

NOTICE OF FILING

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MATTHIAS MICHAEL BEKIER & ORS
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Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form 17

Rule 8.05(1)(a)

Statement of claim

No. of 2022

Federal Court of Australia

District Registry: New South Wales

Division: General

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

MATTHIAS MICHAEL BEKIER (and others named in the Schedule)

Defendants

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Filed on behalf of (name & role of party)	Australian Securities and Investments Commission, Plaintiff
Prepared by (name of person/lawyer)	Andrew Riordan, Kate Green
Law firm (if applicable)	Norton Rose Fulbright Australia
Tel	+61 3 8686 6000
Fax	+61 3 8686 6505
Email	andrew.riordan@nortonrosefulbright.com; kate.green@nortonrosefulbright.com
Address for service	Level 5, 60 Martin Place, Sydney, NSW 2000
(include state and postcode)	

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THE PARTIES AND OTHER RELEVANT ENTITIES

THE PLAINTIFF

1. The plaintiff (**ASIC**) is a body corporate:
 - (a) established by s 7 of the *Australian Securities and Investments Commission Act 1989* (Cth);
 - (b) continued by s 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**);
 - (c) able to sue in its corporate name by reason of s 8 of the ASIC Act.

THE STAR ENTERTAINMENT GROUP LTD, THE STAR PTY LTD AND THE STAR QLD COMPANIES

2. The Star Entertainment Group Ltd (ACN 149 629 023) (**Star**):
 - (a) prior to 9 November 2015, was called Echo Entertainment Group Ltd;
 - (b) throughout the period 1 November 2016 until 31 March 2020 (the **Relevant Period**), was an Australian corporation listed on the financial market known as the Australian Securities Exchange (**ASX**) operated by ASX Limited;
 - (c) throughout the Relevant Period, was the ultimate holding company of companies in the Star Entertainment Group (**Group**), including:
 - (i) The Star Pty Ltd (ACN 060 510 410) (**Star Sydney**);
 - (ii) The Star Entertainment Qld Custodian Pty Ltd (ACN 067 888 680) (**Star Qld Custodian**);
 - (iii) The Star Entertainment QLD Pty Ltd (ACN 010 741 045) (**Star Qld**);
 - (d) throughout the Relevant Period, conducted, through the Group, a business providing gaming, entertainment and hospitality services, which included operating casinos known as The Star Sydney (**Sydney Casino**), The Star Gold Coast (previously known as **Jupiters**), and Treasury Brisbane;
 - (e) throughout the Relevant Period, was:
 - (i) a **close associate** (within the meaning of s 3 of the *Casino Control Act 1992* (NSW) (**CCA**) and s 5 of the *Gaming and Liquor Administration Act 2007* (NSW)) of Star Sydney;
 - (ii) associated and/or connected with the ownership, administration and/or management of the operations and/or businesses (within the meaning of s 20(1)

of the *Casino Control Act 1982 (Qld)* (**CCA (Qld)**) of Star Qld Custodian and Star Qld (collectively, the **Star Qld Companies**);

- (f) in the period between 1 July 2016 and 30 June 2019, earned between 62% and 75% of its revenue, and generated between 55% and 69% of its EBITDA, from the operations of Star Sydney.

3. Throughout the Relevant Period:

- (a) the directors of Star, or some of them, acting as a board, had the power to manage the business of Star;

Particulars

- 1. Constitution of Star (lodged with the ASX on 26 October 2017) (**Star's Constitution**), cl 54(a).

- (b) the directors of Star were empowered to delegate any of their powers to any persons they selected and on terms they thought fit;

Particulars

- 1. Star's Constitution, cl 60(a).

- (c) the Board of Star had delegated some of its powers on terms set out in a Delegated Authorities Policy;

- (d) the powers not delegated by the Board of Star remained with, and were reserved for, the Board;

- (e) under the Delegated Authorities Policy:

- (i) from 1 September 2016 to 31 December 2017, the Board of Star had:

- (A) delegated its power to approve cheque cashing facilities offered by the Star (**CCF**) (as described more fully in paragraph 52 below) with a value less than \$50 million, but had reserved to the Board the power to approve any CCF of \$50 million or higher;

- (B) reserved to itself the power to approve any transaction where the contract value or transaction value was greater than \$20 million or which included non-standard terms or complex features;

- (ii) from 1 January 2018, the Board of Star had:

- (A) delegated its power to approve a CCF under which Star's credit risk exposure was less than \$50 million, but had reserved to the Board the

power to approve any CCF which did or was likely to give rise to a credit risk exposure to Star of \$50 million or greater;

- (B) reserved to itself the power to approve any transaction where the contract value or transaction value was greater than \$20 million or which included non-standard terms or complex features;
- (f) the directors of Star:
 - (i) could pass a resolution (**Circulating Resolution**) without a meeting of directors being held, if a resolution in writing was signed by all directors, or a resolution in writing of which notice had been given to all directors was signed by a majority of directors;
 - (ii) a document produced by electronic means under the name of a director with the director's authority was considered a document in writing signed by the director and was deemed signed when received in legible form;
 - (iii) such a resolution took effect when signed by the last of all the directors to sign the resolution or the last of the directors constituting the majority, as required.

Particulars

1. Star's Constitution, cl 61.
4. Throughout the Relevant Period, Star Sydney:
 - (a) was an Australian corporation;
 - (b) was a wholly owned subsidiary of The Star Entertainment Sydney Holdings Ltd (ACN 064 054 431);
 - (c) was a controlled entity of Star;
 - (d) was the holder of a casino licence granted pursuant to s 18 of the CCA, permitting it to operate the Sydney Casino (**Licence**).
5. Throughout the Relevant Period, Star Sydney, as the holder of the Licence, was:
 - (a) subject to periodic reviews required, by s 31 of the CCA, to be conducted by the Independent Liquor and Gaming Authority (**Authority**) as to whether it was a suitable person to continue to give effect to the Licence and as to whether it was in the public interest that the Licence should continue in force;
 - (b) liable to be subject to disciplinary action taken by the Authority pursuant to s 59 of the CCA (including suspension or cancellation of its Licence) if the Authority was satisfied that grounds existed for such action, which grounds included, as specified in s 59(1)(f)

of the CCA, that the Authority was of the opinion that the licensee was not a suitable person to be the holder of a casino licence;

- (c) accordingly, was under an obligation (**Suitability Obligations**), to remain, throughout the Relevant Period, a suitable person having regard to the considerations identified in s 12(2) of the CCA, which included obligations:
 - (i) that it, and its close associates, be persons of good repute, having regard to character, honesty and integrity;
 - (ii) that it, and its close associates, not have or maintain any business association with any person, body or association who, in the Authority's opinion, was not of good repute having regard to character, honesty and integrity or has undesirable or unsatisfactory financial sources.

6. Throughout the Relevant Period, Star Sydney:

- (a) was a provider of "designated services" (such as various kinds of gambling services) within the meaning of s 6 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and accordingly was a "reporting entity" within the meaning of s 5 of that Act;
- (b) as a reporting entity, had obligations imposed on it by the AML/CTF Act and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No 1)* (**AML/CTF Rules**), which included:
 - (i) pursuant to s 81 of the AML/CTF Act and the AML/CTF Rules, was required not to commence providing a designated service to a customer if it had not adopted and did not maintain an anti-money laundering and counter-terrorism financing program that applied to the reporting entity, and pursuant to s 82 of the AML/CTF Act, to comply with that program;
 - (ii) pursuant to s 41 of the AML/CTF Act, to make reports, known as **suspicious matter reports**, to the Chief Executive Officer of the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) pursuant to s 41 of the AML/CTF Act, of information about certain matters, such as, for example, if Star Sydney suspected on reasonable grounds that information it had regarding a matter may be relevant to money laundering (within the meaning of s 5 of the AML/CTF Act) offences or certain other criminal offences;
 - (iii) pursuant to Part 2 of the AML/CTF Act, to carry out procedures to verify customers' identities before providing a designated service;
 - (iv) pursuant to s 36 of the AML/CTF Act and the AML/CTF Rules, to carry out ongoing due diligence in relation to customers with a view to identifying, mitigating and managing the risk Star Sydney may reasonably face that the

provision by it of a designated service might (whether inadvertently or otherwise) involve or facilitate money laundering,

(collectively, **AML/CTF Obligations**);

- (c) was liable to having substantial civil penalties imposed on it if it breached its AML/CTF Obligations by reason of s 175 of the AML/CTF Act.

Particulars

1. Under s 175(4) of the AML/CTF Act, the maximum penalty for each contravention of that Act was 100,000 penalty units per contravention, which was \$18 million per contravention from 31 July 2015 to 30 June 2017, \$21 million per contravention from 1 July 2017 to 30 June 2020 and \$22.2 million per contravention from 1 July 2020 onwards.
2. Throughout the Relevant Period, significant civil penalties were sought and imposed by the Federal Court of Australia for contraventions of the AML/CTF Act on:
 - a. Tabcorp Holdings Ltd and its related entities on 16 March 2017 in the amount of \$45 million;
 - b. Commonwealth Bank of Australia on 20 June 2018 in the amount of \$700 million;
 - c. Westpac Banking Corporation, against which civil pecuniary penalty proceedings were commenced on 20 November 2019, and upon which a penalty in the amount of \$1.3 billion was imposed on 21 October 2020.
7. Throughout the Relevant Period, Star Qld Custodian:
 - (a) was an Australian corporation;
 - (b) was a wholly owned subsidiary of Star Qld;
 - (c) was a controlled entity of Star;
 - (d) was the holder of a casino licence granted pursuant to s 18 of the CCA (Qld), permitting it to operate The Star Gold Coast casino.
8. Throughout the Relevant Period, Star Qld:
 - (a) was an Australian corporation;
 - (b) was a controlled entity of Star;

- (c) was the holder of a casino licence granted pursuant to s 18 of the CCA (Qld), permitting it to operate the Treasury Brisbane casino;
 - (d) was the operator of The Star Gold Coast.
9. Throughout the Relevant Period:
- (a) as the licensees of The Star Gold Coast and Treasury Brisbane casinos (collectively, the **Queensland Casinos**), the Star Qld Companies:
 - (i) were liable to have their casino licences suspended or cancelled under s 31 of the CCA (Qld) if they ceased to be a suitable person to be the holder of a casino licence or operator of a casino;
 - (ii) accordingly, were each under an obligation (**Qld Suitability Obligations**) to remain, throughout the Relevant Period, a suitable person within the meaning of s 20 of the CCA (Qld), which included obligations:
 - (A) that each of them, and persons associated and/or connected with the ownership, administration and/or management of the operations and/or businesses of each of them (**Qld Close Associates**), be persons of good repute, having regard to character, honesty and integrity;
 - (B) that each of them, and their Qld Close Associates, not maintain any business association with any person, body or association who was not of good repute having regard to character, honesty and integrity or had undesirable or unsatisfactory financial sources;
 - (b) Star Qld:
 - (i) was, in respect of the Queensland Casinos, a provider of “designated services” (such as various kinds of gambling services) within the meaning of s 6 of the AML/CTF Act;
 - (ii) was subject to AML/CTF Obligations of the kinds referred to in paragraph 6(b) above;
 - (iii) was liable to having substantial civil penalties imposed on it if it breached its AML/CTF Obligations.
- (Collectively, Star Qld Custodian’s and Star Qld’s Qld Suitability Obligations, and Star Qld’s AML/CTF Obligations, are referred to as the **Queensland Casino Obligations**.)

THE DEFENDANTS

10. The first defendant, Matthias Michael Bekier (**Mr Bekier**):
- (a) was a director of Star from 2 March 2011 until 28 March 2022;

- (b) was a director of Star Sydney from 18 August 2006 until 8 July 2022;
 - (c) was a close associate of Star Sydney from at least 20 May 2011 until at least 28 March 2022;
 - (d) was a director of Star Qld Custodian from 18 August 2006 until 29 June 2022;
 - (e) was a director of Star Qld from 18 August 2006 until 29 June 2022;
 - (f) was the Managing Director and Chief Executive Officer (**CEO**) of Star from 5 February 2014 until 28 March 2022;
 - (g) was, in his role as CEO of Star:
 - (i) a member of Star's executive team;
 - (ii) one of Star's key management personnel (within the meaning of paragraph 9 of AASB Standard 124) (**key management personnel**).
11. In his positions as a director and the CEO of Star, and director of Star Sydney, Mr Bekier's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Suitability Obligations and AML/CTF Obligations (**Star Sydney's Obligations**) and the Star Qld Companies' Queensland Casino Obligations;
 - (c) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position;
 - (d) taking all reasonable steps necessary to ensure that the Board was informed of matters which:
 - (i) exposed Star to legal, financial or reputational risks;
 - (ii) created or increased a risk that Star or the companies in the Group would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.
12. By reason of the matters pleaded in paragraphs 10 to 11 above, Mr Bekier was an officer, within the meaning of s 9 of the *Corporations Act 2001* (Cth) (**Corporations Act**), of Star from around 2 March 2011 until at least 28 March 2022.
13. The second defendant, Paula Maree Martin (**Ms Martin**):

- (a) was Star's Group General Counsel and Company Secretary from 1 October 2012 until on or about 1 August 2019;
 - (b) was Star's Chief Legal and Risk Officer and Company Secretary from on or about 1 August 2019 until on or around 6 May 2022;
 - (c) was a close associate of Star Sydney from at least 1 October 2012 until on or around 6 May 2022;
 - (d) was a director of Star Qld from 20 March 2014 until 14 June 2022;
 - (e) was, in her roles as Group General Counsel and Company Secretary, and then as Chief Legal and Risk Officer and Company Secretary:
 - (i) a member of Star's executive team;
 - (ii) the most senior lawyer employed by Star.
14. In her position as Group General Counsel and Company Secretary, Ms Martin's duties and responsibilities included:
- (a) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (b) taking all reasonable steps necessary to protect Star from legal risks;
 - (c) taking all reasonable steps necessary to ensure the Board was informed of matters which:
 - (i) exposed Star to legal risks;
 - (ii) created or increased a risk that Star or the companies in the Group would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.
15. In her position as Chief Legal and Risk Officer and Company Secretary, Ms Martin's duties and responsibilities included:
- (a) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (b) taking all reasonable steps necessary to protect Star from legal risks and risks to its reputation;

- (c) taking all reasonable steps necessary to ensure that the Board was informed of matters which:
 - (i) exposed Star to legal risks;
 - (ii) created or increased a risk that Star or the companies in the Group would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.

- 16. By reason of the matters pleaded in paragraphs 13 to 14 above, Ms Martin was an officer, within the meaning of s 9 of the Corporations Act, of Star from 1 October 2012 until on or about 1 August 2019.

- 17. By reason of the matters pleaded in paragraphs 13 and 15 above, Ms Martin was an officer, within the meaning of s 9 of the Corporations Act, of Star from on or about 1 August 2019 until on or around 6 May 2022.

- 18. The third defendant, Gregory Francis Hawkins (**Mr Hawkins**):
 - (a) was employed by Star as the Managing Director of Star Sydney from 1 September 2014 until on or around January 2019;
 - (b) was Star's Chief Casino Officer from around January 2019 until around July 2020;
 - (c) was Star's Chief Casino Officer (NSW) from around July 2020 until 6 May 2022;
 - (d) was a close associate of Star Sydney from at least 1 September 2014 until on or around 6 May 2022;
 - (e) was, in his roles as Managing Director of Star Sydney and Chief Casino Officer:
 - (i) a member of Star's executive team;
 - (ii) one of Star's key management personnel;
 - (iii) from around April 2018, responsible for the management of Star's International Rebate Business team (referred to in paragraph 40 below).

- 19. In his position as Managing Director of Star Sydney, Mr Hawkins' duties and responsibilities included:
 - (a) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (b) taking all reasonable steps necessary to ensure that the Board was informed of matters which created or increased a risk that Star or the companies in the Group

would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.

20. In his positions as Chief Casino Officer of Star, Mr Hawkins' duties and responsibilities included:
 - (a) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (b) taking all reasonable steps necessary to ensure that the Board was informed of matters which created or increased a risk that Star or the companies in the Group would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.
21. By reason of the matters pleaded in paragraphs 18 to 19 above, Mr Hawkins was an officer, within the meaning of s 9 of the Corporations Act, of Star from 1 September 2014 until around January 2019.
22. By reason of the matters pleaded in paragraphs 18 and 20 above, Mr Hawkins was an officer, within the meaning of s 9 of the Corporations Act, of Star from around January 2019 until 6 May 2022.
23. The fourth defendant, Harry James Theodore (**Mr Theodore**):
 - (a) was employed by Star as the Head of Strategy and Investor Relations from around 16 May 2011 until around October 2018;
 - (b) was Star's Chief Commercial Officer from around October 2018 until 1 September 2019;
 - (c) was Star's Chief Financial Officer from 1 September 2019 until 6 May 2022;
 - (d) was a director of Star Sydney from 18 October 2019 until 22 September 2022;
 - (e) was a close associate of Star Sydney from around October 2018, or alternatively, from 1 September 2019, until 6 May 2022, or alternatively, 22 September 2022;
 - (f) was a director of Star Qld Custodian from 10 January 2020 until 29 June 2022;
 - (g) was a director of Star Qld from 10 January 2020 until 29 June 2022;
 - (h) in his roles as Chief Commercial Officer and then Chief Financial Officer, was a member of Star's executive team;
 - (i) in his role as Chief Financial Officer, was one of Star's key management personnel.

24. In his role as Chief Financial Officer of Star, Mr Theodore's duties and responsibilities included:
- (a) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (b) managing Star's and the Group's relationships with its bankers;
 - (c) taking all reasonable steps necessary to manage and minimise the financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position;
 - (d) taking all reasonable steps necessary to ensure the Board was informed of matters which:
 - (i) exposed Star to financial risks or might place Star's and/or the Group's relationships with any of its bankers at risk;
 - (ii) created or increased a risk that Star or the companies in the Group would breach their legal obligations, including a risk that Star Sydney would breach its Suitability Obligations and/or its AML/CTF Obligations and/or a risk that the Star Qld Companies would breach their Queensland Casino Obligations.
25. By reason of the matters pleaded in paragraphs 23 to 24 above, Mr Theodore was an officer, within the meaning of s 9 of the Corporations Act, of Star from around October 2018 until 6 May 2022, or in the alternative, from 1 September 2019 until 6 May 2022.
26. The fifth defendant, John Anthony O'Neill AO (**Mr O'Neill**):
- (a) was a director of Star from 28 March 2011 until 31 May 2022;
 - (b) was a close associate of Star Sydney from at least 20 May 2011 until at least 20 May 2022;
 - (c) was the Chair of the Board of Star from 8 June 2012 until 31 March 2022;
 - (d) was the Executive Chairman of Star from 1 April 2022 until 20 May 2022;
 - (e) during the period when he was Chair of the Board of Star, was an ex-officio member of Star's Board Audit Committee;
 - (f) was a director of Star Qld from 8 June 2012 until 29 June 2022.
27. In his position as a director of Star, Mr O'Neill's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;

- (b) taking all reasonable steps necessary to ensure that he had sufficient knowledge of the business of Star and the companies in the Group to enable him to carry out adequately his responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
28. The sixth defendant, Wallace Richard Sheppard (**Mr Sheppard**):
- (a) was a director of Star from 1 March 2013 until 22 November 2022;
 - (b) was a close associate of Star Sydney from 1 March 2013 until 22 November 2022;
 - (c) was a member of Star's Board Audit Committee from 1 March 2013 until 22 November 2022.
29. In his position as a director of Star, Mr Sheppard's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that he had sufficient knowledge of the business of Star and the companies in the Group to enable him to carry out adequately his responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
30. The seventh defendant, Kathleen Lahey AM (**Ms Lahey**):
- (a) is, and has been since 1 March 2013, a director of Star;
 - (b) is, and has been since 1 March 2013, a close associate of Star Sydney.
31. In her position as a director of Star, Ms Lahey's duties and responsibilities included:

- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that she had sufficient knowledge of the business of Star and the companies in the Group to enable her to carry out adequately her responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
32. The eighth defendant, Gerard Patrick Bradley AO (**Mr Bradley**):
- (a) was a director of Star from 30 May 2013 until 31 October 2022;
 - (b) was a close associate of Star Sydney from 30 May 2013 until 31 October 2022;
 - (c) was a member of the Board Audit Committee from 30 May 2013 until 31 October 2022.
33. In his position as a director of Star, Mr Bradley's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that he had sufficient knowledge of the business of Star and the companies in the Group to enable him to carry out adequately his responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
34. The ninth defendant, Sally Anne Majella Pitkin AO (**Ms Pitkin**):
- (a) was a director of Star from 19 December 2014 until 30 June 2022;
 - (b) was a close associate of Star Sydney from 19 December 2014 until 30 June 2022;

- (c) was a member of Star's Board Audit Committee from 19 December 2014 until 30 June 2022.
35. In her position as a director of Star, Ms Pitkin's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that she had sufficient knowledge of the business of Star and the companies in the Group to enable her to carry out adequately her responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
36. The tenth defendant, Benjamin Andrew Heap (**Mr Heap**):
- (a) is, and has been since 23 May 2018, a director of Star;
 - (b) is, and has been since 23 May 2018, a close associate of Star Sydney.
37. In his position as a director of Star, Mr Heap's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that he had sufficient knowledge of the business of Star and the companies in the Group to enable him to carry out adequately his responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.
38. The eleventh defendant, Zlatko Todorcevski (**Mr Todorcevski**):
- (a) was a director of Star from 23 May 2018 until 31 August 2020;

- (b) was a close associate of Star Sydney from 23 May 2018 until 31 August 2020;
 - (c) was a member and the Chair of Star's Board Audit Committee from 23 May 2018 until 31 August 2020.
39. In his position as a director of Star, Mr Todorcevski's duties and responsibilities included:
- (a) managing, with the other directors of Star, acting as a board, the business of Star;
 - (b) taking all reasonable steps necessary to ensure that he had sufficient knowledge of the business of Star and the companies in the Group to enable him to carry out adequately his responsibilities, including the nature of their business operations, their sources of revenue and business strategies, and the risks associated with their operations and strategies;
 - (c) taking all reasonable steps necessary to ensure that Star and the companies in the Group complied with their legal obligations, including Star Sydney's Obligations and the Star Qld Companies' Queensland Casino Obligations;
 - (d) taking all reasonable steps necessary to manage and minimise the legal, financial and reputational risks confronted by Star so as to avoid it suffering significant damage to its financial or reputational position.

STAR'S RELATIONSHIP WITH JUNKETS

STAR'S INTERNATIONAL REBATE BUSINESS, INCLUDING JUNKETS

40. From at least 2015 until at least March 2020, one segment of Star's business was its **International Rebate Business (IRB)** or **International VIP** business.
41. The substantial proportion of Star's revenue was generated by its International Rebate Business in each of the financial years ending 30 June 2015 to 30 June 2019.

Particulars

1. In the financial year ending 30 June 2015, the International Rebate Business generated 26.1% (\$588.4 million) of Star's revenue of \$2.257 billion.
2. In the financial year ending 30 June 2016, the International Rebate Business generated 25.3% (\$596.3 million) of Star's revenue of \$2.357 billion.
3. In the financial year ending 30 June 2017, the International Rebate Business generated 26.3% (\$639.6 million) of Star's revenue of \$2.432 billion.

