



**IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERICAL COURT
GROUP PROCEEDINGS LIST**

S ECI 2022-01039
Case: S ECI 2022 01039

Filed on: 17/01/2023 10:56 AM

BETWEEN

DA LYNCH PTY LIMITED (ACN 626 635 514)

Plaintiff

and

THE STAR ENTERTAINMENT GROUP LTD (ACN 149 629 023)

Defendant

AMENDED STATEMENT OF CLAIM

(filed pursuant to the order of the Honourable Justice Nichols made 16 December 2022)

Date of document: 9 December 2022
Filed on behalf of the Plaintiff

Solicitor's code: 339
DX: 229
Tel: +61 3 9602 6888
Fax: +61 3 9600 0290

Prepared by:

Ref: M649101
Attn: Emma Olivia Pelka-Caven /
Ben Zocco
Email: emma.pc@slatertgordon.com.au /
ben.zocco@slatertgordon.com.au

Slater & Gordon
Level 12, 485 La Trobe Street
MELBOURNE VIC 3000

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NOTE:

In this statement of claim, the following conventions are used:

- (a) FY## refers to the financial year ending 30 June 20## (for example, FY20 refers to the financial year ending 30 June 2020);
- (b) 1H and 2H refer to the first and second halves of the relevant financial year (for example, 2H21 refers to the six month period ending 30 June 2021); and
- (c) unless otherwise stated, a reference to:
 - (i) an alpha-numerical identifier in the form XXX.XXXX.XXXX.XXXX or similar (eg. STA.3412.0153.0315); or
 - (ii) a page (or page and line number) from a transcript in the form TXXX.XX or similar (eg. T821.16),

is a reference to a document tendered or evidence given (respectively) in the Bell Inquiry (defined in paragraph 207 below).

A. THE PLAINTIFF AND GROUP MEMBERS

1. DA Lynch Pty Limited (**Plaintiff**) commences this group proceeding pursuant to Part 4A of the *Supreme Court Act 1986* (Vic) on its own behalf and on behalf of all persons who:
 - (a) entered into a contract (whether by themselves or by an agent or trustee) to acquire:
 - (i) an interest in fully paid ordinary shares in the Defendant (**Star**) (**Star Shares**):
 - (A) during the period between 29 March 2016 and 13 June 2022 (inclusive) (**Relevant Period**) (**Acquisition Shareholders**); or
 - (B) prior to the Relevant Period, which they retained throughout the Relevant Period (**Retained Shareholders**); or
 - (ii) long exposure to Star Shares by entering into equity swap confirmations in respect of Star Shares:
 - (A) during the Relevant Period; or
 - (B) alternatively, during the period between 9 December 2016 and 13 June 2022;
 - (b) are alleged to have suffered loss or damage by reason of the conduct of Star pleaded in this statement of claim;
 - (c) were not during any part of the Relevant Period, and are not as at the date of this writ:
 - (i) a related party of Star (as defined by s 228 of the *Corporations Act 2001* (Cth) (**Corporations Act**);
 - (ii) a related body corporate of Star (as defined by s 50 of the *Corporations Act*);
 - (iii) an associated entity of Star (as defined by s 50AAA of the *Corporations Act*); or
 - (iv) an officer or a close associate of Star (as defined by s 9 of the *Corporations Act*);and
 - (d) are not, as of the date of this writ:
 - (i) the Chief Justice or a Justice of the High Court of Australia; or
 - (ii) a Judge of Appeal, a Judge of the Court, an Associate Judge or a Judicial Registrar (each within the meaning of the *Supreme Court Act 1986* (Vic)) of the Supreme Court of Victoria,
- (Group Members).**

2. The Plaintiff acquired an interest in Star Shares during the Relevant Period.

Particulars

- i. *The Plaintiff acquired Star Shares as trustee for the DA Lynch Investment Trust.*
- ii. *Details of the particular acquisitions and/or disposals of Star Shares by the Plaintiff during the Relevant Period are set out below:*

Date	Transaction type	No.	Price
19 August 2019	BUY	25,612	\$3.90

3. As at the date of this proceeding, there were more than seven Group Members.

B. THE DEFENDANT

B.1. Star

4. At all material times, Star:

- (a) was and is a company incorporated under the *Corporations Act* and capable of being sued;
- (b) was and is a corporation within the meaning of the definition in s 4 of the *Competition and Consumer Act 2010* (Cth) (**CCA**);
- (c) was and is a person within the meaning of:
 - (i) section 1041H of the *Corporations Act*;
 - (ii) section 12DA of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**); and
 - (iii) section 18 of the Australian Consumer Law set out in Schedule 2 of the *CCA*, as applicable pursuant to:
 - (A) section 131 of the *CCA*;
 - (B) section 7 of the *Fair Trading (Australian Consumer Law) Act 1992* (ACT);
 - (C) section 28 of the *Fair Trading Act 1987* (NSW);
 - (D) section 8 of the *Australian Consumer Law and Fair Trading Act 2012* (Vic);
 - (E) section 16 of the *Fair Trading Act 1989* (Qld);

- (F) section 6 of the *Australian Consumer Law (Tasmania) Act 2010* (Tas);
 - (G) section 19 of the *Fair Trading Act 2010* (WA);
 - (H) section 14 of the *Fair Trading Act 1987* (SA); and/or
 - (I) section 27 of the *Consumer Affairs and Fair Trading Act 1990* (NT),
- (individually, or together, **ACL**);
- (d) was and is a corporation listed on a financial market known as the Australian Securities Exchange (**ASX**), operated by ASX Limited;
 - (e) was the holding company of wholly owned subsidiaries (within the meaning of s 46 of the *Corporations Act*), which relevantly included:
 - (i) The Star Pty Ltd (**TSPL**);
 - (ii) The Star Entertainment QLD Ltd (**TSEQL**); and
 - (iii) The Star Entertainment QLD Custodian Pty Ltd (**TSEQCPL**),
 (each individually, a **Star Casino Entity** and together the **Star Casino Entities**);
 - (f) submitted financial statements on a consolidated basis for the group of companies of which it was the parent (**Star Group**); and
 - (g) was, until 16 November 2015, named Echo Entertainment Group Limited.

5. At all material times, EEI Services (Hong Kong) Limited (**EEIS**) was:

- (a) a company incorporated in Hong Kong on 7 November 2013;
- (b) a registered foreign company (pursuant to Part 5B.2 of the *Corporations Act*) on and from 11 September 2018;
- (c) a wholly owned subsidiary (within the meaning of s 46 of the *Corporations Act*) of Star; and
- (d) a close associate of TSPL, within the meaning of s 3 of the *Casino Control Act 1992* (NSW) (**NSW CC Act**) and s 5 of the *Gaming and Liquor Administration Act 2007* (NSW).

B.2. Star Shares

6. At all material times, Star had and has on issue Star Shares, which were and are:

- (a) quoted ED securities within the meaning of ss 111AD, 111AE and 111AM of the *Corporations Act*;

- (b) financial products within the meaning of:
 - (i) sections 763A(1)(a) and 764A(1)(a) of the *Corporations Act*; and
 - (ii) sub-sections 12BAA(1)(a) and (7)(a) of the *ASIC Act*;
- (c) able to be traded by investors and potential investors on the ASX under the designation 'SGR' (**Star Shares Market**).

7. As the issuer of Star Shares, Star was and is:

- (a) a listed disclosing entity within the meaning of s 111AL(1) of the *Corporations Act*; and
- (b) subject to and bound by the Listing Rules of the ASX (**ASX Listing Rules**).

B.3. Star Officers

8. In the Relevant Period (except to the extent noted below), the officers of Star included the following:

- (a) Ms Skye Arnott, Compliance Manager (from 2016 until January 2019); Group Anti-Money Laundering/Counter-Terrorism Financing and Financial Crime Manager (from January 2019 until 31 October 2021); Chief Financial Crime Officer (1 November 2021 until 23 May 2022) (**Arnott**);
- (b) Mr Chad Barton, Group Chief Financial Officer (until 1 November 2019) (**Barton**);
- (c) Mr Mathias Bekier, Managing Director and Chief Executive Officer (until 29 March 2022) (**Bekier**);
- (d) Mr Micheil Brodie, General Manager – Compliance and Responsible Gambling (from November 2017 until September 2019); General Manager, Social Responsibility (from October 2019 until June 2022) (**Brodie**);
- (e) Mr Angus Buchanan, Executive Manager – Due Diligence, Anti-Bribery and Integrity Assurance (until August 2018); Due Diligence Program Manager (from May 2019 until 1 November 2021); Group Manager – Due Diligence and Intelligence (from 1 November 2021) (**Buchanan**);
- (f) Mr John Chong, President – International Marketing (until 2018) (**Chong**);
- (g) Mr Greg Hawkins, Managing Director (The Star Sydney) (until 31 December 2018); Chief Casino Officer (from 1 January 2019) (**Hawkins**);
- (h) Mr Geoff Hogg, Managing Director (Queensland) (until 30 June 2019); Group Executive Operations (from 1 July 2019 until 28 February 2021); Chief Casino Officer (QLD) (from

1 March 2021 until 1 June 2022); Acting Chief Executive Officer (from 1 June 2022) **(Hogg)**;

- (i) Mr Adrian Hornsby, General Manager – Credit and Collections (until June 2020) **(Hornsby)**;
- (j) Mr Kevin Houlihan, Group Investigations Manager (until November 2021); General Manager – Financial Crimes and Investigations (from November 2021 until June 2022) **(Houlihan)**;
- (k) Ms Christina Katsibouba, Group Financial Controller (until July 2019); Deputy Chief Financial Officer (from August 2019 until September 2020); Group Executive – Gaming (from September 2020 until April 2022); Interim Chief Financial Officer (from May 2022) **(Katsibouba)**;
- (l) Ms Kim Lee, Chief People and Performance Officer; Chief Transformation Officer (from January 2022) **(Kim Lee)**;
- (m) Mr Marcus Lim, Senior Vice President – International Marketing (until October 2017); General Manager, Marketing Asia Pacific (from October 2017 until April 2018); President, International Marketing (from April 2018 until July 2020) **(Lim)**;
- (n) Ms Paula Martin, Group General Counsel and Company Secretary (until August 2019); Chief Legal and Risk Officer and Company Secretary (from August 2019 until May 2022) **(Martin)**;
- (o) Mr Paul McWilliams, Chief Risk Officer (from 7 February 2016 until 31 July 2019) **(McWilliams)**;
- (p) Ms Tarnya O’Neil, General Manager – Internal Audit and Assurance (from September 2016 until June 2019);
- (q) Mr Geoff Parmenter, Group Executive – Marketing and Corporate Affairs (until December 2018) **(Parmenter)**;
- (r) Mr Christopher Peasley, Executive General Manager – Domestic Marketing (until August 2020); President – Domestic and International Casino Marketing (from August 2020);
- (s) Mr Andrew Power, General Counsel (until 4 November 2019); Group General Counsel (from 4 November 2019 until May 2022) **(Power)**;
- (t) Mr Damien Quayle, General Manager – Table Games (until July 2016); Chief Operating Officer – Gaming (from July 2016 until January 2019); Group Executive – Gaming Strategy and Business Development (from January 2019 until February 2019); Chief

Operations Officer – Gold Coast (from January 2019 until July 2019); Chief Operating Officer – Sydney (from July 2019) (**Quayle**);

- (u) Ms Sarah Scopel, Group Treasurer (from October 2018 until September 2020) (**Scopel**);
- (v) Mr Graeme Stevens, Regulatory Affairs Manager (until October 2019); Group Compliance Manager (from October 2019 until May 2022) (**Stevens**);
- (w) Mr Harry Theodore, Head of Strategy and Investor Relations (until September 2018); Chief Commercial Officer (from October 2018 until August 2019); Group Chief Financial Officer (from 1 September 2019 until May 2022) (**Theodore**);
- (x) Mr Oliver White, General Counsel (Corporate) (until April 2022) (**White**); and
- (y) Mr Michael Whytcross, General Manager – Financial and Commercial (from August 2016 until March 2022) (**Whytcross**).

9. In the Relevant Period (except to the extent noted below), the following people were **Directors** of Star and members of **Star's Board**:

- (a) Mr John O'Neill AO, Chairman and Non-Executive Director (until 1 April 2022); Interim Executive Chairman (from 1 April 2022 until 31 May 2022) (**O'Neill**);
- (b) Bekier (until 29 March 2022);
- (c) Ms Kate Lahey AM, Non-Executive Director (**Lahey**);
- (d) Mr Richard Sheppard, Non-Executive Director (**Sheppard**);
- (e) Mr Gerard Bradley, Non-Executive Director (**Bradley**);
- (f) Ms Sally Pitkin, Non-Executive Director;
- (g) Mr Greg Hayes, Non-Executive Director (until 26 October 2017) (**Hayes**);
- (h) Mr Ben Heap (from 23 May 2018 until 1 June 2022); Interim Chairman (from 1 June 2022) (**Heap**); and
- (i) Mr Zlatko Todorcevski, Non-Executive Director (from 23 May 2018 until 31 August 2020) (**Todorcevski**).

10. In the Relevant Period (except to the extent noted below), the following Directors were members of the Board Audit Committee (**BAC**):

- (a) Bradley;
- (b) Sheppard;

- (c) Pitkin;
 - (d) Heap (from 23 May 2018);
 - (e) Hayes (until 26 October 2017); and
 - (f) Todorcevski (from 23 May 2018 until 31 August 2020).
11. In the Relevant Period (except to the extent noted below), the following Directors were members of the Board Risk and Compliance Committee (**BRCC**):
- (a) Bradley;
 - (b) Sheppard;
 - (c) Lahey;
 - (d) Hayes (until 26 October 2017);
 - (e) Heap (from 23 May 2018); and
 - (f) Todorcevski (from 23 May 2018 to 31 August 2020).
12. In the Relevant Period, so far as the Plaintiff can say before completion of discovery, the members of the Management Risk and Compliance Committee (**MRCC**) included:
- (a) Bekier;
 - (b) Chong;
 - (c) Mr John De Angelis, Chief Information Officer (until November 2019);
 - (d) Hawkins;
 - (e) Hogg;
 - (f) Kim Lee;
 - (g) Martin;
 - (h) McWilliams; and
 - (i) Parmenter.
13. In the Relevant Period (except to the extent noted below), the following persons were directors of TSPL:
- (a) Bekier;
 - (b) Barton (until 18 October 2019); and

- (c) Theodore (from 18 October 2019).
14. In the Relevant Period (except to the extent noted below), the following persons were directors of TSEQL:
- (a) O'Neill;
 - (b) Bekier;
 - (c) Martin;
 - (d) Barton (until 18 October 2019); and
 - (e) Theodore (from 10 January 2020).
15. In the Relevant Period (except to the extent noted below), the following persons were directors of TSEQCPL:
- (a) Bekier;
 - (b) Barton (until 18 October 2019); and
 - (c) Theodore (from 10 January 2020).
16. In the Relevant Period (except to the extent noted below), the following persons were directors of EEIS:
- (a) Bekier (until 8 June 2022);
 - (b) Barton (until 18 October 2019);
 - (c) Theodore (from 28 October 2019 until 8 June 2022);
 - (d) Kim Lee (from 8 June 2022); and
 - (e) Katsibouba (from 8 June 2022).
17. Star's officers (within the meaning of s 9 of the *Corporations Act*) included each of the officers and the Directors for the periods of time they held their positions during the Relevant Period, as pleaded at paragraphs 8 and 9 above (**Star Officers**).

B.4. Star's Continuous Disclosure Obligations

18. At all times during the Relevant Period:
- (a) until 22 May 2020; and
 - (b) between 23 March 2021 and 13 August 2021,

by operation of:

- (c) sections 111AP and 674 of the *Corporations Act*, Star was required to notify the ASX immediately of any information of which it became aware which: (i) concerned Star; (ii) was not generally available (within the meaning of s 676 of the *Corporations Act*); and (iii) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of Star Shares; and
- (d) rule 3.1 of the ASX Listing Rules, Star was required to tell the ASX immediately of any information of which it became aware which: (i) concerned Star; and (ii) a reasonable person would expect to have a material effect on the price or value of Star Shares.

19. At all times during the Relevant Period:

- (a) between 23 May 2020 and 22 March 2021, by operation of the *Corporations (Coronavirus Economic Response) Determination (No 2) 2020* (Cth) and the *Corporations (Coronavirus Economic Response) Determination (No 4) 2020* (Cth); and
- (b) on and from 14 August 2021, by operation of sections 111AP and 674A of the *Corporations Act*,

the *Corporations Act* required Star to notify the ASX immediately of any information it became aware of which:

- (c) concerned Star;
- (d) was not generally available; and
- (e) Star knew, or was reckless or negligent with respect to whether, that information would, if it were generally available, have a material effect on the price or value of Star Shares.

(paragraphs 18 and 19 together, **Star's Continuous Disclosure Obligations**).

20. Any information that any or all of the Star Officers became aware, or which ought reasonably to have come into their possession in the course of the performance of their respective duties as an officer of Star, was information of which Star was aware for the purposes of Star's Continuous Disclosure Obligations.

C. STAR'S BUSINESS

C.1. Overview

21. At all material times, Star carried on a business as the owner and operator of various casino and entertainment venues in Australia, including relevantly:

- (a) The Star Sydney (**Star Sydney**);

- (b) The Star Gold Coast (**Star Gold Coast**); and
 - (c) Treasury Brisbane (**Treasury**),
- (individually and together, the **Star Casino Properties**).
22. At all material times:
- (a) Star represented that it was an integrated resort company;
 - (b) the Star Casino Properties were operated by Star for and on behalf of the Star Casino Entities; and
 - (c) Star was in effective control of the operations of the Star Casino Properties.
23. At all material times, Star relevantly derived revenue from:
- (a) its International VIP Rebate business;
 - (b) its domestic gaming business; and
 - (c) its non-gaming business.

Particulars

- i. The Plaintiff refers to Star's financial statements published in:*
 - A. *Star, '2016 Annual Report', 23 September 2016 (p 79-80) (2016 Annual Report);*
 - B. *Star, '2017 Annual Report', 22 September 2017 (p 84-85) (2017 Annual Report);*
 - C. *Star, '2018 Annual Report', 24 September 2018 (p 89-90) (2018 Annual Report);*
 - D. *Star, '2019 Annual Report', 18 September 2019 (p 86-87) (2019 Annual Report);*
 - E. *Star, '2020 Annual Report', 16 September 2020 (p 84) (2020 Annual Report); and*
 - F. *Star, '2021 Annual Report', 24 September 2021 (p 79-80) (2021 Annual Report).*

C.2. Star's International VIP Business

24. At all material times, Star's International VIP Rebate business included business with customers who did not ordinarily reside in Australia and:
- (a) were wealthy players who played at the Star Casino Properties;

- (b) were primarily from northern Asia, including the People's Republic of China (**China**) and Hong Kong;
- (c) were variously described as 'high-rollers', 'whales', 'VIPs', 'rebate players', 'premium players', 'premium mass' players and/or 'premium direct' players;
- (d) placed large bets with the Star Casino Entities:
 - (i) as part of a '**junket**' (within the meaning of s 76 of the *NSW CC Act* and/or s 85A of the *QLD CC Act*), being:
 - (A) a group of players (**Junket Participants**);
 - (B) introduced to Star by a promoter (**Junket Promoter** or **Junket Operator**) or their representative (**Junket Representative**) (together, **Junket Organisers**); and
 - (C) who played at Star Casino Properties pursuant to an agreement between a member of the Star Group and the Junket Promoter (**Junket Agreement**), which would provide that the Junket Promoter would receive a commission based on the turnover of play in the Star Casino Properties attributable to the Junket Participants; or
 - (ii) directly pursuant to an agreement between a premium player (**Premium Player**) and a member of the Star Group (**Premium Player Arrangement**), which would provide that the Premium Player would receive a rebate or commission based on their turnover of play in the Star Casino Properties attributable to the Premium Player; and/or
- (e) often played in private rooms (or 'salons') at the Star Casino Properties; and
- (f) were often offered benefits prior to and during their time in Australia, including free or discounted accommodation, food, beverages and travel,

(Star's International VIP Business).

Particulars

- i. As to the matters in sub-paragraph (b), approximately 80% of the Star Group's International VIP Business customers travelled from North Asia, China and/or Hong Kong.*
- ii. As to the matters in sub-paragraph (d), Junket Agreements and Premium Player Arrangements are written agreements entered into between a Star Casino Entity and a Junket Promoter or Premium Player respectively during the Relevant Period.*
- iii. Further particulars may be provided following discovery.*

25. From at least 2012, Star identified improving the performance of Star's International VIP Business as a key strategic priority.

