC: Yes. And by that, I'm not suggesting for a minute unhealthy
35 tension. So one pushing against the other?

MR HOGG: Yes, I would highlight the RG team has full ownership to make those decisions on exclusions themselves independently of that group.

MR HORTON QC: Well, that's the question. When the two come in to engage, if
40 you like, "We want to drive business through Person X," how does that tension get resolved, then, if the Responsible Gambling people say, "Hang on a minute. We think this person may be in the realm of problem gambling," to use 93A?

MR HOGG: Yes, they override. So they have the override. So they have the
45 function to say "no more" to that activity. They also have the right to exclude and go through those channels, too, if they think it's urgent. So, yes, that centre group override.

5 **MR HORTON QC:** I'm asking you these questions because arising from the case studies and arising from some questions I put to the domestic sales team at the time, it does seem that, at least in the period we're talking about, the resolution of things - AML, RSG, general risk to the casino - seemed to be resolved more in favour of the solution which resulted in better profits for the casino rather than the opposite way around.

10 **MR HOGG:** In the cases we have seen, they were definitely people that should have been excluded earlier. I don't think I could sit there and say that that was all driven by revenue-based decisions, but those people should have been excluded. I do think that some of those decisions around the customer not being excluded were more to do with our AML processes, our systems, more than an individual person's call.

15 **MR HORTON QC:** Yes.

20 **MR HOGG:** We have clearly had systems, processes, standard operating procedures and a lot of other support structures lacking as well, not just individual making the wrong decision.

25 **MR HORTON QC:** I can get - accept for the moment your point about not being driven by that perhaps on its face, but I suggest to you nevertheless that the result of those decisions that we have seen, for example, with persons 1, 2, 3, 4, 5, happen also to align with more money generation for the casino, not less.

MR HOGG: I can understand that, yes.

30 **MR HORTON QC:** That is, when we look at these decisions, they're consistent with a better commercial outcome and inconsistent with a better risk outcome.

MR HOGG: In regards to the undesirable cases we have had today?

35 **MR HORTON QC:** Yes.

MR HOGG: Yes. I would think from a Responsible Gambling perspective, and exclusions linked to that, I think you will see the pattern and results is quite different. But from an undesirable perspective, I acknowledge that.

40 **MR HORTON QC:** Yes. And isn't it more suggestive, at least the time we have been speaking about with the five case studies, of a culture in the organisation which was one which tended to favour an outcome which was consistent with commercial imperatives rather than risk responsibilities?

45 **MR HOGG:** As I've said, that has indicated in those cases there has been financial benefit. Like I said, the failings, however, in a lot of those cases, were systems, processes and wouldn't imply an individual has made that choice, but - that's right.

MR HORTON QC: No. But we don't see the systems, processes ever saying, in the case studies anyway - and correct me if I am wrong. We don't see the systems ever saying, "Oh dear, the system has gone wrong and we have excluded a person
5 who was otherwise a higher value customer a little bit too early." They never worked the other way around, it seems, on the examples.

MR HOGG: I understand the examples you have had. Certainly.

10 **MR HORTON QC:** And if there's others you think, tell me about them. But what I'm suggesting to you is a tendency, for a moment, that we see that the equation always falls on one side, not the other. So if there's - the systems and processes shortcomings seem to bias, if you like - fall a particular way rather than the other.

15 **MR HOGG:** I can understand that - how you have interpreted that. Again, I just highlight that the group of people in our AML team and our RG teams are separate. They are not in the operational areas. They are not in the revenue sales teams.

20 **MR HORTON QC:** Yes.

MR HOGG: They are people that, from a governance perspective, are put into those roles to ensure separation of duties.

25 **MR HORTON QC:** Yes.

MR HOGG: And, therefore, the decisions or the mistakes that may have been made, you couldn't conclude that that was solely due to financial reasons. But I acknowledge those systems and processes have led to some people not being
30 excluded for which the casino has financially gained.

MR HORTON QC: Yes.