4. In the financial year ending 30 June 2018, the International Rebate Business generated 27.6% (\$711.5 million) of Star's revenue of \$2.579 billion.
 5. In the financial year ending 30 June 2019, the International Rebate Business generated 23.3% (\$586.0 million) of Star's revenue of \$2.514 billion
42. Star's International Rebate Business comprised three segments:
- (a) the North Asian junket segment (later referred to as the international junket programs), in which players typically participated through junkets, and the typical **front money** (being the money used to purchase gaming chips) was (as at September 2017) in the range of \$1-5 million;
 - (b) the South Asia direct segment (later referred to as the international premium direct player programs), in which players did not typically participate through junkets, and typically (as at September 2017) had front money of at least \$500,000;
 - (c) the "premium mass" segment (later referred to as the international premium mass programs), in which players typically brought smaller amounts of front money than the other two segments, which was, as at September 2017, in the range of \$50,000-\$250,000.
43. Throughout the Relevant Period, a **junket** was an arrangement involving a group of persons (referred to as **junket participants** or **players**) who were introduced to a casino operator by a **junket promoter** (sometimes called the **junket operator**), and who received from the casino operator a commission or rebate, based on the turnover of play in the casino attributable to the junket participants introduced by the junket promoter.
44. Throughout the Relevant Period, under a junket arrangement:
- (a) it was the junket promoter, rather than individual junket participants, who bought in on behalf of the players in the junket by:
 - (i) providing funds to the casino operator;
 - (ii) drawing down on a cheque cashing facility (a **CCF**, described more fully in paragraph 52) held with the casino operator in respect of the particular junket;
 and receiving gaming chips in return for use by the players;
 - (b) the junket promoter assumed contractual liability to the casino operator for any debts of the junket players;
 - (c) the junket promoter typically entered into an agreement with the casino operator (either on a trip-by-trip basis, or for a fixed period, or both) setting out terms, among

other matters, as to the commissions, rebates and allowances (to cover items such as food and beverages) that would be paid, and the amount of turnover required to be expended by the junket in order for those commissions, rebates and allowances to be payable;

- (d) the junket promoter, and junket representatives engaged by the promoter, managed the day to day operations of a junket;
 - (e) an individual junket player could provide his or her own funds to the junket promoter to fund play, or utilise credit extended by the junket promoter;
 - (f) the junket promoter was responsible for keeping track of which junket players had been provided with which gaming chips and, following the conclusion of a junket visit, which players owed funds to the junket promoter.
45. In the financial year ending 30 June 2017, 74.6% of revenue generated by Star's International Rebate Business derived from the North Asian junket segment.
46. Throughout the Relevant Period:
- (a) junkets presented risks to the integrity of the Sydney Casino and the Queensland Casinos, by reason of the very large amounts of money involved and the potentially illicit sources of that money;
 - (b) an obvious risk that attended junkets was their use as a mechanism for money laundering (including because the manner in which they were structured, with the interposition of the junket operator between the casinos and the gamblers);
 - (c) junkets were vulnerable to money laundering and exploitation by criminal influences;
 - (d) junkets presented an opportunity for the introduction of funds that were tainted, for reasons including:
 - (i) their funds may have originated from junket participants who had taken funds out of certain jurisdictions whose laws prohibited the use of funds for gambling;
 - (ii) their funds may have originated from a junket promoter who may have received them from criminal sources or criminal associates;
 - (iii) their funds, or some of them, may have originated from criminally tainted sources in Australia,

(collectively, **General Junket Risks**).

47. As regards the risk referred to in paragraph 46(d)(i) above, in respect of junkets whose participants were based in mainland China:

- (a) in around mid-2015, the Chinese government launched “Operation Chain Break”, which was a campaign to stop the flow of money from gamblers based in mainland China to casinos;
 - (b) subsequently, 13 employees of two South Korean gaming companies were detained in China;
 - (c) in October 2016, 18 employees of Crown Resorts Ltd were detained in China on suspicion of gambling-related crimes and, as at May 2017, 15 of those employees remained detained without charge (**Crown arrests**);
 - (d) in March 2017, China’s Public Security Minister vowed to investigate and punish people or companies involved in organising for Chinese tourists to visit overseas casinos.
48. Each of Mr Bekier, Mr O’Neill, Mr Sheppard, Ms Lahey, Mr Bradley and Ms Pitkin was informed of the matters pleaded at paragraph 47 above, including through papers prepared for, and taken as read at, the meetings of the Board of Star on 7 December 2016, 25 May 2017 and 26 September 2017.
49. By reason of the matters pleaded in paragraph 47 above, throughout the Relevant Period, there was a risk that, if Star (or other entities in the Group) maintained business associations with junkets whose participants were based in mainland China, Star’s and Star Sydney’s reputations could be harmed, in that they could become publicly perceived as companies that were willing to disregard, or to have business associations with entities that disregarded, overseas laws and regulations.

STAR’S RELATIONSHIP WITH SUNCITY UP TO THE END OF 2017

50. From around July 2011 until at least March 2020, Star and Star Sydney had a business association with a junket known as “Suncity” (**Suncity**).
51. Throughout the Relevant Period, Suncity’s junket programs were typically funded (that is, the casino operator provided gaming chips for junket players to use) by a CCF (the **Suncity CCF**).
52. A CCF was an arrangement between Star Sydney and the CCF holder, whereby Star Sydney accepted a cheque from the CCF holder, in consideration for providing gaming chips to the CCF holder or, in the case of a CCF being used to fund a junket, to a junket promoter for use by junket participants at the Sydney Casino.
53. Throughout the Relevant Period, the Suncity CCF was wholly, or alternatively, substantially, funded by Mr Chau Cheok Wa, also known as Mr Alvin Chau (**Mr Chau**).
54. From 30 June 2017, the promoter of Suncity was Mr Alan Iek (**Mr Iek**).

55. On or around 30 June 2017, Mr Iek and Star Sydney entered into an agreement entitled “Win/loss Rebate & Exclusive Access Agreement”, which, among other things:
- (a) set out terms, among other matters, as to the commissions and rebates and allowances (to cover items such as food and beverages) that Star Sydney would pay in respect of gaming by Suncity players, provided that gaming play by Suncity players reached a minimum monthly turnover figure of \$50 million (where “turnover” was the amount of money wagered in the Sydney Casino);
 - (b) provided that Star Sydney would provide the Suncity promoter with exclusive access to a VIP gaming salon at the Sydney Casino known as **Salon 95**;
 - (c) provided that Star Sydney had a right of immediate termination of the agreement if, in the opinion of Star or Star Sydney, among other things, Mr Iek, Mr Chau or any other related entity or individual acted in a manner that brought or was likely to bring Star Sydney, Star or any other casino operated by entities related to Star into disrepute or was likely to be adverse to their interests;
 - (d) provided that the agreement would expire, unless terminated earlier or extended by agreement, on 30 June 2018,

(2017 Suncity Agreement).

56. Star’s turnover from Suncity:
- (a) increased from \$918 million in the financial year ended 30 June 2016 to \$2.1 billion in the financial year ended 30 June 2017;
 - (b) by the financial year ended 30 June 2017:
 - (i) comprised 9% of junket volume from the North Asia segment of Star’s International Rebate Business;
 - (ii) resulted in Suncity becoming Star’s largest customer;
 - (c) was around \$4 billion in the financial year ending 30 June 2018;
 - (d) was around \$5.9 billion in the financial year ending 30 June 2019.
57. During August 2017, representatives of Suncity confirmed that their preferred location for a private and exclusive gaming salon was Salon 95, following which Star employees developed plans to carry out renovations in Salon 95, to install a **Service Desk (Salon 95 Service Desk)**.

EVENTS RELATING TO JUNKETS, CCF INCREASES AND SUNCITY – 2018 AND 2019

THE BOARD'S APPROVAL OF A CCF INCREASE FOR QIN SIXIN – NOVEMBER 2017

58. On 17 November 2017 at 5.37 pm, Hannah Kim (Star's Board Administration Officer) (**Ms Kim**) sent an email to each of Mr O'Neill, Mr Bekier, Ms Lahey, Mr Sheppard, Mr Bradley and Ms Pitkin:
- (a) to which she attached a Circulating Resolution (**Qin CCF Circulating Resolution**) for consideration, and a Board paper dated 17 November 2017 from Mr John Chong (**Mr Chong**), Star's President of International Marketing (**Qin CCF Board Paper**);
 - (b) sought the recipient directors' responses to the Qin CCF Circulating Resolution by return email.
59. The Qin CCF Circulating Resolution contained a resolution to approve an increase in Star's net exposure under a CCF held by Qin Sixin (**Mr Qin**) from \$28.3 million to \$50 million, based on a maximum gross limit under Mr Qin's CCF of \$167 million.
60. The Qin CCF Board Paper:
- (a) stated that Mr Qin had historically been one of Crown Resorts Ltd's major customers, but that much of his business had shifted to Star in the previous six months under a junket called Shen Minmin;
 - (b) noted that the turnover at Star from the Shen Minmin junket had increased from \$880 million in the financial year ending 30 June 2017 to \$2 billion in the current financial year to date;
 - (c) addressed matters going to credit risk;
 - (d) did not address matters going to the probity of Star and Star Sydney having a business association with Mr Qin, in that it did not identify what information was available about Mr Qin (or persons or entities associated with junkets funded by his CCF):
 - (i) relevant to an assessment of whether they were persons of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) relevant to an assessment of whether conducting business with them created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) relevant to an assessment of whether maintaining a business association with them created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations,

(Qin Probity Information).

61. Each of Mr O'Neill, Mr Bekier, Ms Lahey, Mr Sheppard, Mr Bradley and Ms Pitkin voted to approve the Qin CCF Circulating Resolution in that:
- (a) Mr Bekier sent an email to Ms Kim on 17 November 2017 at 5.56pm in which he said: "Approved";
 - (b) Mr O'Neill sent an email to Ms Kim on 17 November 2017 at 6.36pm in which he said: "Approved";
 - (c) Mr Bradley sent an email to Ms Kim on 17 November 2017 at 9.39pm in which he said: "Approved";
 - (d) Mr Sheppard sent an email to Ms Kim on 17 November 2017 at 9.55pm in which he:
 - (i) said he approved the resolution;
 - (ii) requested that management take the Board through the credit approval the subject of the Qin CCF Circulating Resolution in more detail at either the next Board meeting or risk committee meeting in order to use the Qin CCF Circulating Resolution as a test case to understand a bit more about the credit evaluation process and some of the underlying commercial arrangements;
 - (e) Ms Pitkin sent an email to Ms Kim on 18 November 2017 at 6.44am in which she said: "Approved";
 - (f) Ms Lahey sent an email to Ms Kim on 18 November 2017 at 7.08am in which she said: "Approved".
62. A meeting of the Board of Star was held on 6 December 2017 (**December 2017 Board Meeting**), at which each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley and Ms Pitkin was present.
63. One of the papers taken as read at the December 2017 Board Meeting was a paper entitled "Cheque Cashing Facility Process" (**CCF Paper**), which had been prepared by Mr Bekier, Chad Barton (then the Chief Financial Officer of Star) and Mr Chong.
64. The CCF Paper:
- (a) described the nature of commissions and rebates that Star offered within its International Rebate Business and described CCFs and how they operated;
 - (b) described the steps Star took to assess whether to grant a CCF to a customer, and the frequency with which such assessments were undertaken;
 - (c) identified that, as part of the CCF assessment process, Star obtained a **World Check Report** in respect of the CCF holder, which it described as a report that enabled Star

- to identify whether that individual was a politically exposed person or whether they posed a reputational risk to the business due to their personal associations;
- (d) set out a description of the size of Star's junket-related business and identified the persons who held CCFs in relation to Star's top 20 junket operators (by turnover) and outlined various matters relating to credit risk and receivables relating to CCFs;
 - (e) described the history and present state of Star's business association with Mr Qin as a customer of Star and a CCF holder;
 - (f) included, as an appendix, a copy of a World Check Report in relation to Mr Qin, which identified that it had been reported that Mr Qin had been detained in China in 2012 for alleged involvement in money laundering (**Qin World Check Report Information**);
 - (g) did not contain any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him.

THE BOARD'S APPROVAL OF A CCF INCREASE FOR ALVIN CHAU – FEBRUARY 2018

65. On 15 February 2018 at 10.24pm, Ms Martin sent an email to each of Mr O'Neill, Mr Bekier, Ms Lahey, Mr Sheppard, Mr Bradley and Ms Pitkin:
- (a) to which she attached a Circulating Resolution (**Chau CCF Circulating Resolution**) for consideration, and a Board paper dated 15 February 2018 from Mr Chong (**Chau CCF Board Paper**);
 - (b) noted that the matter was being addressed by a Circulating Resolution because of an increased pipeline of business expected by Suncity at Star's properties over the Lunar New Year;
 - (c) sought the recipient directors' responses to the Chau CCF Circulating Resolution by return email at their earliest convenience.
66. The Chau CCF Circulating Resolution contained a resolution to approve an increase in Star's credit risk exposure under a CCF held by Mr Chau from \$50 million to \$80 million, in order for Mr Chau to conduct his Suncity business at Star's casinos from 17 February 2018 onwards.
67. The Chau CCF Board Paper:
- (a) stated that Mr Chau was the CEO of Suncity and that he had had a relationship with Star since July 2011 with no payment delays or disputes;
 - (b) stated that Suncity's Australian business was historically diverted to Melbourne, but that this had shifted dramatically as a result of the Crown arrests, the strengthening of Star's IRB sales team, tailored events and improved marketing alignment;

- (c) stated that turnover from Suncity had increased from \$893.1 million in the financial year ended 30 June 2016 to \$2.1 billion in the financial year ended 30 June 2017;
- (d) addressed matters going to credit risk;
- (e) did not address matters going to the probity of Star and Star Sydney having a business association with Mr Chau, in that it did not identify what information was available about Mr Chau (or persons or entities associated with Suncity):
 - (i) relevant to an assessment of whether they were persons of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) relevant to an assessment of whether conducting business with them created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) relevant to an assessment of whether maintaining a business association with them created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations,

(Chau Probity Information).

68. Each of Mr O'Neill, Mr Bekier, Ms Lahey, Mr Sheppard, Mr Bradley and Ms Pitkin voted to approve the Chau CCF Circulating Resolution in that:
- (a) Mr O'Neill sent an email to Ms Martin on 15 February 2018 at 10.31pm in which he said: "Approved";
 - (b) Mr Bekier sent an email to Ms Martin on 15 February 2018 at 10.33pm in which he said: "Approved";
 - (c) Ms Pitkin sent an email to Ms Martin on 16 February 2018 at 4.46am in which she said: "Approved";
 - (d) Ms Lahey sent an email to Ms Martin on 16 February 2018 at 5.26am in which she said: "Approved";
 - (e) Mr Bradley sent an email to Ms Martin on 16 February 2018 at 6.41am in which he said: "Approved";
 - (f) Mr Sheppard sent an email to Ms Martin on 16 February 2018 at 9.22am in which he said: "Approved".

THE SALON 95 SERVICE DESK RISK ASSESSMENT AND ITS COMMENCEMENT OF OPERATIONS

69. By 18 April 2018, the Salon 95 Service Desk was being operated by Suncity.

70. On 27 April 2018, Paul McWilliams (Star's Chief Risk Officer at the time) (**Mr McWilliams**) approved a risk assessment in relation to the Salon 95 Service Desk, which:
- (a) identified that Star was proposing to allow Suncity to use the Salon 95 Service Desk to accept cash from a player for entry into a junket, provide chips to a player for play, and provide cash at settlement, or partial settlement, of the junket;
 - (b) identified the following risks in respect of these activities:
 - (i) they could lead to the accidental provision by Suncity of a "designated service" to which the requirements of the AML/CTF Act would apply, without appropriate AUSTRAC registration or structures being in place;
 - (ii) they could amount to the operations of a casino being conducted by a person (Suncity or its representatives) other than the casino operator, which was prohibited under the CCA;
 - (iii) they could result in the operation of "super junkets" where unrelated parties were added to an overarching junket;
 - (iv) allowing the Salon 95 Service Desk to operate without controlling for these risks could result in serious legal non-compliances;
 - (c) identified the following controls that were proposed to be applied:
 - (i) players were not to be accepted into junkets until they had undergone appropriate identity checks by a Star employee;
 - (ii) cash accepted from a player at the Salon 95 Service Desk was not to be retained or provided to other patrons, but was to be deposited at the Star's cage as soon as practicable after it was received;
 - (iii) players could not provide cash and receive chips in the same transactions;
 - (iv) Suncity could not provide chips to players that it had not received from the Star's cage (in exchange for cash or as a result of drawing down on a CCF);
 - (v) upon settlement or partial settlement of a junket, Suncity representatives must exchange chips for cash at the Star's cage, and then disperse that cash to players (as opposed to retaining or drawing down excess cash to provide to players).

SUSPICIOUS CASH TRANSACTIONS AT THE SALON 95 SERVICE DESK AND THE FIRST WARNING LETTER

71. In early May 2018, Star employees conducting surveillance and reviewing CCTV footage of activity in Salon 95 reported internally having identified cash transactions that were suspicious, for one or more of the following reasons:

- (a) large amounts of cash were observed being brought to the Salon 95 Service Desk in cardboard boxes or bags, where it was not clear what the source of the funds was;
 - (b) Suncity employees were observed bringing cash to the Salon 95 Service Desk;
 - (c) cash was observed being paid out by Suncity to a patron who had no history of being a junket participant and no known links to Suncity.
72. On 8 May 2018 Mr Hawkins received an email containing the following reports of suspicious transactions at the Salon 95 Service Desk:
- (a) Star employees reported to the Star's Premium and VIP Gaming Manager having observed two instances that morning where a patron had taken a chip or chips to the Salon 95 Service Desk and received cash in return, one of which involved a \$100,000 chip;
 - (b) another Star employee subsequently reported having met with Suncity representatives to seek acknowledgement that exchanges of chips for cash was not permitted at the Salon 95 Service Desk.
73. On each of 8 and 9 May 2018, Amy Lim (Star's Director, VIP International Operations) met with Suncity representatives in Salon 95 and (on 8 May 2018) reminded them that Suncity staff must not conduct chips for cash exchanges at the Salon 95 Service Desk and (on 9 May 2018) warned the Suncity representatives that failure by Suncity to adhere to that requirement would result in Star withdrawing its licence to Suncity to operate a junket (respectively, the **First Verbal Warning** and the **Second Verbal Warning**).
74. Mr Hawkins was informed, by emails sent on 8 May 2018 and 10 May 2018 respectively, that the First Verbal Warning and the Second Verbal Warning had been given to Suncity.
75. On 10 May 2018, Mr Hawkins signed a letter, on behalf of Star Sydney, addressed to Mr Iek, in which he:
- (a) stated that he was writing to re-iterate restrictions notified to Mr Iek in April 2018 regarding the Salon 95 Service Desk;
 - (b) requested that Mr Iek note that:
 - (i) the Salon 95 Service Desk must not operate a cash float, that cash received was required to be deposited with the Sydney Casino's cage, and that any payments made to Suncity customers must be drawn from the Sydney Casino's cage;
 - (ii) cash for chips transactions must not take place at the Salon 95 Service Desk;
 - (iii) chips for cash transactions must not take place at the Salon 95 Service Desk;

- (iv) the Salon 95 Service Desk was for the exclusive use of Suncity customers, and individuals who were not Suncity customers must not seek services there;
- (c) stated that compliance with the matters referred to in paragraph (b) was “extremely important”, and non-compliance would result in Star Sydney terminating Suncity’s use of the Salon 95 Service Desk,

(First Warning Letter).

76. The First Warning Letter was provided to Suncity representatives overseas on 11 May 2018 and in Sydney on 14 May 2018.

FURTHER SUSPICIOUS CASH TRANSACTIONS AT THE SALON 95 SERVICE DESK, THE “OPERATION MONEY BAGS” INFORMATION NOTE, AND THE ISSUING OF WRITTEN SALON 95 SERVICE DESK PROCESSES

77. Between 12 May and 15 May 2018, Star employees conducting surveillance and reviewing CCTV footage of activity in Salon 95, reported their identification of further cash transactions that had occurred at the Salon 95 Service Desk, which were suspicious for various reasons, including:
- (a) a person who was not a customer of Suncity had collected \$45,000 in cash at the Salon 95 Service Desk, and when an investigator from Star sought information as to which Suncity customer had provided that money, Suncity’s representative was reluctant to provide information;
 - (b) cash amounting to \$250,000 was provided by Suncity representatives to a local junket representative;
 - (c) a person who was not a customer made a request at the Salon 95 Service Desk in relation to moving some money, and while he was not observed taking chips or cash from the desk, he and a Suncity representative were observed, a short time later in a retail area of the Sydney Casino, exchanging a bag which was believed to contain cash.
78. Mr Hawkins was informed of at least two of those transactions, being the transactions referred to at paragraphs 77(b) and 77(c), on 15 May 2018.
79. On 16 May 2018, Mr Hawkins sent an email to Marcus Lim (Star’s President of International VIP Sales) (**Mr Lim**) in which he observed, in relation to Suncity, that Star had had some very significant non-compliance which posed a real anti-money laundering risk to Star’s business.
80. On 17 May 2018, Andrew McGregor (Star’s Senior Investigator) (**Mr McGregor**) sent an email to Ms Martin, Andrew Power (Star Sydney’s General Counsel) (**Mr Power**) and Oliver White (Star’s General Counsel Corporate) (**Mr White**), attaching an “Information Note” relating to “Operation Money Bags” (**Operation Money Bags Information Note**), which:

- (a) explained that Star's Investigations Team had commenced Operation Money Bags on 14 May 2018, after becoming aware that a person who was not a customer of Suncity had walked away from the Salon 95 Service Desk with \$45,000 in cash on 12 May 2018 (being the transaction referred to in paragraph 77(a) above);
- (b) recounted steps that he had taken to seek information from Suncity representatives about that \$45,000 cash transaction, including his observations that they were not willing to answer questions and claimed to have chosen not to keep records of the transaction;
- (c) identified that he had learned of a further transaction in which Star employees had reported that Suncity staff had taken a bag of cash to a retail area of the Sydney Casino and given it to a person who was not a Suncity customer (being the transaction referred to in paragraph 77(c) above);
- (d) described a number of further transactions that had occurred from 17 April 2018 to 8 May 2018, which he had observed from reviewing CCTV footage from Salon 95, which involved Suncity staff at the Salon 95 Service Desk dealing with bags and suitcases containing cash, and which revealed substantial amounts of gaming chips stored at the desk;
- (e) observed that, on many occasions when cash appeared in Salon 95 in suitcases, backpacks and other carriers, the cash could not visually be attributed to an owner or to a Suncity customer, and it was not known what amounts were ultimately attributed to whom,

(Operation Money Bags Information).

- 81. From around 16 May 2018, certain Star employees commenced drafting a set of written processes outlining the procedures and processes to be followed by Suncity in connection with its operation of Salon 95 and the Salon 95 Service Desk (**Salon 95 Service Desk Processes**).
- 82. On 21 May 2018, Micheil Brodie (Star's General Manager, Compliance and Responsible Gambling) (**Mr Brodie**) sent an email to Mr Hawkins and Mr McWilliams attaching a draft of the Salon 95 Service Desk Processes, noting that a number of practices had been identified at the Salon 95 Service Desk over which Star had expressed concerns, and seeking Mr Hawkins' and Mr McWilliams' endorsement of the Salon 95 Service Desk Processes.
- 83. A final version of the Salon 95 Service Desk Processes was provided:
 - (a) by Saro Mugnaini (Star's General Manager of VIP Marketing International) (**Mr Mugnaini**) to representatives of Suncity at a meeting on 23 May 2018;
 - (b) by email to Mr Hawkins (by Mr Mugnaini) on 23 May 2018;
 - (c) by email to Ms Martin on 25 May 2018.

