

## **Crown issued \$1 million fine for junket conduct**

**27 April 2021**

The Victorian Commission for Gambling and Liquor Regulation has fined Crown Melbourne Ltd (Crown) the maximum fine of \$1 million for failing to comply with regulatory requirements in relation to junket operations.

This follows disciplinary action taken by the Commission under section 20 of the Casino Control Act 1991.

### Commission's findings

Having carefully considered all relevant materials and information, including submissions by Crown, the Commission has determined that Crown failed to comply with its regulatory obligations during relevant periods, namely, obligations that required Crown to implement a robust process to consider the ongoing probity of junket entities. The Commission assessed Crown's engagement with certain individuals who were junket operators, junket agents and/or junket players at the Melbourne casino. The Commission also carefully considered submissions Crown made about its overall processes in assessing the probity of junket entities.

The Commission concluded that in respect of the analysed individuals, the processes implemented by Crown were not robust, as required by internal control statements that had previously been approved by the Commission.

Crown also failed:

- to gather necessary information to enable it to make an informed decision concerning the probity of relevant junket entities and did not check and verify relevant information directly with the junket entities;
- to ensure that decisions relating to probity assessments were made by decision-makers who understood or were in a position to prioritise Crown's regulatory obligations; and
- to maintain appropriate and contemporaneous records relating to junket probity decisions. This failure meant that it was unclear how certain decisions were reached by Crown and whether such decisions were made with due regard to Crown's regulatory obligations.

### Disciplinary action taken

As a result, the Commission has determined:

- to impose a fine of \$1 million (the maximum fine available pursuant to section 20 of the Casino Control Act 1991); and
- to issue a letter of censure to Crown, which:

prohibits Crown from recommencing junket operations at the Melbourne casino until it has satisfied the Commission that its processes and procedures have been improved to the satisfaction of the Commission; and

requires Crown to report regularly to the Commission on the progress of a reform agenda Crown outlined to the Commission as part of its submissions in this matter.

VCGLR Chairman Ross Kennedy said that whilst this is not the first time that the Commission has taken disciplinary action against Crown, it is the first time that Crown has been fined the maximum fine available to the Commission under the Casino Control Act 1991.

“That fine reflects the seriousness of this matter, and the fact that Crown’s failure to implement a robust process occurred over an extended period.

“Robust processes must be implemented to ensure that Crown’s Melbourne casino remains free from criminal influence and exploitation. These are strict and legislated regulatory requirements, and this is an area where Crown has repeatedly failed,” said Mr Kennedy.

The Commission recognises that this matter may be relevant to the Royal Commission into the Casino Operator and Licence and the Commission will continue to assist that Royal Commission with its inquiries.

The Commission also notes that whilst it has provided Crown with detailed reasons for its decision, Crown has asserted that this matter has required consideration of protected information and “could provide those wishing to exploit the [Melbourne] casino’s operations with valuable information in relation to how [Crown’s] controls and procedures operate, particularly those procedures and controls designed to identify, mitigate and manage money laundering risks.”

Crown has in those circumstances asked that the information and documents that it has provided to the Commission during this matter “be regarded with due sensitivity and confidentiality...”

Accordingly, the Commission has decided not to publish its detailed reasons for these decisions, and therefore will not be commenting on this matter further at this time.