Particulars

- i. Star's Annual Report for FY13 (released by Star to the ASX on 4 October 2013) (p 60) each referred to 'Grow[ing] international VIP business, including providing world class private gaming facilities and expanding international rebate business market share' as a 'key strategic priority' for Star.*
- ii. Further particulars may be provided following discovery.*

26. From at least 2012:

- (a) Star's International VIP Business contributed a significant amount to Star's overall revenue; and
- (b) approximately 75% of Star's International VIP Business revenue was derived from junkets.

Particulars

- i. Between FY12 and FY20, Star's International VIP Business' normalised revenue was between 17.72% and 30.68% of overall revenue.*
- ii. By no later than 25 May 2017, junkets constituted approximately 75.7% of revenue for Star's International VIP Business (STA.5002.0003.3846).*
- iii. Following the release of the Bergin Inquiry Report in February 2021, in May 2021 the Star Group agreed with ILGA to cease all international junket operations.*
- iv. In FY21 and FY22, Star's International VIP Business' normalised revenue was immaterial including due to Covid-related border closures.*
- v. Further particulars may be provided following discovery.*

C.3. Star's Domestic Gaming Business

27. At all material times, Star's domestic gaming business for customers in Australia (**Domestic Players**) included:

- (a) customers who resided in New South Wales;

- (b) customers who:
 - (i) resided in Australia but did not normally live in New South Wales; and
 - (ii) placed large bets:
 - (A) as part of a junket, who played at Star Casino Properties pursuant to a Junket Agreement; and
 - (B) as a Premium Player pursuant to a Premium Player Arrangement; or
- (c) customers who resided in Australia but did not normally live in New South Wales,
(Star's Domestic Gaming Business).

28. From at least 2012, Star's Domestic Gaming Business contributed a significant amount to Star's overall revenue.

Particulars

- i. Between FY12 and FY20, Star's Domestic Gaming Business' normalised revenue was between 68.98% and 81.61% of total revenue.*
- ii. In FY21, Star's Domestic Gaming Business' normalised revenue was 98.53% of total revenue.*

C.4. Star's corporate governance and risk management framework

29. At all times in the Relevant Period, Star's Board was responsible for:
- (a) approving the Star Group's risk and compliance management policies and frameworks;
 - (b) overseeing and monitoring the effectiveness of the risk management framework and supporting processes; and
 - (c) setting the "risk appetite" of the Star Group.
30. By no later than December 2017, the Star Group had a **Risk Appetite Statement**, which:
- (a) was intended to express the level of risk the Star's Board was willing for the Star Group to accept;
 - (b) stated that:
 - (i) the Star Group had:
 - (A) a "low" appetite for material breaches of regulatory obligations; and
 - (B) a "moderate" to "low" appetite for reputational risk;

- (ii) relationships with the Star Group’s key regulators were “managed proactively”;
 - (iii) the Star Group had no appetite for certain matters, which included:
 - (A) “any illegal activity undertaken in the course of performing [Star’s] business operations”;
 - (B) “knowingly, deliberately or recklessly breaching any of SGR’s regulatory compliance obligations”; and
 - (C) “risks which, after all risk treatments have been applied, are rated as “Extreme””;
 - (iv) at each meeting of the BRCC, the Chief Risk Officer would report on whether the Star Group was operating within its risk appetite, and if it was not, the actions proposed to be taken to bring the risk profile back within that risk appetite;
- (c) from August 2020, stated that the Star Group:
- (i) had “a low appetite for material breaches of our regulatory obligations”;
 - (ii) would “maintain compliance policies and procedures to prevent material breaches and to allow timely identification and rectification of any breaches that do occur”; and
 - (iii) “was committed to conducting business operations free from illegal and unethical activity”

Particulars

- i. The Risk Appetite Statement was approved by Star’s Board in March 2017 (STA.3402.0002.8138).*
- ii. Star’s Board approved a new Risk Appetite Statement in August 2020 (STA.5002.0006.0929).*
- iii. Further particulars may be provided after discovery.*

31. By no later than March 2017, the Star Group had a Risk Management Framework and Risk Management Policy, which:

- (a) was intended to provide a standardised risk management approach across the Star Group and enable reporting of the Star Group’s overall risk profile to assess whether it was operating within its approved risk appetite, as set out in the Risk Appetite Statement;
- (b) stated that the BRCC was responsible for:

- (i) recommending any changes to the Risk Appetite Statement, the Risk Management Policy and the Risk Management Framework to Star's Board;
- (ii) monitoring the Star Group's risk profile, including:
 - (A) any relevant changes in the economic, business or regulatory and policy environment;
 - (B) whether it was operating within its approved risk appetite; and
 - (C) the effectiveness of the Star Group's risk management processes.
- (c) stated that the MRCC was responsible for:
 - (i) overseeing the embedding of risk management plans across the Star Group;
 - (ii) monitoring the implementation of risk treatment plans;
 - (iii) monitoring the effectiveness of risk controls; and
 - (iv) overseeing reviews of policy and the framework.
- (d) stated that the Group Risk division of the Star Group was responsible for:
 - (i) establishing and maintaining the risk management policies, frameworks and guidance material to support effective risk identification; and
 - (ii) evaluating, managing and reporting on risk to the BRCC and MRCC.

Particulars

- i. The Risk Management Framework and Risk Management Policy was approved by Star's Board in March 2017 (STA.3402.0002.8138).*
- ii. Further particulars may be provided after discovery.*

C.5. Money laundering and terrorism financing risks

32. At all material times, the Star Group provided credit facilities to:

- (a) Premium Players and Domestic Players, for the purpose of playing at Star Casino Properties; and
- (b) Junket Organisers, for the purpose of Junket Participants playing at Star Casino Properties.

Particulars

- i. *Credit facilities were provided by the Star Group by way of:*
 - A. *cheque cashing facilities (CCFs) established in accordance with s 75 of the NSW CC Act;*
 - B. *the Temporary CUP CCF Workaround, as defined and alleged in paragraph 130 and 132 below; and*
 - C. *loans from EEIS, as alleged in paragraphs 181 and 185 below.*
- ii. *Further particulars may be provided following discovery.*

33. At all material times:

- (a) it was a term of Junket Agreements and Premium Player Arrangements that the Junket Promoter or Premium Player caused an entity within the Star Group to be paid a minimum amount of funds as buy-in (**Front Money**) for the purpose of the Junket Participants or Premium Player playing at the Star Casino Properties;
- (b) Front Money was paid to the Star Casino Entities:
 - (i) by depositing cash funds, including physical cash;
 - (ii) by making a domestic or international transfer of funds to bank accounts operated by the Star Group into which customers could deposit funds (**Star Customer Bank Accounts**);
 - (iii) by using a third-party remittance service provider (or money business service);
 - (iv) by way of a CCF; and/or
 - (v) by, or using funds provided by, a Junket Promoter's third-party financier (**Junket Funder**);
- (c) the Star Casino Entity would issue the Junket Organiser or Premium Player with chips; and/or
- (d) the Star Casino Entity would allow the Junket Organiser or Premium Player to redeem or withdraw funds against the amount of the Front Money.

34. At all material times, a Junket Organiser, Junket Funder, Premium Player or Domestic Player could pay (or repay) funds to a Star Casino Entity, in a number of ways, including by:

- (a) depositing cash funds, including physical cash;
- (b) making a domestic or international transfer of funds to a Star Customer Bank Account;

- (c) the Star Casino Entity facilitating a casino customer transferring money held in a gaming account with a Star Casino Entity to the gaming account of the Junket Organiser or Premium Player at the casino; and/or
 - (d) applying casino value instruments, such as gaming chips and tickets, or setting off winnings by the Junket Organiser or Premium Player at a Star Casino Entity.
35. At all material times, Junket Promoters, Premium Players and Domestic Players could move money through Star Casino Properties, including by:
- (a) transferring money through cash, casino value instruments, such as gaming chips and tickets, and gaming accounts;
 - (b) transferring money to or from their own gaming account(s) with Star Casino Properties; and/or
 - (c) drawing on or redeeming credit provided by Star Casino Properties, which could be used for table gaming services and could involve remittance services.
36. At all material times:
- (a) money laundering (**ML**):
 - (i) was the process of turning the proceeds of crime into money that appeared to be legitimate;
 - (ii) aimed to conceal the identity, source, and destination of illicitly-obtained money; and
 - (iii) aimed to move illicitly-obtained money through a legitimate business or transfer system;
 - (b) terrorism financing (**TF**) was the financing of terrorist acts and of terrorists and terrorist organisations; and
 - (c) the Star Group faced substantial ML and/or TF risks (**ML/TF Risk**), including by reason of:
 - (i) the matters pleaded at paragraphs 32 to 35 above;
 - (ii) the gaming services provided by the Star Casino Properties through Star's International VIP Business and Star's Domestic Gaming Business;
 - (iii) the fact that the proceeds of crime are often in cash;
 - (iv) the fact that the source and ownership of cash is harder to trace compared to other forms of money;

- (v) the fact that the cash intensive nature of Star's International VIP Business and Star's Domestic Gaming Business makes them vulnerable to criminal exploitation;
- (vi) the fact that money deposited with a casino or exchanged for chips, plaques or tickets and then withdrawn with minimal or no gaming activity may appear to have a legitimate origin, even though very little money was actually risked;
- (vii) the fact that gaming chips or plaques were inherently transportable so that a customer could remove them from the Star Casino Properties, hold them for periods of time, and/or provide to another customer who could exchange them for cash with minimal or no gaming activity;
- (viii) the fact that gaming losses sustained by a customer, even if minimal, can give the incorrect appearance that the customer is engaging in genuine gaming activity;
- (ix) the fact that money may be deposited into gaming accounts and otherwise remain dormant, which may make it harder for law enforcement and relevant authorities to understand, identify and/or trace the flow of money;
- (x) the facilitation of the movement of money, including across international borders, by the Star Group by:
 - (A) high volume, high frequency, and/or high value cash, gaming chip, ticket and/or voucher transactions including in connection with Star's International VIP Business and Star's Domestic Gaming Business 24 hours a day, 7 days a week;
 - (B) the Star Customer Bank Accounts;
 - (C) the use of third-party remittance service providers (or money business services); and
 - (D) the provision of financial services, including facilitating, drawing or redeeming of credit provided by the Star Group;
- (xi) the involvement of Junket Organisers and/or Junket Funders in the facilitation of gaming and financial services to Junket Participants at the Star Casino Properties; and
- (xii) the fact that Junket Organisers facilitate the movement of large amounts of money for Junket Participants, across international borders, in circumstances where the source of funds may be unknown.

37. At all material times, Star was aware of the ML/TF Risk.

Particulars

- i. That Star was aware of the ML/TF Risk can be inferred from:*
- A. the nature of the business conducted by the Star Group;*
 - B. the fact that in 2013, the Independent Liquor and Gaming Authority conducted a review into Star Sydney's junket arrangements;*
 - C. the matters pleaded in paragraphs 39 to 42, 76 and 77 below;*
 - D. the existence and terms of Star's ICM titled 'ICM 8: Rebate Play';*
 - E. the findings of the regular reviews undertaken in 2013 and 2016, in accordance with s 31 of the NSW CCA Act;*
 - F. the papers tabled at meetings of Star's Board:*
 - I. on 25 May 2017 titled 'International VIP Business Review – Strategy Discussion' (STA.5002.0003.3846);*
 - II. on 26 September 2017 titled 'IRB Strategy Update' (STA.5002.0003.3846) and 'IRB Strategy – Key Considerations Board Meeting of 26 September 2017' (STA.5002.0003.1469); and*
 - III. on 6 December 2017 titled 'Cheque Cashing Facility Process' (STA.0025.0001.0922);*
 - G. the findings of the reports prepared by KPMG titled 'Independent Review of the Part A AML/CTF Program' and 'Independent Review of the Part B AML/CTF Program' dated 16 May 2018 (KPMG Reports);*
 - H. the findings of the Bergin Inquiry (referred to in paragraph 41 below); and*
 - I. the fact that vulnerabilities of casinos to ML, particularly where junkets are involved, had been widely reported in public reports and through the media including:*
 - I. Financial Action Task Force (FATF), OECD 'Risk Based Approach Guidance for Casinos' (23 October 2008);*
 - II. FATF Asia/Pacific Group on Money Laundering 'Vulnerabilities of Casinos and Gaming Sector, Report, (March 2009);*
 - III. AUSTRAC 'Junket Tour Operations in Australia: Money Laundering and Terrorism Financing Risk Assessment' (2020); and*

IV. *AUSTRAC and Fintel, 'Detect and Report Cuckoo Smurfing: Financial Crime Guide', (June 2021).*

ii. *Further particulars may be provided following discovery.*

C.6. Crown Resorts Limited

38. At all material times, Crown Resorts Limited (**Crown**) was a major competitor of Star.
39. On 28 July 2019, the Nine Network's '60 Minutes' program broadcast a show titled "Crown Casino Exposed: Sex, Trafficking, Drugs and Money Laundering" (**2019 60 Minutes Report**) which:
- (a) alleged that Crown facilitated, or turned a blind eye to, ML;
 - (b) alleged that Crown had partnered with seven Junket Promoters with links to organised crime, being The Company, Roy Moo, Hot Pot Junket, Suncity Junket, Neptune Junket, Chinatown Junket and Song Junket;
 - (c) alleged that Crown had failed to conduct appropriate due diligence into Junket Promoters and that 'Crown junket after Crown junket with underworld ties' had been uncovered;
 - (d) suggested that Crown 'was either wilfully blind or recklessly indifferent' to any links with organised crime; and
 - (e) broadcast footage taken in 2012 of Mr Roy Moo collecting \$191,000 in cash in a shopping bag, taking it to Crown Melbourne and stating that it was laundered on behalf of 'The Company'.
40. On 14 August 2019, pursuant to s 143 of the *NSW CC Act*, the Independent Liquor and Gaming Authority (**ILGA**) appointed the Honourable Patricia Bergin SC to inquire (**Bergin Inquiry**) into:
- (a) whether Crown's wholly-owned subsidiary, Crown Sydney Gaming Pty Limited (**Crown Licensee**), was a suitable person to continue to give effect to the Barangaroo restricted gaming licence granted to it by ILGA in July 2014;
 - (b) whether Crown was a suitable person to be a close associate of the Crown Licensee; and
 - (c) in the event that the answer to either (a) or (b) above was no, what (if any) changes would be required to render the Crown Licensee or Crown a suitable person.
41. On 1 February 2021, the Bergin Inquiry delivered its report (**Bergin Inquiry Report**) and concluded that, among other things:

- (a) in the period 2014 to 2019, Crown enabled or facilitated money laundering through the Southbank and Riverbank accounts unchecked and unchanged in the face of warnings from its bankers (pp 543–544);
 - (b) in the period 2014 to 2016, failed to escalate risks with its VIP international business through the appropriate corporate risk management structures (pp 543–544);
 - (c) in the period 2012 to 2020, Crown entered into and/or continued commercial relationships with Junket Promoters who had links to triads and other organised crime groups (pp 543–544);
 - (d) the Crown Licensee was not a suitable person to continue to give effect to the Barangaroo restricted gaming licence (p 566); and
 - (e) Crown was not a suitable person to be a close associate of the Crown Licensee (p 566).
42. On 22 February 2021, the Governor of Victoria appointed the Honourable Ray Finkelstein AO QC as Commissioner and Chairperson of the Royal Commission into the Casino Operator and Licence (**Finkelstein Commission**), with terms of reference that included whether:
- (a) Crown’s wholly owned subsidiary, **Crown Melbourne** Limited, was a suitable person to continue to hold the casino licence under the *Casino Control Act 1991* (Vic) (**VIC CC Act**); and
 - (b) Crown Resorts was a suitable person to be associated with the management of Crown Melbourne under the *VIC CC Act*.
43. On 15 October 2021, the Finkelstein Commission delivered its report and concluded that, among other things:
- (a) Crown Melbourne was not a suitable person to hold the casino licence under the *VIC CC Act* (ch 18, pp 60–64);
 - (b) Crown was not a suitable associate of Crown Melbourne in accordance with s 4 of the *VIC CC Act* (ch 20, p 85);and
 - (c) a ‘special manager’ be appointed to Crown Melbourne with power to oversee and exercise control over its affairs for a period of two years, following which the regulator should determine whether it was clearly satisfied that Crown Melbourne had become a suitable person to hold the casino licence under the *VIC CC Act* and, if so, whether it was in the public interest for it to do so (ch 16, pp 8–12).
44. At all material times, Star was aware of the matters in paragraphs 38 to 43 above.

Particulars

- iii. *As to the matters in paragraph 37 and 38, the Plaintiff refers to paragraphs 92–94, 96 and 161 and the particulars subjoined thereto.*
- iv. *As to the matters in paragraph 39, the Plaintiff refers to:*
 - A. *paragraphs 103–104 and the particulars subjoined thereto; and*
 - B. *the fact that by no later than May 2021, Star’s Board had directed that an internal workstream known as **Project Zurich** be instigated to consider the issues raised by the Bergin Inquiry Report and to undertake an assessment of whether there were similar vulnerabilities or issues arising out of the manner in which the Star Group operated (STA.3412.0038.5089; T2048.34–2049.27).*
- v. *As to the matters in paragraphs 40 and 41, the Plaintiff refers to the fact that by no later than September 2021, the scope of Project Zurich was expanded to include the issues raised during the hearings of the Finkelstein Commission (STA.3402.0007.1612; STA.3402.0007.1618; STA.3002.0009.0292).*
- vi. *Further particulars may be provided following discovery.*

D. STAR’S REGULATORY OBLIGATIONS

D.1. Casino regulation

D.1.1. Casino licences and regulators

45. At all material times, the Star Group, through TSPL:
- (a) held the casino licence granted in respect of Star Sydney on 14 December 1994 (as amended 5 June 2009) pursuant to ss 18 and 22(5) of the *NSW CC Act* (**Star Sydney Casino Licence**);
 - (b) was the casino operator of Star Sydney within the meaning of s 3(1) the *NSW CC Act*, and
 - (c) was subject to regulation by ILGA.
46. At all material times, the Star Group, through TSEQCPL:
- (a) held the casino licence granted in respect of Star Gold Coast on 20 November 1985, pursuant to s 18 of the *Casino Control Act 1982* (QLD) (**QLD CC Act**);

- (b) was a party to an agreement in respect of Star Gold Coast, titled the Jupiters Casino Agreement, entered into with the State of Queensland on 6 May 1983 (last amended in April 2002) pursuant to s 19 of the *QLD CC Act*,

(together, **Star Gold Coast Casino Licence**);
- (c) was the owner of the real property constituting Star Gold Coast; and
- (d) was subject to regulation by the Queensland Office of Liquor and Gambling Regulation (**OLGR**) and the Minister administering the *QLD CC Act* (together, **QLD Regulators**).

47. At all material times, the Star Group, through TSEQL:

- (a) held the casino licence granted on 1 April 1995 in respect of Treasury, pursuant to s 18 of the *QLD CC Act*,
- (b) was a party to an agreement in respect of Treasury, titled the Brisbane Casino Agreement, entered into with the State of Queensland on 6 May 1993 (last amended 18 February 2016) pursuant to s 19 of the *QLD CC Act*,

(together, **Treasury Casino Licence**);
- (c) was a party to the Jupiters Casino Agreement;
- (d) was the lessee of the Star Gold Coast, pursuant to a casino lease in accordance with s 24 of the *QLD CC Act*,
- (e) was the casino operator of Star Gold Coast and Treasury, within the meaning of *QLD CC Act*; and
- (f) was subject to regulation by the QLD Regulators.

D.1.2. Suitability to operate casino

48. As the holder of the Star Sydney Casino Licence, the Star Gold Coast Casino Licence and the Treasury Casino Licence, the Star Casino Entities were each required under s 12 of the *NSW CC Act* and/or s 20 of the *QLD CC Act* to demonstrate that they each were and/or remained a suitable person to operate a casino, which relevantly required them to satisfy ILGA and/or OLGR that:

- (a) the relevant Star Casino Entity and each of that entity's close associates and/or persons associated or connected with the ownership, administration or management of the operations or business of the casino (**Close Associate**) (which included Star and other members of the Star Group) was of good repute, having regard to character, honesty and integrity; and

- (b) the relevant Star Casino Entity and each Close Associate did not have any business association with a person, body, or association who:
 - (i) was not of good repute, having regard to their character, honesty and/or integrity; and
 - (ii) had undesirable or unsatisfactory financial sources,(together, **Suitable Person Test**).