THE KPMG REPORTS

84. On 16 May 2018, KPMG provided Star with two reports (**KPMG Reports**), being:
- (a) a report setting out its independent review of Star's Part A AML/CTF Program (**KPMG Part A Report**);
 - (b) a report setting out its independent review of Star's Part B AML/CTF Program and additional specific issues (**KPMG Part B Report**).
85. One of the additional specific issues the KPMG Part B Report considered was whether the money laundering and terrorism financing risks posed by junket operators based in Macau and Hong Kong had been adequately identified and addressed. In relation to that issue, KPMG concluded that the risk was "high", and:
- (a) noted that junkets were generally considered to pose a higher money laundering and terrorism financing risk by AML/CTF regulators;
 - (b) identified that one of the risks associated with junkets was that junket programs facilitated money laundering because they added a layer of obscurity to the source of funds and source of wealth;
 - (c) reported that Star had no documented money laundering and terrorism financing risk assessment or risk assessment methodology in relation to junkets;
 - (d) where a junket operator was funded by a third party's CCF, Star did not enquire as to the source of the third party's funds or as to the relationship between the junket operator and the funders;
 - (e) where a junket operator was provided with a CCF, Star did not undertake in-depth enquiries as to the junket operator's source of wealth or source of funds when verifying the CCF applicant's credit worthiness and details of their income and employment;
 - (f) in its executive summary to the KPMG Part B Report:
 - (i) noted that Star undertook no formal risk assessment of junkets although they were generally considered by regulators to be higher risk;
 - (ii) observed that it appeared that limited due diligence was conducted on junket operators and only a World Check Report was conducted on junket participants with no information on source of funds or wealth,
- (KPMG Junket Risk Information).**
86. A meeting of Star's Audit Committee was held on 23 May 2018 (**May 2018 Audit Committee Meeting**), at which:

- (a) each of Mr Todorcevski, Mr Bradley, Mr Sheppard, Ms Pitkin and Mr O'Neill (as an ex officio member) was present;
 - (b) Mr Bekier was in attendance.
87. At the May 2018 Audit Committee Meeting:
- (a) the KPMG Reports were discussed;
 - (b) Mr McWilliams spoke to the executive summaries in the KPMG Reports.
88. A meeting of the Board of Star was held on 24 May 2018, at which each of Mr O'Neill, Mr Bekier, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present (**May 2018 Board Meeting**).
89. At the May 2018 Board Meeting, Mr Todorcevski, as Chair of the Board Audit Committee:
- (a) noted that one of the matters that had been considered by the Board Audit Committee at the May 2018 Audit Committee Meeting was the key findings in the KPMG Reports;
 - (b) noted, in particular, the findings in the KPMG Reports rated as "high" (which included KPMG's findings regarding junkets).
90. By no later than the meeting of the Board Audit Committee on 16 August 2018 (where a paper titled 'Anti-Money Laundering / Counter Terrorism Financing Update' was taken as read), Star had accepted that the findings in the KPMG Reports were correct and that KPMG's recommendations as set out in the KPMG Reports were to be implemented.

FURTHER SUSPICIOUS CASH TRANSACTIONS AT THE SALON 95 SERVICE DESK AND THE SECOND WARNING LETTER

91. On 29 May 2018, a Star employee reported to Star's AML/CTF Administrator that he had observed a transaction involving \$60,000 cash which a local patron (who, by virtue of being local, was not permitted to participate in a junket) sought to deposit money with Suncity to be used as front money for a junket player, but that he had subsequently observed that, while chips were drawn, no play was observed to have taken place, and the employee suspected that the funds were then returned by Suncity to the patron.
92. On 6 June 2018, Ms Martin, Mr McWilliams and Mr Mugnaini visited Salon 95, in response to a request from Mr Hawkins made on 5 June 2018 that senior management of Star visit Salon 95, introduce themselves to the Suncity representative there and make known the importance of the relationship between Star and Suncity and operating Salon 95 in accordance with the Salon 95 Service Desk Processes.
93. On 7 June 2018, Michael Whytcross (Star's General Manager, Finance and Commercial) (**Mr Whytcross**) and Mr Lim exchanged emails (which were copied to Mr Hawkins)

regarding the proposed commercial terms of a new agreement between Star and Suncity, in light of the impending expiry of the 2017 Suncity Agreement.

94. On 7 June 2018, Mr Brodie sent an email to Mr McWilliams, which he copied to Mr Power and Mr Hawkins, in which he:
- (a) expressed concern that a number of large cash transactions originating from people associated with Suncity might have increased Star's risks as regards layering-type activity (being a recognised money-laundering typology where illicit funds are moved or dispersed in a way that conceals their origin);
 - (b) noted that an unusually large proportion of Star Sydney's suspicious matter reports in June related to Suncity;
 - (c) the volume of cash transacted and the final destination of some of the money had created uncertainty as to whether the transactions might relate to criminal offences.
95. Late on 7 June 2018 or on 8 June 2018, Mr Hawkins signed a letter bearing the date 5 June 2018, on behalf of Star Sydney, addressed to Mr Iek, in which he:
- (a) referred to the First Warning Letter and explained that he was writing as a result of "further non-compliance" in Salon 95;
 - (b) recorded that Mr Mugnaini had provided the Salon 95 Service Desk Processes to Suncity representatives on 23 May 2018, and that that document had also been communicated to other Suncity employees;
 - (c) recorded his understanding that, on 29 May 2018, certain material aspects of the Salon 95 Service Desk Processes had not been followed;
 - (d) stated that Star Sydney viewed the breach "very seriously" and that any further breaches of the Salon 95 Service Desk Processes would result in Star Sydney terminating use of the Salon 95 Service Desk, and may result in Star Sydney reviewing Suncity's exclusive access to Salon 95,

(Second Warning Letter).

96. On 8 June 2018, Mr Mugnaini handed the Second Warning Letter to a Suncity employee in Sydney, and provided a copy of it by email to Anthony Lui, Star's Senior Vice President of International Marketing, and requested that a copy of the letter be provided to Mr Iek in Macau.

EVENTS IN 2018 AFTER SUNCITY WAS PROVIDED WITH THE SECOND WARNING LETTER

97. On 13 June 2018, Ms Martin and Mr Bekier had a meeting, during which they discussed Salon 95.

98. Also on 13 June 2018:
- (a) a paralegal employed by Star sought approval from Mr Whytcross, Mr Hawkins and Mr White, at 11.15am, for Star's entry into a new agreement with Suncity;
 - (b) Mr Hawkins provided his approval at 1.13pm on 13 June 2018.
99. On 21 June 2018, Star Sydney and Star Qld entered into a new agreement with Mr lek in his capacity as the promoter of Suncity (**2018 Suncity Agreement**). This agreement:
- (a) set out terms, among other matters, as to the commissions, rebates and allowances (to cover items such as food and beverages) that Star Sydney would pay in respect of gaming by Suncity players, provided that gaming play by Suncity players reached a minimum monthly turnover figure of \$100 million;
 - (b) provided that Star Sydney would provide the Suncity promoter with exclusive access to Salon 95, subject to Star Sydney retaining "sole operational and management control" of Salon 95;
 - (c) imposed an obligation on Mr lek that Suncity representatives conduct all activities in Salon 95 in accordance with the Salon 95 Service Desk Processes;
 - (d) granted a right to Star Sydney to audit Suncity's activities at the Salon 95 Service Desk in accordance with the Salon 95 Service Desk Processes at any time, and to restrict the activities permitted at the Salon 95 Service Desk or remove its availability if Star Sydney found non-compliance with the processes;
 - (e) provided that Star Sydney had a right of immediate termination of the agreement if in the opinion of Star or Star Sydney, among other things, Mr lek, Mr Chau or any other related entity or individual acted in a manner that brought or was likely to bring Star Sydney, Star or any other casino operated by entities related to the Star into disrepute or was likely to be adverse to their interests.
100. In the period from 8 June 2018 to 21 June 2018 (when Star and Star Sydney entered into the 2018 Suncity Agreement):
- (a) on 8 June 2018, Amanda Judd (Star's Investigations Manager) (**Ms Judd**) and Mr McGregor, from Star's Investigations Team, met with NSW police officers from the NSW Police's Casino and Racing Investigations Unit (**CRIU**) in relation to "Sun City", and a NSW police officer from CRIU subsequently informed Ms Judd and Mr McGregor that the CRIU was planning to conduct some surveillance on Suncity and persons associated with Suncity;
 - (b) on 15 June 2018, Star employees identified suspicious conduct in Salon 95 by Suncity representatives;

- (c) on 18 June 2018, Mr McGregor sent an email to, among others, Mr Power and Kevin Houlihan (Star's Group Investigations Manager) (**Mr Houlihan**) in connection with the suspicious activity that had been identified on 15 June 2018, in which he expressed concern that Suncity employees were still making serious efforts to avoid supervision and detection (such as by positioning themselves to be out of view of surveillance cameras).
101. A meeting of the Board of Star was held on 26 July 2018 (**July 2018 Board Meeting**), at which:
- (a) each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
- (b) each of Ms Martin and Mr Hawkins was in attendance.
102. Two of the papers taken as read at the July 2018 Board Meeting were a paper entitled "The Star Entertainment Group Limited Managing Director & CEO Report May 2018" (**May 2018 CEO Report**) and a paper entitled "The Star Entertainment Group Limited Managing Director & CEO Report June 2018" (**June 2018 CEO Report**).
103. The May 2018 CEO Report, in the "Legal and Regulatory" section, under the sub-heading "Projects and Commercial Matters", contained the following statement:
- Salon 95 Service Desk:** In May, concerns emerged around certain activities undertaken at the junket service desk in Salon 95. At present functions at the service desk are limited pending the roll out of detailed processes for the junket representatives in that salon. It is expected that training will be completed by 8 June, with regular on-going compliance monitoring following resumption of services at the service desk."
104. There was no mention of the Salon 95 Service Desk in the June 2018 CEO Report, or in any of the other papers taken as read during the July 2018 Board Meeting.
105. A meeting of the Board Audit Committee was held on 16 August 2018 (**August 2018 BAC Meeting**) at which each of Mr Todorcevski, Mr Bradley, Mr Sheppard, Ms Pitkin, Ms Lahey, Mr Heap and Mr O'Neill were present.
106. One of the papers taken as read at the August 2018 BAC Meeting was a paper titled 'Compliance Assurance Process' (**August 2018 BAC Compliance Report**) which contained the following statement: "Third Party agreement related to Salon 95 creating some compliance risk increases".
107. A meeting of the Board of Star was held on 23 August 2018 (**August 2018 Board Meeting**), at which:
- (a) each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;

- (b) each of Ms Martin and Mr Hawkins was in attendance.
108. One of the papers taken as read at the August 2018 Board Meeting was a paper titled 'Compliance Assurance and Management Representation Letters' (**August 2018 Board Compliance Report**) which contained the following statement: "Third Party agreement related to Salon 95 creating some compliance risk increases".
109. On 11 September 2018, Adrian Hornsby (Star's General Manager, Credit and Collections) (**Mr Hornsby**) sent an email to Mr Bekier, Mr Hawkins, Mr Theodore and others, in which he set out information he had obtained from sources in North Asia, including that:
- (a) there was news circulating that Mr Chau had been refused a visa to enter Australia, and perhaps also some other countries;
- (b) there was concern a that if Mr Chau was uncontactable for a period of 24 hours or more, it would be because he had been detained.
110. On 22 November 2018, CRIU informed Star's Investigations Team that they were preparing applications for directions to be given by the Commissioner of NSW Police to Star Sydney, pursuant to s 81 of the CCA, in respect of 13 persons connected to suspicious transactions in Salon 95, including six Suncity representatives or employees.

Particulars

1. Directions issued by the Commissioner pursuant to s 81 of the CCA to a casino operator were a direction requiring the casino operator give an exclusion order to a person, prohibiting that person from entering or remaining in a casino.
111. On 28 November 2018, Mr Houlihan briefed Ms Martin on the fact that CRIU was preparing applications for the directions pursuant to s 81 of the CCA referred to in paragraph 110 above.

EVENTS RELATING TO SUNCITY AND SALON 95 IN 2019, PRIOR TO THE CROWN ALLEGATIONS

112. During May 2019, Graeme Stevens, Star's Regulatory Affairs Manager, conducted and completed a review of compliance by Suncity with the Salon 95 Service Desk Processes (**Stevens Review**) in which he:
- (a) stated that Suncity's compliance was "Satisfactory";
- (b) expressed the view that the Salon 95 Service Desk control environment was "generally adequate", although the Salon 95 Service Desk Processes did not reflect some of the processes Star had agreed with Suncity;
- (c) reported that cash transactions with junket players for buy-in were being conducted at the Star's cage and not at the Salon 95 Service Desk, which he considered provided

a higher level of control and oversight for Star and was a more effective control than what was set out in the Salon 95 Service Desk Processes;

- (d) stated that he had not identified evidence “of the practices that raised a concern around the operation of [Salon 95] in 2018 continuing and the Star now has an effective level of oversight of the operation of [Salon 95]”.

113. A meeting of the Star’s Board Risk and Compliance Committee was held on 21 May 2019 (**May 2019 BRCC Meeting**), at which:

- (a) each of Mr Bradley, Ms Lahey, Mr Sheppard, Mr Todorcevski, Mr Heap and Mr O’Neill (as an ex officio member) was present;
- (b) each of Mr Bekier, Ms Pitkin, Mr Hawkins and Ms Martin was in attendance.

114. Ms Martin prepared a paper, entitled “Regulatory Matters Update”, which was taken as read at the May 2019 BRCC Meeting and in which Ms Martin:

- (a) stated that a plan of regulatory reviews was being carried out by the Regulatory Affairs team to provide comfort as to compliance with obligations under internal controls;
- (b) listed a number of reviews that had been conducted with “no significant issues identified”;
- (c) identified that one of the reviews concerned the Salon 95 Service Desk Processes, in respect of which she stated: “no significant issues found. Suncity have been conducting all transactions through [Star Sydney’s] Cage providing a much higher level of oversight”.

115. On 5 June 2019, Mr McGregor sent, by email, an Information Note dated 5 June 2019 concerning “Operation Lunar” (**Operation Lunar Information Note**) to Mr Houlihan and Mr Power, with a copy to Ms Martin, in which Mr McGregor:

- (a) reported that, arising out of the matters the subject of the Operation Money Bags Information Note, police from CRIU and the Organised Crime Squad had interviewed several Suncity staff and customers, seized cash and chips from persons within the casino, and laid charges under the Proceeds of Crime Act and the AML/CTF Act;
- (b) reported that six persons linked to Suncity’s operation in Sydney were on a list of persons being considered by the NSW Police Commissioner to be the subject of exclusion directions under s 81 of the CCA;
- (c) identified that reputational harm was likely to be suffered by Star if, as was likely, “external stakeholders” investigated suspicious transactions in Salon 95;
- (d) observed that it was clear that Suncity was not currently complying with the Salon 95 Service Desk Processes;

- (e) reported that, since 20 May 2018, and within the last week, there had been six suspicious matter reports relating to cash buy-ins in favour of the Suncity (“lek”) junket that totalled \$915,000;
- (f) reported that Star investigators were concerned that Suncity staff appeared to make efforts to conceal their activities by obscuring the view of CCTV cameras;
- (g) reported that it appeared that persons associated with Suncity had brought cash into Salon 95 in a concealed manner, which thwarted Star’s surveillance team’s efforts to track the source and arrival time of the cash;
- (h) reported that it appeared that new persons had moved into Suncity roles with the result that behaviour that had been discouraged during the “review period” in 2018 was returning;
- (i) set out in detail the ways in which Suncity staff had recently been observed to fail to comply with particular aspects of the Salon 95 Service Desk Processes,

(together, the **Operation Lunar Information**).

116. On 12 June 2019, Angus Buchanan (Star’s Due Diligence Program Manager) (**Mr Buchanan**) sent an email to Ms Martin, Mr White and Mr Houlihan, attaching a copy of a report on Suncity he and his team had compiled in 2018 when he was employed by the Hong Kong Jockey Club (**Hong Kong Jockey Club Report**). In his email, Mr Buchanan:

- (a) stated that the Hong Kong Jockey Club Report had been prepared due to the potential threat that Suncity posed to the integrity of racing in Hong Kong;
- (b) stated that he suspected certain aspects of the report may be of interest to Star;
- (c) noted that because of overlapping interests, the report had been provided to senior management in the Hong Kong Police, Hong Kong ICAC, the Australian Criminal Intelligence Commission (**ACIC**) and the Australian Federal Police (**AFP**).

117. The Hong Kong Jockey Club Report:

- (a) contained a covering memorandum (to executives of the Hong Kong Jockey Club) from the club’s Director of Security & Integrity, in which he:
 - (i) referred to Australian federal law enforcement having an interest in Suncity and being very keen to take enforcement action;
 - (ii) described Suncity as a threat to the Hong Kong Jockey Club on the basis that Suncity clearly involved a number of criminal enterprises and had principals who had a background in triad societies;

- (b) identified that the purpose of the report was to provide an update and overview of Suncity's business operations, key personalities and links to organised crime in Hong Kong and overseas;
- (c) stated that Mr Chau was alleged to be a member of the Macau faction of the 14K triad society;
- (d) stated that Mr Chau's major business partner (with whom Mr Chau had 11 common directorships) was believed to be a member of the 14K triad society in Hong Kong, and was reported by intelligence sources to be involved in illegal bookmaking, drug trafficking and large scale money laundering activities;
- (e) recorded that Mr Chau was reported to have been the recipient of a portion of funds stolen in a cyber attack from accounts of the Bangladesh Bank account held at the Federal Reserve of New York, and that no charges had been laid as the FBI continued its investigation;
- (f) recorded that Australian law enforcement sources had informed the Hong Kong Jockey Club in May 2017 that:
 - (i) two persons of interest to Australian authorities (including a person called Benny Lui Xu Xiong (**Mr Xiong**)) had been involved in making a cash deposit of \$403,000 into an account at the Sydney Casino, which was then immediately transferred to Mr Chau's account at the Sydney Casino;
 - (ii) Suncity was of interest to Australian law enforcement authorities in relation to suspected large scale money laundering activities;
 - (iii) during 2013 to 2015 Suncity was believed to be laundering up to \$2 million per day using various money laundering methodologies, and that it was suspected that a significant amount of that cash was the proceeds of drug trafficking activities,

(together, the **HKJC Information**).

118. On or around 12 or 13 June 2019, Mr Buchanan provided a memorandum to Ms Martin entitled "Preliminary Review of Employee and Junket Related Due Diligence Processes" (**Due Diligence Memorandum**), in which, in relation to junkets, Mr Buchanan:
- (a) expressed the view that, because of the opaque environment in which junket operators based in Hong Kong and Macau conducted their business, due diligence conducted without an independent intelligence perspective was particularly one-dimensional;
 - (b) recommended that, as a risk mitigation strategy, Star complete third party intelligence checks on all potential overseas-based junket operators and representatives;

- (c) stated that the database checks Star conducted on junket operators and representatives were “rather rudimentary” and that consideration should be given to conducting more thorough online searches using databases that covered Hong Kong, China and Macau;
- (d) stated that the existing due diligence procedures that Star used in relation to junket participants to determine their source of wealth could be improved, in that more comprehensive checks should be carried out and there was presently an over-reliance on the World-Check database;
- (e) in addition to existing enhanced customer due diligence processes, Star should give consideration to identifying and utilising additional overseas based third party intelligence providers in relation to the junket participants, particularly in relation to Hong Kong-based participants given that the Hong Kong police did not provide criminal history antecedents;

(together, the **Junket Due Diligence Information**).

119. Between 16 and 18 July 2019, Mr Buchanan and Mr Houlihan attended several meetings in Hong Kong, for the purposes of:

- (a) determining whether identified third-party intelligence providers had the required capability to support Star’s revised due diligence framework;
- (b) re-establishing conducive working relationships with international services providers who had coverage in Hong Kong, Macau and Singapore;
- (c) broadening Star’s external networks, at a senior level, with relevant law enforcement agencies and the integrity and security teams of casinos in South East Asia.

120. On 22 July 2019, Mr Hawkins sent an email to Mr Bekier and Ms Martin, in which he:

- (a) reported that all Macau junket operators had received a formal warning from DICJ (the Gaming Inspection and Coordination Bureau in Macau) of the possible revocation of their junket licences if they conducted active selling or promotion of overseas casino play;
- (b) observed that Suncity had been singled out in Chinese media as an example of a business that contravened Chinese law by presenting gambling experiences to persons in mainland China;
- (c) advised that Star had recently received correspondence from the NSW Police Commissioner advising of the exclusions of six persons associated with Suncity;
- (d) noted that, typically, these types of exclusions may be related to parties involved in organised criminal activities, and that the considerations of the Commissioner in directing such exclusions could occur where:

- (i) the Commissioner was satisfied the person had committed a serious crime;
- (ii) the Commissioner was satisfied the person was associated with people engaged in ongoing serious crime.

121. On 23 July 2019, Mr Buchanan sent to Ms Martin, by email, a synopsis of the meetings he and Mr Houlihan had held in Hong Kong between 16 and 18 July 2019, in which he:

- (a) reported that he and Mr Houlihan had met with a Superintendent of the AFP on 18 July 2019;
- (b) noted that, during that meeting, they had discussed Suncity, including Suncity's attempts to legitimise their business and mask their criminal antecedents;
- (c) expressed the view that it was apparent that Suncity continued to be of interest to the AFP, both domestically and offshore.

THE CROWN ALLEGATIONS, AND THE RESPONSE OF STAR'S SENIOR MANAGEMENT AND BOARD

122. Commencing on 27 July 2019, a number of allegations were published in *The Age* and the *Sydney Morning Herald* and broadcast on the television program *60 Minutes*, as to the manner in which Crown Resorts Ltd (**Crown**), a casino operator that operated casinos in Melbourne and Perth, conducted its business (**Crown Allegations**).

123. In articles published on 27 and 28 July 2019, and a program broadcast on *60 Minutes* on 28 July, the Crown Allegations included that:

- (a) Crown had done business with various persons and entities that were engaged in, or had links to, organised crime;
- (b) Crown did business with Suncity and provided Suncity with its own "high roller room" at Crown's casino in Melbourne;
- (c) the Hong Kong Jockey Club Report (a copy of which reporters for *60 Minutes* had obtained) had identified that key Suncity personalities had demonstrated links to numerous triad societies and organised crime figures, and that Suncity or persons associated with it were of interest to Australian authorities in relation to money laundering activities, as a result of which Suncity had been "black banned" by the Hong Kong Jockey Club.

124. On 30 July 2019, a telephone conference was held during which members of Star's management provided an informal briefing to Star's Board in respect of the Crown Allegations that had been published.

125. In an article published on 31 July 2019, the Crown Allegations included that:

- (a) the Chief of the ACIC had said that investigators across state and federal police and intelligence agencies had uncovered damning insights into vulnerabilities within casinos located in Australia;
- (b) the ACIC was conducting an inquiry into the operation of junkets called the “Targeting Criminal Wealth” review;
- (c) the ACIC assessed that the lack of transparency of casino junket operations, the anonymity of participants and obscurity around beneficial ownership, source and distribution of junket provided opportunities for criminal exploitation;
- (d) the Chief of ACIC had stated that the structure of junket operations enabled opaqueness around the source of the beneficial ownership of funds represented a significant money laundering risk.

126. In an article published on 1 August 2019, the Crown Allegations included that:

- (a) Mr Chau, the head of Suncity, had been banned from entering Australia by the Commonwealth Department of Home Affairs;
- (b) investigators across the region probed Suncity’s alleged links to organised crime;
- (c) the Hong Kong Jockey Club Report revealed that:
 - (i) Australian law enforcement officials had briefed the Hong Kong Jockey Club in 2017 about their concerns about Mr Chau, which included suspected large-scale money laundering activities;
 - (ii) Mr Chau and other entities linked to Suncity had links to, or were members of, triad societies.