35 **MR HOGG:** But those teams are separate from a governance perspective to try and address that issue.

MR HORTON QC: Thank you. Moving to a couple more general things back in the RSG sort of space, so to speak. One is carded play. Carded play is easy to track the patterns and habits of a particular gambler; is that right?
40

MR HOGG: Yes, it does. Yes.

MR HORTON QC: And is there any particular opposition you would have to making mandatory that play, so to speak - we will use that language - be carded only, that is --
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MR HOGG: Yes, we're supportive of the technology. It makes a big difference. I would highlight that for us if it was mandated in private gaming rooms, we would

see that as very effective. I would just highlight a couple of things in regards to its benefit on a main gaming floor. Where the play has really been official is when you have got a likelihood you are getting a more holistic view of a person's play and history.

5

MR HORTON QC: Yes.

MR HOGG: So for a customer who comes to your property a lot more, then you're getting a good feel for it. If you are on the main gaming floor and the customer is not a frequent player at your venue, then the information you have may not give you an understanding of how they play. So certainly from a carded mandatory perspective, private gaming rooms, really sensible. On a main gaming floor, you do want people to sort of realise the benefits of it, most probably need to be seen a bit more holistically from a jurisdiction perspective. If you are going to set - the benefits of card can be understanding someone's play, but you really want to know their full play.

Putting limits on their play and around that really doesn't work if that one venue - they can then go to another venue. So we would just say that certainly carded play really should be looked at also from a jurisdiction perspective. And I would - going off track a little bit, also on exclusions, would be another example of that. Today, exclusions are very property-based. Exclusions is another example where we would like it to look at more holistically. If someone self-excludes, you would like them to be excluded from all venues around. It's very similar in carded play. Those two need to be looked more holistically.

MR HORTON QC: Mr Gotterson, they are the questions we have for Mr Hogg at present.

30 **MR GOTTERSON QC:** Yes.

MR HORTON QC: What I haven't done, deliberately, is put to Mr Hogg matters which might be of organisational concern, even recognising his position as interim CEO, for two reasons. One is we would like to do that on considered reflection, having heard the evidence, rather than on the run.

MR GOTTERSON QC: Yes.

40 **MR HORTON QC:** Second, we are mindful that any adverse inferences will be ones really that need your imprimatur and that are not counsel assisting's merely.

MR GOTTERSON QC: Yes.

45 **MR HORTON QC:** And because we think, as a matter of the fairness, they are matters which would normally be put in writing so that The Star can give considered reflection to them, as an organisation, rather than pressing individuals, so to speak.

MR GOTTERSON QC: Than an individual witness, yes.

5 **MR HORTON QC:** So we just want to make clear that we put certain matters to Mr Hogg that we thought concern him personally. But matters of organisational concern, we might suggest in submissions, be raised with The Star in writing and then that be dealt with separately.

MR GOTTERSON QC: Very well. I understand.

10 **MR HORTON QC:** And, of course, it's up to you, Mr Gotterson, if he were to be required again. We are not suggesting he would be, but there's always the opportunity anyway of putting further things to Mr Hogg if need be, if it arose from those.

15 **MR GOTTERSON QC:** Yes. That would be, for some reason or other, the response - you either got no response to the written --

MR HORTON QC: Yes.

20 **MR GOTTERSON QC:** -- or for some reason or other, you - well, I mean, if you wished to pursue it, you could continue to do so in writing. It may not be necessary --

MR HORTON QC: No.

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MR GOTTERSON QC: -- at all. But subject to that, I understand. Yes.

MR HORTON QC: Thank you. Yes. We are just keen to frame whatever might need to be put in that regard with considered reflection and quite specifically.

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MR GOTTERSON QC: Yes.

MR HORTON QC: They are the questions we had in-chief, so to speak.

35 **MR GOTTERSON QC:** Thank you. Now, Mr Beacham.