Particulars

- i. TSPL was required to satisfy the Suitable Person Test in respect of the Star Sydney Casino Licence.*
- ii. TSEQCPL was required to satisfy the Suitable Person Test in respect of Star Gold Coast.*
- iii. TSEQL was required to satisfy the Suitable Person Test in respect of Treasury.*

49. At all material times:

- (a) ILGA (pursuant to s 31 of the *NSW CC Act*) was required to undertake regular reviews of the Star Sydney Casino Licence including its casino operator TSPL; and
- (b) the OLGR (pursuant to s 30 of the *QLD CC Act*) was required to undertake regular reviews of:
 - (i) TSEQL as the casino operator of Star Gold Coast and Treasury and casino licensee of Treasury; and
 - (ii) TSEQCPL as the casino licensee of Star Gold Coast,

to satisfy itself that TSPL, TSEQL, TSEQCPL as relevant, and each of their Close Associates met the Suitable Person Test.

D.1.3. Conditions on casino licences

50. In respect of the Star Sydney Casino Licence, TSPL was and is required to comply with its obligations under the *NSW CC Act* as an operator of a casino, including:

- (a) ensuring that all casino installations, devices, equipment and procedures for security and safety purposes were used, operated and applied for the preservation and maintenance of those purposes (s 73);
- (b) conducting operations in the casino in accordance with a system of internal controls (or **ICMs**) that had been approved by the ILGA (s 124(1));

- (c) not contravening a requirement of an approved ICM (an offence provision on and from 21 December 2018) (s 124(4));
- (d) in connection with any gaming in the casino:
 - (i) until 20 December 2018, not providing money or chips as part of a transaction involving a credit card or a debit card;
 - (ii) from 21 December 2018, not providing money or chips as part of a transaction involving a credit card or a debit card (other than a debit card transaction with a person who is a participant in a premium player arrangement or junket);
 - (iii) until 30 June 2020, not extending any other form of credit to any customer; and
 - (iv) from 1 July 2020, not extending any other form of credit to a customer, unless the customer was a person who was not ordinarily resident in Australia and the credit was to enable the person to participate in 'premium player arrangement' or a junket,

(s 74(1)(c) and (d) and (5)); and
- (e) ensuring that gaming equipment (including chips) was not used for gaming in the casino unless:
 - (i) it was used in accordance with the approval given by ILGA under s 68 of the *NSW CC Act* (s 70(1)(a)); and
 - (ii) in the case of chips being exchanged or redeemed, TSPL consented to the exchange or redemption (s 70(1)(i) and 70(2)(c)).

Particulars

- i. In addition to the NSW CC Act, the Plaintiff also relies on the terms of the Star Sydney Casino Licence in respect of subparagraphs (a)–(c) and (e)–(f).*

51. In its capacity as the holder of the Star Sydney Casino Licence, the Star Group, through TSPL, warranted to ILGA that all information it provided and every statement it made to ILGA:

- (a) was and would be true in all material respects; and
- (b) was not, and would not, by omission or otherwise, be misleading in any material respect,

(ILGA Information Warranty).

Particulars

- i. *The warranties were given by TSPL to ILGA in:*
 - A. *paragraph 3 of Schedule 3 of the Casino Operations Agreement between ILGA and TSPL dated 14 December 1994 (as amended on 5 June 2009); and*
 - B. *paragraphs 1(b) and 7(c) of Schedule 1 of the Compliance Deed between ILGA and TSPL dated 22 April 1994 (as amended on 5 June 2009).*
- ii. *Further particulars may be provided following discovery.*

52. In respect of the Star Gold Coast Casino Licence and the Treasury Casino Licence, TSEQL was required to comply with its obligations under the *QLD CC Act* as an operator of a casino, including:

- (a) ensuring that the operation of the casino was conducted at all times in a proper and competent manner (s 58(b));
- (b) ensuring that all casino installations, equipment and procedures for security and safety purposes were used, operated and applied for the preservation and maintenance of those purposes (s 58(c));
- (c) not conducting operations in the casino unless it had a system of ICMs that had been approved by the OLGR (s 73(1)); and
- (d) not contravening a requirement of an approved ICM (s 73(2)),

(paragraphs 48 to 51, separately or together in any combination, **Casino Regulatory Obligations**).

D.1.4. Powers of regulators

53. At all material times:

- (a) ILGA was required, pursuant to ss 30 to 31 of the *NSW CC Act*, to review the Star Sydney Casino Licence by investigating TSPL at intervals not exceeding 5 years or otherwise at any time that ILGA thought it desirable (**ILGA Investigation**);
- (b) the scope of any ILGA Investigation relevantly included, but was not limited to:
 - (i) the Suitable Person Test;
 - (ii) the casino and operations in the casino;
 - (iii) the casino operator; and

- (iv) any person who, in the opinion of ILGA, could:
 - (A) affect the exercise of functions in or in relation to the casino; or
 - (B) be in a position to exercise direct or indirect control over the casino operator, or an associate of the casino operator, in relation to functions in or in relation to the casino.

54. At all material times, ILGA was required to take whatever action under the *NSW CC Act* against TSPL for a breach of its Casino Regulatory Obligations (including in the light of the results of any ILGA Investigation) that it considered appropriate, which relevantly included:

- (a) the prosecution (or referral for prosecution) for any offence under the *NSW CC Act*,
- (b) subject to s 59 of the *NSW CC Act*:
 - (i) the cancellation or suspension of the Star Sydney Casino Licence; and/or
 - (ii) the amendment of the terms or conditions of the Star Sydney Casino Licence;
- (c) the imposition of pecuniary penalties;
- (d) the giving of a written direction to TSPL to adopt, vary, cease or refrain from any practice in respect of the conduct of casino operations, pursuant to s 29(4) of the *NSW CC Act*,

(together, **NSW Casino Regulatory Enforcement Action**).

55. At all material times, the Minister administering the *QLD CC Act* could, pursuant to s 30 of the *QLD CC Act*, cause such investigations to be undertaken as were necessary to satisfy the Governor of Queensland in Council that TSEQL and TSEQCPL or any Close Associates, met the Suitable Person Test (**QLD Investigation**).

56. At all material times, the Governor of Queensland in Council could, pursuant to s 31 of the *QLD CC Act* and after giving consideration to the recommendation of the Minister administering the *QLD CC Act* following any:

- (a) QLD Investigation;
- (b) conviction of TSEQCPL or TSEQL for any offence under the *QLD CC Act*; and/or
- (c) contravention of a condition of the Star Gold Coast Casino Licence and/or Treasury Casino Licence that TSEQCPL and TSEQL were respectively required to comply with,

take action under the *QLD CC Act* against Star they considered to be appropriate, which relevantly included:

- (d) the cancellation or suspension of the Star Gold Coast Casino Licence and/or the Treasury Casino Licence;
- (e) the appointment of an administrator to Star Gold Coast and/or Treasury; and/or
- (f) directing TSEQCPL or TSEQL to rectify any matter connected with or giving rise to the issue of the direction to that entity,

(together, **QLD Casino Regulatory Enforcement Action**).

D.2. AML/CTF regulation

D.2.1. AML/CTF Program

57. At all material times, TSPL and TSEQL provided designated services to customers within s 6 of *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) including:

- (a) making a loan, where the loan is made in the course of carrying on a loans business (item 6, table 1);
- (b) in the capacity of a lender for a loan, allowing the borrower to conduct a transaction in relation to the loan, where the loan was made in the course of carrying on a loans business (item 7, table 1);
- (c) in the capacity of a non-financier carrying on a business of giving effect to remittance arrangements, accepting an instruction from a transferor entity for the transfer of money or property under a designated remittance arrangement (item 31, table 1);
- (d) in the capacity of a non-financier carrying on a business of giving effect to remittance arrangements, making money or property available, or arranging for it to be made available, to an ultimate transferee entity as a result of a transfer under a designated remittance arrangement (item 32, table 1);
- (e) providing a safe deposit box, or similar facility (item 47, table 1);
- (f) receiving or accepting a bet placed or made by a person, where the service is provided in the course of carrying on a gambling business (item 1, table 3);
- (g) paying out winnings in respect of a bet, where the service is provided in the course of carrying on a gambling business (item 4, table 3);
- (h) accepting the entry of a person into a game where:
 - (i) that game is played for money or anything else of value;
 - (ii) the game is a game of chance or of mixed chance and skill;

- (iii) the service is provided in the course of carrying on a gambling business; and
- (iv) the game is not played on a gaming machine located at an eligible gaming machine venue (item 6, table 3);
- (i) exchanging money or digital currency for gaming chips / tokens / betting instruments, where the service is provided in the course of carrying on a business (item 7, table 3);
- (j) exchanging gaming chips / tokens / betting instruments for money or digital currency, where the service is provided in the course of carrying on a business (item 8, table 3);
- (k) paying out winnings, or awarding a prize, in respect of a game where:
 - (i) that game is played for money or anything else of value;
 - (ii) the game is a game of chance or of mixed chance and skill, the service is provided in the course of carrying on a gambling business; and
 - (iii) the game is not played on a gaming machine located at an eligible gaming machine venue (item 9, table 3);
- (l) in the capacity of account provider:
 - (i) opening an account; or
 - (ii) allowing a person to be a signatory on an account; or
 - (iii) allowing a transaction to be conducted in relation to an account,

where the account provider is a person who provides a service covered by items 1, 4, 6, 7, 8 or 9 of table 3, and the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by items 1, 4, 6, 7, 8 or 9 of table 3, and the service is provided in the course of carrying on a business (Items 11 to 13, table 3); and
- (m) exchanging one currency (whether Australian or not) for another (whether Australian or not), where the exchange is provided by a person who provides a service covered by items 1, 4, 6, 7, 8 or 9 of table 3, and the service is provided in the course of carrying on a business (item 14, table 3).

Particulars

- i. TSPL provided designated services in respect of Star Sydney.*
- ii. TSEQL provided designated services in respect of Star Gold Coast and Treasury.*

58. During some or all of the Relevant Period, EEIS:

- (a) from March 2014, held a Money Lender's Ordinance Licence in Hong Kong, permitting it to provide credit facilities to customers in Hong Kong;
- (b) by November 2018, held a Money Service Operator licence in Hong Kong, which allowed it to remit funds for customers of the Star Group via EEIS bank accounts in Hong Kong and Australia;
- (c) caused TSPL and TSEQL to provide designated services to customers within the meaning of s 6 of the *AML/CTF Act*, being:
 - (i) in the capacity of a lender for a loan, allowing the borrower to conduct a transaction in relation to the loan, where the loan was made in the course of carrying on a loans business (item 7, table 1);
 - (ii) in the capacity of a non-financier carrying on a business of giving effect to remittance arrangements, accepting an instruction from a transferor entity for the transfer of money or property under a designated remittance arrangement (item 31, table 1);
 - (iii) in the capacity of a non-financier carrying on a business of giving effect to remittance arrangements, making money or property available, or arranging for it to be made available, to an ultimate transferee entity as a result of a transfer under a designated remittance arrangement (item 32, table 1); and
 - (iv) in the capacity of account provider, allowing a transaction to be conducted in relation to an account where the account provider is a person who provides a service covered by items 1, 4, 6, 7, 8 or 9 of table 3, and the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by items 1, 4, 6, 7, 8 or 9 of table 3, and the service is provided in the course of carrying on a business (item 13, table 3);
- (d) was registered and/or enrolled with AUSTRAC under the *AML/CTF Act*.

Particulars

- i. As to the matters alleged in sub-paragraph (b), EEIS had applied for a Money Service Operator licence by at least 26 September 2018 (IRB Strategy Update Board paper – STA.5002.0004.2733).*
- ii. As to the matters alleged in sub-paragraph (d), further particulars as to the capacity in which EEIS was registered and/or enrolled with AUSTRAC will be provided following discovery.*

59. At all material times, by reason of the matters pleaded in paragraphs 57 and 58 above, TSPL, TSEQL and EEIS were reporting entities for the purposes of the *AML/CTF Act* and the *Anti-Money Laundering and Counter-Terrorism Financing Rules (Cth) (AML/CTF Rules)*.

Particulars

- i. TSPL was the reporting entity for Star Sydney.*
- ii. TSEQL was the reporting entity for Star Gold Coast and Treasury.*

60. At all material times, certain Star Group entities, including Star, TSPL, TSEQL and EEIS:
- (a) elected to become, and were, members of a designated business group within the meaning of s 5 of the *AML/CTF Act* (**Star's DBG**); and
 - (b) with the exception of EEIS, adopted and maintained a joint anti-money laundering/counter-terrorism financing (**AML/CTF**) program within the meaning of s 85 of the *AML/CTF Act*, comprising of a 'Part A' and a 'Part B' (**Star AML/CTF Program**).

Particulars

- i. As at the end of the Relevant Period, the most recent version of the Star AML/CTF Program was version 10, which was in writing (STA.3001.0001.1319) and dated 1 June 2020.*
- ii. EEIS:*
 - A. elected to become a member of Star's DBG on or about 24 May 2018; and*
 - B. adopted its own AML/CTF program, and therefore was not covered by the Star AML/CTF Program.*

61. On and from May 2018, EEIS adopted and maintained a standard AML/CTF program within the meaning of s 84 of the *AML/CTF Act*, comprising of a 'Part A' and a 'Part B' (**EEIS AML/CTF Program**).

62. At all material times, Part A of the Star AML/CTF Program and the EEIS AML/CTF Programs (together, **Star's AML/CTF Programs**) were required to:

- (a) be approved and subject to ongoing oversight by Star's Board and Star's senior management; and
- (b) designate a person as the 'AML/CTF Compliance Officer' at the management level of the Star Group.

Particulars

- i. *The fact that Star's Board and Star's senior management were responsible for approving and maintaining oversight of Star's AML/CTF Programs can be inferred from:*
 - A. *the fact that where each member of a designated business group was related to the other members, r 9.4.2 of the AML/CTF Rules provided that the Part A program may be approved by and subject to the ongoing oversight of the governing board and senior management of the main holding company of the designated business group;*
 - B. *the fact that Star's Board did approve Part A of Star's AML/CTF Programs;*
 - C. *the fact that from January 2017, McWilliams was responsible for the Star Group's AML/CTF compliance;*
 - D. *the fact that during the Relevant Period, various employees of Star were designated as the AML/CTF Compliance Officer pursuant to Part A of the Star AML/CTF Program, including Arnott, Power and Houlihan; and*
 - E. *the matters set out in paragraph 22 above.*
- ii. *Between April 2019 to May 2020, and from 1 December 2021, Arnott and Whytcross jointly held the role of AML/CTF Compliance Officer for the purpose of the EEIS AML/CTF Program.*
- iii. *Otherwise, between May 2018 until at least July 2021, Whytcross was the AML/CTF Compliance Officer for the purpose of the EEIS AML/CTF Program.*

63. At all material times, Star was obliged to:

- (a) design Part A of Star's AML/CTF Programs with regard to:
 - (i) the nature, size and complexity of Star's DBG members'/EEIS' business; and
 - (ii) the type of ML/TF risk that might be reasonably faced (Star's DBG: r 9.1.3; EEIS: r 8.1.3);
- (b) in identifying their ML/TF risk, to consider the risk posed by the following factors:
 - (i) the Star Group's customer types, including any politically exposed persons (**PEPs**) (within the meaning of Part 1.2 of the AML/CTF Rules);
 - (ii) the types of designated services that Star's DBG members/EEIS provided;
 - (iii) the methods by which Star's DBG members/EEIS delivered designated services; and

- (iv) the foreign jurisdictions with which Star's DBG members/EEIS dealt (Star's DBG: r 9.1.4; EEIS: r 8.1.4);
- (c) design Part A of Star's AML/CTF Programs to enable Star to:
- (i) understand the nature and purpose of the business relationship with Star's DBG members'/EEIS' customer types, including the collection of information relevant to that understanding (as appropriate) (Star's DBG: r 9.1.5(1); EEIS: r 8.1.5(1));
 - (ii) understand the control structure of non-individual customers (Star's DBG: r 9.1.5(2); EEIS: r 8.1.5(2));
 - (iii) identify significant changes in the risk that Star's DBG members/EEIS might reasonably face in providing designated services, including:
 - (A) the matters set out in sub-paragraphs (i) and (ii); and
 - (B) those arising from changes in the nature of the business relationship, control structure or beneficial ownership of its customers (Star's DBG: r 9.1.5(3); EEIS: r 8.1.5(3));
 - (iv) identify, mitigate and/or manage any ML/TF risk arising from:
 - (A) all new designated services prior to introducing them to the market;
 - (B) all new methods of designated service delivery prior to adopting them;
 - (C) all new or developing technologies used for the provision of a designated service prior to adopting them; and
 - (D) changes arising in the nature of the business relationship, control structure or beneficial ownership of Star's DBG members'/EEIS' customers (Star's DBG: r 9.1.5(5); EEIS: r 8.1.5(5));
- (d) design Part A of Star's AML/CTF Programs to include a requirement that, in determining what was an appropriate risk-based procedure for inclusion in Part B of Star's AML/CTF Programs, to have regard to the ML/TF risk relevant to the provision of the designated service (Star's DBG: r 9.1.6; EEIS: r 8.1.6);
- (e) apply Part A of Star's AML/CTF Programs to all areas of Star's DBG members'/EEIS' business that were involved in the provision of a designated service, including in relation to any function carried out by a third party (Star's DBG: r 9.1.7; EEIS: r 8.1.7);
- (f) design Part A of Star's AML/CTF Programs to include an AML/CTF risk awareness training program that:

- (i) was designed so that Star's DBG members/EEIS gave their employees appropriate training at appropriate intervals, having regard to ML/TF risk they might reasonably face (Star's DBG: r 9.2.2; EEIS: r 8.2.2);
- (ii) was designed to enable Star's DBG members'/EEIS' employees to understand:
 - (A) Star's DBG members'/EEIS' AML/CTF obligations;
 - (B) the consequences of non-compliance with its AML/CTF obligations;
 - (C) the type of ML/TF risk that Star's DBG members/EEIS might face and the potential consequences of such risk; and
 - (D) those processes and procedures provided for by Star's AML/CTF Programs that were relevant to the work carried out by the employee (Star's DBG: r 9.2.3; EEIS: r 8.2.3);
- (g) design Part A of Star's AML/CTF Programs to include an employee due diligence program that:
 - (i) put in place appropriate risk based systems and controls to determine whether, and in what manner:
 - (A) to screen any prospective employee who, if employed; and
 - (B) to re-screen any existing employee who is transferred or promoted, who, could be in a position to facilitate the commission of an ML or TF offence in connection with the provision of a designated service; and
 - (ii) establish and maintain a system to manage any employee who failed, without reasonable excuse, to comply with any system, control or procedure established in accordance with Part A or Part B of Star's AML/CTF Programs (Star's DBG: r 9.3.1–9.3.4; EEIS: r 8.3.1–8.3.4).

Particulars

- i. As to the matters set out in sub-paragraph (b)(iv), reporting entities were required to:*
 - A. from the start of the Relevant Period until 11 January 2018, identify the relevant ML/TF risk; and*
 - B. from 12 January 2018 until the end of the Relevant Period, identify, mitigate and manage the relevant ML/TF risk.*

64. At all material times, Part A of Star's AML/CTF Programs was required to be the subject of independent review:

- (a) the purpose of which was to assess:
 - (i) the effectiveness of the Part A program having regard to the ML/TF risk;
 - (ii) whether the Part A program complied with the AML/CTF Rules;
 - (iii) whether the Part A program had been effectively implemented; and
 - (iv) whether Star's DBG members/EEIS complied with the Part A program (Star's DBG: r 9.6.5; EEIS: r 8.6.5);
 - (b) the results of which, including any report prepared, were required to be provided to Star's senior management and, where applicable, Star's Board (Star's DBG: r 9.6.6; EEIS: r 8.6.6).
65. At all material times, Part A of Star's AML/CTF Programs were required to include appropriate risk-based systems and controls to ensure compliance with Star's DBG members'/EEIS' reporting obligations under ss 41, 43, 45 and 47 of the *AML/CTF Act* (Star's DBG: r 9.9.1; EEIS: r 8.9.1).
66. From the beginning of the Relevant Period until approximately 12 January 2018, Part A of Star's AML/CTF Programs were required to include appropriate procedures for Star's DBG members/EEIS to have regard to any feedback provided by AUSTRAC in respect of its performance on managing ML/TF risk (Star's DBG: r 9.7.1; EEIS: r 8.7.1).
67. From approximately 12 January 2018 until the end of the Relevant Period, Star was required, in developing Part A of Star's AML/CTF Programs, to take into account:
- (a) any applicable guidance material disseminated or published by AUSTRAC; and
 - (b) any feedback provided by AUSTRAC in respect of it or the industry Star's DBG members/EEIS operated in,
- that was relevant to identifying, mitigating and managing ML/TF risk (Star's DBG: r 9.7.1; EEIS: r 8.7.1).