127. A meeting of the Board of Star was held on 7 August 2019, which was a meeting additional to the Board’s regularly scheduled meetings (**7 August 2019 Board Meeting**), at which:

- (a) each of Mr Bekier, Mr O’Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
- (b) Ms Martin was in attendance.

128. At the 7 August 2019 Board Meeting, in connection with the Crown Allegations:

- (a) Star’s management addressed the Board as to developments and media coverage in relation to the Crown Allegations;
- (b) Star’s management spoke to government and other agency responses reported in the media, including ACIC’s “Targeting Criminal Wealth” review;

- (c) Star's management informed the Board as to the enquiries regulators had made of Star;
 - (d) the Board asked to be kept briefed on all significant regulatory correspondence (including receiving copies of all correspondence) and responses;
 - (e) the Board requested that management prepare a paper on the Crown Allegations for inclusion with the papers for the Board meeting scheduled for 15 August 2019, which paper should include details of Star's interactions with regulators on junket operators more generally.
129. In an article published on 9 August 2019, the Crown Allegations expanded to include conduct which had occurred at the Sydney Casino and included statements that:
- (a) the Hong Kong Jockey Club Report contained a report of two alleged money launderers (including Mr Xiong) having deposited \$403,000 into an account at the Sydney Casino in 2012, which had then immediately been transferred to the account Mr Chau held with the Star Casino;
 - (b) eight weeks prior to the deposit of \$403,000, the AFP had raided Mr Xiong's apartment after having observed him launder \$5 million in proceeds of crime via Sydney banks;
 - (c) in April 2012, Mr Xiong had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (d) when confronted with these allegations and why Star was still doing business with Suncity, Mr Bekier's response (which he had in fact given the journalists who wrote the article) was, in part, "Why not?".
130. On or around 13 August 2019, Star agreed with Suncity representatives that Suncity would cease using Salon 95, but that Star's business association with Suncity would otherwise carry on as usual in the same way as other junkets (as a so-called 'casual junket'), in that junkets organised by Suncity could continue to visit casinos operated by the Group.
131. A meeting of the Board of Star was held on 15 August 2019 (**15 August 2019 Board Meeting**), at which:
- (a) each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
 - (b) each of Ms Martin and Mr Hawkins was in attendance.
132. One of the papers tabled at the 15 August 2019 Board Meeting was a paper from Ms Martin and Mr Hawkins entitled "Crown Resorts Ltd – Media and Related Matters" (**Crown Allegations Board Paper**), in which Ms Martin and Mr Hawkins:

- (a) described the purpose of the paper as being to provide a summary of the Crown Allegations and a brief to the Board on potential key risks and implications for Star;
- (b) explained that the Crown Allegations could be summarised into two basic issue areas, being:
 - (i) wilful disregard of AML/CTF-related risks associated with the transactions and activity of casino customers;
 - (ii) systemic disregard for the suitability of the individuals with whom Crown was trading and the conduct being displayed by those people;
- (c) stated that Attachment 1 to the Crown Allegations Board Paper listed the main allegations made, identified the key risk or vulnerability associated with each claim, and summarised the key control processes in place at Star which mitigated against those risks;
- (d) stated that Attachment 2 to the Crown Allegations Board Paper listed the key personalities or groups identified in the Crown Allegations, and provided information about such persons, including any history and their current status at Star properties;
- (e) set out the contact Star had received from regulators, and included, as Attachments 3 and 4, letters Star had received from the Authority on 29 July 2019 and 8 August 2019 respectively, in which the Authority:
 - (i) requested that Star review any current associations or arrangements with junket operators or related individuals to ensure the suitability of any existing relationships;
 - (ii) informed Star that it was seeking to understand what, if any, ongoing association Star had with individuals or entities named in the Crown Allegations;
 - (iii) in its 8 August 2019 letter at Annexure 1, specified a list of eight entities and individuals named in the Crown Allegations, which included Suncity and Mr Chau.

133. Attachment 1 to the Crown Allegations Board Paper, which was entitled “Summary of allegations made against Crown (and The Star) in media as at 29 July”:

- (a) in relation to an allegation that Crown was wilfully blind to the source of funds and the source of wealth of junkets and key people:
 - (i) identified the key risk or vulnerability to be a money laundering method whereby cash acquired by illegal means in Australia facilitated gambling with associated debts being paid in China, such that crime proceeds were able to be moved to China without trace in the banking or financial system;

- (ii) stated that Star’s existing processes were reporting large buy-ins to local police, making suspicious matter reports to AUSTRAC, and that a new AML/CTF program included enhanced due diligence processes which sought to establish satisfactory source of wealth and source of funds evidence;
- (b) in relation to an allegation that Crown was wilfully blind to the criminal activity of key business partners, and particularly junket operators (and the claims relating to the Hong Kong Jockey Club ban on Suncity) and an allegation that Crown conducted little or no due diligence on people it ought to have known were criminals or strongly linked to criminal enterprises:
 - (i) identified the key risk or vulnerabilities to be that a failure to identify and cease trading with criminals could expose a casino to exploitation related to criminal activity, but asserted that the issue could be difficult if the information about criminal activity is solely contained in law enforcement intelligence systems;
 - (ii) stated that Star’s existing processes involved having detailed “cease to trade” policies in its AML/CTF program (which saw Star considering banning people on a monthly basis), recent exclusions in NSW under s 81 of the CCA being mirrored in Queensland, the junket operator approval process including criminal history checks and other background checks “in country”, and noted that in Queensland, the Officer of Liquor and Gaming Regulation licenced junket operators;
- (c) in relation to an allegation that, in May 2017, Star had facilitated a flow of funds from a convicted money launderer to Mr Chau (being the subject of the article referred to in paragraph 129 above):
 - (i) identified the key risk or vulnerabilities to be that casinos could be used to move money in money laundering schemes or as an obscured channel for making illicit payments, and noted that Mr Xiong had been subsequently convicted of a money laundering offence;
 - (ii) stated, in relation to Star’s existing processes, that Star had reported the incident to the AFP as part of “standard protocols”; that current rules prevented movement of funds between people that were not for gambling purposes; and that Mr Xiong was the subject of an exclusion from the Star.

134. Attachment 2 to the Crown Allegations Board Paper, which was entitled “Summary of customers listed in media reports” set out information in relation to eight persons who had been mentioned in the Crown Allegations, but did not mention Mr Chau or Suncity.

THE USE OF CHINA UNIONPAY CARDS AT STAR SYDNEY

THE RELATIONSHIPS BETWEEN STAR AND NAB AND THE RELATIONSHIP BETWEEN NAB AND CHINA UNIONPAY

135. As at November 2019, the National Australia Bank Ltd (**NAB**) had made loan and/or credit facilities available to Star and/or entities in the Group totalling at least \$250 million.

Particulars

1. On or around 20 June 2019, NAB and The Star Entertainment Finance Ltd entered into a Facility Agreement with loans of up to \$200,000,000 (under the “Tranche A Commitment”).
 2. On or around 24 October 2019, NAB and The Star Entertainment Finance Ltd entered into a Bank Guarantee Facility Agreement with a commitment of \$25,200,000.
 3. On or around 16 October 2019, NAB, Star and various entities in the Group entered into an agreement for NAB to make available various funding facilities to various entities, totalling \$54,050,000. This agreement was extended by a further agreement the parties entered into on 22 November 2019.
136. On or around 12 October 2012, Star Sydney entered into an agreement with NAB (**Star Sydney NAB Merchant Agreement**) for the provision by NAB of transactions services to Star Sydney, including the supply of electronic payment terminals for the carrying out of credit card and debit card transactions (**NAB Terminals**).
137. The terms and conditions of the Star Sydney NAB Merchant Agreement were set out in various documents, including a document entitled “Merchant Agreement General Terms and Conditions” (**NAB Merchant Terms**).
138. Throughout the Relevant Period, the NAB Merchant Terms included the following terms:
- (a) Star Sydney was obliged to comply with the NAB Merchant Terms (cl 3.1(a));
 - (b) Star Sydney was obliged to provide NAB with all information and assistance it reasonably required to perform its obligations and to deal with any queries in relation to its provision of the merchant services (cl 3.4(h));
 - (c) Star Sydney was obliged to not accept a nominated card or a transaction which was of a type NAB had (acting reasonably) previously advised Star Sydney was not acceptable to NAB (cl 3.7(k));

- (d) Star Sydney agreed to indemnify NAB for all losses and liabilities NAB incurred because Star Sydney breached an obligation it had under the NAB Merchant Terms (cl 18.1(a));
 - (e) NAB was entitled to suspend or terminate the NAB Merchant Terms in whole or in part at any time upon notice to Star Sydney if Star Sydney had, in NAB's reasonable opinion, engaged in or was presently engaging in dishonest activity in connection with the merchant services (cl 23.4(d)).
139. On 2 December 2016, Star Qld (then called Jupiters Ltd) entered into two agreements with NAB for the provision by NAB of transactions services to Star Qld in respect of The Star Gold Coast (then called Jupiters) and Treasury Brisbane respectively, including the supply of NAB Terminals (**Star Qld NAB Merchant Agreements**).
140. The terms and conditions of the Star Qld NAB Merchant Agreements were set out in various documents, including the NAB Merchant Terms referred to in paragraphs 137 to 138 above.
141. Throughout the Relevant Period, the NAB Terminals supplied by NAB to entities in the Group were capable of processing transactions for holders of China UnionPay (also known as **CUP** or **UnionPay**) debit cards.
142. Throughout the Relevant Period, China UnionPay was a credit card and debit card payment and EFTPOS network:
- (a) that was based in China;
 - (b) that operated under the approval of the People's Bank of China (**PBOC**), the central bank of China;
 - (c) in respect of which numerous banks in China issued credit cards and debit cards;
 - (d) whose cards (**CUP cards**) were able to be used in countries outside of China, including Australia.
143. NAB's relationship with CUP, and its processing of CUP card transactions through NAB Terminals were governed by terms including the "Operating Regulations Volume II Business Rules" (**CUP Scheme Rules**).
144. The CUP Scheme Rules:
- (a) contained a statement that an Acquirer (of whom NAB was one) should not recruit a merchant with a "prohibited" merchant category code;
 - (b) identified the merchant category 7995, which was defined as "Betting, including lottery tickets, casino gaming chips, off-track betting, and wagers at race tracks", to be a prohibited merchant category code.

145. Throughout the Relevant Period, one location where Star Sydney utilised NAB Terminals was at a hotel it operated adjacent to the Sydney Casino, known as the Astral Hotel.
146. Throughout the Relevant Period, the merchant category codes allocated to NAB Terminals utilised by Star Sydney had one or the other of the following merchant category codes:
- (a) 5813, which was defined in the CUP Scheme Rules as “Drinking places (alcoholic beverages) – bars, taverns, nightclubs, cocktail lounges, and discotheques”;
 - (b) 7011, which was defined in the CUP Scheme Rules as “Lodging – hotels, motels, and resorts”.

THE CUP PROCESS

147. From at least December 2014 until around 9 March 2020, Star and Star Sydney operated a process by which a patron of Star Sydney could obtain funds using their CUP card that were ultimately available to be used for gaming (**CUP Process**), which involved the following steps:
- (a) a CUP cardholder’s CUP card was swiped at a NAB Terminal located at a hotel (typically, the Astral Hotel) operated by Star Sydney in order to withdraw the amount of funds sought by the cardholder;
 - (b) if the funds did not immediately clear (that is, were not immediately received by Star Sydney), a temporary cheque cashing facility (**Temporary CCF**) was established for the CUP cardholder;
 - (c) the limit of the Temporary CCF was equivalent to the amount of funds the subject of the withdrawal swipe of the cardholder’s CUP card;
 - (d) the CUP cardholder was entitled immediately to draw down on their Temporary CCF in order to buy-in at the Sydney Casino (such as by purchasing chip purchase vouchers);
 - (e) once Star Sydney received notification that the funds the subject of the withdrawal swipe of the cardholder’s CUP card had cleared and been received by Star Sydney (which typically occurred 24-48 hours after the swipe of the CUP card), the CUP cardholder’s Temporary CCF was redeemed and its limit was reduced to zero;
 - (f) if the funds sought by the cardholder did immediately clear (that is, they were immediately received by Star Sydney), they were deposited into a front money account with Star Sydney held by the CUP cardholder and buy-in at the Sydney Casino could take place (such as by the purchase of chip purchase vouchers).
148. The principal purpose of the CUP Process was to enable a CUP cardholder to access funds via their CUP card for gaming.

NAB INQUIRIES OF STAR REGARDING CUP FROM 2016 TO 2018

149. In around March 2013:

- (a) David Aloï (then Star's Cashier Services Manager (**Mr Aloï**)) informed Andrew Haberley (an employee of NAB) (**Mr Haberley**) of aspects of the CUP Process, namely, that it was proposed that CUP cardholders would use their CUP cards at a hotel operated by Star or one of the entities in the Group to obtain an amount of funds from their CUP card (for example \$50,000), and \$1,000 would be used for the cost of a hotel room, and the balance (for example, \$49,000) would be transferred to their casino account;
- (b) Mr Haberley then informed Shuan Gaidan (an employee of CUP (**Mr Gaidan**)) of the proposed process Mr Aloï had described;
- (c) Mr Gaidan then informed Mr Haberley that that process should be fine, provided the merchant category code was not restricted;
- (d) Mr Haberley then informed Mr Aloï that CUP had informed him that the process Mr Aloï had described should be fine so long as the merchant category code was not restricted.

150. Notwithstanding the communications pleaded in paragraph 149 above, in early February 2016, representatives of CUP informed NAB that:

- (a) CUP had stipulated certain merchant categories in its operating regulations whereby acquirers (of which NAB was one) were not allowed to pursue contracts to accept CUP cards with industries that were not permitted by the local laws of China and other countries, such as gambling, drugs and firearms;
- (b) transactions related to purchases of gambling chips were not supported by CUP.

151. In around February 2016:

- (a) CUP flagged with NAB some large transactions that had been processed through the NAB Terminal at Star Sydney's Astral Hotel;
- (b) a NAB Manager of Merchant Risk sent an email to NAB's Global Institutional Banking Team (including Andrew Bowen, a Director in that team), in which he:
 - (i) observed that the Star Sydney's merchant facilities had been set up as "Accommodations", but the value of the transactions processed (that CUP had flagged) were "rather questionable";
 - (ii) indicated that he was keen to clarify the nature of the transactions that occurred at the Astral Hotel and if there was any indication of possible gambling activity in those transactions.

152. On 9 March 2016, Andrew Bowen (Director, Industrials, Global Institutional Banking NAB) (**Mr Bowen**) sent an email to Mr Theodore in which he:
- (a) asked to set up a time to have a telephone conference to discuss CUP;
 - (b) explained that the reason for the call was that NAB had been contacted by CUP about some transactions processed in January 2016 in respect of which CUP wanted to confirm that the transactions complied with the CUP Scheme Rules;
 - (c) explained that the purpose of the call would be to understand what the transactions CUP had flagged related to and to confirm that the transactions were within the CUP Scheme Rules, and also to agree as to how NAB would respond to CUP.
153. On 5 April 2016, a telephone conference was held between Mr Theodore, Nanette Lowe (Star's Senior Treasury Manager) (**Ms Lowe**) and Maja Dimitrova (Star's Treasury Manager), and Mr Bowen, Allan Goldring, Michael Burns and Mike Sim of NAB (**April 2016 Meeting**).
154. During the April 2016 Meeting:
- (a) Mr Goldring explained that CUP had asked questions concerning the CUP merchant transactions at Star, and the average value of around \$250,000, and stated that the CUP Scheme Rules prohibited the use of CUP cards for the purchase of gaming chips;
 - (b) Mr Theodore said that the transaction value covered a broad range of services available to high rollers through Star including accommodation costs, food and beverage expenses, airfare costs, tourism-based experiences, high-end retail purchases (such as LK Jewellers), all of which were charged to the patrons' folio and paid for by their CUP card;
 - (c) Mr Goldring said that he appreciated the confirmation, he would revert to CUP with the explanation, and see whether that satisfied their questions.
155. In around February 2017, CUP raised concerns with NAB that the NAB Terminal operated by Star Sydney at the Astral Hotel may be being used for gambling transactions, which they considered to be against the CUP Scheme Rules.
156. On 30 March 2017, Mr Bowen sent an email to Mr Theodore and Ms Lowe, in which he:
- (a) referred to the discussion they had the previous year regarding CUP (being a reference to the April 2016 Meeting);
 - (b) stated that he had been asked to forward the following statement to remind Star of CUP's terms and conditions:
 - “As Star Entertainment Group's Acquiring Bank, NAB are committed to protecting our customers reputation. NAB would like to ensure that all transactions through Star

entertainment Group Merchant Facilities restrict Gambling. Gambling applies a separate Merchant Category Code on what is currently applied to the Star entertainment Groups Astral VIP merchant terminal, thereby we must ensure that no proceeds or deposits for gambling are placed through this terminal.

Please ensure strict controls are in place to avoid any gambling credits being placed through the terminals.”

157. On 1 May 2017, CUP contacted NAB:

- (a) to confirm details in relation to some recent transactions that had been processed through the NAB Terminal at the Astral Hotel;
- (b) to request a copy of the transactions details, and sales receipts, for those transactions,

(CUP May 2017 Information Request).

158. On 1 May 2017 at 6.28pm, Mr Bowen sent an email to Mr Theodore setting out the CUP May 2017 Information Request, and asked for sales receipts and transactions records so NAB could provide them to CUP.

159. On 1 May 2017 at 8.58pm, Mr White sent an email to a number of Star employees, including Ms Martin and Mr Theodore, in which he:

- (a) noted that the use of CUP cards at Star’s properties was a “sensitive issue”, and this was particularly because CUP cards were “not to be used directly for acquiring gaming chips”;
- (b) reported that the potential for issues had been highlighted in previous days, as a result of various requests Star had received for detailed documentation on CUP transactions, including from CUP;
- (c) stated that the details in the information provided could be “extremely sensitive”, particularly where the documentation did not support the charge as a credit to the CUP cardholder’s hotel room, because that was the “basis for the relevant transaction”.

160. Shortly after 1 May 2017 (and after Mr Theodore had received Mr Bowen’s email on 1 May 2017 setting out the CUP May 2017 Information Request pleaded in paragraph 158 above), Star introduced a limitation on transactions which patrons could effect using their CUP debit cards, so that patrons were limited to five swipes (that is, five transactions) to a maximum value of \$500,000 each on any one day.

161. On 8 May 2017 at 8.58pm, Mr White sent an email to Mr Bowen, which was copied to Mr Theodore, to which he attached, in respect of 23 requests for information NAB had received from CUP:

- (a) copies of NAB Terminal printouts;

- (b) hotel transaction records (which described only transfers to and from the patrons' accounts, and contained no information as to the nature of any goods or services purchased by the patron from the funds debited from the patrons' CUP card).
162. On 8 May 2017 at 9.05pm, Mr White sent an email to Mr Bowen, which was copied to Mr Theodore, to which he attached, in respect of the transactions the subject of the CUP May 2017 Information Report:
- (a) copies of NAB Terminal printouts;
 - (b) a hotel transaction record (which described only transfers to and from the patron's account, and contained no information as to the nature of any goods or services purchased by the patron from the funds debited from the patron's CUP card).
163. On 11 September 2018, in the email Mr Hornsby sent to Mr Bekier, Mr Hawkins, Mr Theodore and others (as pleaded in paragraph 109 above), Mr Hornsby:
- (a) stated that Star had received very strong patronage in relation to the CUP Process, with the amounts being swiped each month being in the range of \$10m to \$20m;
 - (b) noted the daily swipe limits of 5 swipes of \$100,000 per swipe;
 - (c) observed that Star had not received "any noise from the banks regarding particular transactions for a period of 6 months or more".

NAB INQUIRIES OF STAR REGARDING CUP IN 2019 AND 2020

CUP June 2019 Information Request

164. On 13 June 2019, CUP:
- (a) requested that NAB provide transaction details in relation to two transactions conducted through a NAB Terminal located at a property in Brisbane operated by Jupiters;
 - (b) explained that CUP's risk team had sent an investigation request in relation to these transactions because there was a suspicion that they were each a "large amount gambling transaction" carried out with an improper merchant category code,
- (CUP June 2019 Information Request).**
165. On 18 June 2019, NAB requested Star's assistance to answer the CUP June 2019 Information Request, including by doing the following:
- (a) explaining the business scope of the merchant;
 - (b) explaining the type of goods or services the CUP cardholders purchased;

- (c) providing supporting documents in relation to the two transactions, including but not limited to contracts, agreements and invoices.
166. On 19 June 2019, Paulina “Paulinka” Dudek (Star’s Senior Treasury Manager) (**Ms Dudek**) sent an email to NAB in response to the CUP June 2019 Information Request, in which she:
- (a) stated that the merchant “operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities”;
 - (b) stated that the CUP cardholder purchased “hotel accommodation services” in the transactions in question;
 - (c) stated that she attached “invoices” for the relevant transactions;
 - (d) attached documents of the following nature:
 - (i) copies of NAB Terminal printouts;
 - (ii) hotel transaction records (which described only transfers to and from the patrons’ accounts, and contained no information as to the nature of any goods or services purchased by the patrons from the funds debited from the patrons’ CUP card).

CUP August 2019 Information Request

167. On 27 August 2019, Martin Meldrum (Associate Director, Transaction Solutions, NAB) (**Mr Meldrum**) sent an email to Ms Dudek in which he:
- (a) stated that NAB had received a request from CUP for additional information about a number of transactions that had been flagged as suspicious;
 - (b) provided a list of transactions so flagged, which included transactions conducted through NAB Terminals located the Astral Hotel, Treasury Brisbane (then called Jupiters) and The Star Gold Coast;
 - (c) requested that Star:
 - (i) explain the business scope of the merchants;
 - (ii) explain the type of goods or services the CUP cardholders purchased;
 - (iii) provide supporting documents in relation to the two transactions, including but not limited to contracts, agreements and invoice,

(CUP August 2019 Information Request).

168. On 28 August 2019, Ms Dudek sent an email to NAB in response to the CUP August 2019 Information Request, in which she:

- (a) stated that the merchant “operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities”;
- (b) stated that the CUP cardholder purchased “hotel accommodation services” in the transactions in question;
- (c) stated that she attached “invoices” for the relevant transactions;
- (d) attached documents of the following nature:
 - (i) copies of NAB Terminal printouts;
 - (ii) hotel transaction records (which described only transfers to and from the patrons’ accounts, and contained no information as to the nature of any goods or services purchased by the patrons from the funds debited from the patrons’ CUP card).

169. In the period between 28 August 2019 and 10 September 2019:

- (a) a NAB employee sent an email to CUP in response to the CUP August 2019 Information Request, by setting out the statements set out in, and the documents attached to, Ms Dudek’s email of 28 August 2019 (as pleaded in paragraph 168 above);
- (b) NAB employees sought confirmation from Star that the transactions the subject of the CUP August 2019 Information Request did not include any component for the purpose of gambling;
- (c) Ms Dudek informed Ms Tanya Arthur (Head of Diversified Industries and Technologies Client Coverage, NAB) (**Ms Arthur**) that there was no gambling component in the transactions;
- (d) NAB informed CUP that Star had confirmed that the transactions the subject of the CUP August 2019 Information Request did not include any component for the purpose of gambling.

CUP October 2019 Information Request

170. On 18 October 2019, CUP sent an email to NAB, in which CUP:

- (a) requested, in respect of Star’s provision of hotel transaction records that recorded only “transfer to customer’s account” in response to CUP’s previous inquiries, information as to what kind of specific services were purchased;
- (b) identified three further transactions that had been processed through the NAB Terminal as the Astral Hotel,

(CUP October 2019 Information Request).

171. On 22 October 2019, Mr Meldrum sent an email to Ms Dudek setting out the CUP October 2019 Information Request, and requested a reply within three days.