<EXAMINATION BY MR BEACHAM QC:

40 **MR BEACHAM QC:** Thank you. Thank you, Mr Gotterson. Only a few questions for you, Mr Hogg. The first is about Responsible Service of Gaming. You gave some evidence when Mr Horton was asking you some questions about RSG being the responsibility of all of the staff at the casino, my words, not yours. Can you explain why that is important, please?

45 **MR HOGG:** Yes. Well, certainly for us, your responsibilities for anyone working in gaming is about making it safe, making it lower risk for people who are at risk of gambling and, therefore, you need everyone to participate and do their role. As we've touched on, the technology that you are required to manage people

exclusion comes in, sometimes you need technology. Well, the biggest risk and challenge from an RG perspective is identifying who has got the problem and who may be at risk of having a problem and, therefore, you need all your staff to be looking behaviours, for example, of customers and their interactions.

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A lot of the people that you identify that you need to have a conversation with because maybe they are at risk comes from one of our staff having an interaction. So we need all our people to know behaviours to look for in people that might be signs of gambling harm and, therefore, be able to trigger a conversation with someone who is trained to have the intervention. So for us, it's very much every employee is involved. Then as you progress, there's obviously a team of people who are trained in different areas and expertise to really get into the conversation. But we want every employee thinking and looking and understanding the behaviours to help identify people who may be at risk.

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MR BEACHAM QC: And when we talk about all of the staff having a responsibility for Responsible Service of Gaming, I take it that includes the sales staff?

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MR HOGG: Yes, they all go through the same training, et cetera, and need to do their assessments on all their player basis, in conjunction with our Responsible Gaming team. So they are trained on those roles and responsibilities.

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MR BEACHAM QC: So I'm going to make a suggestion to you, and you tell me whether it's right or wrong. Your expectation for the sales staff when they try to hit their budgets, I think you called them, is that that they would do that safely?

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MR HOGG: Absolutely. It's a requirement of their roles. It's part of our code of conduct. It's a responsibility for everybody.

35

MR BEACHAM QC: You were asked - just still on the same topic, you were asked some questions about the usefulness of mandatory carded play, and you gave an answer where you talked about both carded play and exclusions being holistic. Can you explain what you mean by "holistic"?

MR HOGG: Jurisdiction-wide. So, I mean, certainly if --

MR BEACHAM QC: Sorry, I didn't hear what you said then.

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MR HOGG: Jurisdiction-wide. If someone has got an issue with their gaming, particularly like a gaming machine person, when we talk holistically, I mean all the venues that are in close range to them, so casinos, pubs, clubs, et cetera. One of the challenges you have with someone who is having issues with their gaming is you may look to self-exclude, but today we are only excluding from our

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What I'm saying there is that it would be good that if our exclusion policies were all venues within a location. So that a guest doesn't just go, "Okay. They have

excluded me. I'm now going to go into the venue across the road or around the corner." Sometimes policies need to be broader than just one operator. And certainly from my perspective, mandated card and exclusions really should be looking at all operators and policies that work together.

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MR BEACHAM QC: All right. So the idea being that if somebody, for example, had enough of a concern that they excluded themselves from, say, the TAB, you would know about that in your casino as well?

10 **MR BEACHAM QC:** Yes. Today, we don't. So to be honest, if someone was excluded for RG issues at a local club, we wouldn't necessarily have visibility on that today. They may be visiting us; they may not. That's information you would like to have. You would like to be able to know that if someone has got an issue with their gaming within a 20K radius of one of our properties, we would know all
15 their names and we would be able to exclude them.

MR BEACHAM QC: And in terms of carded play, am I right in understanding that the mandating of carded play jurisdiction-wide would effectively provide you with more information?

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MR HOGG: Yes. Exactly. If - for us, you only know the information at your venue. And when you are particularly trying to identify people that may be at harm, you are looking for changes in behaviour. That is more effective when you know their total play, their total visitation. For a customer who frequents our
25 property as the main property, we get that and the systems work well. If a person is not frequenting us very often, it's a lot harder for us to understand or make a decision.