D.2.2. Ongoing customer due diligence

68. At all material times, Star's DBG members/EEIS were obliged to:
- (a) monitor their customers in relation to the provision of designated services at or through any of their permanent establishments in Australia, with a view to identifying, mitigating and managing the risk it might reasonably face that providing a designated service at or through a permanent establishment in Australia might (whether inadvertently or otherwise) involve or facilitate ML/TF (s 36(1));
 - (b) in identifying ML/TF risk, consider the risk posed by:

- (i) customer types, including beneficial owners of customers and any PEPs;
 - (ii) customers' sources of funds and wealth;
 - (iii) the nature and purpose of the business relationship with customers, including, as appropriate, the collection of information relevant to that consideration;
 - (iv) the control structure of non-individual customers;
 - (v) the types of designated services provided;
 - (vi) the methods by which designated services were delivered; and
 - (vii) the foreign jurisdictions with which Star's DBG members/EEIS dealt;
- (c) not commence providing a designated service to a customer unless they had carried out the applicable customer identification procedure in respect of the customer, or an exception in s 32(2) applied (s 32).

69. At all material times, Star's AML/CTF Programs were required to:

- (a) include appropriate risk-based systems and controls that were designed to enable Star's DBG members/EEIS to be reasonably satisfied, where a customer was an individual, that the customer was the individual that they claimed to be (r 4.2.2);
- (b) include a procedure to enable Star's DBG members/EEIS to collect 'know your customer information' from or about a customer (**KYC information**), including:
 - (i) the customer's full name;
 - (ii) the customer's date of birth; and
 - (iii) the customer's residential address (rr 4.2.3 – 4.2.4);
- (c) include appropriate risk-based systems and controls to determine whether, in addition to the KYC information referred to in sub-paragraph (b), any other KYC information would be collected (r 4.2.5);
- (d) include a procedure to verify KYC information, including, at a minimum:
 - (i) the customer's full name; and
 - (ii) either:
 - (A) the customer's date of birth; or
 - (B) the customer's residential address (r 4.2.6);
- (e) require that the verification of information collected about a customer be based on:

- (i) reliable and independent documentation; and/or
 - (ii) reliable and independent electronic data (r 4.2.7);
- (f) include appropriate risk-based systems and controls:
- (i) to determine whether, in addition to the KYC information referred to in sub-paragraph (d) above, any other KYC information should be verified from reliable and independent documentation, reliable and/or independent electronic data (r 4.2.8); and
 - (ii) to respond to any discrepancy that arose in the course of verifying KYC information, so that Star's DBG members/EEIS could determine whether they were reasonably satisfied that the customer was the person they claimed to be (r 4.2.9);
- (g) include, in relation to an agent of a customer, where that agent is authorised to act for or on behalf of the customer:
- (i) a procedure for the reporting entity to collect, at a minimum:
 - (A) the full name of each agent who purports to act for or on behalf of the customer; and
 - (B) evidence (if any) of the customer's authorisation of any person to act as their agent;
 - (ii) appropriate risk-based systems and controls to determine whether, and to what extent, Star's DBG members/EEIS should verify the identity of any of the agents referred to in sub-paragraph (i), having regard to the relevant ML/TF risk (rr 4.11.1 – 4.11.8);
- (h) include appropriate risk-management systems to determine (prior to providing a designated service or as soon as practicable after it has been provided) whether a customer or beneficial owner was a PEP (r 4.13.1);
- (i) include appropriate risk-management systems to undertake each of the following steps:
- (i) for domestic PEPs and international organisation PEPs:
 - (A) in the case of a beneficial owner, comply with the identification requirements specified in sub-paragraphs (b) to (f) above, as if the PEP was the customer;
 - (B) determine whether the PEP is of high ML/TF risk; and

- (C) if the person is determined to be of high ML/TF risk, then, in addition to the action specified in sub-paragraphs (ii)(B)–(D) below (r 4.13.2);
- (ii) for foreign PEPs and for high ML/TF risk for domestic or international organisation PEPs:
 - (A) in the case of a beneficial owner, comply with the identification requirements specified in sub-paragraphs (b) to (f) above, as if the PEP was the customer;
 - (B) obtain senior management approval before establishing or continuing a business relationship with the customer and before the provision, or continued provision, of a designated service to the customer;
 - (C) take reasonable measures to establish the PEP's source of wealth and source of funds; and
 - (D) comply with the ongoing customer due diligence (**OCDD**) obligations in ch 15 of the AML/CTF Rules (r 4.13.3);
- (iii) to respond to any discrepancy that arose in the course of verifying information collected about a PEP, so that it could be reasonably satisfied that the PEP was the person that they claimed to be (r 4.13.4).

70. At all material times, Part A of Star's AML/CTF Programs were required to include:

- (a) a transaction monitoring program that:
 - (i) must include appropriate risk-based systems and controls to monitor the transactions of customers;
 - (ii) must have the purpose of identifying, having regard to ML/TF risk, any transaction that appears to be suspicious within the terms of section 41 of the *AML/CTF Act*; and
 - (iii) should have regard to complex, unusual large transactions and unusual patterns of transactions, which have no apparent economic or visible lawful purpose (rr 15.4 – 15.7);
- (b) an enhanced customer due diligence (**ECDD**) program:
 - (i) to be applied relevantly where:
 - (A) Star's DBG members/EEIS determined under their risk-based systems and controls that the ML/TF risk was high; a designated service was being

- provided to a customer who was, or who had a beneficial owner who was, a foreign PEP;
- (B) a suspicion had arisen (for the purposes of s 41 of the *AML/CTF Act*); and/or
 - (C) Star's DBG members/EEIS were entering (or proposing to enter) into a transaction and a party to the transaction was physically present in, or was a corporation incorporated in, a prescribed foreign country;
- (ii) that included appropriate risk-based systems and controls so that, in cases where one or more of the circumstances in sub-paragraph (i) arose, Star's DBG members/EEIS would undertake measures appropriate to those circumstances, including:
- (A) seeking information from the customer or from third party sources in order to:
 - (1) clarify or update KYC information already collected from the customer;
 - (2) clarify or update beneficial owner information already collected from the customer; and
 - (3) obtain any further KYC information or beneficial owner information, including, where appropriate, taking reasonable measures to identify the source of the customer's and each beneficial owner's wealth and/or funds;
 - (B) clarifying the nature of the customer's ongoing business with Star's DBG members/EEIS;
 - (C) undertaking more detailed analysis of the customer's KYC information and beneficial owner information, including, where appropriate, taking reasonable measures to identify the source of the customer's and each beneficial owner's wealth and/or funds;
 - (D) verifying or re-verifying KYC information and/or beneficial owner information;
 - (E) undertaking more detailed analysis and monitoring of the customer's transactions – both past and future, including, but not limited to:
 - (1) the purpose, reasons for, or nature of specific transactions; and/or

- (2) the expected nature and level of transaction behaviour, including future transactions;
- (F) seeking senior management approval for:
 - (1) continuing a business relationship with a customer; and
 - (2) whether a designated service should continue to be provided to the customer;
- (G) considering whether a transaction or particular transactions should be processed (rr 15.8 – 15.10).

D.2.3. Reporting and record keeping

71. At all material times, Star DBG members and EEIS were each required to keep certain records and make certain reports to AUSTRAC regarding potential ML/TF risks, including:

- (a) suspicious matter reports (**SMRs**) within 3 business days of forming a suspicion in the course of providing or proposing to provide a designated service to a person, on reasonable grounds, that:
 - (i) the person (or their agent) was not who they claimed to be;
 - (ii) information they had may be relevant to the investigation or prosecution of a person for:
 - (A) (attempted) evasion of a taxation law;
 - (B) the commission (or preparation of the commission) of an offence under a law of the Commonwealth or a State/Territory; and/or
 - (C) the commission (or preparation of the commission) of ML or TF (ss 41 and 42);
- (b) making threshold transaction reports (**TTRs**) for any transactions in the amount of \$10,000 or more within 10 business days after the transaction occurred (ss 43 and 44); and
- (c) making international funds transfer instructions reports (**IFTIs**) for any instructions to transfer money into or out of Australia (including under a designated remittance arrangement) within 10 days of the instruction being received (ss 45 and 46).

Particulars

- i. An SMR was required to contain the information set out in rr 18.2 and 18.3 of the AML/CTF Rules.*

- ii. *A TTR was required to contain the information set out in rr 19.3 – 19.5 of the AML/CTF Rules.*
- iii. *An IFTI was required to contain the information set out in rr 17.2 – 17.5 of the AML/CTF Rules.*

D.2.4. AUSTRAC's powers and approach to enforcement

72. At all material times, AUSTRAC could and can take action against Star's DBG members (including Star) or EEIS for a contravention or suspected contravention of the requirements set out in paragraphs 57 to 71 (together, **AML/CTF Obligations**), including:
- (a) making a report to the Minister administering the *AML/CTF Act* about Star's DBG members/EEIS (s 190);
 - (b) issuing Star's DBG members/EEIS with a written remedial direction requiring it to take specified action directed towards ensuring that they did not contravene their AML/CTF Obligations (s 191); and
 - (c) applying to the Federal Court of Australia for a civil penalty order requiring Star's DBG members/EEIS to pay a pecuniary penalty (s 175),
- (together, **AUSTRAC Enforcement Action**).
73. At all material times, AUSTRAC's stated approach to enforcement action was such that AUSTRAC Enforcement Action was more likely where:
- (a) the contraventions or suspected contraventions were serious and/or systemic and impacted on the overall AML/CTF compliance systems and risk management of a reporting entity and/or the objectives of the *AML/CTF Act*; and/or
 - (b) the contraventions or suspected contraventions created a high level of ML/TF risk exposure and consequentially impacted upon the overall integrity of the financial system and the administration of justice.

Particulars

- i. *AUSTRAC, 'AUSTRAC enforcement strategy 2012–14', December 2012 (pp 4–5).*
 - ii. *AUSTRAC, 'AUSTRAC's approach to regulation', November 2018.*
74. During the Relevant Period, AUSTRAC took enforcement against a number of reporting entities for serious contraventions of the *AML/CTF Act*, resulting in significant financial penalties being ordered against those entities.

Particulars

- i. *During the Relevant Period, AUSTRAC commenced civil penalty proceedings against:*
 - A. *TAB on 22 July 2015, resulting in a \$45 million penalty (AUSTRAC v TAB Limited (No 3) [2017] FCA 1296 (Perram J));*
 - B. *the Commonwealth Bank of Australia on 3 August 2017, resulting in a \$700 million penalty (AUSTRAC v Commonwealth Bank of Australia Limited [2018] FCA 930 (Yates J)); and*
 - C. *Westpac Banking Corporation on 20 November 2019, resulting in a \$1.3 billion penalty (AUSTRAC v Westpac Banking Corporation [2020] FCA 1538 (Beach J)).*

D.3. Consequences of Star contravening its regulatory obligations

- 75. At all material times, Star's business would be significantly and adversely affected if any of the actions referred to in paragraphs 53 to 56 and/or 72 occurred (**Regulatory Enforcement Action Consequences**).

Particulars

- i. *As to the matters in paragraphs 53 and 55, Star would be adversely affected by:*
 - A. *the cost of external lawyers and other consultants;*
 - B. *diversion of staff and management resources (including time); and/or*
 - C. *reputational damage.*
- ii. *As to the matters in paragraphs 54 and 56, Star would be adversely affected by:*
 - A. *reputational damage;*
 - B. *the cost of acquitting any pecuniary penalty;*
 - C. *the loss of income associated with any cancellation or suspension of its casino licences;*
 - D. *the loss of income associated with and/or the cost of complying with any direction from ILGA, the OLGR and/or the Governor of Queensland in Council; and/or*
 - E. *the loss of income associated with and/or the cost of complying with any material change to the conditions of its casino licences and/or applicable legislation.*
- iii. *As to the matters in paragraph 72, Star would be adversely affected by:*

- A. *the cost of external lawyers and other consultants;*
 - B. *diversion of staff and management resources (including time);*
 - C. *reputational damage;*
 - D. *being ordered to pay a significant pecuniary penalty; and/or*
 - E. *the loss of income associated with and/or the cost of complying with any direction from AUSTRAC.*
- iv. *The Plaintiff refers to and repeats the particulars subjoined to paragraph 74.*
 - v. *Further particulars may be provided following discovery and expert evidence.*

E. STAR'S STATEMENTS TO THE MARKET

E.1. Star's statements in 2014

76. On 15 September 2014, the Australian Broadcasting Corporation (**ABC**) broadcast an episode of its television show 'Four Corners' titled 'High Rollers: High Risk' (**2014 Four Corners Report**), which alleged that:
- (a) Chinese-based organised crime gangs were heavily involved in Macau-based junkets, including by organising high-rollers to play in Macau casinos;
 - (b) Junket Operators used organised crime to enforce gambling debts;
 - (c) the entity Neptune, which operated the Ocean Star junket:
 - (i) was controversially connected to Mr Cheung Chi Tai, who had been named in a Hong Kong High Court proceeding as a triad boss; and
 - (ii) had contracted with Star to bring high rollers to Star Sydney;
 - (d) the Suncity junket:
 - (i) operated with Mr Charles Heung Wah-Keung (who was named in the United States Senate in 1992 as the leader of the Sun Yee On triad) as its ultimate beneficiary; and
 - (ii) was the subject of a confidential presentation to Australian law enforcement agencies, which stated that individuals associated with the junket were followers of Mr Wan Kuok-koi, the former leader of the Macau branch of the '14K triad'.

77. On or about 11 September 2014, Star provided the ABC with a document titled 'Echo Entertainment, operator of Star Casino, response to Four Corners', which:
- (a) was made publicly available on the Four Corners program's website at or around the time that the 2014 Four Corners Report was published, and was likely to come the attention of the Star Shares Market; and
 - (b) stated that:
 - (i) Australian casinos, including those owned by Star, operated in a highly regulated environment;
 - (ii) Star went well beyond its legislative requirements when it came to the checks it undertook on who it has dealings with, as well as its monitoring and reporting of junket activities;
 - (iii) Star did not tolerate illegal or undesirable activity;
 - (iv) Star would continue to undertake its own stringent probity checks and work proactively with law enforcement and all relevant regulatory authorities, including ILGA and AUSTRAC;
 - (v) AUSTRAC had considered Star to be co-operative, compliant and willing to engage in respect of its AML/CTF obligations; and
 - (vi) AUSTRAC rated Star more favourably than other casinos.
78. On 29 September 2014, in its 2014 Annual Report, Star:
- (a) stated that:
 - (i) it took pride in its leadership role in the gaming and entertainment industry;
 - (ii) it embraced a culture of social responsibility, ethical behaviour and community engagement to support and promote sustainable business practices; and
 - (iii) its corporate culture was achieved by a partnership approach that included working with individuals, government and community stakeholders;
 - (b) stated that the Star Group's approach to risk management was to identify and manage risks so that Star Group's business activities aligned with the Star Group's risk appetite, which involved a structured approach to the evaluation and management of the Star Group's strategic, people, financial and compliance risks and opportunities (**Structured Approach Statement**);
 - (c) stated that:

- (i) its Board and management supported the principles of good corporate governance;
- (ii) good corporate governance was important to the Star Group, given the highly regulated industry in which it operated, and for the long-term sustainability of its businesses;
- (iii) processes had been established to ensure that the Star Group's corporate governance practices were reviewed regularly and continue to be developed and refined to meet the needs of the company;
- (iv) in developing the appropriate corporate governance practices, the Star Group took into account all applicable legislation and recognised standards, including State legislation governing the licences issued to conduct its casino operations and related activities;
- (v) the role of its Board included assuring itself of the effectiveness of organisational arrangements and structures for the governance of the Star Group, including:
 - (A) the quality of the executive team;
 - (B) the appropriateness of organisational arrangements and structures; and
 - (C) the adequacy of internal controls, policies, procedures and processes; and
- (vi) appropriate systems were in place to allow the Board to regularly monitor management, including ensuring that management provide relevant information to the Board, to enable it to make informed decisions and effectively discharge its duties,

(together, **Corporate Governance Statements**);

- (d) stated that in order to act ethically and responsibly, the Star Group had a Code of Conduct, which:
 - (i) was founded on its values, and described the behaviours expected from all employees, directors and contractors of the Star Group, including the maintenance of ethical standards, honesty, teamwork, fairness, courtesy and integrity;
 - (ii) included, among other things, references to specific policies regarding:
 - (A) money laundering;
 - (B) corruption;

- (C) bribery;
 - (D) bullying and harassment;
 - (E) equal opportunity in the workplace;
 - (F) insider trading;
 - (G) whistleblowing;
 - (H) conflicts of interest; and
 - (I) restrictions on the use of gambling products;
- (iii) was included in its induction program (together with relevant policies), and that annual refresher training and compliance awareness was conducted across the Star Group; and
- (iv) was required to be complied with by all of the Star Group's employees, directors and contractors (together with associated policies, guidelines and procedures),
- (together, **Code of Conduct Statements**);
- (e) stated that Star's Directors and key personnel were required to undergo extensive probity investigation and clearance by ILGA and OLGR (**Regulator Clearance Statement**);
- (f) stated that it had a whistle-blower system, which was:
- (i) an independent, anonymous crime and misconduct reporting service;
 - (ii) one of its processes to prevent, detect, and respond to crime and misconduct;
 - (iii) reflective of its commitment to integrity and befitted the responsibilities of a publicly listed company;
 - (iv) introduced to achieve domestic and international best practice;
 - (v) available 24 hours a day, 7 days a week;
 - (vi) managed by the Star Group's governance, risk and compliance team; and
 - (vii) facilitated accountability at the highest levels of the Star Group,
- (together, **Whistleblower System Statements**); and
- (g) stated that the main responsibilities of the BRCC included:

- (i) reviewing and approving the Star Group's risk and compliance policies and frameworks;
- (ii) assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- (iii) monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately (other than the financial reporting obligations for which the Audit Committee was responsible);
- (iv) evaluating the effectiveness of the Star Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Star Group's business objectives; and
- (v) ensuring that sufficient resources were dedicated to managing risk and compliance,

(together, **BRCC Statements**);

(h) stated that with respect to risk management:

- (i) the Board required management to design, implement and review the risk management and internal control system to manage the Star Group's material business risks and certify that those risks were being managed effectively;
- (ii) the Star Group had in place a risk management framework, policies and procedures, which set out the roles, responsibilities and guidelines for managing financial, legal, strategic and operational risks associated with the Star Group's businesses; and
- (iii) processes had been established to ensure that during each financial year the Star Group's risks were reviewed to ensure that appropriate controls were in place and that there was appropriate allocation of responsibility within the business, so that potential occurrence and consequences of material business risks were effectively mitigated,

(together, **Risk Management Statements**).

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2014 Annual Report', 29 September 2014 (p 24).*
- ii. As to the matters in sub-paragraph (b), 2014 Annual Report (p 54).*

- iii. *As to the matters in sub-paragraph (c), 2014 Annual Report (pp 36-37).*
- iv. *As to the matters in sub-paragraphs (d)–(f), 2014 Annual Report (p 42).*
- v. *As to the matters in sub-paragraph (g), 2014 Annual Report (p 39).*
- vi. *As to the matters in sub-paragraph (h), 2014 Annual Report (pp 41-42).*

E.2. Star's statements in 2015

79. On 30 September 2015, in its 2015 Annual Report, Star:

- (a) stated that:
 - (i) it had a commitment to responsible corporate citizenship, including in the provision of safe and compliant entertainment venues;
 - (ii) it had a goal of being a valued participant in the wider community;
 - (iii) the BRCC monitored the business advice and compliance training provided by Star's governance, risk, compliance and legal business areas; and
 - (iv) Star had established a comprehensive regulatory assurance function and governance framework to ensure that it:
 - (A) continued to monitor the regulations and environments in the jurisdictions in which it operated; and
 - (B) monitored adherence to internal processes to ensure compliance with existing regulations;
- (b) repeated the Structured Risk Approach Statement; and
- (c) stated that there had been no material compliance or risk breaches in FY15.

Particulars

- i. *As to the matters in sub-paragraphs (a)–(b), Star, ASX Announcement, '2015 Annual Report', 30 September 2015 (pp 28, 45-46).*
- ii. *As to the matters in sub-paragraph (c), 2015 Annual Report (p 63).*

80. On 30 September 2015, in its 2015 Corporate Governance Statement, Star:

- (a) repeated the Corporate Governance Statements;
- (b) stated that:
 - (i) a majority of Star's Directors had:
 - (A) knowledge of, and experience with, corporate governance and compliance in listed entities;
 - (B) management and compliance understanding and experience, including experience in highly regulated businesses; and
 - (C) experience related to environmental and social responsibility, community and public policy;
 - (ii) the members of the BRCC, between them, had the necessary technical knowledge and sufficient understanding of the industry in which the company operated,

(together, **Board Knowledge and Experience Statements**);
- (c) repeated the Code of Conduct Statements;
- (d) repeated the Regulator Clearance Statement;
- (e) repeated the Whistleblower System Statements;
- (f) repeated the BRCC Statements; and
- (g) repeated the Risk Management Statements, save that, in respect of paragraph 78(h)(i) above, 'report' was substituted for 'certify' (**Updated Risk Management Statements**).