172. On 4 November 2019, Ms Dudek sent an email to NAB setting out Star's response to the CUP October 2019 Information Request. In that email, Ms Dudek:

(a) stated the following, in respect of transactions the subject of CUP's previous inquiries:

"Certain very high end premium guests at The Star Entertainment Group's integrated resorts incur expenses at the hotel, across a range of entertainment venues within the resort, as well as travel expenses (for example limousine transfers, flights) and external expenses (for example local tourism tour operator expenses), during their time in Australia and whilst staying at The Star Entertainment Group's resorts."

(b) in respect of the further transactions identified in the CUP October 2019 Information Request:

(i) stated that the merchant "operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities";

(ii) stated that the CUP cardholder purchased "hotel accommodation services" in the transactions in question;

(iii) stated that she attached "invoices" for the relevant transactions;

(iv) attached documents of the following nature:

(A) copies of NAB Terminal printouts;

(B) hotel transaction records (which described only transfers to and from the patrons' accounts, and contained no information as to the nature of any goods or services purchased by the patrons from the funds debited from the patrons' CUP card).

173. Star's response referred to in paragraph 172(a) above was drafted by Mr White, and approved by Mr Theodore, prior to being sent to NAB.

CUP direct inquiries with Star, 4 November 2019

174. On 4 November 2019:

(a) CUP sent an email to Star in respect of a transaction conducted in respect of a CUP card at a NAB Terminal at the Astral Hotel, and requested details about the transactions that were being placed through that terminal;

(b) Mr White forwarded CUP's email referred to in paragraph (a) to Mr Theodore.

175. On 5 November 2019, Mr Theodore sent an email to Mr Bekier, Mr Hawkins and Ms Martin in which he:

- (a) noted that Star had been getting more requests for details from CUP in relation to transactions through the NAB Terminals at hotels;
- (b) stated that, when Star had received such questions in the past, Star had given “high level answers and it blew over”, but the requests now were seeking more detail;
- (c) observed that, while the requests from CUP had come through NAB, Star had the previous day received, for the first time, a request that came directly from CUP’s Sydney office;
- (d) noted that Star currently had a transaction limit of \$100,000 per swipe with up to five swipes per day, and that he was proposing reducing that to \$50,000 per transaction with two transactions per customer per day.

The CUP 2019 Warning

176. On 6 November 2019, NAB sent an email to Sarah Scopel (Star’s Group Treasurer) (**Ms Scopel**), in which NAB:

- (a) informed Star that CUP had provided NAB with a notice indicating that CUP was considering issuing a directive to cease providing acceptance of CUP cards to Star;
- (b) noted that CUP could fine NAB and terminate acceptance if NAB did not comply with CUP’s directives;
- (c) stated that from conversations NAB employees had with local CUP representatives, China’s central bank (the PBOC):
 - (i) was not satisfied with the explanations CUP had received from Star in respect of previous requests for information;
 - (ii) had observed individual CUP cardholders spending more than \$20 million at Star, which the PBOC believed included gambling and were struggling to see how that level of expenditure could be made on non-gambling entertainment;
- (d) stated that CUP had requested Star provide, by midday on 7 November 2019, documentation that proved that individual clients were spending \$20 million per year at Star’s venues on entertainment and accommodation expenses, including the following types of information:
 - (i) an example breakdown of typical expenditure of around \$20 million spent at Star, such as amounts spent on accommodation and private jets and the numbers of people in a party whose expenses were covered by a single CUP cardholder;

- (ii) copies of supplier invoices (such as private jet hire company invoices, tour operators and restaurants);
- (iii) written confirmation that “no transactions via the merchant facility includes a gambling component”,

(CUP 2019 Warning).

177. On 7 November 2019 at 9.06am, Ms Scopel forwarded the CUP 2019 Warning to Mr White and Mr Theodore and included in her email to them a draft response.

178. On 7 November 2019 at 9.19am, Mr Whytcross (Star’s General Manager – Finance and Commercial) sent an email to Mr Theodore and Ms Scopel with numerous invoices attached, and stated that he had attached “a sample of high value invoices covering aircraft charter, premium wine, diamonds, vehicles and tourism activities (i.e. tours, vessel hire, golf days)”.

179. On 7 November 2019 at 11.18am, Ms Scopel sent Mr Theodore, Mr White and Ms Martin a further draft response for their review, which draft response:

(a) stated that, without specific customer transactions, it would be difficult to understand the areas of concern, and asserted that Star’s records did not show any individual spending amounts in the range of \$20 million in 2019 to date;

(b) included the statement:

“As previously mentioned, certain very high end premium guests at The Star Entertainment Group’s integrated resorts incur expenses at the hotel, across a range of entertainment venues within the resort, as well as travel expenses (for example limousine transfers, flights) and external expenses (for example local tourism tour operator expenses), during their time in Australia and whilst staying at The Star Entertainment Group’s resorts. Such expenses are consolidated within the guest’s personal account, which is linked to the guest’s hotel accommodation, and cleared with a transfer from the hotel accommodation account, as noted in the receipts provided previously.”

(c) stated that examples of “external services” provided and that were charged to customer accounts were attached, and included as an attachment the invoices Mr Whytcross had sent to Mr Theodore and Ms Scopel at 9.19am (referred to in paragraph 178 above);

(d) stated that Star provided a number of “luxury services” to its “VVIP customers” that might be charged to their “resort accounts”, and identified use of Star’s aircraft and yachts, accommodation and expenses additional to room charges such as wine and a 24-hour butler service;

(e) stated that an “overview” of the types of luxury offerings customers frequently consumer was attached;

- (f) included the statement: “We confirm the terminal is located in The Star Grand hotel, outside of gaming related areas and gaming transactions are not conducted at the hotel”;
 - (g) proposed that, to provide further comfort “around the nature of transactions being non-gaming related”, Star could restrict CUP transactions to a maximum of \$50,000 per day, with customers then being required to have alternative payment methods to cover charges in excess of this.
180. On 7 November 2019 at 11.26am, Ms Scopel sent Mr Theodore, Mr White and Ms Martin a brochure-type document that:
- (a) Ms Scopel proposed to include with the response to NAB, being the “overview” referred to in her draft email at 11.18am (referred to in paragraph 179(e) above);
 - (b) described the nature of Star Sydney as including “world class gaming facilities”.
181. On 7 November 2019 at 11.36am, Ms Martin replied to Ms Scopel’s email of 11.18am containing the draft response for review (pleaded at paragraph 179 above), and:
- (a) stated that the draft response “looks ok to me”;
 - (b) suggested removing a tour company receipt (from the set of example invoices proposed to be provided to NAB) that concerned a private tour of Japan on the basis that she was not sure that that helped “our case with connecting expenses to hotel stays in Sydney, Australia”.
182. On 7 November 2019:
- (a) at 11.51am, Mr Theodore sent an email to Ms Scopel, Ms Martin and Mr White in relation to the overview document Ms Scopel had sent at 11.26am (referred to in paragraph 180 above) in which he requested the words “gaming facilities” be removed and replaced with the phrase “world-class entertainment facilities”;
 - (b) at 11.55am, a document containing the change requested by Mr Theodore was sent by email to Mr Theodore, Ms Scopel, Ms Martin and Mr White.
183. On 7 November 2019 at 11.59am, Ms Scopel sent an email to NAB (copied to Mr Theodore), in response to the CUP 2019 Warning, which:
- (a) stated that without specific customer transactions, it would be difficult to understand the areas of concern, and asserted that Star’s records did not show any individual spending amounts in the range of \$20 million in 2019 to date;
 - (b) included the statement:

“As previously mentioned, certain very high end premium guests at The Star Entertainment Group’s integrated resorts incur expenses at the hotel, across a range

of entertainment venues within the resort, as well as travel expenses (for example limousine transfers, flights) and external expenses (for example local tourism tour operator expenses, food and beverage, major events and entertainment), during their time in Australia and whilst staying at The Star Entertainment Group's resorts. Such expenses are consolidated within the guest's personal account, which is linked to the guest's hotel accommodation, and cleared with a transfer from the hotel accommodation account, as noted in the receipts provided previously."

- (c) stated that examples of "external services" provided and that were charged to customer accounts were attached, and included as an attachment the invoices Mr Whytcross had sent to Mr Theodore and Ms Scopel at 9.19am (referred to in paragraph 178 above) and some additional invoices;
- (d) stated that Star provided a number of "luxury services" to its "VVIP customers" that might be charged to their "resort accounts", and identified use of Star's aircraft and yachts, accommodation and expenses additional to room charges such as wine and a 24-hour butler service;
- (e) stated that an "overview" of the types of luxury offerings customers frequently consumed was attached, and attached the overview document that had been sent to Mr Theodore, Ms Scopel, Ms Martin and Mr White at 11.55am (referred to in paragraph 182(b) above);
- (f) included the statement: "We confirm the terminal is located in The Star Grand hotel, outside of gaming related areas and gaming transactions are not conducted at the hotel";
- (g) proposed that to provide further comfort "around the nature of transactions", Star could restrict CUP transactions to a maximum of \$50,000 per day, with customers then being required to have alternative payment methods to cover charges in excess of this,

(7 November Email).

- 184. On 7 November 2019 at 12.07pm, Ms Scopel forwarded the 7 November Email to Ms Martin and Mr White.
- 185. On 20 November 2019, Ms Arthur sent an email to Ms Scopel, in which she:
 - (a) stated that CUP had responded to the information provided in Star's 7 November Email with a few further questions;
 - (b) identified a number of specific transactions processed through the NAB Terminal at the Astral Hotel in respect of which CUP sought an elaboration as to what type of goods or services were purchased, together with supporting documents;
 - (c) stated that CUP wished to receive further detail on how the \$50,000 payment restriction Star had proposed in its 7 November Email would be put in place.

186. On 22 November 2019, Ms Dudek sent an email to Ms Arthur, responding to Ms Arthur's email of 20 November 2019, in which Ms Dudek:
- (a) in respect of CUP's request for elaboration regarding specific transactions:
 - (i) stated that the merchant "operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities";
 - (ii) stated that the CUP cardholder purchased "hotel accommodation services" with the transactions in question;
 - (iii) stated that she attached "invoices" for the relevant transactions;
 - (iv) attached documents of the following nature:
 - (A) copies of NAB Terminal printouts;
 - (B) hotel transaction records (which described only transfers to and from the patrons' accounts, and contained no information as to the nature of any goods or services purchased by the patrons from the funds debited from the patrons' CUP card);
 - (b) in relation to Star's proposal to impose a \$50,000 payment restriction, stated that on request from CUP, Star would be able to implement a \$50,000 daily payment restriction per customer per day, "to pay for resort expenses", and that customer resort expenses exceeding that amount would be required to be paid for using alternate payment methods.

CUP November 2019 Information Request

187. On 26 November 2019, Ms Arthur of NAB sent an email to Star, in which she informed Star that CUP had requested supporting information in relation to 156 transactions processed in respect of three CUP cards via the NAB Terminal at the Astral Hotel. **(CUP November 2019 Information Request)**
188. A meeting of the Board of Star was held on 4 December 2019 **(December 2019 Board Meeting)**, at which:
- (a) each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
 - (b) each of Mr Theodore and Ms Martin was in attendance.
189. A paper taken as read at the December 2019 Board Meeting was entitled "The Star Entertainment Group Limited Managing Director & CEO Report October 2019". There was no mention of the CUP Process in this paper.

190. Another paper taken as read at the December 2019 Board Meeting was entitled “The Star Entertainment Group Ltd CFO Report October 2019”. There was no mention of the CUP Process in this paper.
191. There was no mention of the CUP Process in any of the other papers taken as read during the December 2019 Board Meeting.
192. On 9 December 2019, Ms Dudek sent an email to NAB setting out Star’s response to the CUP November 2019 Information Request, and:
- (a) stated that the merchant “operates integrated resorts in Australia, consisting of hotels, restaurants and other entertainment facilities”;
 - (b) stated that the CUP cardholder purchased “hotel accommodation services” in the transactions in question;
 - (c) stated that she attached “invoices” for the relevant transactions;
 - (d) attached documents of the following nature:
 - (i) copies of NAB Terminal printouts;
 - (ii) hotel transaction records (which described only transfers to and from the patrons’ accounts, and contained no information as to the nature of any goods or services purchased by the patrons from the funds debited from the patrons’ CUP card).
193. On 11 December 2019, Ms Arthur of NAB replied to Ms Dudek’s email of 9 December 2019 (referred to in paragraph 192 above) and:
- (a) stated that NAB had provided the information in Ms Dudek’s email to CUP, and that CUP was now seeking additional details about the transactions;
 - (b) set out comments NAB had received from CUP, which were to the effect that:
 - (i) CUP had noticed the invoices were for topping up the card holder’s account;
 - (ii) if the CUP transactions involved topping up of a card holder’s account, then CUP sought spending details for the accounts and evidence of the costs;
 - (iii) if the accounts were just for accommodation, then CUP sought details about the stay such as the number of people and the room rates;
 - (iv) the current invoices provided by Star gave no detail as to what had been purchased.
194. On 16 December 2019, Ms Dudek sent an email replying to Ms Arthur’s email of 11 December 2019 (referred to in paragraph 193 above) and:

- (a) set out the content of the 7 November Email;
 - (b) attached the same documents that had been attached to the 7 November Email.
195. A meeting of the Board of Star was held on 19 February 2020 (**February 2020 Board Meeting**), at which:
- (a) each of Mr Bekier, Mr O'Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
 - (b) each of Mr Theodore and Ms Martin was in attendance.
196. Two of the papers taken as read at the February 2020 Board Meeting were entitled "The Star Entertainment Group Limited Managing Director & CEO Report December 2019" and "The Star Entertainment Group Limited Managing Director & CEO Report January 2020". There was no mention of the CUP Process in either of these papers.
197. A further two papers taken as read at the February 2020 Board Meeting were entitled "The Star Entertainment Group Ltd CFO Report December 2019" and "The Star Entertainment Group Ltd CFO Report January 2020". There was no mention of the CUP Process in either of these papers.
198. There was no mention of the CUP Process in any of the other papers taken as read during the February 2020 Board Meeting.

The CUP 2020 Warning Letter, and Star's decision to cease accepting CUP cards

199. On 28 February 2020, CUP sent a letter to NAB, in which CUP:
- (a) referred to communications it had received from NAB in response to questions raised by CUP regarding CUP card transactions at the NAB Terminal at the Astral Hotel to the effect that the transactions were for "accommodation services" and "do not include any component for the purpose of gambling";
 - (b) noted that NAB had provided some items of customers' expenses as an example, but that CUP had not received detailed supporting documents for the transactions it had questioned;
 - (c) requested that NAB take the following actions, by 9 March 2020:
 - (i) provide supporting documents for transactions listed in an attachment to the letter, and explain what types of goods and services the CUP cardholders had purchased;
 - (ii) conduct further investigations (such as conducting on-site visits and retrieving transaction documents) in relation to the merchant (being Star Sydney) to

identify if the transactions at the NAB Terminal at the Astral Hotel were related to any prohibited business;

- (iii) assign prohibited merchant category codes (“MCCs”) to prohibited business, as required by the CUP Scheme Rules,

(CUP 2020 Warning Letter).

- 200. On 3 March 2020 at 10.34am, Ms Arthur sent an email to Ms Scopel to which she attached the CUP 2020 Warning Letter.
- 201. On 3 March 2020 at 11.32am, Ms Scopel sent an email to Mr Theodore and Mr White in which she forwarded the CUP 2020 Warning Letter.
- 202. On 3 March 2020 at 1.43pm, Mr Theodore sent an email to Mr Bekier, in which he stated that:
 - (a) NAB had received a further “request and demand for information from CUP on transactions”, and that this request was “an escalation on previous correspondence”;
 - (b) he had a call with NAB that afternoon but he expected Star was now in a position where it would lose “the terminals”.
- 203. On 3 March 2020 at 5.02pm, Mr Theodore sent an email to Ms Martin in which he forwarded the CUP 2020 Warning Letter.
- 204. On or around 3 March 2020, Star decided to cease accepting CUP cards at NAB Terminals located on Star’s properties, and thereby to cease operating the CUP Process.
- 205. On 5 March 2020 at 12.04pm, Mr Theodore sent an email to Mr Bekier, attaching the CUP 2020 Warning Letter and stating: “As discussed and as an FYI at this point this is the letter CUP sent to NAB”.
- 206. A meeting of the Board of Star was held on 18 March 2020 (**March 2020 Board Meeting**), at which:
 - (a) each of Mr Bekier, Mr O’Neill, Mr Sheppard, Ms Lahey, Mr Bradley, Ms Pitkin, Mr Todorcevski and Mr Heap was present;
 - (b) each of Mr Theodore and Ms Martin was in attendance.
- 207. A paper taken as read at the March 2020 Board Meeting was entitled “The Star Entertainment Group Limited Managing Director & CEO Report February 2020”. There was no mention of the CUP Process in this paper.
- 208. Another paper taken as read at the March 2020 Board was entitled “The Star Entertainment Group Limited CFO Report February 2020”. There was no mention of the CUP Process in this paper.

209. There was no mention of the CUP Process in any of the other papers taken as read during the March 2020 Board Meeting.

CONTRAVENTIONS OF S 180(1)

MR HAWKINS – S 180(1) CONTRAVENTION IN 2018

210. At all times between 13 June 2018 (when he approved Star Sydney's entry into the 2018 Suncity Agreement) and 26 July 2018 (when he attended the July 2018 Board Meeting), Mr Hawkins knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney's Obligations;
- (b) the Star Qld Companies' Queensland Casino Obligations;
- (c) the existence of the General Junket Risks;
- (d) the KPMG Junket Risk Information;
- (e) that Suncity and its representatives had engaged in suspicious transactions at the Salon 95 Service Desk which had prompted the giving of the First Verbal Warning and the Second Verbal Warning, and the provision of the First Warning Letter, to Suncity representatives (as set out in paragraphs 71 to 76 above) (**First Warning Information**);
- (f) that following provision of the First Warning Letter:
 - (i) Suncity and its representatives had engaged in further suspicious transactions at the Salon 95 Service Desk, including after provision to Suncity of the Salon 95 Service Desk Processes;
 - (ii) there had been some significant non-compliance in relation to Suncity that posed a real anti-money laundering risk to Star's business;
 - (iii) the nature of those suspicious transactions might have increased Star's risks in relation to layering, and had created uncertainty as to whether the transactions might have been related to criminal offences;
 - (iv) the Second Warning Letter had been provided to Suncity representatives, (**Second Warning Information**).

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Hawkins' knowledge (and the fact that he ought to have known of those matters)

is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 18 to 20 above.

2. As to the First Warning Information:
 - a. Mr Hawkins received the emails referred to in paragraphs 72 and 74 above;
 - b. Mr Hawkins signed the First Warning Letter.
3. As to the Second Warning Information:
 - a. Mr Hawkins was informed of several suspicious transactions that occurred after the First Warning Letter (as pleaded at paragraphs 77 to 78 above);
 - b. Mr Hawkins sent the email referred to in paragraph 79 above;
 - c. Mr Hawkins received the emails referred to in paragraphs 82 and 94 above;
 - d. Mr Hawkins signed the Second Warning Letter.
4. As to the KPMG Junket Risk Information:
 - a. Mr Hawkins is on the distribution list for the report referred to in paragraph 84 above; and
 - b. Mr Hawkins was present at the May 2018 Board Meeting.

211. A reasonable officer of a corporation in Star's circumstances and who occupied the office held by Mr Hawkins and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks, the First Warning Information and the Second Warning Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the First Warning Information and the Second Warning Information, together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau:
 - (i) gave rise to a foreseeable risk that Star Sydney would be in breach of its Suitability Obligations (by reason of s 12(2)(g) of the CCA) and accordingly, could be liable to disciplinary action taken by the Authority pursuant to s 59 of the CCA, which action could include the imposition of fines, suspension or cancellation of its Licence in circumstances where any such action would have serious negative impacts on Star's financial situation and reputation (**Suncity Suitability Risk**);

- (ii) gave rise to a foreseeable risk that Star Sydney would be in breach of one or more of its AML/CTF Obligations, and accordingly, could be liable to the imposition of substantial civil penalties imposed under the AML/CTF Act (**AML/CTF Risk**);
 - (iii) gave rise to a foreseeable risk that Star's reputation would be damaged in that it could be perceived to be willing to maintain and profit from having business associations with persons or entities who were not of good repute (**Suncity Reputational Risk**);
 - (iv) gave rise to a foreseeable risk that the Star Qld Companies' may not be able to comply with their Queensland Casino Obligations (as a result of the risks identified in paragraphs (i) to (iii)) (the **Queensland Casino Risk**).
- (b) recognised that the members of the Board of Star relied on him to draw to their attention any matters of which he was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or matters which, if they became publicly known, would cause reputational harm to Star and Star Sydney;
- (c) taken all necessary steps to:
 - (i) decline to provide approval for Star Sydney and Star Qld to enter into the 2018 Suncity Agreement;
 - (ii) terminate all business associations between the Group and Suncity and Mr Chau;
 - (iii) in the alternative to sub-paragraph (ii), taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until he had obtained or been provided with information that satisfied him that, notwithstanding the First Warning Information and the Second Warning Information, it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (d) in the alternative to paragraph (c), prior to providing any approval for Star Sydney and Star Qld to enter into the 2018 Suncity Agreement:
 - (i) taken all steps necessary to inform him or herself (such as by making inquiries of Star's management and employees) of any matters relating to Salon 95 and/or Suncity that had occurred subsequent to his signing of the Second Warning Letter;
 - (ii) having done so, would have learned of the matters pleaded in paragraph 100 above;

- (iii) taken all necessary steps to ensure that Mr Bekier and/or the other members of the Board were informed of:
 - (A) the First Warning Information, the Second Warning Information and the matters pleaded in paragraph 100 above;
 - (B) the fact that, in the circumstances, entering into the 2018 Suncity Agreement (and thereby maintaining a business association with Suncity and Mr Chau) gave rise to the risks specified in paragraph (a) above;
- (iv) informed Mr Bekier and/or the members of Star's Board of the fact that Star employees and Suncity representatives had been negotiating entry into a new agreement;
- (v) either:
 - (A) recommended to Mr Bekier and/or the members of Star's Board that Star Sydney and Star Qld not enter into any new agreement with any promoter of Suncity and that the Group terminate all business associations with any persons or entities associated with Suncity or Mr Chau;
 - (B) alternatively, sought approval from Mr Bekier and/or the members of Star's Board for Star Sydney and Star Qld to enter into the 2018 Suncity Agreement;
- (e) further, or in the alternative, to paragraph (d) above, taken all necessary steps to ensure that both Mr Bekier and the other members of Star's Board were informed, by the latest at the July 2018 Board Meeting, of the substance of:
 - (i) the First Warning Information and the Second Warning Information;
 - (ii) the fact, in the circumstances, that maintenance by the Group of business associations with Suncity and Mr Chau gave rise to the foreseeable risks specified in paragraph (a) above.