MR BEACHAM QC: Can I move on to another topic. You were taken to some of
30 your evidence about Person 1, and you explained what you did when Person 1 came to your attention, and it came to your attention that they had been excluded by the New South Wales Police Commissioner.

MR HOGG: That's correct.

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MR BEACHAM QC: And I won't get you to repeat it, but you went through a process with some of your staff to understand what had happened; correct?

40 **MR HOGG:** Yes. I wanted to understand how we had landed on a situation that did not have them excluded, and they explained the process. They walked me through what they had done and summarised it. And while it appeared they had followed the policy correctly, I also wanted to get additional feedback.

45 **MR BEACHAM QC:** Now, when you went through that process with them, did you get the sense that the decision not to exclude Person 1 was some reluctance about parting with the money he brought into the casino or was about a perception that they were not able to do that?

MR HOGG: It was the perception they were not able to do that. They were focusing on the exclusions and, in their view, they had to find proof that someone had conducted criminal activity, et cetera, and, therefore, was focused. But it wasn't on the revenue side; it was on the actual decision and processes they were working through.

MR BEACHAM QC: And I think we have heard from you that that has now changed quite significantly?

MR HOGG: Yes, that's correct.

MR BEACHAM QC: If you had thought at the time that it was the former, that they were reluctant to exclude somebody because of the money they brought in, what would you have done?

MR HOGG: Well, if I knew the reason was there to exclude, we would have excluded.

MR BEACHAM QC: When it came to the New South Wales police exclusion, at the time you learnt about it, as I understand it, you were - your understanding was that you needed to look for a reason to - sorry, a justifiable piece of evidence, can I put it that way, to exclude somebody.

MR HOGG: Yes. The requirement was literally you had to prove that one of the reasons under the Act for an exclusion would apply, and it needed to have proof.

MR BEACHAM QC: And was your understanding that you were able to use the police exclusion for any of those purposes under the Act?

MR HOGG: In Queensland?

MR BEACHAM QC: In Queensland. As in, your understanding was that you could not?

MR HOGG: I could not, yes.

MR BEACHAM QC: You were asked a lot of questions about whether or not you made inquiries about the top three or top 10 players in a casino. Is a - let's take Person 1 as an example. Is somebody who is gambling at the level of Person 1 of themselves - do they make a significant issue to the casino's bottom line?

MR HOGG: Significant, no.

MR BEACHAM QC: And so - this might be the same way of asking the question: does excluding them make a significant difference to the casino's bottom line, just that person?

MR HOGG: No, it doesn't.

MR BEACHAM QC: Can I see if I can clarify something about - we are going to go into China UnionPay. Your understanding of the way in which the China UnionPay card was used - sorry, can I go back a step. A debit card - a normal debit
5 card that you have from the NAB, for example, you could use by paying for something directly by swiping it. You pay for a soft drink --

MR HOGG: Yes.

10 **MR BEACHAM QC:** -- or you could use that card to withdraw cash.

MR HOGG: Outside the casino, yes.

MR BEACHAM QC: And as I understand it, you saw at the time the China
15 UnionPay card as being not materially different from a debit card?

MR HOGG: Yes, that was how it was explained to me. Yes.

MR BEACHAM QC: And in terms of the way - then you were taken through
20 some evidence about how it was used at the China UnionPay terminals. That way of using it, how did you see that - where did you see that being the equivalent of - sorry, I will start again. In terms of the two ways you can use a debit card, how did you see the use of the China UnionPay being equivalent?

25 **MR HOGG:** It was very similar. You could use the card to pay for your hotel room or you could get some cash to go into your front money account. It was literally the same as a debit card at an EFTPOS terminal.

MR BEACHAM QC: And when it was used for the front money account, did
30 you see it is equivalent of a purchase or a cash out?

MR HOGG: Cash out.

MR BEACHAM QC: And is that really the basis for your conclusion or your
35 distinction between directly paying for chips and what was being done with China UnionPay?

MR HOGG: Yes, that's correct.