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, 'Corporate Governance Statement', 30 September 2015 (p 1).*
- ii. As to the matters in sub-paragraphs (b), 2015 Corporate Governance Statement (pp 2, 7).*
- iii. As to the matters in sub-paragraph (c)–(f), 2015 Corporate Governance Statement (pp 9, 12).*
- iv. As to the matters in sub-paragraph (g), 2015 Corporate Governance Statement (p 12-13).*

81. On 4 November 2015, during Star's 2015 Annual General Meeting, Bekier made the following statement:

“Around 11 million people came to [Star Sydney] in FY15. We promise those 11 million people a safe, enjoyable and thrilling experience. And we deliver that through a welcoming and safe environment supported by industry leading surveillance and security, specialist training for our staff – especially in the area of responsible service of alcohol, and through working with the regulator’s office.”

Particulars

- i. Star, ASX Announcement, ‘2015 AGM Chairman & CEO Address to Shareholders’, 4 November 2015 (p 5).*

E.3. Star’s statements in 2016

82. On 23 September 2016, in its 2016 Annual Report, Star:

- (a) stated that:
 - (i) providing a safe and enjoyable environment for all guests and staff [was] of paramount importance to it;
 - (ii) it was subject to a far greater level of oversight and regulation than other licensed operators and its properties possessed industry best-practice security and surveillance operations;
 - (iii) it worked with police and casino regulators to ensure that its properties remain the safest licensed destinations available to local and international guests;
 - (iv) it took a zero-tolerance approach to illegal, undesirable and anti-social behaviour and that each of its properties followed strict refusal of entry procedures;
 - (v) each of its properties was supported by 24 hours-a-day, seven-days-a-week security and surveillance operations and that \$4.5 million had been invested to upgrade the surveillance capabilities at Star Sydney to a digital system; and
 - (vi) its properties operated under established internal controls, standard operating procedures, risk assessments and other policies to deal with and respond to any suspected undesirable conduct;
- (b) repeated the Structured Approach Statement; and
- (c) stated that there had been no material compliance or risk breaches in FY16.

Particulars

- i. As to the matters in sub-paragraph (a), 2016 Annual Report (p 34).*

- ii. *As to the matters in sub-paragraph (c), 2016 Annual Report (p 45).*
- iii. *As to the matters in sub-paragraph (b), 2016 Annual Report (p 64).*

83. On 23 September 2016, in its 2016 Corporate Governance Statement, Star:

- (a) repeated the Corporate Governance Statements;
- (b) repeated the Board Knowledge and Experience Statements and further stated that:
 - (i) a majority of Star's Directors had experience managing external and internal stakeholders (including interaction with government and regulators);
 - (ii) in addition to their skills and experience, each of Star's Directors:
 - (A) had sufficient time available to undertake their responsibilities; and
 - (B) demonstrated the following personal attributes:
 - (1) honesty and integrity;
 - (2) an understanding of and willingness to the commit to the highest standards of governance; and
 - (3) ability and preparedness to constructively question and challenge, and deal with complex issues,

(together with the Board Knowledge and Experience Statements, **Updated Board Knowledge and Experience Statements**);

- (c) repeated the Code of Conduct Statements;
- (d) repeated the Regulator Clearance Statement;
- (e) repeated the Whistleblower System Statements;
- (f) stated that the main responsibilities of the BRCC included:
 - (i) reviewing and recommending risk and compliance management policies and frameworks to the Board for approval;
 - (ii) monitoring and evaluating the effectiveness of the company's risk and compliance management systems, control processes and reporting systems (other than those that were the responsibility of the Audit Committee):
 - (A) to confirm that they were performing adequately;

- (B) to confirm that compliance requirements were being satisfied;
- (C) to identify, monitor and report material risks and material incidents which have the potential to compromise Star's ability to achieve its strategic objectives;
- (D) to monitor the company's operations in accordance with the risk profile and risk appetite approved by the Board; and
- (E) to ensure that sufficient resources were dedicated to managing risk and compliance,

(together, **Updated BRCC Statements**); and

- (g) repeated the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2016 Corporate Governance Statement', 23 September 2016 (pp 1–2).*
- ii. As to the matters in sub-paragraph (b), 2016 Corporate Governance Statement (p 7).*
- iii. As to the matters in sub-paragraph (c)–(d), 2016 Corporate Governance Statement (p 12–13).*
- iv. As to the matters in sub-paragraphs (e)–(f), 2016 Corporate Governance Statement (p 9).*
- v. As to the matters in sub-paragraphs (g), 2016 Corporate Governance Statement (p 13).*

E.4. Star's statements in 2017

84. On 22 September 2017, in its 2017 Annual Report, Star:

- (a) stated that there had been no material compliance or risk breaches in FY17;
- (b) stated that:
 - (i) it was committed to providing all guests with a safe, secure and comfortable experience at each of its properties;
 - (ii) its properties were subject to a high level of oversight from various external regulators;
 - (iii) it worked with police, casino regulators and the local community in each city so that its properties remained safe for all its local and international guests;

- (iv) it took a zero-tolerance approach to illegal, undesirable and anti-social behaviour at its properties;
 - (v) all of its properties maintained leading security and surveillance operations were supported by 24/7 security and surveillance operations comprising more than 400 people in total;
 - (vi) each property had in place standard operating procedures to deal with and respond to any suspected undesirable conduct; and
 - (vii) an incidents register was maintained at each property and the internal compliance team reviewed all requirements, and conducted regular audits to support compliance with relevant legislation and policies;
- (c) repeated the Structured Approach Statement;
- (d) stated that the Star Group had:
- (i) a mitigation strategy for the risks associated with satisfying the competing interests of key stakeholders without compromising its operations or achievement of its strategic objectives; and
 - (ii) developed strong communication lines with a variety of stakeholder groups, including regulators in New South Wales and Queensland,
- (together, **Key Stakeholders Risk Statements**);
- (e) stated that the Star Group:
- (i) had a mitigation strategy for the risks associated with:
 - (A) political and/or regulatory changes in Australia affecting the operation of casinos; and
 - (B) changes in the administration of laws in foreign countries affecting the ability of foreign nationals to travel to and/or bring funds to Australia;
 - (ii) continuously monitored for potential legislative changes and/or changes in relevant government policy in the states and countries in which it conducted business operations,
- (together, **Geo-political and Regulatory Changes Risk Statements**);
- (f) stated that the Star Group had a mitigation strategy for the risks associated with its corporate governance systems, and that the Star Group:

- (i) had a well-defined governance framework which identified the roles and responsibilities of the Board (and its committees) and senior management;
- (ii) had a complementary set of key policies, compliance, which were monitored on an ongoing basis;
- (iii) operated an integrated '3 lines of defence' model:
 - (A) to identify and manage key risks;
 - (B) to provide assurance that critical controls were effective in managing those risks; and
 - (C) which was supported by enterprise risk management and incident reporting systems,

(together, **Corporate Governance Risk Statements**).

Particulars

- i. As to the matters in sub-paragraph (a), 2017 Annual Report (p 32).*
- ii. As to the matters in sub-paragraph (b), 2017 Annual Report (p 38).*
- iii. As to the matters in sub-paragraphs (c)–(e), 2017 Annual Report (p 49).*
- iv. As to the matters in sub-paragraph (f), 2017 Annual Report (p 50).*

85. On 22 September 2017, in its 2017 Corporate Governance Statement, Star repeated:

- (a) the Corporate Governance Statements;
- (b) the Updated Board Knowledge and Experience Statements;
- (c) the Code of Conduct Statements;
- (d) the Regulator Clearance Statement;
- (e) the Whistleblower System Statements;
- (f) the Updated BRCC Statements; and
- (g) the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2017 Corporate Governance Statement', 22 September 2017 (pp 1-2).*
- ii. As to the matters in sub-paragraph (f), 2017 Corporate Governance Statement (pp 13-14).*
- iii. As to the matters in sub-paragraphs (c)–(e), 2017 Corporate Governance Statement (p 10).*
- iv. As to the matters in sub-paragraph (g), 2017 Corporate Governance Statement (p 14).*

86. On 16 February 2017, during Star's 1H17 earnings presentation, Bekier made the following statements:

- (a) "The situation in China has -- government intervention over the last couple of years has tightened capital controls, but that's been in place for a couple of years. So we've worked in that environment successfully for a couple of years and we follow the rules that have to be followed."
- (b) "We feel comfortable and we are committed to playing absolutely clean and to the rules in all of the markets that we operate in, because that's the only sustainable long-term strategy we think. That just means at this point you're not taking any risks by calling on customers that you don't know, you don't respond to customers you don't know, and we're just being a lot more cautious."
- (c) "The best thing you can do in this business is build it up in a diversified low-risk manner, with customers that you feel comfortable have the means and the right sources of funds to play at this level."

Particulars

- i. Thomson Reuters, 'Transcript – 2017 Star Entertainment Group Ltd Earnings Presentation', 15 February 2017.*

87. On 23 August 2017, during Star's FY17 earnings presentation, Bekier stated that:

"For us, Premium Mass is entirely cash. And so we don't provide any credit into Premium Mass... The money transfer [movement of cash from overseas into Australia] on Premium Mass [non-junket International VIP Business customers], that follows standard AML procedures. It has to go through the international banking system. It has to be registered as appropriate, which from our point view makes life a lot easier for us."

Particulars

- i. *Thomson Reuters, 'Transcript – Preliminary 2017 Star Entertainment Group Ltd Earnings Presentation', 23 August 2017.*

E.5. Star's statements in 2018

88. On 28 May 2018, during its 2018 Investor Day presentation, Star stated that its competitive advantages included its regulatory risk and compliance management, as well as its operational capability and systems.

Particulars

- i. *Star, ASX Announcement, 'Investor Day Presentation and Trading Update', 28 May 2018 (p 21).*

89. On 24 September 2018, in its 2018 Annual Report, Star:
 - (a) stated that:
 - (i) standard operating procedures were in place at each property to assess, respond to and manage any suspected undesirable conduct;
 - (ii) an incidents register was maintained at each property and the internal compliance team reviewed all requirements, and conducted regular audits to support compliance with relevant legislation and policies;
 - (iii) its properties maintained and were supported by leading 24/7 security and surveillance operations, which were maintained by more than 400 team members who ensured continued security, surveillance and guest safety;
 - (iv) it had a high level of oversight from regulatory bodies and maintained close relationships with police and community groups so that local and international visitors remained safe at its properties;
 - (v) it was committed to providing a safe, secure and comfortable experience to every guest at each of its properties; and
 - (vi) it had a zero-tolerance approach to anti-social behaviour;
 - (b) stated that there had been no material compliance or risk breaches in FY18;
 - (c) repeated the Structured Approach Statement;
 - (d) repeated the Key Stakeholders Risk Statements;

- (e) repeated the Geo-political and Regulatory Changes Risk Statements; and
- (f) repeated the Corporate Governance Risk Statements.

Particulars

- i. As to the matters in sub-paragraph (a), 2018 Annual Report (pp 39-40).*
- ii. As to the matters in sub-paragraph (b), 2018 Annual Report (p 71).*
- iii. As to the matters in sub-paragraphs (c)–(f), 2018 Annual Report (pp 51-52).*

90. On 24 September 2018, in its 2018 Corporate Governance Statement, Star:

- (a) repeated the Corporate Governance Statements;
- (b) repeated the Updated Board Knowledge and Experience Statements;
- (c) stated that during FY18, a new Code of Conduct was approved by its Board and that:
 - (i) the new Code emphasised six guiding principles as core elements of the behavioural standards the company had set for itself and the behaviours expected of its employees, being:
 - (A) respecting the community;
 - (B) diversity;
 - (C) compliance with the law;
 - (D) acting ethically and professionally; and
 - (E) working safely;
 - (ii) the new Code was required to be complied with by all of the Star Group's employees, directors and contractors (together with associated policies, guidelines and procedures);
 - (iii) the new Code was supported by, among other things, specific policies regarding:
 - (A) money laundering;
 - (B) corruption;
 - (C) bribery;
 - (D) bullying and harassment;

- (E) equal opportunity in the workplace;
 - (F) insider trading;
 - (G) whistleblowing;
 - (H) conflicts of interest; and
 - (I) restrictions on the use of gambling products;
- (iv) the new Code was included in the Star Group's induction program (together with relevant policies), and that annual refresher training and compliance awareness was conducted across the company; and
 - (v) Star had established an ethics panel, comprising executives and the company's independent whistle-blower service provider to administer the Star Group's conduct policies,

(together, **Updated Code of Conduct Statements**);

- (d) repeated the Regulator Clearance Statement;
- (e) repeated the Whistleblower System Statements;
- (f) stated that it had a whistle-blower system, which was:
 - (i) an independent, anonymous crime and misconduct reporting service;
 - (ii) one of its processes to prevent, detect, and respond to crime and misconduct;
 - (iii) reflective of its commitment to integrity and befitted the responsibilities of a publicly listed company;
 - (iv) introduced to achieve domestic and international best practice;
 - (v) available 24 hours a day, 7 days a week; and
 - (vi) managed by the Star Group's governance, risk and compliance team,

(together, the **Second Whistleblower System Statements**); and

- (g) repeated the Updated BRCC Statements and further stated that the responsibilities of the BRCC included:
 - (i) monitoring the effectiveness of the company's risk management policies and risk mitigation strategies (including disaster recovery systems and business continuity plans); and

- (ii) reviewing the adequacy of the company's fraud and corruption control processes including monitoring compliance with relevant policies,

(together with the Updated BRCC Statements, **Further Updated BRCC Statements**);
and

- (h) repeated the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2018 Corporate Governance Statement', 24 September 2018 (pp 1-2, 7).*
- ii. As to the matters in sub-paragraph (b), 2018 Corporate Governance Statement (pp 7-8).*
- iii. As to the matters in sub-paragraph (c), 2018 Corporate Governance Statement (p 10).*
- iv. As to the matters in sub-paragraph (d), 2018 Corporate Governance Statement (p 10).*
- v. As to the matters in sub-paragraph (e), 2018 Corporate Governance Statement (p 11).*
- vi. As to the matters in sub-paragraph (f), 2018 Corporate Governance Statement (p 14).*
- vii. As to the matters in sub-paragraph (g), 2018 Corporate Governance Statement (p 15).*

E.6. Star's statements in 2019

91. On 30 July 2019, the Australian Financial Review newspaper (**AFR**) published a report titled "Gambling regulators zone in on Crown", which:

- (a) quoted a Star spokesperson as stating:

"[Star] constantly review our operations and work with the relevant authorities to ensure compliance in all aspects of our business"; and

- (b) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.

92. On 8 August 2019, the Sydney Morning Herald newspaper published a report titled "Why not? Star CEO sticks with junket operator Suncity despite alleged criminal links", which:

- (a) reported Star's representations (made by Bekier) that:

- (i) Star would continue to partner with the Suncity junket, despite its alleged links to organised crime;
 - (ii) Star would not be reviewing its use of junkets, despite the announcement of the Bergin Inquiry's investigation into Crown's use of allegedly criminal-linked junkets;
- (b) quoted Bekier as stating:
- (i) Star was run in a "very clean and legal" way;
 - (ii) "We are always looking at policies, and we are always under continuous review with our regulators, so to me, that is not something that we just do because our competitors have done something differently.";
 - (iii) "Suncity is the largest junket operator in the world ... and we work in a very a prescribed and lawful way with junkets that are credible and have been improved, in some states, by the regulators.";
 - (iv) "I feel that what we do is both lawful and is executed in a way that should give us and our investors confidence that we are doing right. We have a dedicated team of compliance officers who track everything ... we are being audited, like the banks and everyone else, so I feel pretty comfortable that we are doing a good job."; and
 - (v) "If you come to Australia, you need to get a visa, you need to get cleared you need to book the trip in advance ... and you need to explain where your money comes from..." If you are a gambler with "dodgy funds" "you are certainly not going to go to Australia. There's a lot of other places from Moscow to Cambodia where you can do that, you're not going down to Australia.";
- (c) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.

93. On 9 August 2019, the AFR published a report titled "The Star Casino roped into scandal", which:

- (a) quoted Bekier as stating:
 - (i) junkets were "a well-established feature of the gaming and wagering industry";
 - (ii) "I can't really talk to what Crown does, I can only do what we do, and I feel that what we do is lawful and is executed in a way that should give us and our investors confidence that we are doing the right thing";

- (iii) "I am very confident that we are doing the best we can to run a clean and legal business"; and
 - (iv) "If you look at our share price, it's clearly not helping us, so you know, we have to play as an industry absolutely clean. In the sector there is a lot of scrutiny and a lot of people looking at what we're doing. So from my point of view, there is no opportunity to go downmarket and take any of [Crown's] [business]";
 - (b) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.
- 94. On 10 August 2019, The Age newspaper published a report titled "The Star Casino roped into scandal", which:
 - (a) quoted Bekier as stating:
 - (i) "Why not?", in the context of whether the Star Group would continue to partner with the Suncity junket; and
 - (ii) "Suncity is the largest junket operator in the world ... and we work in a very prescribed and lawful way with junkets that are credible and have been approved, in some states, by the regulators."
 - (b) reported Star's representations (made by a spokesperson) that:
 - (i) junkets were legal;
 - (ii) in Queensland all junket operators involved with the Star Group were approved by the regulator;
 - (iii) the Star AML/CTF Program was comprehensive and was regularly reviewed by AUSTRAC; and
 - (iv) a 2011 review of its licence showed that Star complied with its AML/CTF Obligations;
 - (c) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.
- 95. On 16 August 2019, during Star's FY19 earnings presentation:
 - (a) Bekier made the following statement:

"In terms of the junkets, we are currently operating under 2 regimes in our business. In New South Wales, we have the delegations from ILGA to approve junkets under a strict set of conditions that provide operating procedures. And ILGA has visibility over that and

monitors the compliance with those conditions. In Queensland, the regulator licenses junkets, not us.”; and

- (b) Hawkins, in the context of the OLGR’s due diligence of Junket Operators, made the following statement:

“The Queensland regulators “similar to ours, are by nature running appropriate global checks through various forms to flag any issues. And then if there's issues flag that has a deeper formalised investigation that follows that. And of course, then liaising with relevant federal authorities, including AFP [the Australian Federal Police], if there's any alerts that are identified. So the regimen and rigor applied to approvals by us and on our behalf in Queensland, it's very deep. And obviously, we apply an overlay to ensure those checks are not just done once, but done on a regular basis. So from our point of view, as you would expect, it's extremely thorough and rigorously maintained.”

Particulars

- i. *Thomson Reuters, 'Transcript – Full Year 2019 Star Entertainment Group Ltd Earnings Presentation', 16 August 2019.*

96. On 16 August 2019, The Australian newspaper published a report titled “Star ‘clean and compliant’, as it distances itself from Crown”, which:

- (a) reported Star’s representations (made by Bekier) that:
- (i) Star’s share price following the 2019 60 Minutes Report demonstrated that many market observers assumed that the serious allegations made in the 2019 60 Minutes Report could also be made about Star, in addition to Crown;
 - (ii) Star had not been the subject of any regulatory investigation following the publication of the 2019 60 Minutes Report;
 - (iii) although Star operated in the same market as Crown, Star tried to conduct its business in an absolutely clean and compliant way;
 - (iv) Star conducted extensive due diligence on all Junket Participants and other customers of Star’s International VIP Business it engaged with; and
 - (v) the regulatory framework around junket use was quite tight;
- (b) quoted Bekier as stating:
- (i) “If we find out that a player has issues or we are not comfortable with them we stay away from that. We try our best to always be 100 per cent compliant and run a low-risk business in this space.”;

- (ii) “Even though many players play at both casinos we still have to do our own due diligence. If we had concerns about these players they wouldn’t be playing with us.”;
 - (iii) “Everything you have heard on Suncity at this point have been allegations and they need to be validated.”; and
 - (iv) “The operation of junkets and junkets are legal. In Queensland it is the regulator that licences the junkets, not us, and in NSW the regulator prescribes to us how we are to licence the junkets and how we are to work with them.”;
- (c) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.