212. In the period between 13 June 2018 and 26 July 2018, Mr Hawkins:

- (a) failed to take the steps alleged in paragraph 211 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in Star's circumstances and occupied the office held by Mr Hawkins, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

MR HAWKINS – s 180(1) CONTRAVENTION IN 2019

213. By 15 August 2019 Mr Hawkins knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney's Obligations;
- (b) the Star Qld Companies' Queensland Casino Obligations;
- (c) the General Junket Risks;
- (d) the First Warning Information;
- (e) the KPMG Junket Risk Information;
- (f) the Second Warning Information;
- (g) that there were reports that Mr Chau had been refused a visa to enter Australia and perhaps also some other countries (**Mr Chau Visa Refusal Information**);
- (h) that Suncity had been singled out in Chinese media as a business that contravened Chinese law by presenting gambling experiences to persons in mainland China (as pleaded in paragraph 120(b) above) (**Suncity Overseas Contraventions**);
- (i) that the NSW Police Commissioner had required that six persons associated with Suncity be excluded from the Sydney Casino (as pleaded in paragraph 120(c) above) (**NSW Police Suncity Exclusions**);
- (j) the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Hawkins' knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 18 to 20 above.
2. As to the First Warning Information:
 - a. Mr Hawkins received the emails referred to in paragraphs 72 and 74 above;
 - b. Mr Hawkins signed the First Warning Letter.
3. As to the KPMG Junket Risk Information:

- a. Mr Hawkins is on the distribution list for the report referred to in paragraph 84 above;
 - b. Mr Hawkins was present at the May 2018 Board Meeting.
 4. As to the Second Warning Information:
 - a. Mr Hawkins was informed of several suspicious transactions that occurred after the First Warning Letter as pleaded at paragraphs 77 to 78 above;
 - b. Mr Hawkins sent the email referred to in paragraph 79 above;
 - c. Mr Hawkins received the emails referred to in paragraphs 82 and 94 above;
 - d. Mr Hawkins signed the Second Warning Letter.
 5. As to the Mr Chau Visa Refusal Information, on 11 September 2018, Mr Hawkins received an email from Mr Hornsby, which contained the Mr Chau Visa Refusal Information.
 6. As to the Suncity Overseas Contraventions and the NSW Police Suncity Exclusions, on 22 July 2019, Mr Hawkins sent an email to Mr Bekier and Ms Martin, which contained information about both of those matters.
 7. As to the Crown Allegations, Mr Hawkins' knowledge is to be inferred from his involvement in preparation of the Crown Allegations Board Paper, and also from the nature of his role and responsibilities, as pleaded in paragraphs 18 to 20 above.
214. A reasonable officer of a corporation in Star's circumstances and who occupied the office held by Mr Hawkins and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks and the matters pleaded in paragraph 213(d) to 213(i) above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:
- (a) recognised that the matters pleaded in paragraphs 213(d) to 213(i), together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casino Risk;
 - (b) recognised that the members of Star's Board relied on him to draw to their attention any matters of which he was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became publicly known, would cause reputational harm to Star and Star Sydney;

- (c) recognised that the Crown Allegations Board Paper:
 - (i) did not inform the Board of Star of the substance of:
 - (A) the First Warning Information and the Second Warning Information;
 - (B) the Mr Chau Visa Refusal Information;
 - (C) the Suncity Overseas Contraventions;
 - (D) the NSW Police Suncity Exclusions;
 - (ii) accordingly, did not inform the Board of key matters that would be relevant to an assessment of whether, in light of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, the Group should terminate all business associations between the Group and Suncity and Mr Chau;
- (d) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (e) in the alternative to paragraph (d), taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until he had obtained or been provided with information that satisfied him that, notwithstanding the First Warning Information, the Second Warning Information, the Mr Chau Visa Refusal Information, the Suncity Overseas Contraventions and the NSW Police Suncity Exclusions, it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (f) in the alternative to paragraphs (d) and (e), taken all necessary steps, by the latest at the August 2019 Board Meeting, to ensure that:
 - (i) both Mr Bekier and the other members of Star's Board were informed of the substance of:
 - (A) the First Warning Information and the Second Warning Information;
 - (B) the Mr Chau Visa Refusal Information;
 - (C) the Suncity Overseas Contraventions;
 - (D) the NSW Police Suncity Exclusions;
 - (ii) both Mr Bekier and the other members of Star's Board were informed of the fact that, in the circumstances, maintenance by the Group of business associations with Suncity and Mr Chau gave rise to the risks specified in paragraph (a) above;

- (iii) both Mr Bekier and the other members of Star's Board were provided with a recommendation that the Group terminate all business associations between the Group and Suncity and Mr Chau.

215. By 15 August 2019, and at all times thereafter in the Relevant Period, Mr Hawkins:

- (a) failed to take the steps pleaded in paragraph 214 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in Star's circumstances and occupied the office held by Mr Hawkins, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

MS MARTIN – S 180(1) CONTRAVENTION IN 2018

216. At all times between 17 May 2018 (when she received the Operation Money Bags Information Note) and 26 July 2018 (when she attended the July 2018 Board Meeting), Ms Martin knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney's Obligations;
- (b) the Star Qld Companies' Queensland Casino Obligations;
- (c) the existence of the General Junket Risks;
- (d) the Operation Money Bags Information;
- (e) the KPMG Junket Risk Information;
- (f) Star had issued the First Warning Letter to Mr Iek and provided it to Suncity representatives in Salon 95;
- (g) that it had been necessary to provide Suncity representatives with written rules (being the Salon 95 Service Desk Processes) outlining the conduct they were permitted and not permitted to engage in at the Salon 95 Service Desk;
- (h) that, following the provision of the Salon 95 Service Desk Processes to Suncity representatives, Mr Hawkins had considered it necessary to request Ms Martin and other members of Star's senior management personally visit Salon 95 to make known to Suncity's representatives the importance of their compliance with those processes.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Ms Martin's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 13 to 15 above.
 2. As to the Operation Money Bags Information, on 17 May 2018, Ms Martin received the Operation Money Bags Information Note, which contained the Operation Money Bags Information.
 3. As to the KPMG Junket Risk Information:
 - a. Ms Martin is on the distribution list for the report referred to in paragraph 84 above;
 - b. Ms Martin was present at the May 2018 Board Meeting.
 4. As to sub-paragraph (f): On 18 May 2018, Ms Martin received an email chain which contained an email reporting on the First Warning Letter having been provided to Suncity representatives.
 5. As to sub-paragraph (g): On 25 May 2018, Ms Martin received a copy of the Salon 95 Service Desk Processes.
 6. As to sub-paragraph (h): On 5 June 2018, Mr Hawkins requested Ms Martin and other members of Star's senior management personally visit Salon 95, as pleaded in paragraph 92 above.
217. A reasonable officer of a corporation in Star's circumstances and who occupied the office held by Ms Martin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks and the matters referred to in paragraph 216(d) to 216(h), in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:
- (a) recognised that the Operation Money Bags Information, together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casino Risk;
 - (b) recognised that the members of the Board of Star relied on her to draw to their attention any matters of which she was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became publicly known, would cause reputational harm to Star and Star Sydney;

- (c) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (d) in the alternative to paragraph (c), taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until she had obtained or been provided with information that satisfied her that, notwithstanding the Operation Money Bags Information, it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (e) in the alternative to paragraphs (c) and (d), taken all necessary steps to ensure that, by the latest at the July 2018 Board Meeting:
 - (i) both Mr Bekier and the other members of Star's Board were informed of the Operation Money Bags Information and the matters pleaded at paragraphs 216(f) - 216(h);
 - (ii) both Mr Bekier and the other members of Star's Board were informed of the fact, in the circumstances, maintenance by the Group of business associations with Suncity and Mr Chau gave rise to the risks specified in paragraph (a) above;
 - (iii) both Mr Bekier and other members of Star's Board were provided with a recommendation that the Group terminate all business associations between the Group and Suncity and Mr Chau.

218. In the period between 17 May 2018 and 26 July 2018, Ms Martin:

- (a) failed to take the steps pleaded in paragraph 217 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in Star's circumstances and occupied the office held by Ms Martin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

Ms MARTIN – S 180(1) CONTRAVENTION IN 2019

219. By 15 August 2019 Ms Martin knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney's Obligations;
- (b) the Star Qld Companies' Queensland Casino Obligations;
- (c) the existence of the General Junket Risks;

- (d) the Operation Money Bags Information;
- (e) the KPMG Junket Risk Information;
- (f) the Operation Lunar Information;
- (g) the HKJC Information;
- (h) the Junket Due Diligence Information;
- (i) the Suncity Overseas Contraventions;
- (j) the NSW Police Suncity Exclusions;
- (k) that Suncity continued to be of interest to the AFP (as pleaded in paragraph 121) (**AFP Suncity Information**);
- (l) the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Ms Martin's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 13 to 15 above.
2. As to the Operation Money Bags Information, on 17 May 2018, Ms Martin received the Operation Money Bags Information Note, which contained the Operation Money Bags Information.
3. As to the KPMG Junket Risk Information:
 - a. Ms Martin is on the distribution list for the report referred to in paragraph 84 above;
 - b. Ms Martin was present at the May 2018 Board Meeting.
4. As to the Operation Lunar Information, on 5 June 2019, Ms Martin received the Operation Lunar Information Note, which contained the Operation Lunar Information.
5. As to the HKJC Information, on 12 June 2019, Ms Martin received the Hong Kong Jockey Club Report, which contained the HKJC Information.

6. As to the Junket Due Diligence Information, on or around 12 or 13 June 2019, Ms Martin received the Due Diligence Memorandum, which contained the Junket Due Diligence Information.
7. As to the Suncity Overseas Contraventions and the NSW Police Suncity Exclusions, on 22 July 2019, Ms Martin received an email from Mr Hawkins, which contained information about both of those matters.
8. As to the AFP Suncity Information, on 23 July 2019, Ms Martin received a report from Mr Buchanan, which contained the AFP Suncity Information.
9. As to the Crown Allegations, Ms Martin's knowledge is to be inferred from her involvement in the preparation of the Crown Allegations Board Paper, and also from the nature of her role and responsibilities, as pleaded in paragraphs 13 to 15 above.

220. A reasonable officer of a corporation in Star's circumstances and who occupied the office held by Ms Martin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks and the matters referred to at paragraphs 219(d) to 219(k) above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the matters pleaded in paragraphs 219(d) to 219(k), together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casinos Risk;
- (b) recognised that the members of the Board of Star relied on her to draw to their attention any matters of which she was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became publicly known, would cause reputational harm to Star and Star Sydney;
- (c) recognised:
 - (i) that the Operation Lunar Information, which she had received after the completion of the Stevens Review contradicted the conclusions reached in the Stevens Review;
 - (ii) that the conclusions of the Stevens Review were referred to in the May 2019 Regulatory Matters Update Paper she had prepared for the May 2019 BRCC Meeting;
 - (iii) accordingly, that if she did not provide the members of the BRCC (or the members of the Star's Board as a whole) with the substance of Operation Lunar Information, they may make decisions on the basis of an incorrect

understanding, to the effect that Star employees and management were not aware of any significant issues in respect of the conduct of Suncity representatives in connection with transactions conducted at the Salon 95 Service Desk (when in fact the opposite was true);

- (d) recognised that the Crown Allegations Board Paper:
 - (i) did not inform the Board of the substance of:
 - (A) the Operation Money Bags Information;
 - (B) the Operation Lunar Information;
 - (C) the HKJC Information (or the fact that she had a copy of the HKJC Report);
 - (D) the Junket Due Diligence Information;
 - (E) Suncity Overseas Contraventions;
 - (F) the NSW Police Suncity Exclusions;
 - (G) the AFP Suncity Information;
 - (ii) accordingly, did not inform the Board of key matters that would be relevant to an assessment of whether, in light of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, the Group should terminate all business associations between the Group and Suncity and Mr Chau;
- (e) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (f) in the alternative to paragraph (e), taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until she had obtained or been provided with information that satisfied her that, notwithstanding the Operation Money Bags Information, the Operation Lunar Information, the HKJC Information, the Junket Due Diligence Information, the Suncity Overseas Contraventions, the NSW Policy Suncity Exclusions and the AFP Suncity Information, it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (g) in the alternative to paragraphs (e) and (f), taken all necessary steps, by the latest at the August 2019 Board Meeting, to ensure that:
 - (i) both Mr Bekier and the other members of Star's Board were informed of the substance of:
 - (A) the Operation Money Bags Information;

- (B) the Operation Lunar Information;
 - (C) the HKJC Information (and the fact that she had a copy of the HKJC Report);
 - (D) the Junket Due Diligence Information;
 - (E) Suncity Overseas Contraventions;
 - (F) the NSW Police Suncity Exclusions;
 - (G) the AFP Suncity Information;
- (ii) both Mr Bekier and the other members of Star's Board were informed of the fact that, in the circumstances, maintenance by the Group of business associations with Suncity and Mr Chau gave rise to the risks specified in paragraph (a) above;
 - (iii) both Mr Bekier and the other members of Star's Board were provided with a recommendation that the Group terminate all business associations between the Group and Suncity and Mr Chau.

221. By 15 August 2019 and all times thereafter in the Relevant Period, Ms Martin:

- (a) failed to take the steps pleaded in paragraph 220 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in Star's circumstances and occupied the office held by Ms Martin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR BEKIER IN RELATION TO SUNCITY AND JUNKETS

Contraventions of s 180(1) relating to the Qin CCF and the Chau CCF

222. Mr Bekier knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;

- (c) in May 2018, the matters referred to in the May 2018 CEO Report regarding concerns having emerged in relation to the Salon 95 Service Desk (as pleaded in paragraphs 102 and 103 above) (**Salon 95 Concerns**).

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Bekier's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 10 to 11 above.
2. As to the KPMG Junket Risk Information, Mr Bekier received the KPMG Reports and attended the May 2018 Audit Committee Meeting and the May 2018 Board Meeting, at which the KPMG Reports (which contained the KPMG Junket Risk Information) were discussed.
3. As to the Salon 95 Concerns, they were referred to in the May 2018 CEO Report.

The Qin CCF Circulating Resolution

223. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
- (b) recognised that, as a result, he could not be satisfied that Mr Qin was a person of good repute;
- (c) obtained, or requested Star's management to obtain, and provide to him the Qin Probity Information and ensured that the Board was also provided the Qin Probity Information;
- (d) recommended to the Board that the Qin CCF Circulating Resolution not be approved until the Qin Probity Information had been provided;
- (e) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;
- (f) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:

- (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (g) having learned of the matters identified in paragraph 223(f) above:
- (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) taken all necessary steps to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to his, and the Board's, satisfaction that, notwithstanding the matters referred to in paragraph 223(f) above, Mr Qin was a person of good repute.

224. When he approved the Qin CCF Circulating Resolution, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 223 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

225. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;

- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;
- (d) taken all necessary steps to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to his, and the Board's, satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

226. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 225 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

227. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;
- (b) recognised that as a result, he could not be satisfied that Mr Chau was a person of good repute;
- (c) obtained or, requested Star's management to obtain, and provide to him the Chau Probity Information and ensured that the Board was also provided the Chau Probity Information;
- (d) recommended to the board that the Chau CCF Circulating Resolution not be approved until the Chau Probity Information had been provided;

- (e) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (f) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (g) having learned of the matters identified in paragraph 227(f) above:
 - (i) declined to approve the Chau CCF Circulating Resolution;
 - (ii) taken all necessary steps to ensure the Group terminated all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to his, and the Board's satisfaction, that, notwithstanding the matters referred to in paragraph 227(f) above, Suncity and Mr Chau were persons of good repute.

228. When he approved the Chau CCF Circulating Resolution, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 227 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

229. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Audit Committee Meeting and/or the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star's money-laundering and terrorism financing risk assessment processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;
- (b) recognised that those deficiencies may have increased the risk of Star Sydney failing to comply with Star Sydney's Obligations and the Queensland Casinos failing to comply with the Queensland Casino Obligations;
- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having recently approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) taken all necessary steps to undertake enquiries and report back to the Board, and the Board, as to Mr Qin's and Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information.
- (e) once the action referred to in paragraph (d) above had been properly complied with in relation to Mr Qin, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities

(designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;

- (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above, taken all necessary steps to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to his, and the Board's, satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.
- (g) once the action referred to in paragraph (d) above had been properly complied with in relation to Mr Chau, learned of at least the following matters:
- (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New

York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;

- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a “business dispute”;
- (h) having learned of the matters identified in paragraph (g) above, taken all necessary steps to ensure the Group terminated all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to his, and the Board’s satisfaction, that, notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

230. At the May 2018 Audit Committee Meeting, the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 229 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

Contravention of s 180(1) in 2018 in relation to Suncity

231. By the time of the July 2018 Board Meeting, Mr Bekier knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney’s Obligations;
- (b) the Star Qld Companies’ Queensland Casino Obligations;
- (c) the existence of the General Junket Risks;
- (d) the KPMG Junket Risk Information;
- (e) the Salon 95 Concerns;
- (f) that the reference in the May 2018 CEO Report was the only written information provided to the Board in the Board papers for the July 2018 Board Meeting concerning Suncity and Salon 95 (as pleaded in paragraphs 101 to 104 above).

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Bekier's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 10 to 11 above.
 2. As to the Salon 95 Concerns:
 - a. they were referred to in the May 2018 CEO Report;
 - b. Mr Bekier spoke to the May 2018 CEO Report at the July 2018 Board Meeting.
 3. As to paragraph (f), Mr Bekier's knowledge (and that he ought to have known of that matter) is to be inferred from the nature of his role as CEO and a director of Star.
232. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks, the KPMG Junket Risk Information and the Salon 95 Concerns, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:
- (a) prior to attending the July 2018 Board Meeting:
 - (i) taken all steps necessary to inform him or herself (such as by making inquiries of Mr Hawkins, Ms Martin, and other members of Star's management) of any matters relating to Salon 95 and/or Suncity that had occurred subsequent to the completion of the May 2018 CEO Report;
 - (ii) having done so, would have learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 227(f) above;
 - (b) recognised that the First Warning Information, the Second Warning Information and the Operation Money Bags Information, together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casino Risk;
 - (c) recognised that the other members of the Board of Star relied on him to draw to their attention any matters of which he was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became publicly known, would cause reputational harm to Star and Star Sydney;

- (d) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (e) in the alternative to paragraph (d) taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until he had obtained or been provided with information that satisfied him that, notwithstanding the matters in paragraph (b), it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (f) in the alternative to paragraphs (d) and (e), taken all necessary steps to ensure, by the latest at the July 2018 Board Meeting, that:
 - (i) the other members of Star's Board were informed of the First Warning Information, the Second Warning Information and the Operation Money Bags Information;
 - (ii) the other members of Star's Board were informed of the fact that, in the circumstances, maintenance by the Group of business associations with Suncity and Mr Chau gave rise to the risks specified in paragraph (b) above;
 - (iii) the other members of Star's Board were provided with a recommendation that the Group terminate all business associations with any persons or entities associated with Suncity or Mr Chau.

233. In the period between the finalisation of the May 2018 CEO Report and 26 July 2018, Mr Bekier:

- (a) failed to take the steps alleged in paragraph 232 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

Contravention of s 180(1) in 2019 in relation to Suncity

234. By 15 August 2019 Mr Bekier knew, or ought reasonably to have known, of the following matters:

- (a) Star Sydney's Obligations;
- (b) the Star Qld Companies' Queensland Casino Obligations;
- (c) the existence of the General Junket Risks;

- (d) the KPMG Junket Risk Information;
- (e) the Salon 95 Concerns;
- (f) the Chau Visa Refusal Information;
- (g) the Suncity Overseas Contraventions;
- (h) the NSW Police Suncity Exclusions;
- (i) the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Bekier's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 10 to 11 above.
2. As to the Salon 95 Concerns:
 - a. they were referred to in the May 2018 CEO Report;
 - b. Mr Bekier spoke to the May 2018 CEO Report at the July 2018 Board Meeting.
3. As to the Mr Chau Visa Refusal Information, on 11 September 2018, Mr Bekier received an email from Mr Hornsby, which contained the Mr Chau Visa Refusal Information.
4. As to the Suncity Overseas Contraventions and the NSW Police Suncity Exclusions, on 22 July 2019, Mr Bekier received an email from Mr Hawkins, which contained information about both of those matters.
5. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr Bekier attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr Bekier's knowledge (and the fact he ought to have known of those matters) is also to be inferred from the nature of his role

and his responsibilities, as pleaded at paragraphs 10 to 11 above.

235. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks and the matters referred to in paragraphs 234(d) to 234(h), in acting with care and diligence (as required by s 180(1) of the Corporations Act) above would have:

- (a) prior to attending the August 2019 Board Meeting:
 - (i) taken all steps necessary to inform him or herself (such as by making inquiries of Mr Hawkins, Ms Martin, and/or other members of Star's management) of any matters relating to Salon 95 and/or Suncity that had occurred subsequent to the May 2018 CEO Report;
 - (ii) having done so, would have learned of the First Warning Information, the Second Warning Information, the Operation Money Bags Information, the Operation Lunar Information and/or the HKJC Information;
- (b) recognised that the matters referred to in paragraphs 234(d) to 234(h) and the matters referred to in paragraph (a)(ii), together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casino Risk;
- (c) recognised that the other members of the Board of Star relied on him to draw to their attention any matters of which he was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became public, would cause reputational harm to Star and Star Sydney;
- (d) recognised that the Crown Allegations Board Paper:
 - (i) did not inform the Board of Star of the substance of:
 - (A) the Operation Money Bags Information;
 - (B) the First Warning Information and the Second Warning Information;
 - (C) the Salon 95 Concerns;
 - (D) the Operation Lunar Information;
 - (E) the HKJC Information;
 - (F) the Mr Chau Visa Refusal Information;
 - (G) the Suncity Overseas Contraventions;

- (H) the NSW Police Suncity Exclusions;
- (ii) accordingly, did not inform the Board of key matters that would be relevant to the assessment of whether, in light of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, the Group should terminate all business associations between the Group and Suncity and Mr Chau;
- (e) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (f) in the alternative to paragraph (e), taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until he obtained or was provided with information that satisfied him that, notwithstanding the matters in paragraph (d)(i), it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (g) in the alternative to paragraphs (e) and (f), taken all necessary steps, by the latest at the August 2019 Board Meeting, to ensure that:
 - (i) the other members of Star's Board were informed of the substance of:
 - (A) the Operation Money Bags Information;
 - (B) the First Warning Information and the Second Warning Information;
 - (C) the Salon 95 Concerns;
 - (D) the Operation Lunar Information;
 - (E) the HKJC Information;
 - (F) the Mr Chau Visa Refusal Information;
 - (G) the Suncity Overseas Contraventions;
 - (H) the NSW Police Suncity Exclusions;
 - (ii) the other members of Star's Board were informed of the fact that, in the circumstances, maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the risks specified in paragraph (b) above;
 - (iii) the other members of Star's Board were provided with a recommendation that the Group terminate all business associations between the Group and Suncity and Mr Chau.