40 **MR BEACHAM QC:** You gave some evidence that the AML function in The Star is separate from other parts of the organisation. Can you explain that in a little more detail, please.

MR HOGG: Well, the group that manage it is part of the chief risk legal function
45 of our organisation. They are the ones that do a lot of the reviews and assessments. There's definitely operating procedures in all their operational areas, so your transactional reporting. A lot of people have different roles and functions they work through. But when it comes to the team that are reviewing the information,

significant assessments on individual customers, yes, that group is a separate function. And that's done, like I said earlier, from a governance perspective, to separate roles.

5 **MR BEACHAM QC:** So when you were, for example, the managing director for Queensland, I think your evidence was that you were in charge of the operational areas of Queensland?

MR HOGG: Yes.

10

MR BEACHAM QC: Is the AML function within the operational areas that you were in charge of?

MR HOGG: No, that group - no, they're not.

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MR BEACHAM QC: And so is it right to say that they are separated out from the operational group?

MR HOGG: That's correct.

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MR BEACHAM QC: And can you just very briefly tell us why?

MR HOGG: Well, it's mainly from a governance and separation of function role. So you've got people that are not connected to operations and revenues areas making independent decisions.

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MR BEACHAM QC: Now, you obviously knew about that distinction at the time you were the managing director of Queensland? You knew about the reason for the separation of the AML function?

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MR HOGG: Yes.

MR BEACHAM QC: Did that inform your decision to not go chasing information about AML issues about Person 1 or Person 2?

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MR HOGG: Yes, they would come to me with issues. I knew that group was doing audits and functions. And if they had any concerns, et cetera, they would raise it.

40 **MR BEACHAM QC:** And just to be clear, your operational role, did it involve any - you were asked a question about whether or not you - whether you did not interest yourself enough in issues around Person 1, Person 2, Person 3, that were within your role. Were the AML issues that arose for Person 1, Person 2, Person 3, within your role?

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MR HOGG: Not the AML roles, no.

MR BEACHAM QC: I assume if something came to your attention that raised an AML issue, that would be a different point?

MR HOGG: Yes.

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MR BEACHAM QC: Thank you, sir. Those are the only questions I have.

MR GOTTERSON QC: Thank you. Anything by way of re-examination?

10 **MR HORTON QC:** Just two points, Mr Gotterson. Could the document REV.0008.0001.0001 be brought up. REV.0008.0001.0001. It's a statute. And would you go to page 111, please, Mr Operator, of the pamphlet, the bottom right-hand corner. Two more down. That's it. Thank you.

15 <**EXAMINATION BY MR HORTON QC:**

MR HOGG: You were asked, Mr Hogg, about whether you thought there was any basis to act in respect of, for a moment, Persons 1 and 2. You said, "No." Did you ever look at section 92 of the Act?

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MR HOGG: Well, I've looked at different stages.

MR HORTON QC: Yes.

25 **MR HOGG:** But I understood it, yes.

MR HORTON QC: I'm not suggesting you are a lawyer, but what I'm wanting to ask about is section 92, subsection (3). And the question is this: if you look at the facts of Person 1 or Person 2, surely you read this as saying, "Hang on. Has the person acted in a way that potentially affects the proper conduct or integrity of gaming?" Isn't there a load there, to at least think, "Surely that's this man"?

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MR HOGG: Yes, I - I would have to check when we go through, but my understanding is most of this we were focusing on section (c). Section (b) was more as if we had noticed things happen within the casino around gaming. (c) was the section that we were more focused on for people where there wasn't something occurring from gaming. Gaming in regards to the Act sort of talks about the conduct of gaming. So we saw (b) as something that happened within the casino around the effect of gaming, which may be legally not right or wrong, but that was my understanding. And it was section (c) that was being considered --

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MR HORTON QC: I see.

MR HOGG: -- for Patron 1, Patron 2. And the view, therefore, was that the person has engaged in unlawful conduct and, therefore, the belief was if someone was being investigated, that wasn't sufficient proof that they had engaged in unlawful conduct. And, therefore, that's why they were looking more for is there situations of people being charged or convicted.