97. On 18 September 2019, in its 2019 Annual Report, Star:

- (a) stated that:
 - (i) it had 24/7 security and surveillance operations, which were maintained by more than 400 team members who ensured continued security, surveillance and guest safety across its three properties;
 - (ii) each of its properties maintained an incidents register, while an internal compliance team reviewed all requirements and conducted regular audits to support compliance with relevant legislation and policies;
 - (iii) it had undertaken a \$10 million total surveillance technology investment, including the introduction of facial recognition at Star Sydney;
 - (iv) stated that a ‘reset organisation structure’ provided confidence that the company was well positioned to continue to deliver against the rising expectations of external stakeholders (including regulatory authorities) in relation to the sustainable and socially responsible delivery of services within its industry; and
 - (v) stated that there were no material breaches or significant penalties imposed on the company in FY19;
- (b) repeated the Structured Approach Statement;
- (c) repeated the Key Stakeholders Risk Statements;
- (d) repeated the Geo-political and Regulatory Changes Risk Statements, and further stated that its risk mitigation strategy included:

- (i) legislative and policy monitoring that included matters core to the integrity of gaming operations, such as gaming regulatory compliance, responsible gaming/service of alcohol and *AML/CTF Act* compliance; and
- (ii) dedicated regulatory and compliance teams (including a specialist AML/CTF compliance team) that has recently enhanced the company's AML program,

(together with the Geo-political and Regulatory Changes Risk Statements, **Updated Geo-political and Regulatory Changes Risk Statements**);
- (e) repeated the Corporate Governance Risk Statements; and
- (f) stated that the Star Group had assessed through its rigorous materiality assessment process that one of the most important and significant issues to Star in its materiality matrix was its ethical business operation (**Ethical Business Operation Statement**).

Particulars

- i. As to the matters in sub-paragraph (a), 2019 Annual Report (p 39).*
- ii. As to the matters in sub-paragraph (b), 2019 Annual Report (p 7).*
- iii. As to the matters in sub-paragraph (c), 2019 Annual Report (p 71).*
- iv. As to the matters in sub-paragraph (d)–(e), 2019 Annual Report (pp 51-52).*
- v. As to the matters in sub-paragraph (f), 2019 Annual Report (p 23).*

98. On 18 September 2019, in its 2019 Corporate Governance Statement, Star:

- (a) repeated the Corporate Governance Statements;
- (b) repeated the Updated Board Knowledge and Experience Statements;
- (c) repeated the Updated Code of Conduct Statements;
- (d) repeated the Regulator Clearance Statement;
- (e) repeated the Second Whistleblower System Statements, while further stating that it had a Whistleblower Policy and that:
 - (i) the Policy supported the Code of Conduct by establishing methods of reporting instances of suspected, unethical, illegal, fraudulent or undesirable conduct involving any aspect of the company's business activities;

- (ii) the Policy described the measures that the company would take so that individuals could make made a report under the Policy without fear of intimidation, reprisal or disadvantage;
- (iii) a breach of the Policy could be regarded as also breaching the company's Code of Conduct, depending on the circumstances in which the breach occurred; and
- (iv) the Board (through the People, Culture and Social Responsibility Committee) was kept informed of any material incidents reported under the policy,

(together with the Second Whistleblower System Statements, **Updated Whistleblower System Statements**);

- (f) repeated the Further Updated BRCC Statements; and
- (g) repeated the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2019 Corporate Governance Statement', 18 September 2019 (pp 1-2, 8).*
- ii. As to the matters in sub-paragraph (b), 2019 Corporate Governance Statement (p 8).*
- iii. As to the matters in sub-paragraph (c)–(d), 2019 Corporate Governance Statement (pp 10-11).*
- iv. As to the matters in sub-paragraph (e), 2019 Corporate Governance Statement (p 11).*
- v. As to the matters in sub-paragraph (f) and (g), 2019 Corporate Governance Statement (pp 15-16).*

99. On 28 November 2019, in its 2019 GRI Report, Star stated that:

- (a) it had a strong stance against corruption within the company;
- (b) its policies outlined the company's approach for actively managing risks related to corruption;
- (c) it performed periodic internal audits, reviews, and monitoring of relevant internal controls, which sought to minimise the chance of corruption occurring in the organisation;
- (d) significant risks to the company included ML and the dealing in proceeds of crime;
- (e) it had an ethics panel comprising executives and the company's independent whistleblower service provider to administer the company's conduct policies;

- (f) all members of its Board received annual refreshers on all core policies, including the Code of Conduct;
- (g) all new employees received a copy of the Anti-Bribery and Corruption Policy upon commencing employment and were sent an annual reminder of all critical policies, including the Code of Conduct; and
- (h) it had developed a formalised risk assessment which was issued to suppliers to provide an overview of all environmental, social and governance risks associated with that supplier,

(together, **Corruption Policy Statements**).

Particulars

- i. Star, ASX Announcement, '2019 GRI Report', 28 November 2019 (pp 7-8).*

E.7. Star's statements in 2020

100. On 9 September 2020, in its 2020 GRI Report, Star:

- (a) repeated the Corruption Policy Statements;
- (b) stated that:
 - (i) it had an internal investigations function that reported directly to the Chief Legal and Risk Officer; and
 - (ii) all employees had to conduct training as part of their induction and mandatory compliance refresher training, which was in addition to specific AML training.

Particulars

- i. Star, ASX Announcement, '2020 GRI Report', 9 September 2020 (p 2).*

101. On 16 September 2020, in its 2020 Annual Report, Star:

- (a) stated that:
 - (i) the Star Group was committed to providing all guests with a safe, secure and comfortable experience at each of its properties;
 - (ii) the Star Group's properties were subject to a high level of oversight from various external regulators;

- (iii) the Star Group worked with police, casino regulators and the local community in each city so its properties remained safe for all of its guests;
 - (iv) Star took a zero-tolerance approach to illegal, undesirable and anti-social behaviour;
 - (v) Star properties maintained and were supported by leading 24/7 security and surveillance operations, which were maintained by more than 400 team members who ensured continued security, surveillance and guest safety;
 - (vi) each property had in place standard operating procedures to deal with and respond to any suspected undesirable conduct; and
 - (vii) an incidents register was maintained at each property and the internal compliance team reviewed all requirements and conducted regular audits to support compliance with relevant legislation and policies;
- (b) stated that there were no material breaches or significant penalties imposed on the company in FY20;
 - (c) repeated the Structured Approach Statement;
 - (d) repeated the Key Stakeholders Risk Statements;
 - (e) repeated the Updated Geo-political and Regulatory Changes Risk Statements;
 - (f) repeated the Corporate Governance Risk Statements; and
 - (g) repeated the Ethical Business Operation Statement.

Particulars

- i. As to the matters in sub-paragraph (a), 2020 Annual Report (p 33).*
- ii. As to the matters in sub-paragraph (b), 2020 Annual Report (p 27).*
- iii. As to the matters in sub-paragraphs (c)–(f), 2020 Annual Report (pp 47-48).*
- iv. As to the matters in sub-paragraph (g), 2020 Annual Report (pp 22-23).*

102. On 16 September 2020, in its 2020 Corporate Governance Statement, Star repeated:

- (a) the Corporate Governance Statements;
- (b) the Updated Board Knowledge and Experience Statements;

- (c) the Updated Code of Conduct Statements;
- (d) the Regulator Clearance Statement;
- (e) the Updated Whistleblower System Statements;
- (f) the Corruption Policy Statements;
- (g) the Further Updated BRCC Statements; and
- (h) the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraph (a), Star, ASX Announcement, '2020 Corporate Governance Statement', 16 September 2020 (pp 1-2, 8).*
- ii. As to the matters in sub-paragraph (b), 2020 Corporate Governance Statement (pp 7-8).*
- iii. As to the matters in sub-paragraph (c)–(f), 2020 Corporate Governance Statement (pp 10-11).*
- iv. As to the matters in sub-paragraph (g) and (h), 2020 Corporate Governance Statement (pp 15-16).*

E.8. Star's statements in 2021

103. On 13 February 2021, The Australian published an article titled "Star takes links with junkets off the table", which:
- (a) reported Star's representation (made by O'Neill) that the regulatory compliance deficiencies issues that were the subject of the Bergin Inquiry Report were identified in respect of Crown, not Star; and
 - (b) was likely to come the attention of the Star Shares Market, by reason of its publication by a national news media organisation.
104. On 10 May 2021, Star released an announcement to the ASX titled 'Non-binding indicative proposal to merge with Crown', in which it stated, in the context of a proposed merger with Crown, that:
- (a) it would obtain regulatory approval for any merger by leveraging:
 - (i) its long-term relationships with industry, government and regulators; and
 - (ii) its track record of governance and compliance under its existing casino licences in New South Wales and Queensland;

- (b) it was confident that:
 - (i) it was well positioned to obtain regulatory approval for any merger, given its existing, long held casino operator licences in New South Wales and Queensland; and
 - (ii) it would, if any merger proceeded, meet relevant recommendations in the Bergin Inquiry Report and be better positioned to comply with any recommendations from the Finkelstein Commission and the Perth Casino Royal Commission that were underway in Victoria and Western Australia respectively;
- (c) it had:
 - (i) strong relationships with industry, governments and regulators; and
 - (ii) a proven track record of governance and compliance.

105. On 19 August 2021, in its FY21 results presentation, Star stated that it continued to enhance its AML capabilities, including by leveraging technology.

Particulars

- i. Star, ASX Announcement, 'Full Year results presentation', 19 August 2021 (p 20).*

106. On 24 September 2021, in its 2021 Annual Report, Star:

- (a) stated that:
 - (i) it was committed to promoting a safe and enjoyable environment across each of its properties and for the millions of guests it welcomed each year;
 - (ii) it was committed to providing all guests with a safe, secure and comfortable experience at each of its properties;
 - (iii) its properties were subject to a high level of oversight from various external regulators; it worked with police, casino regulators and the local community in each city so that its properties remained safe for all its guests;
 - (iv) it took a zero-tolerance approach to illegal, undesirable, and anti-social behaviour;
 - (v) it had industry-leading security and surveillance capabilities; security and monitoring procedures were in place at all three properties 24/7, and it had over 6,400 security cameras and more than 400 security and surveillance team members;

- (vi) each property had in place standard operating procedures to deal with and respond to any suspected undesirable conduct; and
- (vii) an incidents register was maintained at each property and the internal compliance team reviewed all legal and regulatory requirements and conducted regular audits to support compliance with relevant legislation and policies;
- (b) repeated the Structured Approach Statement;
- (c) repeated the Key Stakeholders Risk Statements;
- (d) repeated the Updated Geo-political and Regulatory Changes Risk Statements;
- (e) repeated the Corporate Governance Risk Statements;
- (f) stated that there had been good progress on key performance metrics relating to ensuring compliance in Sydney and Queensland and in representing operations to regulators and supervisors; and
- (g) stated that:
 - (i) its values and culture were at the heart of everything it did;
 - (ii) in FY21, its Executive Committee had sought to define the company's cultural blueprint as it worked towards its vision;
 - (iii) as a result, it had re-evaluated its values and placed a higher emphasis on its desired culture and aligning to ethical, inclusive, equitable and values-based behaviours;
 - (iv) it was in the process of realigning its direction and priorities and that its set of values included a specific focus on Do the Right Thing; and
 - (v) it was an ethical corporate citizen leading the way on responsible gaming and maintaining strong relationships with its stakeholders.

Particulars

- i. As to sub-paragraph (a), 2021 Annual Report (p 26).*
- ii. As to sub-paragraphs (b)–(e), 2021 Annual Report (pp 42-43).*
- iii. As to sub-paragraph (f), 2021 Annual Report (p 67).*
- iv. As to sub-paragraph (g), 2021 Annual Report (pp 3 and 21).*

107. On 24 September 2021, in its 2021 Corporate Governance Statement, Star repeated:

- (a) the Corporate Governance Statements;
- (b) the Updated Board Knowledge and Experience Statements;
- (c) the Updated Code of Conduct Statements;
- (d) the Regulator Clearance Statement;
- (e) the Updated Whistleblower System Statements;
- (f) the Corruption Policy Statements;
- (g) the Further Updated BRCC Statements; and
- (h) the Updated Risk Management Statements.

Particulars

- i. As to the matters in sub-paragraphs (a)–(b), Star, ASX Announcement, '2021 Corporate Governance Statement', 24 September 2021 (pp 1-2, 8).*
- ii. As to the matters in sub-paragraphs (c)–(f), 2021 Corporate Governance Statement (pp 10-12).*
- iii. As to the matters in sub-paragraphs (g)–(h), 2021 Corporate Governance Statement (p 16).*

108. On 11 October 2021, Star released an announcement to the ASX titled 'Response to Media Reports', which:

- (a) referred to 'recent media reports that included allegations against [Star]', which are in substance referred to in paragraph 206 below;
- (b) stated that:
 - (i) it was concerned by a number of the allegations in recent media reports that it considered misleading; and
 - (ii) Star operated in a heavily regulated industry and was subject to thorough and ongoing regulatory oversight, including compliance checks and reviews across the company's operations in NSW and Queensland.

109. On 12 October 2021, Star released an announcement to the ASX titled 'Further Response to Media Reports' (**12 October 2021 ASX Announcement**), which:

- (a) referred to 'recent media reports that included allegations against [Star]', which are in substance referred to in paragraph 206 below;

- (b) stated that:
 - (i) assertions in recent media reports that reports prepared by KPMG in 2018 were kept secret and not adequately acted on were incorrect;
 - (ii) the reports prepared by KPMG:
 - (A) related to the regular independent review of the Star AML/CTF Program conducted in accordance with the *AML/CTF Act* and the AML/CTF Rules;
 - (B) contained findings and outcomes that were considered by Star (including Star's Board) and acted on; and
 - (C) were shared with AUSTRAC;

110. On 28 October 2021, during Star's 2021 Annual General Meeting, O'Neill:

- (a) repeated the statement described in paragraph 108(b)(i) above and further stated that the recent media reports were incorrect;
- (b) stated that:
 - (i) as a publicly listed company operating within a highly regulated industry, and holding casino licences in New South Wales and Queensland, Star appreciated and understood the importance of effective regulatory frameworks, risk management, governance and compliance;
 - (ii) effective regulatory frameworks, risk management, governance and compliance were fundamental to Star's business;
 - (iii) Star Sydney has in excess of 3,500 CCTV cameras;
 - (iv) more than 6,400 CCTV cameras were in operation across the Star Casino Properties;
 - (v) Star had more than 400 personnel in its security, surveillance and investigations teams;
 - (vi) Star relied on its long-standing working relationships with law enforcement agencies and that Star assisted them in their enquiries and investigations;
 - (vii) Star was committed to a culture of compliance;
 - (viii) Star had a strong risk and compliance model in place;
 - (ix) Risk and compliance governance was a critical enabler of Star's operations across the Star Casino Properties;

- (x) Star's Board and its respective committees played an important role in assessing the appropriateness of systems and processes, and overseeing and addressing areas of improvement;
- (xi) Star recognised that regulation was fundamental to the operation of casinos;
- (xii) it was important to Star to have an appropriate and effective regulatory framework in place to minimise potential casino regulatory issues;
- (xiii) Star favoured an enhanced regulatory regime because it would ultimately prove beneficial for the industry and all stakeholders, including investors;
- (xiv) Star was proud of its strong history of compliance in NSW and Queensland;
- (xv) Star remained committed to working closely with both State and Federal regulators; and
- (xvi) Star remained steadfast in its belief that it was operating a well-governed and sustainable business that would create value for shareholders.

111. On 28 October 2021, during Star's 2021 Annual General Meeting, Bekier stated that:

- (a) Star's employees were committed to 'doing the right thing'; and
- (b) Star placed the highest priority on ensuring it operated a well-governed and sustainable business for shareholders, team members and customers.

112. On 28 October 2021, Star released an ASX announcement titled '2021 AGM Presentation', which:

- (a) repeated the statement described in paragraph 108(b)(i) above; and
- (b) stated that:
 - (i) it had released an announcement to the ASX on 12 October 2021 to 'correct' the assertions made in the media reports in respect of the KPMG Reports;
 - (ii) Star was committed to a culture of compliance and continuous improvement;
 - (iii) Star had a strong risk and compliance model;
 - (iv) Star's Board and committees played an important role in assessing the appropriateness of systems and processes; and
 - (v) Star had a strong history of compliance in NSW and Queensland.

E.9. Star's statements via its website

113. At times in the Relevant Period, Star maintained a section of its website titled 'Corporate Governance' (**Corporate Governance Webpage**), which:

- (a) stated that:
 - (i) Star's Board strongly supported the principles of corporate governance and was committed to maintaining the highest standards within the Star Group;
 - (ii) the matters in sub-paragraph (a)(i) were particularly important given the highly regulated environment in which the Star Group operated and the need to ensure that its businesses were sustainable; and
 - (iii) Star's policies and corporate governance practices were reviewed annually and would continue to be developed and refined to meet the needs of the Star Group and best practice;
- (b) made available electronic copies of certain policy, governance and procedural documents of Star; and
- (c) was intended to come to the attention of, and be relied upon by, the Star Shares Market.

Particulars

i. As to the matters in sub-paragraph (c), each annual report published by Star in the Relevant Period:

A. stated that: "[Star's website] offers investors a wide range of information regarding its activities and performance, including Annual Reports, interim and full year financial results, webcasts of results and Annual General Meeting presentations, major news releases and other company statements."

B. made express reference to certain policy, governance and procedural documents being available from the Corporate Governance Webpage, including the Corporate Governance Statement and the terms of reference for each committee of Star's Board.

114. On a date presently unknown to the Plaintiff but by no later than July 2013, Star's Board approved, and Star implemented and publicly made available on the Corporate Governance Webpage, a copy of the terms of reference of Star's Board, which stated that:

- (a) the key responsibilities of Star's Board relevantly included establishing and monitoring processes for the identification and management of business risk, including:

- (i) regulatory and legal risks which may jeopardise any licences held by the Star Group; and
 - (ii) key commercial risks (such as the degree of risk associated with high end discounted table game commission play);
- (b) the responsibilities of the Managing Director and Chief Executive Officer relevantly included:
- (i) maintaining effective control of operations;
 - (ii) providing strong, principled and ethical leadership;
 - (iii) assisting in the planning and facilitation of Star's Board meetings to allow meaningful participation and provide for timely resolution of issues; and
 - (iv) providing Star's Board meeting materials which contain the right amount of information and are received sufficiently in advance of meetings;
- (c) any Director could access the Star Group's resources (including employees, internal and external auditors and records) to enable Star's Board to discharge its duties as Star's Board considered appropriate.
115. On a date presently unknown to the Plaintiff but by no later than July 2013, Star's Board approved, and Star implemented and publicly made available on the Corporate Governance Webpage, a copy of the terms of reference of the BRCC, which stated that:
- (a) the BRCC's key responsibilities included:
- (i) reviewing and endorsing management's risk and compliance policies and frameworks;
 - (ii) evaluating the effectiveness of the Star Group's systems, processes and controls:
 - (A) to ensure compliance requirements are being satisfied and well performed (other than the financial reporting obligations for which the Audit Committee was responsible);
 - (B) to ensure that legal and regulatory obligations are met, including compliance with applicable licence conditions;
 - (C) to monitor and manage risks that are significant to the fulfilment of the Star Group's business objectives; and
 - (D) for consistency with the Star Group's Compliance Policy and Framework;

- (iii) reviewing and monitoring the adequacy of the Star Group's reporting systems for providing requisite statutory reports;
- (iv) ensuring that sufficient resources are dedicated to managing risk and compliance;
- (v) evaluating the internal processes for identifying, assessing, monitoring and managing key risk areas after considering Star's Board-approved Risk Management Policy and Framework;
- (vi) assessing reports covering key risk areas, including risk profiles;
- (vii) monitoring the effectiveness of the Star Group's risk mitigation strategies;
- (viii) assessing whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk;
- (ix) monitoring the Star Group's operations in light of the risk profile and risk appetite approved by the Board;
- (x) reviewing the Managing Director and Chief Executive Officer's and Chief Financial Officer and Executive Director's certifications to the Board;
- (xi) assessing the adequacy of the Star Group's fraud and corruption control processes;
- (xii) monitoring the effectiveness of the Star Group's key risk and compliance policies and frameworks;
- (xiii) being apprised of significant legal and regulatory matters that may have a material impact on the Company's reputation;
- (xiv) considering how new and proposed regulations will affect the Star Group, and monitoring them in the context of the Star Group's projected business performance;
- (xv) fostering an appropriate standard of corporate governance and ethics in the Star Group;
- (xvi) supporting innovation in compliance development, procedures and processes; and
- (xvii) reviewing findings of any examination, enquiries, or litigation initiated by regulatory agencies;

(b) the BRCC:

- (i) would inform Star's Board of matters that may impact significantly the financial condition or affairs of the business;
 - (ii) would report to Star's Board as soon as practicable after becoming aware of any significant breach, or suspected breach of compliance standards, laws, regulations or other legal obligations; and
 - (iii) would if determined by the BRCC Chairman, circulate any independent external advice received by an individual member of the BRCC to all other Directors;
- (c) any member of the BRCC could access the Star Group's resources (including employees, internal and external auditors and records) to enable the BRCC to discharge its duties as the BRCC considered appropriate.
116. On a date presently unknown to the Plaintiff but by no later than 2013, Star implemented and publicly made available on the Corporate Governance Webpage a copy of its 'Code of Conduct' approved by the Star Board in June 2011, which stated that:
- (a) the Star Group had an ethical framework within which all employees were required to work;
 - (b) as an absolute minimum, employees at Star must obey the law, and were duty-bound to be honest and fair in all that they did at work;
 - (c) the Star Group insisted that its employees went beyond just complying with laws, regulations and basic standards of personal conduct;
 - (d) the Star Group expected its employees to:
 - (i) comply with both the 'letter of the law' (a strict and literal interpretation) and with the 'spirit of the law' (the reason for the law and its clear purpose); and
 - (ii) conduct all business of the Star Group competitively, honestly and ethically;
 - (e) in cases where a Star Group employee became aware of employees who may have been involved in misconduct;
 - (i) they needed to consider overriding issues of principle and integrity; and
 - (ii) they were expected to cooperate with any investigation and provide relevant information to management and authorised external parties;
 - (f) the Star Group expected its employees to behave ethically at all times;
 - (g) the Star Group competed vigorously, honestly and ethically at all times in the industry sectors in which it operated within; and

- (h) the Star Group sought to achieve a culture of honesty and integrity in everything it did.
117. On a date presently unknown to the Plaintiff but by no later than 1 March 2018, Star's Board approved, and Star implemented and publicly made available on the Corporate Governance Webpage, a copy of a revised version of its 'Code of Conduct', which stated that:
- (a) the Star Group adhered to high ethical and legal standards;
 - (b) decisions made and duties performed by the Star Group were shaped by the guiding principles, which stated the core elements of the behaviour standard set for itself and expected of its employees;
 - (c) the guiding principles relevantly included:
 - (i) 'We comply with the Law', meaning that:
 - (A) the Star Group complied with its legal and regulatory obligations, voluntary commitments, industry standards and company policies and procedures, not only because it was compelled to, but because in doing so it protected the interests of the community, its guests and its employees;
 - (B) the Star Group would help its employees comply with the law by:
 - (1) providing training appropriate to their role;
 - (2) making readily available all appropriate rules, policies and procedures; and
 - (3) maintaining procedures to identify and communicate material changes to legal and regulatory obligations, industry standards and company policies and procedures that may affect them;
 - (C) the Star Group's employees would comply with the law by:
 - (1) understanding the legal obligations specific to their role;
 - (2) observing all laws, regulations and standards governing the jurisdictions in which the Star Group operated;
 - (3) following the policies, procedures and processes designed in support of the Star Group's legal obligations;
 - (4) immediately reporting any suspicion of unlawful actions;
 - (5) reporting breaches of policies, laws, rules and standards;

- (6) maintaining all required licences for the conduct of duties;
 - (7) reporting illegal and undesirable activities including but not limited to ML; and
 - (8) reporting in accordance with AML/CTF practices;
- (ii) 'We are Ethical', meaning that:
 - (A) the Star Group would conduct its business with integrity as that was the basis for maintaining its reputation;
 - (B) the Star Group would demonstrate ethical behaviour by conducting its business in a manner compliant with all applicable laws; and
 - (C) the Star Group's employees were expected to:
 - (1) refrain from behaviours that could bring the Star Group into disrepute;
 - (2) challenge and report unethical behaviours or practices;
 - (3) assist investigations into potentially unlawful events as required; and
 - (4) provide complete, honest and accurate information to any regulator who lawfully requests information;
- (d) the Star Group and each of its employees:
 - (i) had a responsibility to comply with the Code of Conduct; and
 - (ii) had a responsibility to report actual or suspected breaches of the Code of Conduct;
- (e) the Star Group's employees were required to internally report any actual or suspected breach of the Code of Conduct; and
- (f) the Star Group's Ethics Panel:
 - (i) was comprised of:
 - (A) the Star Group's General Counsel & Company Secretary;
 - (B) the Star Group's Chief Risk Officer;
 - (C) the Star Group's Chief Human Resources Officer;
 - (D) the Star Group's Investigations Manager; and

- (E) an independent person with expertise in ethical conduct;
- (ii) was responsible for:
 - (A) reviewing the effectiveness of the Code of Conduct and recommending any changes to the People, Culture and Social Responsibility Committee of Star's Board;
 - (B) putting in place procedures for dissemination of, and monitoring compliance with, the Code of Conduct;
 - (C) investigating alleged breaches of the Code of Conduct; and
 - (D) reporting breaches of the Code to the People, Culture and Social Responsibility Committee of Star's Board.

118. On a date presently unknown to the Plaintiff but by no later than 1 February 2021, Star's Board approved, and Star implemented and made available on the Corporate Governance Webpage, a 'Compliance Policy and Framework', which stated that:

- (a) Star had a commitment to compliance;
- (b) compliance meant acting with integrity and observing both the letter and the spirit of the laws that apply to Star's business activities;
- (c) compliance was not a theoretical concept, but a basis for a code of behaviour that applied to all employees and underpinned the culture of the company;
- (d) the nature of Star's operations meant that its activities were subject to a variety of statutory and other obligations, both in Australia and in other parts of the world where it had business activities;
- (e) Star's business attracted a high level of regulator and public scrutiny;
- (f) any non-compliance by or reputational damage for Star could impact on its suitability to maintain the various licences required to operate its businesses;
- (g) it was necessary for Star to forgo any business dealings that relied on a violation of the law of any country; and
- (h) Star believed that:
 - (i) regulatory authorities played an important role in giving the community confidence that the company was complying with its obligations; and
 - (ii) a model of cooperative compliance best served the interests of the company and the various regulatory authorities.

F. STAR'S REPRESENTATIONS

F.1. Model Casino Operator Representations

119. At all times in the Relevant Period, Star represented to the Star Shares Market that:

- (a) the Star Group was an ethical and responsible casino operator;
- (b) the Star Group was a more ethical and responsible casino operator than its competitors, including Crown;
- (c) the Star Group would not tolerate any conduct by its Directors or employees that was inconsistent with its values as an ethical and responsible casino operator; and/or
- (d) the Star Group carefully assessed the risks of its business activities and/or proposed business activities and ensured that they did not conflict with the Star Group's status as an ethical and responsible casino operator,

(sub-paragraphs (a) to (d), either separately or together in any combination, **Model Casino Operator Representations**).

Particulars

- i. *The Model Casino Representations were conveyed expressly and impliedly.*
- ii. *To the extent they are express:*
 - A. *in respect of the matters set out in sub-paragraph (a), the Plaintiff relies on paragraphs 77(b), 78(a), 78(b), 78(c)(v), 78(f), 79(a), 79(b), 80(c), 80(e), 81, 82(a), 82(b), 83(c), 84(b), 84(c), 85(c), 86(b), 86(c), 87, 89(a), 89(c), 90(c), 92(b), 93(a), 95, 96(a), 97(a), 97(b), 97(c), 97(f), 98(c), 99, 101(a), 101(c), 101(g), 102(c), 104, 106(a), 106(b), 106(g), 107(c), 113, 116, 117 and 118;*
 - B. *in respect of the matters set out in sub-paragraph (b), the Plaintiff relies on paragraphs 77(b), 88, 93(a), 96(a), 96(b)(ii), 103 and 104;*
 - C. *in respect of the matters set out in sub-paragraph (c), the Plaintiff relies on paragraphs 77(b), 78(c)(v), 78(e), 78(f), 80(c), 80(d), 80(e), 82(b), 83(b), 83(c), 83(d), 83(e), 84(c), 85(b), 85(c), 85(d), 85(e), 89(c), 90(b), 90(c), 90(e), 97(b), 98(b), 98(c), 98(d), 98(e), 99, 101(c), 101(d), 102(b), 102(c), 102(d), 102(e), 102(f), 106(b), 106(c), 107(b), 107(c), 107(d), 107(e) and 107(f); and*
 - D. *in respect of the matters set out in sub-paragraph (d), the Plaintiff relies on paragraphs 77(b), 78(b), 79(b), 82(b), 84(c), 84(d), 86(b), 86(c), 89(c), 89(d), 92(b)(i), 93(a), 95(b), 96(a), 96(b)(i), 97(b), 101(c), 106(b), 107(b), 113 and 118.*

- iii. *To the extent they are implied, they are to be implied from the absence of Star making any statements that qualified or contradicted those statements in sub-paragraph (ii), and paragraphs 77, 91 to 94, 96 and 108 to 112 above, and the context in which they occurred, being the matters alleged in paragraphs 38 to 40 and 76 above, and paragraph 206 below.*
- iv. *To the extent that the matters set out in sub-paragraph (ii) relate to different points of time, the Plaintiff says that the Model Casino Operator Representations were made as at the beginning of the Relevant Period by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

F.2. Regulatory Compliance Representations

120. At all times in the Relevant Period, Star represented to the Star Shares Market that:

- (a) Star had not engaged in any conduct that would, if investigated by a Casino Regulator or AUSTRAC, amount to a material breach of its regulatory obligations;
- (b) Star took its regulatory obligations seriously and commensurate with the level of oversight and responsibility expected of a casino operator;
- (c) Star did not just comply with its regulatory obligations in a strict legal sense, but also had regard to the fact that the purpose and intent of those regulatory obligations was to protect the wider community from harm; and
- (d) Star did more than it was legally obligated to do in respect of undertaking due diligence on and/or monitoring of junkets it had dealings with,

(sub-paragraphs (a) to (d), either separately or together in any combination, **Regulatory Compliance Representations**).

Particulars

- i. *The Regulatory Compliance Representations were conveyed expressly and impliedly.*
- ii. *To the extent they are express:*
 - A. *in respect of the matters set out in sub-paragraph (a), the Plaintiff relies on paragraphs 77(b), 78(b), 79(c), 82(c), 84(a), 86, 89(b), 92(b), 93(a), 94, 95, 96, 97(a)(v), 101(b), 104 and 106(f);*
 - B. *in respect of the matters set out in sub-paragraph (b), the Plaintiff relies on paragraphs 77(b), 78(b), 78(c), 78(c)(v), 78(e), 78(f), 79(b), 80(a), 80(c), 80(e), 82(a), 82(b), 83(a), 83(c), 83(e), 84(b), 84(d), 85(a), 85(c), 85(e), 86, 87, 88, 89(a), 89(c), 89(d), 90(a), 90(c), 90(e), 90(f), 91, 93(a), 94, 95, 96, 97(b), 97(c), 98(a), 98(c), 98(e), 101(a), 101(c),*

101(d), 102(a), 102(c), 104, 106(a), 106(b), 106(c), 106(f), 106(g), 107(a), 107(e), 113, 116, 117 and 118;

- C. *in respect of the matters set out in sub-paragraph (c), the Plaintiff relies on paragraphs 77(b), 78(c)(v), 80(c), 83(c), 85(c), 86, 90(c), 98(c), 102(c), 106(g), 107(c), 113, 116, 117 and 118; and*
 - D. *in respect of the matters set out in sub-paragraph (d), the Plaintiff relies on paragraphs 77(b), 86, 95(b), 96 and 96(b).*
- iii. *To the extent they are implied, they are to be implied from the absence of Star making any statements that qualified or contradicted those statements in sub-paragraph (ii), and from paragraphs 77, 91 to 94, 96 and 108 to 112 above, and the context in which they occurred, being the matters alleged in paragraphs 38 to 40 and 76 above, and paragraph 206 below.*
 - iv. *To the extent that the matters set out in sub-paragraph (ii) relate to different points of time, the Plaintiff says that the Regulatory Compliance Representations were made as at the beginning of the Relevant Period by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

F.3. Compliance and Risk Systems Representations

121. At all times in the Relevant Period, Star represented to the Star Shares Market that the Star Group:

- (a) had effective systems for ensuring and monitoring compliance with its Casino Regulatory Obligations and its AML/CTF Obligations;
- (b) was able to, and did, effectively ensure and monitor compliance with its Casino Regulatory Obligations and its AML/CTF Obligations; and/or
- (c) had designed, implemented and reviewed effective internal controls systems and processes to identify, assess, monitor and/or manage material risks to the Star Group, so that the occurrence and consequence of material business risks were effectively mitigated,

(sub-paragraphs (a) to (c), either separately or together in any combination, **Compliance and Risk Systems Representations**).

Particulars

- i. *The Compliance Systems Representations were conveyed expressly and impliedly.*
- ii. *To the extent they are express:*

- A. *in respect of the matters set out in sub-paragraphs (a)–(b), the Plaintiff relies on paragraphs 77(b), 78(b), 78(c)(v), 78(e), 78(f), 78(g), 78(h), 79(a)(iv), 79(b), 80(a), 80(b), 80(c), 80(d), 80(e), 80(f), 80(g), 81, 82(a)(v), 82(a)(vi), 82(b), 83(a), 83(c), 83(d), 83(e), 83(f), 83(g), 84(b)(v), 84(b)(vi), 84(b)(vii), 84(c), 84(d), 84(e), 84(f), 85(a), 85(c), 85(d), 85(e), 85(f), 85(g), 86(a), 87, 88, 89(a)(i), 89(a)(ii), 89(a)(iii), 89(c), 89(d), 89(e), 89(f), 90(a), 90(c), 90(d), 90(e), 90(g), 90(h), 91, 92(b), 93(a), 94, 95, 96(a)(iv), 97(a)(i), 97(b), 97(c), 97(d), 97(e), 98(c), 98(d), 98(e), 98(f), 98(g), 99, 100, 101(a)(v), 101(a)(vi), 101(c), 101(d), 101(e), 101(f), 102(a), 102(c), 102(d), 102(e), 102(f), 102(g), 102(h), 104, 105, 106(a)(v), 106(a)(vi), 106(b), 106(c), 106(d), 106(e), 106(f), 107(a), 107(c), 107(d), 107(e), 107(f), 107(g), 107(h), 115(a)(ii), 116 and 117; and*
- B. *in respect of the matters set out in sub-paragraph (c), the Plaintiff relies on paragraphs 77(b), 78(b), 78(f), 78(h), 80(e), 80(g), 82(a)(vi), 83(e), 83(g), 84(b)(vi), 84(b)(vii), 84(f), 85(e), 85(g), 89(f), 90(e), 90(f), 90(h), 98(e), 98(g), 99, 100(a), 101(f), 102(f), 102(h), 106(e), 107(e), 107(f), 107(h) and 115(a)(ii).*
- iii. *To the extent they are implied, they are to be implied from the absence of Star making any statements that qualified or contradicted those statements in sub-paragraph (ii), and paragraphs 77, 91 to 94, 96 and 108 to 112 above, and the context in which they occurred, being the matters alleged in paragraphs 38 to 40 and 76 above, and paragraph 206 below.*
- iv. *To the extent that the matters set out in sub-paragraph (ii) relate to different points of time, the Plaintiff says that the Compliance Systems Representations were made as at the beginning of the Relevant Period by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

F.4. Corporate Governance Representations

122. At all times in the Relevant Period, Star represented to the Star Shares Market that Star's Board and the BRCC had put in place adequate controls and appropriate compliance and risk systems such that they could adequately identify, assess, monitor and manage risks that had the potential to cause the Star Group to engage in a material breach of its Casino Regulatory Obligations or its AML/CTF Obligations (**Corporate Governance Representations**).

Particulars

- i. *The Corporate Governance Representations were conveyed expressly and impliedly.*
- ii. *To the extent they are express, the Plaintiff relies on paragraphs 78(c), 78(c)(v), 78(e), 78(f), 78(g), 78(h), 79(a)(iii), 80(a), 80(b), 80(c), 80(d), 80(e), 80(f), 80(g), 83(a), 83(b), 83(c), 83(d), 83(e), 83(f), 83(g), 84(f), 85(a), 85(b), 85(c), 85(d), 85(e), 85(f), 85(g),*

89(f), 90(a), 90(b), 90(c), 90(d), 90(e), 90(f), 90(g), 90(h), 97(e), 98(a), 98(b), 98(c), 98(d), 98(e), 98(f), 98(g), 101(f), 102(a), 102(b), 102(c), 102(d), 102(g), 102(h), 106(e), 107(a), 107(b), 107(c), 107(d), 107(e), 107(g), 107(h), 113, 114, 115, 116 and 117.

- iii. *To the extent they are implied, they are to be implied from the absence of Star making any statements that qualified or contradicted those statements in sub-paragraph (ii), and paragraphs 77, 91 to 94, 96 and 108 to 112 above, and the context in which they occurred, being the matters alleged in paragraphs 38 to 40 and 76 above, and paragraph 206 below.*
- iv. *To the extent that the matters set out in sub-paragraph (ii) relate to different points of time, the Plaintiff says that the Corporate Governance Representations were made as at the beginning of the Relevant Period by reason of all such matters which preceded that date, and were repeated and/or maintained by each such matter which occurred subsequently.*

F.5. False Media Reports Representations

123. From 11 October 2021 until the end of the Relevant Period, Star represented to the Star Shares Market that:

- (a) a number of the allegations made in the 2021 Channel 9 Reports (as defined in paragraph 206 below) were false and misleading;
- (b) the KPMG Reports:
 - (i) provided recommendations to Star to improve the manner in which it identified, managed and/or mitigated ML risks that were directed toward continuous improvement and in circumstances where its existing systems, processes and controls were adequate;
 - (ii) did not identify any serious issues with the Star AML/CTF Program or the manner in which Star identified, managed and/or mitigated ML risks; and
 - (iii) were disclosed to AUSTRAC in a routine manner;
- (c) to the extent it was necessary, the allegations were capable of being addressed with the relevant state and federal regulators, including the Bell Inquiry, in a manner that would not cause any of them to form the view that:
 - (i) Star's conduct could amount to serious contraventions of its Casino Regulatory Obligations; and/or
 - (ii) Star and/or the Star Casino Entities continued to meet the Suitable Person Test,

(sub-paragraphs (a) to (c), either separately or together in any combination, **False Media Reports Representations**).

Particulars

- i. The False Media Reports Representations were conveyed expressly and impliedly.*
- ii. To the extent they are express, the Plaintiff relies on paragraphs 108 to 112 above.*
- iii. To the extent they are implied, they are to be implied from the absence of Star making any statements that qualified or contradicted those statements in sub-paragraph (ii), and paragraphs 77, 91 to 94, 96 and 108 to 112 above, and the context in which they occurred, being the matters alleged in paragraphs 38 to 40 and 76 above, and paragraph 206 below.*

F.6. Continuing Representations

124. At no time during the Relevant Period did Star qualify or contradict:

- (a) the Model Casino Operator Representations;
- (b) the Regulatory Compliance Representations;
- (c) the Compliance and Risk Systems Representations;
- (d) the Corporate Governance Representations; and/or
- (e) the False Media Reports Representations,

(together, the **Representations**).

Particulars

- i. The Plaintiff repeats the particulars subjoined to paragraphs 119 to 123 above.*

125. Each of the Representations was a continuing representation throughout the Relevant Period.

Particulars

- i. The Representations were by their nature continuing until corrected or qualified, and paragraph 124 is repeated.*

G. THE TRUE POSITION

G.1. China UnionPay transactions

G.1.1. The CUP Process

126. In or around 2012, several entities within the Star Group entered into a merchant agreement with the National Australia Bank (**NAB**) for the supply of electronic terminals at each of the Star Casino Properties that would allow Star to process EFT transactions for its customers (**NAB Merchant Agreement**).

Particulars

- i. The Merchant Agreement was in writing and entered into between Star, TSEQL, The Star Entertainment Sydney Holdings Limited, Star Entertainment Finance Limited and NAB (STA.3401.0003.6907).*
127. The terms of the NAB Merchant Agreement relevantly provided that:
- (a) UnionPay International (**UnionPay** or **China UnionPay**) was a 'card scheme', meaning the electronic terminals could process UnionPay-issued credit and/or debit card transactions;
 - (b) the Star Group parties were required to comply with any 'card scheme rules', meaning the rules and regulations that regulated participants in the card schemes;
 - (c) any transaction involving a UnionPay-issued credit and/or debit card:
 - (i) was only to be processed in the presence of the cardholder;
 - (ii) required the cardholder to enter their personal identification number on the electronic terminal; and
 - (iii) was not to be processed to provide the cardholder with physical cash;
 - (d) the Star Group parties warranted to NAB that:
 - (i) in giving NAB information on a transaction or otherwise for the purposes of NAB Merchant Agreement (including information regarding transactions processed using the electronic terminals), that:
 - (A) all the particulars were true; and
 - (B) the transaction was valid and acceptable (including under the card scheme rules);

- (ii) in receiving the merchant services provided under the NAB Merchant Agreement, Star had not, and would not, be in breach of any relevant law or obligation owed to any person (including card scheme rules),

(NAB Warranties); and

- (e) the Star Group parties:

- (i) indemnified NAB for:

- (A) all losses and liabilities associated with any breach by the Star Group of the NAB Merchant Agreement; and

- (B) any wilful default, negligence, fraud, act or omission by the Star Group relating to the NAB Merchant Agreement;

- (ii) were obliged to pay NAB all fines, penalties or similar costs imposed on NAB under card scheme rules because of conduct by the Star Group in relation to the services provided under the NAB Merchant Agreement,

(NAB Indemnities).