236. By 15 August 2019 and at all times thereafter in the Relevant Period, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 235 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

237. In the alternative to paragraph 235 above (and in the event, contrary to what is pleaded at paragraph 235(a), it is found that a reasonable director in Mr Bekier's position would not have learned of the First Warning Information, the Second Warning Information, the Operation Money Bags Information, the Operation Lunar Information and/or the HKJC Information), a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bekier and had the same responsibilities, in acting with care and diligence (as required by s 180(1) of the Corporations Act) and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations, the General Junket Risks and the matters referred to in paragraphs 234(d) to 234(h) above would have:

- (a) recognised that the matters referred to in paragraphs 234(d) to 234(h), together with the General Junket Risks, meant that maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the Suncity Suitability Risk, the AML/CTF Risk, the Suncity Reputational Risk and the Queensland Casinos' Risk;
- (b) recognised that the other members of the Board of Star relied on him to draw to their attention any matters of which he was aware that gave rise to a real risk that Star Sydney was in breach of its Suitability Obligations or its AML/CTF Obligations, or which, if they became public, would cause reputational harm to Star and Star Sydney;
- (c) recognised that the Crown Allegations Board Paper:
 - (i) did not inform the Board of Star of the substance of:
 - (A) the Salon 95 Concerns;
 - (B) the Mr Chau Visa Refusal Information;
 - (C) the Suncity Overseas Contraventions;
 - (D) the NSW Police Suncity Exclusions;
 - (ii) accordingly, did not inform the Board of key matters that would be relevant to the assessment of whether, in light of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, the

Group should terminate all business associations between the Group and Suncity and Mr Chau;

- (d) taken all necessary steps to terminate all business associations between the Group and Suncity and Mr Chau;
- (e) in the alternative to paragraph (d) taken all necessary steps to suspend all business associations between the Group and Suncity and Mr Chau until he had obtained or been provided with information that satisfied him that, notwithstanding the Salon 95 Concerns, the Mr Chau Visa Refusal Information, the Suncity Overseas Contraventions and the NSW Police Suncity Exclusions, it was appropriate for the Group to maintain business associations with Suncity and Mr Chau;
- (f) in the alternative to paragraphs (d) and (e), taken all necessary steps, by the latest at the August 2019 Board Meeting, to ensure that:
 - (i) the other members of Star's Board were informed of the substance of:
 - (A) the Salon 95 Concerns;
 - (B) the Mr Chau Visa Refusal Information;
 - (C) the Suncity Overseas Contraventions;
 - (D) the NSW Police Suncity Exclusions;
 - (ii) the other members of Star's Board were informed of the fact that, in the circumstances, maintenance by the Group of business associations with Suncity and/or Mr Chau gave rise to the risks specified in paragraph 235(b) above;
 - (iii) the other members of Star's Board were provided with a recommendation that the Group terminate all business associations between the Group and Suncity and Mr Chau.

238. In the alternative to paragraph 236 above, in the period between 27 July 2019 and 15 August 2019, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 237 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY THE NON-EXECUTIVE DIRECTORS

CONTRAVENTIONS OF S 180(1) BY MR O'NEILL

239. Mr O'Neill knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;
- (c) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr O'Neill's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 26 to 27 above.
2. As to the KPMG Junket Risk Information, Mr O'Neill received the KPMG Reports and attended the May 2018 Audit Committee Meeting and the May 2018 Board Meeting, at which the KPMG Reports (which contained the KPMG Junket Risk Information) were discussed.
3. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr O'Neill attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr O'Neill's knowledge (and the fact that he ought to have known of those matters) is also to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 26 to 27 above.

The Qin CCF Circulating Resolution

240. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr O'Neill and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
- (b) recognised that, as a result, he could not be satisfied that Mr Qin was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Qin Probity Information;
- (d) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.

241. When he approved the Qin CCF Circulating Resolution, Mr O'Neill:

- (a) failed to take the steps pleaded in paragraph 240 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr O'Neill, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

242. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr O'Neill and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;
- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

243. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Mr O'Neill:

- (a) failed to take the steps pleaded in paragraph 242 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in

Star's circumstances and occupied the office held by Mr O'Neill, and had the same responsibilities within the corporation;

- (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

244. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr O'Neill and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;
- (b) recognised that as a result, he could not be satisfied that Mr Chau was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Chau Probity Information;
- (d) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;

- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a “business dispute”;
- (f) having learned of the matters identified in paragraph (e) above:
- (i) declined to approve the Chau CCF Circulating Resolution;
 - (ii) proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding the matters referred to in paragraph 244(e) above, Suncity and Mr Chau were persons of good repute.

245. When he approved the Chau CCF Circulating Resolution, Mr O’Neill:

- (a) failed to take the steps pleaded in paragraph 244 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Mr O’Neill, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

246. A reasonable director of a corporation in Star’s circumstances and who occupied the office held by Mr O’Neill and had the same responsibilities, and who had knowledge of Star Sydney’s Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Audit Committee Meeting and/or the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star’s money-laundering and terrorism financing risk assessment

processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;

- (b) recognised that those deficiencies may have increased the risk of Star Sydney and Star Qld failing to comply with their AML/CTF Obligations;
- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to undertake enquiries and report back to the Board as to Mr Qin's and Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information;
- (e) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute;
- (g) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities

and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;

- (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
- (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
- (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
- (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (h) having learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

247. At the May 2018 Audit Committee Meeting, the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Mr O'Neill:

- (a) failed to take the steps pleaded in paragraph 246 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr O'Neill, and had the same responsibilities within the corporation;

- (ii) thereby breached s 180(1) of the Corporations Act.

The Salon 95 compliance issues

248. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr O'Neill and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that "concerns" had emerged in May 2018 around "certain activities" undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the "concerns" that had emerged or what the "certain activities" were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported "compliance risk increases" connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the "compliance risk increases" that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star's management inform the Board as to the nature of the concerns that had emerged, what the "certain activities" were that had generated those concerns, what the nature of the "compliance risk increases" were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph 248(f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 246(g);
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding those matters, Suncity's operator, funder, representatives and

participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

249. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Mr O'Neill:

- (a) failed to take the steps pleaded in paragraph 248 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr O'Neill, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

250. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr O'Neill and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:

- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
- (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
- (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided

information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;

- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
- (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
 - (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

251. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Mr O'Neill:

- (a) failed to take the steps pleaded in paragraph 250 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr O'Neill, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR SHEPPARD

252. Mr Sheppard knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;
- (c) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Sheppard's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 28 to 29 above.
2. As to the KPMG Junket Risk Information, Mr Sheppard received the KPMG Reports and attended the May 2018 Audit Committee Meeting and the May 2018 Board Meeting, at which the KPMG Reports (which contained the KPMG Junket Risk Information) were discussed.
3. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr Sheppard attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr Sheppard's knowledge (and the fact that he ought to have known of those matters) is also to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 28 to 29 above.

The Qin CCF Circulating Resolution

253. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:
- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
 - (b) recognised that, as a result, he could not be satisfied that Mr Qin was a person of good repute;
 - (c) requested Star's management to obtain and provide to the Board Qin Probity Information;

- (d) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.

254. When he approved the Qin CCF Circulating Resolution, Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 253 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

255. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;
- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

256. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 255 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

257. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;

- (b) recognised that as a result, he could not be satisfied that Mr Chau was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Chau Probity Information;
- (d) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Chau CCF Circulating Resolution;

- (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph 257(e) above, Suncity and Mr Chau were persons of good repute.

258. When he approved the Chau CCF Circulating Resolution, or alternatively acquiesced in its approval, Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 257 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

259. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Audit Committee Meeting and/or the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star's money-laundering and terrorism financing risk assessment processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;
- (b) recognised that those deficiencies may have increased the risk of Star Sydney and Star Qld failing to comply with their AML/CTF Obligations;
- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to undertake enquiries and report back to the Board as to Mr Qin's and

Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information;

- (e) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute;
- (g) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;

- (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
- (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a “business dispute”;
- (h) having learned of the matters identified in paragraph (g) above, proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

260. At the May 2018 Audit Committee Meeting, the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 259 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Salon 95 compliance issues

261. A reasonable director of a corporation in Star’s circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney’s Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that “concerns” had emerged in May 2018 around “certain activities” undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the “concerns” that had emerged or what the “certain activities” were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported “compliance risk increases” connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the “compliance risk increases” that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star’s management inform the Board as to the nature of the concerns that had emerged, what the “certain activities” were that had generated those concerns, what the nature of the “compliance risk increases” were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 257(e);
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding those matters, Suncity’s operator, funder, representatives and participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

262. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 261 above;
- (b) in the premises:

- (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
- (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

263. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Sheppard and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:

- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
- (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
- (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
- (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:

- (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
- (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

264. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Mr Sheppard:

- (a) failed to take the steps pleaded in paragraph 263 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Sheppard, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MS LAHEY

265. Ms Lahey knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;
- (c) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Ms Lahey's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 30 to 31 above.
2. As to the KPMG Junket Risk Information, Ms Lahey received the KPMG Reports and attended the May 2018 Board Meeting, at which the findings in the KPMG Reports rated as "high" were discussed.
3. As to the Crown Allegations:

- a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
- b. Ms Lahey attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
- c. Ms Lahey's knowledge (and the fact that she ought to have known of those matters) is also to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 30 to 31 above.

The Qin CCF Circulating Resolution

266. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
- (b) recognised that, as a result, she could not be satisfied that Mr Qin was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Qin Probity Information;
- (d) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;

- (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above:
- (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.

267. When she approved the Qin CCF Circulating Resolution, or alternatively acquiesced in its approval, Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 266 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

268. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;
- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;

- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

269. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 268 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

270. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;
- (b) recognised that as a result, she could not be satisfied that Mr Chau was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Chau Probity Information;
- (d) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;

- (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (f) having learned of the matters identified in paragraph (e) above:
- (i) declined to approve the Chau CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Suncity and Mr Chau were persons of good repute.

271. When she approved the Chau CCF Circulating Resolution, Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 270 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;

- (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

272. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star's money-laundering and terrorism financing risk assessment processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;
- (b) recognised that those deficiencies may have increased the risk of Star Sydney and Star Qld failing to comply with their AML/CTF Obligations;
- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to undertake enquiries and report back to the Board as to Mr Qin's and Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information;
- (e) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;

- (f) having learned of the matters identified in paragraph (e) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute;
- (g) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
- (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (h) having learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that,

notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

273. At the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 272 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Salon 95 compliance issues

274. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that "concerns" had emerged in May 2018 around "certain activities" undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the "concerns" that had emerged or what the "certain activities" were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported "compliance risk increases" connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the "compliance risk increases" that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star's management inform the Board as to the nature of the concerns that had emerged, what the "certain activities" were that had generated those

concerns, what the nature of the “compliance risk increases” were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;

- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 270(e);
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding those matters, Suncity’s operator, funder, representatives and participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

275. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 274 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

276. A reasonable director of a corporation in Star’s circumstances and who occupied the office held by Ms Lahey and had the same responsibilities, and who had knowledge of Star Sydney’s Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:

- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
- (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business

association with any of them, Star Sydney would be able to discharge its Suitability Obligations;

- (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
- (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
- (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
- (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

277. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Ms Lahey:

- (a) failed to take the steps pleaded in paragraph 276 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Lahey, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR BRADLEY

278. Mr Bradley knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;
- (c) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Bradley's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 32 to 33 above.
2. As to the KPMG Junket Risk Information, Mr Bradley received the KPMG Reports and attended the May 2018 Audit Committee Meeting and the May 2018 Board Meeting, at which the KPMG Reports (which contained the KPMG Junket Risk Information) were discussed.
3. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr Bradley attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr Bradley's knowledge (and the fact that he ought to have known of those matters) is also to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 32 to 33 above.

The Qin CCF Circulating Resolution

279. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld

Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
- (b) recognised that, as a result, he could not be satisfied that Mr Qin was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Qin Probity Information;
- (d) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.

280. When he approved the Qin CCF Circulating Resolution, Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 279 above;

- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

281. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;
- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

282. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 281 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

283. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;
- (b) recognised that as a result, he could not be satisfied that Mr Chau was a person of good repute;
- (c) requested Star's management to obtain and provide to the Board Chau Probity Information;
- (d) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;

- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a “business dispute”;
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Chau CCF Circulating Resolution;
 - (ii) proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding the matters referred to in paragraph 283(e) above, Suncity and Mr Chau were persons of good repute.

284. When he approved the Chau CCF Circulating Resolution, or alternatively acquiesced in its approval, Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 283 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

285. A reasonable director of a corporation in Star’s circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney’s Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Audit Committee Meeting and/or the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star’s money-laundering and terrorism financing risk assessment processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;
- (b) recognised that those deficiencies may have increased the risk of Star Sydney and Star Qld failing to comply with their AML/CTF Obligations;

- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to undertake enquiries and report back to the Board as to Mr Qin's and Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information;
- (e) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute;
- (g) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for

the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);

- (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (h) having learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

286. At the May 2018 Audit Committee Meeting, the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 285 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Salon 95 compliance issues

287. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that "concerns" had emerged in May 2018 around "certain activities" undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the "concerns" that had emerged or what the "certain activities" were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported "compliance risk increases" connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the "compliance risk increases" that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star's management inform the Board as to the nature of the concerns that had emerged, what the "certain activities" were that had generated those concerns, what the nature of the "compliance risk increases" were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 283(e);
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding those matters, Suncity's operator, funder, representatives and

participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

288. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 287 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

289. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Bradley and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:

- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
- (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
- (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided

information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;

- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
- (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
 - (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

290. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Mr Bradley:

- (a) failed to take the steps pleaded in paragraph 289 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bradley, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY Ms PITKIN

291. Ms Pitkin knew of, or ought reasonably to have known of:

- (a) by no later than 17 November 2017, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by around 24 May 2018, the KPMG Junket Risk Information;
- (c) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Ms Pitkin's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 34 to 35 above.
2. As to the KPMG Junket Risk Information, Ms Pitkin received the KPMG Reports and attended the May 2018 Audit Committee Meeting and the May 2018 Board Meeting, at which the KPMG Reports (which contained the KPMG Junket Risk Information) were discussed.
3. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Ms Pitkin attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Ms Pitkin's knowledge (and the fact that she ought to have known of those matters) is also to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 34 to 35 above.

The Qin CCF Circulating Resolution

292. If presented with the Qin CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:
- (a) recognised that the Qin CCF Board Paper contained no Qin Probity Information;
 - (b) recognised that, as a result, she could not be satisfied that Mr Qin was a person of good repute;
 - (c) requested Star's management to obtain and provide to the Board Qin Probity Information;
 - (d) declined to approve the Qin CCF Circulating Resolution prior to receiving Qin Probity Information;

- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Qin CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute.

293. When she approved the Qin CCF Circulating Resolution, or alternatively acquiesced in its approval, Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 292 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The December 2017 Board Meeting

294. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star

Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the December 2017 Board Meeting would have:

- (a) recognised that the CCF Paper disclosed the Qin World Check Report Information;
- (b) appreciated that that information was Qin Probity Information;
- (c) recognised that Star's management had not (in the CCF Paper or otherwise) provided the Board with any information as to any steps management had taken in respect of the Qin World Check Report Information or why, in light of that information, it was appropriate for the Group to maintain a business association with him;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the Qin World Check Report Information, Mr Qin was a person of good repute.

295. At the December 2017 Board Meeting and at all times thereafter in the Relevant Period, Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 294 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Chau CCF Circulating Resolution

296. If presented with the Chau CCF Circulating Resolution, a reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, in acting with care and diligence (as required by s 180(1) of the Corporations Act) would have:

- (a) recognised that the Chau CCF Board Paper contained no Chau Probity Information;
- (b) recognised that as a result, she could not be satisfied that Mr Chau was a person of good repute;

- (c) requested Star's management to obtain and provide to the Board Chau Probity Information;
- (d) declined to approve the Chau CCF Circulating Resolution prior to receiving Chau Probity Information;
- (e) once the action referred to in paragraph (c) above had been properly complied with, learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
 - (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
 - (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (f) having learned of the matters identified in paragraph (e) above:
 - (i) declined to approve the Chau CCF Circulating Resolution;
 - (ii) proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's

management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph 296(e) above, Suncity and Mr Chau were persons of good repute.

297. When she approved the Chau CCF Circulating Resolution, Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 296 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The KPMG Reports

298. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the May 2018 Audit Committee Meeting and/or the May 2018 Board Meeting (or, alternatively, by no later than the time identified in paragraph 90 when the KPMG Reports were accepted and adopted by Star) would have:

- (a) recognised that the KPMG Junket Risk Information demonstrated that there were deficiencies in Star's money-laundering and terrorism financing risk assessment processes in relation to junkets, particularly because Star did not make inquiries about the source of wealth or source of funds of junket operators or junket funders;
- (b) recognised that those deficiencies may have increased the risk of Star Sydney and Star Qld failing to comply with their AML/CTF Obligations;
- (c) recognised that the KPMG Junket Risk Information cast doubt on the appropriateness of having approved the Qin CCF Circulating Resolution and the Chau CCF Circulating Resolution particularly in the absence of the Qin Probity Information and Chau Probity Information respectively being provided to the Board;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to undertake enquiries and report back to the Board as to Mr Qin's and Mr Chau's probity, sources of wealth and sources of funds and otherwise provide Qin Probity Information and Chau Probity Information;
- (e) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:

- (i) that it had been reported in April 2012 that Mr Qin had been arrested in Macau for alleged involvement in money laundering and illegal banking activities (designed to circumvent Chinese restrictions on the transfer of funds out of China), including possibly in connection with money laundered by or for Bo Xilai, the former Chinese Minister for Commerce and member of the Politburo of the Chinese Communist Party (who was convicted of charges relating to corruption, bribery and abuse of power in September 2013) and in connection with amounts received by Mr Qin at a Las Vegas casino in the amount of \$1.65 million in September 2009;
 - (ii) that it had been reported in December 2012 that Mr Qin had been detained in Macau in November 2012 for alleged involvement in money laundering and illegal banking activities and brought back to China at the request of Chinese authorities, again possibly in connection with money laundered by or for Bo Xilai;
- (f) having learned of the matters identified in paragraph (e) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Mr Qin, or, alternatively, suspend all business associations between the Group and Mr Qin unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding the matters referred to in paragraph (e) above, Mr Qin was a person of good repute;
- (g) once the action referred to in paragraph (d) above had been properly complied with, learned of at least the following matters:
- (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;
 - (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
 - (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
 - (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
 - (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;

- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a “business dispute”;
- (h) having learned of the matters identified in paragraph (g) above, proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau, or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding the matters referred to in paragraph (g) above, Suncity and Mr Chau were persons of good repute.

299. At the May 2018 Audit Committee Meeting, the May 2018 Board Meeting, and at all times thereafter in the Relevant Period, Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 298 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The Salon 95 compliance issues

300. A reasonable director of a corporation in Star’s circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star Sydney’s Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that “concerns” had emerged in May 2018 around “certain activities” undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;

- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the “concerns” that had emerged or what the “certain activities” were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported “compliance risk increases” connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the “compliance risk increases” that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star’s management inform the Board as to the nature of the concerns that had emerged, what the “certain activities” were that had generated those concerns, what the nature of the “compliance risk increases” were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and the matters set out in paragraph 296(e);
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star’s Board that the Board direct Star’s management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star’s management demonstrated to the Board’s satisfaction that, notwithstanding those matters, Suncity’s operator, funder, representatives and participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

301. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 300 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star’s circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

302. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Ms Pitkin and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:
- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
 - (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
 - (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;
 - (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
 - (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
 - (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

303. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Ms Pitkin:

- (a) failed to take the steps pleaded in paragraph 302 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Ms Pitkin, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR HEAP

304. Mr Heap knew of, or ought reasonably to have known of:

- (a) by no later than the July 2018 Board Meeting, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Heap's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 36 to 37 above.
2. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr Heap attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr Heap's knowledge (and the fact that he ought to have known of those matters) is also to be inferred from the nature of his role

and his responsibilities, as pleaded at paragraphs 36 to 37 above.

The Salon 95 compliance issues

305. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Heap and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that "concerns" had emerged in May 2018 around "certain activities" undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the "concerns" that had emerged or what the "certain activities" were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported "compliance risk increases" connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the "compliance risk increases" that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star's management inform the Board as to the nature of the concerns that had emerged, what the "certain activities" were that had generated those concerns, what the nature of the "compliance risk increases" were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and would have learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;

- (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
- (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
- (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
- (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding those matters, Suncity's operator, funder, representatives and participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

306. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Mr Heap:

- (a) failed to take the steps pleaded in paragraph 305 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Heap, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

307. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Heap and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:

- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
- (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
- (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;
- (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
- (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
 - (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

308. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Mr Heap:

- (a) failed to take the steps pleaded in paragraph 307 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Heap, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR TODORCEVSKI

309. Mr Todorcevski knew of, or ought reasonably to have known of:

- (a) by no later than the July 2018 Board Meeting, Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the existence of the General Junket Risks;
- (b) by 15 August 2019, the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above.

Particulars

1. As to Star Sydney's Obligations, the Star Qld Companies' Queensland Casino Obligations and the General Junket Risks, Mr Todorcevski's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 38 to 39 above.
2. As to the Crown Allegations:
 - a. Star's management provided an informal briefing to the Board about the Crown Allegations on 30 July 2019 and provided the Board with media monitoring or alert emails which contained media coverage concerning the Crown Allegations.
 - b. Mr Todorcevski attended the 7 August 2019 Board Meeting at which Star's management informed the Board as to developments and media coverage concerning the Crown Allegations.
 - c. Mr Todorcevski's knowledge (and the fact that he ought to have known of those matters) is also to be inferred from the nature of

his role and his responsibilities, as pleaded at paragraphs 38 to 39 above.

The Salon 95 compliance issues

310. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Todorcevski and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the KPMG Junket Risk Information, in acting with care and diligence (as required by s 180(1) of the Corporations Act) when attending the July 2018 Board Meeting, the August 2018 BAC Meeting and the August 2018 Board Meeting:

- (a) would have identified that the May 2018 CEO Report, in the section dealing with legal and regulatory matters, had reported that "concerns" had emerged in May 2018 around "certain activities" undertaken at the Salon 95 Service Desk;
- (b) would have understood that the Salon 95 Service Desk was operated by a junket, being Suncity;
- (c) would have recognised that no further information had been provided to the Board, in the May 2018 CEO Report or otherwise, as to the nature of the "concerns" that had emerged or what the "certain activities" were that had generated those concerns;
- (d) would have identified that the August 2018 BAC Compliance Report and the August 2018 Board Compliance Report reported "compliance risk increases" connected to the Salon 95 Service Desk;
- (e) would have recognised that no further information had been provided to the BAC or the Board, in the August 2018 BAC Compliance Report or the August 2018 Board Compliance Report or otherwise, as to the nature of the "compliance risk increases" that had emerged or what the reasons were as to why those risks had increased;
- (f) would have requested Star's management inform the Board as to the nature of the concerns that had emerged, what the "certain activities" were that had generated those concerns, what the nature of the "compliance risk increases" were and what had occurred in relation to the Salon 95 Service Desk between May 2018 and 24 July 2018 and otherwise requested Chau Probity Information;
- (g) would have, in response to the request referred to in paragraph (f) above, learned of the First Warning Information, the Second Warning Information and the Operation Money Bags Information and would have learned of at least the following matters:
 - (i) in either 2012 or 2017, Mr Chau had received into his account at Star Sydney \$403,000 in cash from a person who was of interest to Australian authorities and who subsequently had pleaded guilty to dealing in proceeds of crime totalling over \$5 million;

- (ii) there were reports that Mr Chau was or had been a member of an organised crime group in Macau (known as the 14K triad) and had been responsible for the group's loan sharking and gambling operations under the direction of the then leader of the 14K triad, Kuok Koi Wan (also known as Broken Tooth);
- (iii) there were reports that following the arrest and conviction of Broken Tooth in 1999, Mr Chau had started his own organised crime group operating in Macau and Hong Kong;
- (iv) there were reports that Mr Chau was a known associate of a number of people with links to the 14K triad;
- (v) in 2012, the United States Government had identified Mr Chau as a person connected to or associated with organised crime in Macau and China and who had a relationship with known organised crime figures;
- (vi) there had been multiple reports in the media that Suncity had been the recipient of part of \$81 million stolen from Bangladesh Central Bank account at the New York Federal Reserve in February 2016 and there had been pressure on Suncity to return the funds;
- (vii) in May 2017, a senior executive of Suncity (Lo Kai) was attacked in Hong Kong by organised crime figures in Hong Kong as a result of what the executive described as a "business dispute";
- (h) had he or she learned of the matters identified in paragraph (g) above, proposed to the other members of Star's Board that the Board direct Star's management to terminate all business associations between the Group and Suncity and Mr Chau or, alternatively, suspend all business associations between the Group and Suncity and Mr Chau unless and until Star's management demonstrated to the Board's satisfaction that, notwithstanding those matters, Suncity's operator, funder, representatives and participants (including Mr Chau) were persons of good repute such that it was appropriate to maintain business associations with them.