45

MR HORTON QC: Yes.

5 **MR HOGG:** But it was more under (c), was my understanding, of what they were reviewing, rather than (b).

10 **MR HORTON QC:** But each of them - but couldn't just be they have acted in a way, perfectly general - "I've acted in a way that potentially affects the proper conduct or integrity of gaming." You didn't read that as possibly extending to people like Persons 1 or 2, even though the conduct might have been away from the casino, for the minute, in terms of the interstate exclusions?

15 **MR HOGG:** Yes. Again, certainly from my perspective and understanding, (b) has traditionally been applied for things that have happened within the casino and activity.

MR HORTON QC: Okay.

20 **MR HOGG:** But understand - like I said, not legal.

MR HORTON QC: No, I understand that.

MR HOGG: I wouldn't want to disagree with your view.

25 **MR HORTON QC:** No. And I'm really focusing on you as a non-lawyer for the minute. But in any event, isn't there loads with Persons 1 and 2 that happen in the casino?

30 **MR HOGG:** Sorry?

MR HORTON QC: But isn't there loads with 1 and 2 that happen in the casino which would at least give a layman or a laywoman - a layperson cause to think, "Is this acting in a way that potentially affects the proper conduct or integrity of gaming in the casino - in your casino?"

35 **MR HOGG:** Yeah, I would have to go through the log again. I'm not aware of situations that triggered that here, but I would need to look through and --

40 **MR HORTON QC:** Okay. Well, the chronology is attached, of course, to your statement. I want to suggest to you with Person 1 and 2 - leave aside the exclusions for a minute - plenty is happening inside the casino, concerning the casino in Queensland, which would give rise - just if we use the words ordinarily to say, "Is that acting in a way that potentially affects the proper conduct?" I mean, walking in with a cooler bag with cash that is wet is enough to raise the question.

45 **MR HOGG:** Having looked at this today and seeing the information that's available, as - as I've stated, I would have thought that the incident in 2018, the incident in 2019, would have absolutely warranted this. My context of this

conversation was more '15/16. But I agree the incident in '18 and '19 should have triggered that, yes.

5 **MR HORTON QC:** Now, you were asked about Person 1 and whether they made a significant contribution to the bottom line, their conduct.

MR HOGG: Yes.

10 **MR HORTON QC:** Their business. The inquiry has heard that Person 1 was in the top two or three players in Queensland; is that correct?

MR HOGG: That's correct, yes.

15 **MR HORTON QC:** Sorry. Put it this way: would he have been the top two or three at The Star Gold Coast?

MR HOGG: May have been for periods of time, but not frequently, I wouldn't have thought. But could have been.

20 **MR HORTON QC:** Well - and gambles through the casino, as I understand it, over a period of some 15 years, tens of millions of dollars; is that correct?

MR HOGG: 10 to 15, I think. Yes, something like that.

25 **MR HORTON QC:** And he gets given a Rolex at \$52,000. He gets private jets. He gets a comp history, which isn't complete, which I've got here, that runs to 719 pages. Are you seriously suggesting that that gambler doesn't make a significant contribution to The Star Gold Coast bottom line?

30 **MR HOGG:** Yes. So in the context, if you looked at, say, our international business, '18 and '19, that period where it was really busy, its whole contribution of all of those customers makes up about 10 to 12 per cent. So any one individual customer is not significant in regards to the context of the company. Is it in a context of a player a significant amount of money? Yes. Is it a valuable customer in how they would be seen? Yes. But in regards to significant and the contribution of the customer, no individual is significant.

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MR HORTON QC: Well, I want to challenge that. He is significant enough to say, "We can give him a \$52,000 watch and it is still within our parameters," if you like, "of what we are making from his business." Yes?

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MR HOGG: Yes. Yes.

MR HORTON QC: Yes. Now, I get you might say there's higher value opportunities for the casino, but you are not presumably suggesting Person 1 is insignificant in terms of the dollars - the bottom line the casino generates?