311. At the July 2018 Board Meeting, and at all times thereafter in the Relevant Period (including at the August 2018 BAC Meeting and the August 2018 Board Meeting), Mr Todorcevski:

- (a) failed to take the steps pleaded in paragraph 310 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Todorcevski, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

The 15 August 2019 Board Meeting

312. A reasonable director of a corporation in Star's circumstances and who occupied the office held by Mr Todorcevski and had the same responsibilities, and who had knowledge of Star Sydney's Obligations, the General Junket Risks and the Crown Allegations referred to in paragraphs 123, 125 to 126 and 129 above, in acting with care and diligence (as required by s 180(1) of the Corporations Act) at the 15 August 2019 Board Meeting, would have:
- (a) known that both Mr Chau and Suncity were key persons or entities that had been identified in the Crown Allegations;
 - (b) appreciated that the nature of the allegations reported concerning Mr Chau and Suncity in the Crown Allegations raised serious questions as to whether:
 - (i) Mr Chau and persons associated with Suncity were of good repute (within the meaning of s 12(2)(g) of the CCA) and thus whether, in maintaining a business association with any of them, Star Sydney would be able to discharge its Suitability Obligations;
 - (ii) conducting business with Mr Chau and persons associated with Suncity created or increased the risks of Star Sydney not complying with its AML/CTF Obligations;
 - (iii) maintaining a business association with Mr Chau and persons associated with Suncity created or increased the risks of the Star Qld Companies not complying with their Queensland Casino Obligations;
 - (c) identified that, despite the Crown Allegations Board Paper stating that Attachment 2 listed the key persons or groups identified in the Crown Allegations and provided information about them, including any history and their current status at Star properties, Attachment 2 made no mention of either Mr Chau or Suncity;
 - (d) proposed to the other members of Star's Board that the Board direct Star's management to terminate the Group's business associations with Mr Chau and Suncity;
 - (e) in the alternative to paragraph (d) above, proposed to the other members of Star's Board that the Board direct Star's management to suspend Star's and Star Sydney's business associations with Mr Chau and Suncity unless and until Star's management demonstrated to the Board's satisfaction:
 - (i) that the Crown Allegations insofar as they concerned Mr Chau and Suncity were untrue;
 - (ii) that Mr Chau and all other persons associated with operating, promoting and representing Suncity were of good repute.

313. At the August 2019 Board Meeting, and at all times thereafter in the Relevant Period, Mr Todorcevski:

- (a) failed to take the steps pleaded in paragraph 312 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Todorcevski, and had the same responsibilities within the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTIONS OF S 180(1) BY MR THEODORE, MS MARTIN AND MR BEKIER RELATING TO CUP

THE MISLEADING NATURE OF THE 7 NOVEMBER 2019 EMAIL

314. The 7 November Email (referred to in paragraph 183 above) conveyed representations to the effect that:

- (a) none of the funds CUP cardholders obtained by swiping their CUP cards at NAB Terminals located at hotels operated by Star Sydney were used (whether directly or ultimately) to fund the purchase of gaming chips by the CUP cardholders;
- (b) the funds were instead used to fund non-gaming related expenses such as hotel accommodation, private jet travel, expensive goods such as wine and jewellery, and tourism services,

(7 November Representations).

315. The 7 November Representations were inaccurate, incomplete or misleading because, in fact, a large proportion of the funds CUP cardholders obtained by swiping their CUP cards at NAB Terminals were used, in accordance with the CUP Process, to fund the purchase of gaming chips by the CUP cardholders.

316. It was likely, in that there was a real chance or possibility, that representatives of the NAB and/or CUP would be misled by the 7 November Representations, with the result that they would believe, wrongly, that funds obtained by CUP cardholders from their CUP cards being swiped at hotels operated by Star Sydney were not used, either directly or ultimately, to fund the purchase of gaming chips by CUP cardholders.

CONTRAVENTION OF S 180(1) BY MR THEODORE IN RELATION TO CUP

317. As at 3 March 2020, Mr Theodore knew, or ought reasonably to have known, of the following matters:

- (a) the CUP Process, and its purpose, as pleaded in paragraphs 147 to 148 above;
- (b) that he was a close associate of Star Sydney;
- (c) that, as a close associate of Star Sydney, if he was involved in sending, or approving the sending, of a communication to a business associate that he knew, or ought to have known, was incomplete, inaccurate or misleading, that conduct would:
 - (i) raise a serious question as to whether he was a person of good repute having regard to character, honesty and integrity, within the meaning of s 12(2)(a) of the CCA;
 - (ii) accordingly, create a risk that, while he remained a close associate of Star Sydney, Star Sydney would be in breach of its Suitability Obligations (by reason of s 12(2)(a) of the CCA), and accordingly, could be liable to disciplinary action taken by the Authority pursuant to s 59 of the CCA, which action could include suspension or cancellation of its Licence,

(CUP Suitability Risk);
- (d) if Star or Star Sydney sent communications to representatives of NAB in response to enquiries as to whether CUP cards were being used to fund gaming activities that were incomplete, inaccurate or misleading, that would:
 - (i) create a risk of Star Sydney being in breach of the NAB Merchant Terms (which could give rise to Star's obligation to indemnify NAB for losses and liabilities NAB incurred as a result) and/or enliven NAB's entitlement under the NAB Merchant Terms to terminate it;
 - (ii) undermine the relationship between NAB, as lender, and Star and Star Sydney, as its borrowers, and threaten NAB's willingness to continue to lend to Star and Star Sydney and other entities in the Group,

(NAB Relationship Risk);
- (e) if Star or Star Sydney sent communications to NAB that were misleading, it could:
 - (i) result in Star or Star Sydney contravening either s 18 of the *Australian Consumer Law* or s 1041H of the Corporations Act;
 - (ii) render Star or Star Sydney liable to compensate any person who suffered loss or damage because of such contravening conduct,

(Misleading Conduct Liability Risk);
- (f) if it became publicly known that Star or Star Sydney had sent inaccurate, incomplete or misleading communications to one of its bankers, Star's reputation would be

damaged and cause them to become publicly perceived as companies that departed from accepted standards of commercial behaviour,

(Reputational Risk);

- (g) that, since at least April 2016 (or alternatively, since at least 30 March 2017):
 - (i) CUP considered that the CUP Scheme Rules prohibited the use of CUP cards to purchase gaming chips;
 - (ii) CUP and NAB had periodically sought confirmation from Star Sydney that CUP card transactions were not being utilised to fund the purchase of gaming chips by CUP cardholders;
 - (iii) in response, neither Star nor Star Sydney had informed NAB of the nature of the CUP Process or its purpose, as pleaded at paragraphs 147 to 148 above;
- (h) that Star had received the CUP 2019 Warning on 6 November 2019;
- (i) in relation to the 7 November Email:
 - (i) that it conveyed the 7 November Representations;
 - (ii) that the 7 November Representations were inaccurate, incomplete and misleading because, in fact, a large proportion of the funds CUP cardholders obtained by swiping their CUP cards at NAB Terminals were used, in accordance with the CUP Process, to fund the purchase of gaming chips by the CUP cardholders;
 - (iii) that it was likely, in that there was a real chance or possibility, that representatives of NAB and/or CUP and/or the PBOC would be misled by the 7 November Representations, with the result that one or more of them would believe, wrongly, that funds obtained by CUP cardholders from their CUP cards being swiped at hotels operated by Star Sydney were not used, either directly or ultimately, to fund the purchase of gaming chips by CUP cardholders;
- (j) that Star had received the CUP 2020 Warning Letter.

Particulars

1. As to sub-paragraphs (a) to (f), Mr Theodore's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at 23 to 24 above.
2. As to sub-paragraph (g):
 - a. Mr Theodore attended the April 2016 Meeting;

- b. Mr Theodore received an email on 30 March 2017 from Mr Bowen of NAB stating that CUP's terms and conditions required that NAB ensure that no proceeds or deposits for gambling were placed through the NAB Terminals.
- 3. As to sub-paragraph (h), Mr Theodore received emails on 7 November 2019 which contained the CUP 2019 Warning.
- 4. As to sub-paragraph (i), Mr Theodore's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the following matters:
 - a. the nature of his role and his responsibilities, as pleaded at 23 to 24 above;
 - b. his knowledge of the CUP Process and its purpose;
 - c. his conduct in approving the statement set out in paragraph 172(a) above to be sent to NAB (as pleaded in paragraph 173 above);
 - d. his conduct, on 7 November 2019, in requesting that a document to be sent to NAB in response to the CUP 2019 Warning change the phrase "world class gaming facilities" to "world-class entertainment facilities";
 - e. his receipt of various drafts of the 7 November Email.
- 5. As to sub-paragraph (j), Mr Theodore received a copy of the CUP 2020 Warning Letter on 3 March 2020, and sent an email to Mr Bekier with a copy of it the same day, in which he commented on the content and likely implications of the letter.

318. A reasonable officer in Mr Theodore's position:

- (a) upon becoming aware of the CUP 2019 Warning, would have instructed Ms Scopel to prepare a response that set out an accurate and complete description of the CUP Process;
- (b) if presented with a draft response to the CUP 2019 Warning that was in the same or substantially similar terms to the 7 November Email, would have:
 - (i) recognised that it conveyed the 7 November Representations, that those representations were inaccurate, incomplete and misleading, and that there was a real chance or possibility that representatives of the NAB and/or CUP would be misled by the 7 November Representations;

- (ii) recognised that such a response, if sent to NAB, would expose Star Sydney to the CUP Suitability Risk, and Star Sydney and Star to the NAB Relationship Risk, the Misleading Conduct Liability Risk and the Reputational Risk;
 - (iii) insisted that such a response not be sent and that instead, a response be prepared and sent to NAB that set out an accurate and complete description of the CUP Process;
- (c) if, notwithstanding paragraphs (a) and (b) above, the 7 November Email had been sent to NAB, taken all necessary steps, by no later than the December 2019 Board Meeting, or alternatively, the February 2020 Board Meeting:
- (i) to ensure that both Mr Bekier and the Board of Star were informed:
 - (A) of all circumstances within Mr Theodore's knowledge relating to the receipt of the CUP 2019 Warning;
 - (B) of the terms of the 7 November Email and each of the matters pleaded in paragraph 317(i) above;
 - (ii) to ensure that both Mr Bekier and the Board of Star were informed that, in the circumstances, they should give consideration to Star and Star Sydney taking one or more of the following steps:
 - (A) Star and Star Sydney sending a communication to NAB which provided an accurate and complete description of the CUP Process;
 - (B) ceasing to operate the CUP Process;
 - (C) Star Sydney, or one or more directors of Star on Star Sydney's behalf, contacting the Authority to inform it of the nature of the CUP Process, the receipt of the CUP 2019 Warning, the terms of the 7 November Email and each of the matters pleaded in paragraph 317(i) above.
- (d) if, notwithstanding paragraphs (a) to (c) above, the 7 November Email had been sent to NAB and the CUP 2020 Warning Letter had been provided to Star, taken all necessary steps, by no later than the March 2020 Board Meeting:
- (i) to ensure that both Mr Bekier and the Board of Star were informed:
 - (A) of all circumstances within Mr Theodore's knowledge relating to the receipt of the CUP 2019 Warning and the CUP 2020 Warning Letter;
 - (B) of the terms of the 7 November Email and each of the matters pleaded in paragraph 317(i) above;

- (ii) to ensure that both Mr Bekier and the Board of Star were informed that, in the circumstances, they should give consideration to Star and Star Sydney taking one or more of the following steps:
 - (A) Star and Star Sydney sending a communication to NAB which provided an accurate and complete description of the CUP Process;
 - (B) Star Sydney, or one or more directors of Star on Star Sydney's behalf, contacting the Authority to inform it of the nature of the CUP Process, the receipt of the CUP 2019 Warning, the terms of the 7 November Email and each of the matters pleaded in paragraph 317(i) above.

319. In the period between 6 November 2019 and 18 March 2020, Mr Theodore:

- (a) failed to take the steps pleaded in paragraph 318 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in Star's circumstances and occupied the office held by Mr Theodore, and had the same responsibilities with the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTION OF S 180(1) BY Ms MARTIN IN RELATION TO CUP

320. As at 3 March 2020, Ms Martin knew, or ought reasonably to have known, of the following matters:

- (a) the CUP Process, and its purpose, as pleaded in paragraphs 147 to 148 above;
- (b) that she was a close associate of Star Sydney;
- (c) the CUP Suitability Risk;
- (d) the NAB Relationship Risk;
- (e) the Misleading Conduct Liability Risk;
- (f) the Reputational Risk;
- (g) that, since at least 1 May 2017,
 - (i) CUP considered that the CUP Scheme Rules prohibited the use of CUP cards to purchase gaming chips;

- (ii) CUP and NAB had periodically sought confirmation from Star Sydney that CUP card transactions were not being utilised to fund the purchase of gaming chips by CUP cardholders;
- (iii) in response, neither Star nor Star Sydney had informed NAB of the nature of the CUP Process or its purpose, as pleaded at paragraphs 147 to 148 above;
- (h) that Star had received the CUP 2019 Warning on 6 November 2019;
- (i) in relation to the 7 November Email:
 - (i) that it conveyed the 7 November Representations;
 - (ii) that the 7 November Representations were inaccurate, incomplete and misleading because in fact, a large proportion of the funds CUP cardholders obtained by swiping their CUP cards at NAB Terminals were used, in accordance with the CUP Purchase, to fund the purchase of gaming chips by the CUP cardholders;
 - (iii) that it was likely, in that there was a real chance or possibility, that representatives of NAB and/or CUP and/or the PBOC would be misled by the 7 November Representations, with the result that one or more of them would believe, wrongly, that funds obtained by CUP cardholders from their CUP cards being swiped at hotels operated by Star Sydney were not used, either directly or ultimately, to fund the purchase of gaming chips by CUP cardholders;
- (j) that Star had received the CUP 2020 Warning Letter.

Particulars

1. As to sub-paragraphs (a) to (f), Ms Martin's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the nature of her role and her responsibilities, as pleaded at paragraphs 13 to 15 above.
2. As to sub-paragraph (g), Ms Martin received an email on 1 May 2017 which conveyed the matters referred to in sub-paragraph (g).
3. As to sub-paragraph (h), Ms Martin received emails on 7 November 2019 which contained the CUP 2019 Warning.
4. As to sub-paragraph (i), Ms Martin's knowledge (and the fact that she ought to have known of those matters) is to be inferred from the following matters:
 - a. the nature of her role and her responsibilities, as pleaded at paragraphs 13 to 15 above;

- b. her knowledge of the CUP Process and its purpose;
- c. her receipt of various drafts of the 7 November Email;
- d. her conduct, on 7 November 2019, in reviewing a draft version of the 7 November Email and expressing the view that it was necessary to include, in Star's response to the CUP 2019 Warning, only invoices and receipts that would assist Star in making a case that the expenses referred to in such documents were connected to a hotel stay in Sydney.

5. As to sub-paragraph (j), Ms Martin received a copy of the CUP 2020 Warning Letter from Mr Theodore on 3 March 2020.

321. A reasonable officer in Ms Martin's position:

- (a) upon becoming aware of the CUP 2019 Warning, would have instructed Ms Scopel to prepare a response that set out an accurate and complete description of the CUP Process;
- (b) if presented with a draft response to the CUP 2019 Warning that was in the same or substantially similar terms to the 7 November Email, would have:
 - (i) recognised that it conveyed the 7 November Representations, that those representations were inaccurate, incomplete and misleading, and that there was a real chance or possibility that representatives of NAB and/or CUP would be misled by the 7 November Representations;
 - (ii) recognised that such a response, if sent to NAB, would expose Star Sydney to the CUP Suitability Risk, and Star Sydney and Star to the NAB Relationship Risk, the Misleading Conduct Liability Risk and the Reputational Risk;
 - (iii) insisted that such a response not be sent and that instead, a response be prepared and sent to NAB that set out an accurate and complete description of the CUP Process;
- (c) if, notwithstanding paragraphs (a) and (b) above, the 7 November Email had been sent to NAB, taken all necessary steps, by no later than the December 2019 Board Meeting, or alternatively, the February 2020 Board Meeting:
 - (i) to ensure that both Mr Bekier and the Board of Star were informed:
 - (A) of all circumstances within Ms Martin's knowledge relating to the receipt of the CUP 2019 Warning;
 - (B) of the terms of the 7 November Email and each of the matters pleaded in paragraph 320(i) above;

- (ii) to ensure that both Mr Bekier and the Board of Star were informed that, in the circumstances, they should give consideration to Star and Star Sydney taking one or more of the following steps:
 - (A) Star and Star Sydney sending a communication to NAB which provided an accurate and complete description of the CUP Process;
 - (B) ceasing to operate the CUP Process;
 - (C) Star Sydney, or one or more directors of Star on Star Sydney's behalf, contacting the Authority to inform it of the nature of the CUP Process, the receipt of the CUP 2019 Warning, the terms of the 7 November Email and each of the matters pleaded in paragraph 320(i) above;
- (d) if, notwithstanding paragraphs (a) to (c) above, the 7 November Email had been sent to NAB and the CUP 2020 Warning Letter had been provided to Star, taken all necessary steps, by no later than the March 2020 Board Meeting:
 - (i) to ensure that both Mr Bekier and the Board of Star were informed:
 - (A) of all circumstances within Ms Martin's knowledge relating to the receipt of the CUP 2019 Warning and the CUP 2020 Warning Letter;
 - (B) of the terms of the 7 November Email and each of the matters pleaded in paragraph 320(i) above;
 - (ii) to ensure that both Mr Bekier and the Board of Star were informed that, in the circumstances, they should give consideration to Star and Star Sydney taking one or more of the following steps:
 - (A) Star and Star Sydney sending a communication to NAB which provided an accurate and complete description of the CUP Process;
 - (B) Star Sydney, or one or more directors of Star on Star Sydney's behalf, contacting the Authority to inform it of the nature of the CUP Process, the receipt of the CUP 2019 Warning, the terms of the 7 November Email and each of the matters pleaded in paragraph 320(i) above.

322. In the period between 6 November 2019 and 18 March 2020, Ms Martin:

- (a) failed to take the steps pleaded in paragraph 321 above;
- (b) in the premises:
 - (i) failed to discharge her duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were an officer of a corporation in

Star's circumstances and occupied the office held by Ms Martin, and had the same responsibilities with the corporation;

- (ii) thereby breached s 180(1) of the Corporations Act.

CONTRAVENTION OF S 180(1) BY MR BEKIER IN RELATION TO CUP

323. As at 5 March 2020, Mr Bekier knew, or ought reasonably to have known, of the following matters:

- (a) the CUP Process, and its purpose, as pleaded in paragraphs 147 to 148 above;
- (b) that he, Mr Theodore and Ms Martin were close associates of Star Sydney;
- (c) the CUP Suitability Risk;
- (d) the NAB Relationship Risk,
- (e) the Misleading Conduct Liability Risk;
- (f) the Reputational Risk;
- (g) that, since prior to September 2018, or alternatively, since prior to November 2019, Star had periodically received requests from CUP for details in relation to transactions using CUP card that were conducted through the NAB Terminals at hotels;
- (h) that Star had received the CUP 2020 Warning Letter.

Particulars

- 1. As to sub-paragraphs (a) to (f), Mr Bekier's knowledge (and the fact that he ought to have known of those matters) is to be inferred from the nature of his role and his responsibilities, as pleaded at paragraphs 10 to 11 above.
- 2. As to sub-paragraph (g):
 - a. Mr Bekier received an email on 11 September 2018 that referred to Star having received "noise" from banks regarding particular CUP transactions in the past;
 - b. Mr Bekier received an email on 5 November 2019 that referred to Star having recently received more requests from CUP for details of transactions, and that Star had had such requests in the past, to which Star had given high level answers and the issue "blew over".
- 3. As to sub-paragraph (h):

- a. Mr Theodore informed Mr Bekier on 3 March 2020 that Star had received the CUP 2020 Warning Letter;
- b. Mr Bekier received a copy of the CUP 2020 Warning Letter from Mr Theodore on 5 March 2020.

324. A reasonable director in Mr Bekier's position:

- (a) upon being provided with a copy of the CUP 2020 Warning Letter, would have:
 - (i) taken all steps necessary to inform him or herself (such as by making inquiries of Mr Theodore, Ms Martin and/or Ms Scopel) of the terms of communications Star had sent to NAB and/or CUP in response to any requests for information regarding CUP transactions it had received, including whether any such communications:
 - (A) had conveyed that CUP card transaction were only used to obtain funds for "accommodation services";
 - (B) had conveyed, expressly or implicitly, that CUP card transactions "do not include any component for the purpose of gambling";
 - (ii) having done so:
 - (A) would have learned of the CUP 2019 Warning;
 - (B) would have learned of the terms of the 7 November Email;
 - (C) in relation to the 7 November Email, would have recognised each of the matters pleaded in paragraph 314 to 316 above;
- (b) taken all necessary steps, by no later than the March 2020 Board Meeting:
 - (i) to ensure that the other members of the Board of Star were informed:
 - (A) of all circumstances within Mr Bekier's knowledge relating to the receipt of the CUP 2019 Warning and the CUP 2020 Warning Letter;
 - (B) of the terms of the 7 November Email and each of the matters pleaded in paragraph 314 to 316 above;
 - (ii) to ensure that the other members of the Board of Star were informed that, in the circumstances, they should give consideration to Star and Star Sydney taking one or more of the following steps:
 - (A) Star and Star Sydney sending a communication to NAB which provided an accurate and complete description of the CUP Process;

- (B) Star Sydney, or one or more directors of Star on Star Sydney's behalf, contacting the Authority to inform it of the nature of the CUP Process, the receipt of the CUP 2019 Warning, the terms of the 7 November Email and each of the matters pleaded in paragraph 314 to 316 above.

325. In the period between 5 March 2020 and 18 March 2020, Mr Bekier:

- (a) failed to take the steps pleaded in paragraph 324 above;
- (b) in the premises:
 - (i) failed to discharge his duties to Star with the degree of care and diligence that a reasonable person would exercise, if they were a director of a corporation in Star's circumstances and occupied the office held by Mr Bekier, and had the same responsibilities with the corporation;
 - (ii) thereby breached s 180(1) of the Corporations Act.

Relief

326. In the premises, ASIC seeks the relief set out in the Originating Process.

This statement of claim was prepared by Ruth Higgins SC, James Arnott SC and Stephanie Patterson, counsel for the Australian Securities and Investments Commission.

Date: 12 December 2022



Signed by Andrew Riordan
Lawyer for the Plaintiff

Certificate of lawyer

I Andrew Riordan certify to the Court that, in relation to the statement of claim filed on behalf of the Plaintiff, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: 12 December 2022

A handwritten signature in black ink, appearing to read 'ARL', positioned above a horizontal dotted line.

Signed by Andrew Riordan
Lawyer for the Plaintiff

Schedule of Parties

No. of 2022

Federal Court of Australia
District Registry: New South Wales
Division: General

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION
Plaintiff

MATTHIAS MICHAEL BEKIER
First Defendant

PAULA MAREE MARTIN
Second Defendant

GREGORY FRANCIS HAWKINS
Third Defendant

HARRY JAMES THEODORE
Fourth Defendant

JOHN ANTHONY O'NEILL AO
Fifth Defendant

WALLACE RICHARD SHEPPARD
Sixth Defendant

KATHLEEN LAHEY AM
Seventh Defendant

GERARD PATRICK BRADLEY AO
Eighth Defendant

SALLY ANNE MAJELLA PITKIN AO
Ninth Defendant

BENJAMIN ANDREW HEAP

Tenth Defendant

ZLATKO TODORCEVSKI

Eleventh Defendant

Date: 12 December 2022