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MR HOGG: Yes. The question was, is he a significant? And like I'm saying, no one customer is significant into the financial performance of the company. Those groups of customers that are high value are important. But, again, no one customer is significant. That's the reality of where we are. Like I said, our whole IRB VIP
5 business, even at its most significant, was 10 to 12 per cent of the EBIT. So that's why I see him as an important customer, made a significant contribution. But in regards to the question, is it significant in regards to the earnings of The Star? The answer is no.

10 **MR HORTON QC:** Well, significant enough - maybe we're arguing over the word "significant" or different meanings, but significant enough to very diligently attend to his needs and what he might want in order that he regularly return to Queensland casinos?

15 **MR HOGG:** Yes, I can acknowledge that.

MR HORTON QC: And significant enough to give him a very expensive watch, for example?

20 **MR HOGG:** Yes.

MR HORTON QC: Okay.

25 **MR GOTTERSON QC:** Well, you speak in terms of significance to the bottom line of The Star. That's in a group context, I take it. What about if the focus was on the operator of the Gold Coast casino? Vis-à-vis that operator and that company as opposed to the group, there would be a higher degree of significance, wouldn't there?

30 **MR HOGG:** Yes. But I would also say that if Patron 1 - Person 1 had been excluded in '15, it would have made no significance to our financial result for the Gold Coast property.

35 **MR GOTTERSON QC:** Very well. Thank you.

MR BEACHAM QC: Mr Gotterson, could I ask one more question, please, arising out Mr Horton's question.

40 **MR GOTTERSON QC:** Yes.

<EXAMINATION BY MR BEACHAM QC:

MR BEACHAM QC: You were taken to the Casino Control Act. I think it's still up on the screen there.

45 **MR HOGG:** Yes.

MR BEACHAM QC: And you were directed to (3)(b). Was your understanding at the time you were going through that process about Person 1 that you described that you could use the New South Wales Police exclusion under any of those subsections?

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MR HOGG: No. I was informed that it was confidential and, therefore, it couldn't be considered.

MR GOTTERSON QC: And, of course, I think at that stage, the WOL alternative wasn't within the 2.1 that we discussed before?

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MR HOGG: Yes, we weren't considering it as an option. Yes.

MR GOTTERSON QC: So you looked at it only as a statutory exclusion?

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MR HOGG: That's correct.

MR GOTTERSON QC: Yes.

MR HORTON QC: No further questions from me.

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MR GOTTERSON QC: I see.

MR HORTON QC: Subject to you, Mr Gotterson, might this witness be excused?

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MR GOTTERSON QC: Yes. Thank you for your attendance, Mr Hogg, and thank you for your assistance. You are excused.

<THE WITNESS WAS EXCUSED

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MR HORTON QC: I should tender, if I haven't done it before, binders of material comprising what is named Volume 7.

MR GOTTERSON QC: Very well. Those four volumes, are they to become part of exhibit 3?

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MR HORTON QC: Yes, please.

MR GOTTERSON QC: Yes, they will be.

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MR HORTON QC: Volume 7 in exhibit 3 (indistinct).

MR GOTTERSON QC: Yes.

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MR HORTON QC: Thank you. Along with Mr Hogg's statement with the correction.

MR GOTTERSON QC: Yes. Yes. Very well. And what is next?

MR HORTON QC: Well, might we address you on what is proposed as the way forward in terms of next steps?

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MR GOTTERSON QC: Yes.

MR HORTON QC: That concludes, subject to matters which might not presently be in view, the evidence that counsel assisting proposed to put before you in terms of the oral evidence.

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MR GOTTERSON QC: Yes.

MR HORTON QC: What we propose from here is this: that we would make submissions to you, Mr Gotterson, in writing, no more than, say, 30 pages --

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MR GOTTERSON QC: Yes.

MR HORTON QC: -- by, say, Saturday evening, as counsel assisting.

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MR GOTTERSON QC: Yes.

MR HORTON QC: They would confirm the matters dealt with in the inquiry but not, of course, matters which might arise from Mr Bell's report, which is not due even to be given to --

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MR GOTTERSON QC: Yes.

MR HORTON QC: -- the regulator in New South Wales until the 30th of this month, some days away; second, to the extent there are matters of overarching significance, that is, larger questions which might emerge from the evidence; and, third, any adverse inferences in that regard that arise from the overarching topics or issues on the Terms of Reference, that is, we would address you on the China UnionPay issue, on exclusions, on the AML issues, about junkets and about Responsible Service of Gambling. We rather anticipate that in some respects, between what is alleged, if you like, and The Star, there are matters of substantial agreement about factual questions.

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MR GOTTERSON QC: Yes.

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MR HORTON QC: Some of the evidence has confirmed that. And so we propose to identify in the submissions those areas where we think that there is not a significant difference between our factual understandings and then to explore, where there is, what we submit is the appropriate finding to be made.

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MR GOTTERSON QC: Yes.

MR HORTON QC: We would give those at the same time to The Star.

MR GOTTERSON QC: Yes.

5 **MR HORTON QC:** And they, we would propose, would also do a written outline of the same sort of size and have that to you by early on Monday morning so that you would be able to read it on Monday morning, but whether, then, to start later on Monday, to address oral submissions, to give you an opportunity to read those submissions.

10 **MR GOTTERSON QC:** Yes. Yes. And I think I have been given a handwritten note to that effect. In terms of delivery of your written submissions - or perhaps I should ask Mr Beacham whether, in principle, that outline suits you?

15 **MR BEACHAM QC:** We are content with that, Mr Gotterson. Thank you.

MR HORTON QC: Yes. Very well. There would be a need, then, for you to liaise with my associate --

20 **MR HORTON QC:** Yes.

MR GOTTERSON QC: -- with regard to delivery. I prefer - if it's in hard copy - are you intending it to be in hard copy - deliver it --

25 **MR HORTON QC:** Yes, we are.

MR GOTTERSON QC: -- to my place.

MR HORTON QC: Yes.

30 **MR GOTTERSON QC:** I don't envisage coming into the city for that. So if that could be done. And similarly, Mr Beacham, would you be able to have yours ready by 9 am on the Monday?

35 **MR BEACHAM QC:** Absolutely.

MR GOTTERSON QC: Yes. And liaise also with my associate, with a view to getting it to him. And I'm sure it will benefit me, if I've had a chance not only to - not merely to read quickly the written submissions, but to have them, be able to go through them and think about them as I do. That will assist with the oral submissions. I can't imagine that, with the benefit of that, a start at 11 am would not see the oral submissions finished within the day.

MR BEACHAM QC: That's right.

45 **MR HORTON QC:** Yes.

MR GOTTERSON QC: That certainly should be so. Well, I won't, then, make formal orders to that effect. I don't think that is necessary. It is understood how it

is to go. That would mean also that, although tomorrow was also a hearing day, there will be no need for attendance by anyone here tomorrow. Any other matters?

5 **MR HORTON QC:** Not that we can think of. We will use tomorrow to prepare the written submissions.

MR GOTTERSON QC: Yes, that would be helpful.

10 **MR HORTON QC:** We have asked you recently to sign a summons, and we have - to serve - to obtain some further documents, which has been done.

MR GOTTERSON QC: Yes.

15 **MR HORTON QC:** And we will have the benefit of those before we finish writing submissions on Saturday.

MR GOTTERSON QC: Good.

20 **MR HORTON QC:** So we expect to be as complete as we can be, but recognising not all matters will be able to dealt with in those written submissions. There will be others once Mr Bell hands down his report, to the extent it's made publicly available.

25 **MR GOTTERSON QC:** Yes. Good. Very well. On that note, we will adjourn now and adjourn until 11 am on Monday, 29 August. Adjourn the inquiry.

<THE HEARING ADJOURNED AT 3:41 PM