128. At the time the NAB Merchant Agreement was entered into, the UnionPay Operating Regulations issued by China UnionPay in October 2012:

- (a) were card scheme rules within the meaning of the NAB Merchant Agreement (**CUP Card Scheme Rules**); and

- (b) relevantly provided that any transaction involving betting (including lottery tickets, casino gaming chips, off-track betting and wagers) was fully prohibited.

Particulars

- i. The CUP Card Scheme Rules prohibited transactions by a merchant that had been assigned a merchant category code (MCC) of 7995 (STA.3402.0007.2472).*

- ii. By no later than March 2013, Star was in possession of a copy of the CUP Card Scheme Rules (STA.3401.0001.4216).*

- iii. Further particulars may be provided following discovery.*

129. From in or about June 2013 until about March 2020, the Star Group adopted a practice of allowing some VIP customers to access funds from debit cards issued by China UnionPay for the purposes of gambling at Star Casino Properties (**CUP Process**).

Particulars

- i. In the case of Star Sydney, the CUP Process relevantly involved:*

 - A. processing a transaction with a customer's China UnionPay debit card for a nominated amount of funds using the electronic terminal provided under the NAB Merchant Agreement, which would cause the nominated funds to be transferred by NAB to TSPL's 'corporate cheque' account;*
 - B. processing a transaction for the nominated amount of funds as a notional charge to one of Star Sydney's hotels rooms on the customer's behalf, via the 'Opera' system used by Star to record hotel-related transactions; and*
 - C. crediting the customer's Front Money account to the nominated amount of funds.*
 - ii. The electronic terminals provided under the NAB Merchant Agreement were located in the Star Grand Hotel (previously known as The Astral) in Star Sydney and, from 1 January 2017, in a hotel associated with Star Gold Coast and the hotel in Treasury Brisbane.*
 - iii. Under the NAB Merchant Agreement, Star was assigned an MCC of 7011 (or 'Lodging – Hotels, Motels, Resorts, Central Reservation Services').*
 - iv. As to the date that the CUP Process commenced, the Plaintiff refers to and relies upon an email from Mr David Aloï (Cage and Cash Services Manager) (**Aloï**) dated 6 June 2013 in which he stated that Star was "now accepting the use of China Union Pav [sic] Debit card" (STA.3034.0001.0006)*
 - v. Further particulars may be provided following discovery.*
130. From about February 2014 until March 2020, the Star Group modified the CUP Process for transactions that occurred at Star Sydney, such that:
- (a) when a transaction with a customer's China UnionPay debit card was processed, a CCF would be established and granted to cover the period of time between the transaction being processed and the nominated amount of funds clearing in TSPL's bank account (**CUP Process Delay Period**) (**Temporary CUP CCF**);
 - (b) in lieu of receiving a personal cheque from the customer on an overseas bank account at the time the Temporary CUP CCF was established, TSPL would create a document purporting to be a cheque, which:

 - (i) was in the form of a 'counter-cheque' typically created by TSPL for customers with an Australian bank account and honoured by domestic banking institutions;
 - (ii) contained the details of the overseas bank account held by the customer; and

- (iii) was signed by the customer;
- (c) once established, the Temporary CUP CCF would be drawn down by the nominated amount of funds and transferred to the customer's Front Money account; and
- (d) once the nominated amount of funds had cleared TSPL's bank account, the Temporary CCF would be redeemed, suspended and the limit zeroed,

(Temporary CUP CCF Workaround).

Particulars

- i. The CUP Process Delay period was approximately 24 to 48 hours.*
- ii. The Temporary CUP CCF Workaround was:*
 - A. adopted in order to provide customers with access to funds transferred using the CUP Process immediately, despite the CUP Process Delay Period;*
 - B. sought to rely upon ss 74(4) and 75 of the NSW CC Act as an exception to the unlawful extension of credit to a customer provided for by s 74(1) of the NSW CC Act during the CUP Process Delay Period;*
 - C. proposed by way of a memorandum dated 3 February 2014 prepared by White (STA.3009.0009.0020); and*
 - D. approved by Bekier in or around February 2014.*
- iii. Further particulars may be provided following discovery.*

131. At all material times:

- (a) the CUP Process was contrary to the terms of the NAB Merchant Agreement and/or the CUP Card Scheme Rules; and
- (b) Star was aware of the matters pleaded in sub-paragraph (a) above.

Particulars

- i. The Plaintiff refers to and repeats paragraph 128 above.*
- ii. As to Star's knowledge of the matters pleaded in the above paragraph, the Plaintiff refers to:*
 - A. the fact that Aloï reviewed the CUP Card Scheme Rules in or around March 2013 and formed the view that the CUP Process would be contrary to them (T814.5-13);*
 - B. the fact that Stevens knew:*

- I. *by June 2013 that China UnionPay prohibited the use of its cards to purchase gaming chips (T656.15); and*
 - II. *by 2014 that the CUP Card Scheme Rules restricted the use of China UnionPay cards to purchase gambling chips (T771.3);*
- C. *the fact that in around 2013:*
- I. *Power was aware that the CUP Process was 'achieving a purpose' that was prohibited by China UnionPay (T1997.7);*
 - II. *Arnott was aware that China UnionPay cards were not supposed to be used for gambling purposes (T1605.40); and*
 - III. *White was aware that the CUP Card Scheme Rules prohibited the use of China UnionPay cards to purchase gambling chips (T1656.15-20);*
- D. *the email sent on 11 April 2014 from White to Mr Damon Colbert and Mr David Kelley of Star, regarding potential liabilities owed by Star in respect of the NAB Indemnities (STA.3008.0008.0358);*
- E. *the fact that by no later than November 2015, Power knew that NAB was concerned that China UnionPay cards were being used to fund gambling (T2005.19);*
- F. *the email sent on 9 October 2015 from Power to White regarding action items discussed during a meeting between Power and Martin, which included '3. Detail the legal position associated with accepting China Union Pay from a contractual (Merchant Terms) perspective' (STA.3412.0151.0079);*
- G. *the email sent on 22 October 2015 by Ms Deborah Waterson of Star to Power and Martin, which stated that a NAB employee had 'asked if we were aware that China UnionPay transactions were not to be utilised for gaming purposes' and had further advised that 'questions had been raised in regards to the proposed coding of these transactions [processed under the NAB Merchant Agreement]'* (STA.3412.0151.0082);
- H. *the email sent on 5 November 2015 by Ms Deborah Waterson of Star to White, which stated that a NAB employee had informed her that 'the project [NAB Merchant Agreement] may be cancelled by NAB. This cancellation would be based on the risk that the service would be used for Gambling services...' (STA.3412.0151.0091);*
- I. *the fact that by 2015 or 2016, Bekier was aware that the CUP Card Scheme Rules prevented China UnionPay cards from being used to buy gambling chips and, accordingly, was a practice that had probably been 'wrong from the beginning' (T3058.27);*

- J. *the fact that on or around 11 May 2016, Power presented a document titled 'Memo of Legal Advice Re Key Risks', to Bekier and Martin in respect of the CUP Process (STA.3009.0009.0058);*
 - K. *the fact that by mid-2017, Theodore knew that in adopting the CUP Process, Star had 'taken a pretty aggressive interpretation of the [CUP Card Scheme Rules]' and understood that there was a risk that the transactions were in breach of them (T2904.40–2905.32);*
 - L. *the email sent on 28 July 2017 from Power to Martin regarding the use of 'dummy' hotel rooms for the purposes of the CUP Process, which stated that the CUP Process 'may well have exceeded the intended scope of this service, which may call into question the arrangement we have in place with The Star's bank (NAB)' (STA.3402.0008.1057); and*
 - M. *the fact that in or around 2020, Hawkins was aware that the CUP Process contravened the CUP Card Scheme Rules (T2646.27).*
- iii. *Further particulars may be provided following discovery.*

132. At all material times:

- (a) there was a material risk that the use of the CUP Process (including the Temporary CUP CCF Workaround) caused Star, through TSPL, to unlawfully extend credit to a customer during the CUP Process Delay Period, contrary to s 74(1) of the NSW CC Act; and
- (b) Star was aware of the matters pleaded in sub-paragraph (a) above.

Particulars

- i. *The Plaintiff refers to and repeats paragraphs 129 and 130 above and the particulars subjoined thereto.*
- ii. *The counter-cheque generated by TSPL upon the establishment of a Temporary CUP CCF was not a valid cheque within the meaning of s 75 of the NSW CC Act and/or was a sham document that was not capable of being accepted by TSPL for the purposes of s 75 of the NSW CC Act, including because:*
 - A. *it was generally the case that overseas banks were not obliged to, nor did they, accept counter-cheques as an unconditional order in writing to pay on demand a sum certain in money;*
 - B. *the counter-cheques did not refer to the account number of an actual cheque account held by the customer with the nominated financial institution from which the sum of money could be debited, but rather a 'dummy' account number; and*

- C. *neither Star/TSPL nor the customer intended a counter-cheque to operate as a payment mechanism to TSPL.*
- iii. *As to Star's knowledge of the matters pleaded in the above paragraph, the Plaintiff refers to:*
 - A. *the email sent on 19 June 2013 from Stevens to Mr Brett Houldin of Star, which stated that 'if we release funds [transferred using the CUP Process] before they can be seen in our account, ILGA regard this as the provision of credit' (STA.3412.0151.0026);*
 - B. *the email sent on 27 July 2013 from White to colleagues whose identities are presently unknown to the Plaintiff, which stated that 'in NSW, our regulator interprets the CCA such that cleared funds are required by electronic funds transfer before chips may be issued, otherwise it is providing credit which is prohibited under the CCA. This view has been encountered on a number of fronts, is very difficult to argue against and is unlikely to change' (STA.3008.0008.0184);*
 - C. *the fact that between November 2013 and April 2014, Stevens unsuccessfully sought approval from ILGA to amend ICM 3 – Cheque Cashing and Deposit Facilities (ICM 3) to exclude 'Debit Card funds transfers' from the requirement that TSPL confirm clearance of funds prior to making them available to a customer (ILGA.013.001.0073; STA.3401.0007.0412); and*
 - D. *the memorandum dated 3 February 2014 and prepared by White that proposed the Temporary CUP CCF Workaround (STA.3009.0009.0020).*
 - iv. *Further particulars may be provided following discovery and expert evidence.*

G.1.2. Misleading ILGA as to the purpose of the CUP Process

133. Between May 2013 and September 2021:

- (a) Star made statements to ILGA regarding the purpose of the CUP Process and/or the manner in which it would be or was being implemented;
- (b) the statements pleaded in sub-paragraph (a) above were misleading in a material respect; and
- (c) in making the statements pleaded in sub-paragraph (a) above, Star caused TSPL to breach the ILGA Information Warranty.

Particulars

- i. *Star's statements to ILGA regarding the CUP Process included the following communications:*

- A. *an email from Stevens to ILGA on 6 May 2013, which attached a submission regarding a proposed amendment to ICM 3 (STA.3027.0001.0001; STA.3027.0001.0003);*
 - B. *a meeting attended by Stevens, Aloï and representatives of ILGA in May 2013, in which the authority was advised about the proposed introduction of the CUP Process;*
 - C. *emails sent by Star to ILGA on 11 December 2013, 19 February 2014 and 4 September 2014 attaching the then-current versions of the Cage Operating Standard Operating Procedures (STA.3023.0001.1331; STA.3023.0001.1333; STA.3023.0001.1954; STA.3023.0001.1956);*
 - D. *an email sent by Star to ILGA on 4 September 2014 attaching the then-current versions of the Cage Operating Standard Operating Procedures (STA.3418.0101.6532; STA.3418.0101.6533); and*
 - E. *a letter from Star to ILGA on 10 September 2021, which was prepared by Aloï (STA.3401.0006.2956).*
- ii. *The statements made by Star were misleading because of the omissions referred to in particulars (iii) to (vi) below.*
- iii. *In the communications described in particulars (i)(A)–(B), Star failed to disclose that:*
- A. *the amendment to ICM 3 was sought in circumstances where Star believed there was otherwise a risk that the CUP Process was contrary to s 74(1)(c) of the NSW CC Act;*
 - B. *the CUP Process would involve swiping a debit card at the hotels within the Star Casino Properties; and/or*
 - C. *the CUP Process was contrary to the terms of the CUP Card Scheme Rules.*
- iv. *In the communications described in particular (i)(C), Star failed to disclose that:*
- A. *the CUP Process would involve swiping a debit card at the hotels within the Star Casino Properties; and/or*
 - B. *the CUP Process was contrary to the terms of the CUP Card Scheme Rules.*
- v. *In the communication described in particular (i)(D), Star:*
- A. *failed to adequately disclose that the CUP Process would involve swiping a debit card at the hotels within the Star Casino Properties, in circumstances where the disclosure was made:*

- I. *in a 109 page document and not brought to the attention of ILGA in the covering email when made; and/or*
- II. *approximately 8 months after the CUP Process had been implemented;*
- B. *failed to disclose that the CUP Process was contrary to the terms of the CUP Card Scheme Rules.*
- ii. *In the communication described in particulars (i)(E) to paragraph 133, Star misled ILGA by stating that it had informed it in May 2013 of the 'proposed use of CUP debit cards', in circumstances where ILGA had not been informed that:*
 - A. *the CUP Process would involve swiping a debit card at the hotels within the Star Casino Properties; and/or*
 - B. *the CUP Process was contrary to the terms of the CUP Card Scheme Rules.*
- iii. *The Plaintiff refers to and repeats paragraphs 131 and 132 above and the particulars subjoined thereto.*
- iv. *Further particulars may be provided following discovery.*

G.1.3. Misleading representations made to NAB and/or China UnionPay

134. At all material times:

- (a) between October 2015 and February 2020, Star represented to NAB and/or China UnionPay that funds transferred to the Star Group via the CUP Process were not used for gambling (**NAB CUP Process Representation**); and
- (b) the NAB CUP Process Representation was a continuing representation.

Particulars

- i. *The representation arose from the following communications and/or alternatively the representation was conveyed by silence as it would have reasonably been expected by NAB that Star would have informed NAB that the funds transferred to the Star Group via the CUP Process were used for gambling in the circumstances of the following communications.*
- ii. *On 22 October 2015, Ms Deborah Waterson of Star sent an email to Power and Martin stating that a NAB employee had 'asked if we were aware that China UnionPay transactions were not to be utilised for gaming purposes' and had further advised that 'questions had been raised in regards to the proposed coding of these transactions [processed under the NAB Merchant Agreement]' (STA.3412.0151.0082).*
- iii. *On 5 November 2015, Ms Waterson sent an email to White stating that a NAB employee had informed her that 'the project [NAB Merchant Agreement] may be cancelled by NAB. This*

cancellation would be based on the risk that the service would be used for Gambling services...’ (STA.3412.0151.0091).

- iv. On 2 March 2016, Mr Andrew Bowen of NAB sent Theodore an email to organise a teleconference regarding the NAB Merchant Agreement, which relevantly stated that ‘we have been contacted by China Union Pay re some transactions that were processed over January for you and they were wanting to confirm that the transactions are compliance with [the CUP Card Scheme Rules]’ (STA.3008.0004.0893).
- v. On 3 March 2017, Mr Bowen sent Theodore an email stating that ‘NAB would like to ensure that all transactions through Star Entertainment Group Merchant Facilities restrict gambling. Gambling applies a separate Merchant Category Code to what is currently applied to the Star Entertainment Groups [sic] 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. we have been contacted by China Union Pay re some transactions that were processed over January for you and they were wanting to confirm that the transactions are compliance with [the CUP Card Scheme Rules]’ (STA.3006.0003.0361).
- vi. On 13 June 2019, Ms Helen Zhou of NAB emailed Ms Paulinka Dudek, Senior Treasury Manager (from March 2019 until August 2020); Assistant Treasurer (from August 2020) (**Dudek**) with a request for information on behalf of China UnionPay after it had identified a “suspicious, large amount gambling transaction with improper MCC” and sought an explanation of the “business scope of the relevant merchants” and “what type of goods or services did the [customer] purchase”, together with supporting documents for the transactions (**13 June 2019 NAB Enquiry**) (STA.3002.0010.0096).
- vii. On 19 June 2019, Dudek responded to the 13 June NAB Enquiry (STA.3002.0010.0096):
 - A. stating that the customer “purchased hotel accommodation services”; and
 - B. providing invoices/statements issued by the Star that identified a room number, arrival date, departure date and the description “transfer to customer’s account”.
- viii. On or around 18 June 2019, Mr Stephen Napiza of NAB forwarded to Dudek a request for information on behalf of China UnionPay and sought confirmation from Star that certain transactions “[did] not contain any gambling component ... and [were] solely for accommodation only” (**18 June 2019 NAB Enquiry**) (STA.3002.0010.0096).
- ix. On or around 19 July 2019:
 - A. Dudek forwarded the 19 June 2019 NAB Enquiry to Scopel and White (STA.3105.0007.2853); and

- B. *White prepared a draft response that was substantially in the same form as the response to the 13 June 2019 NAB Enquiry (STA.3105.0007.2853).*
- x. *On 19 June 2019, Dudek responded to the 18 June 2019 NAB Enquiry with the response drafted by White (STA.3002.0010.0096; STA.3002.0010.0098; STA.3002.0010.0099; STA.3002.0010.0100).*
- xi. *Later on 19 June 2019, Mr Napiza sent a further email to Dudek (copied to Scopel) asking her to ‘please confirm with client that the transactions does not contain any gambling component in this exchange and solely for accommodation only?’ (STA.3105.0007.2383)*
- xii. *On 27 August 2019, Mr Martin Meldrum of NAB sent an email to Dudek forwarding a request from China UnionPay in respect of a series of large transactions that took place at Star Gold Coast and Star Sydney, which sought substantially the same information as that in the 18 June 2019 NAB Enquiry (**27 August 2019 NAB Enquiry**) (STA.3002.0010.0004).*
- xiii. *On 27 August 2019, Dudek responded to the 27 August 2019 NAB Enquiry (copying Scopel) with a response approved by White and in substantially the same form as the responses to the 13 June 2019 NAB Enquiry and the 18 June 2019 NAB Enquiry (STA.3002.0010.0004).*
- xiv. *On 30 August 2019:*
- A. *NAB sent a further email to Dudek requesting more details in respect of the response to the 27 August 2019 NAB Enquiry, including detailed tax invoices showing ‘a breakdown of the transactions to determine what were the payments for’ (STA.3002.0010.0050); and*
- B. *Dudek responded to NAB’s email stating that ‘the invoices provided are the actual tax invoices’ ((STA.3002.0010.0051).*
- xv. *On or about 4 September 2019, Ms Tanya Arthur of NAB (**Arthur**) spoke with Dudek, who:*
- A. *informed her that there was no gambling component to the CUP transactions; and*
- B. *confirmed that the transactions ‘were used for hotel accommodation services only’ (T209.12-45).*
- xvi. *On 22 October 2019, Mr Meldrum emailed Dudek with a request for information on behalf of China UnionPay and sought information on 13 specific transactions, including the meaning of “transfer to customer’s account” that appeared on the invoices/statements of supporting documentation previously provided by Star (**22 October 2019 NAB Enquiry**) (STA.3002.0010.0434).*
- xvii. *On 30 October 2019, White emailed Dudek regarding the 22 October 2019 NAB Enquiry:*

- A. *proposing that Dudek respond as follows:*
- "Certain very high and premium guests at [Star'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, internal flights, and external expenses, for example, local tourism, tour operator expenses, during their time in Australia and while staying at [Star'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 receipt.";* and
- B. *requesting that Dudek confirm that Theodore "is comfortable with the wording" (STA.3105.0011.4753).*
- xviii. *Between 30 October and 4 November 2019, Theodore provided confirmation to Dudek and/or Scopel that the proposed response prepared by White referred to in particular (xvii) could be sent to NAB in substantially the same form (STA.3105.0006.4369).*
- xix. *On 4 November 2019, Dudek sent Star's response to the 22 October 2019 NAB Enquiry (copying Scopel and Arthur) in substantially the same form as that prepared by White and referred to in particular (xvii), together with copies of invoices for the relevant transactions (STA.3002.0010.0434).*
- xx. *On or about 4 November 2019, Mr James Craig of China UnionPay emailed Mr Peter Humphreys (General Manager - Electronic Gaming Operations) seeking information on certain transactions (STA.3401.0003.1566).*
- xxi. *On 5 November 2019, Scopel contacted Mr Craig by telephone and informed him that Star would not provide the information requested by China UnionPay due to customer privacy and security (T123.13-16).*
- xxii. *On 5 November 2019, Theodore sent an email to Bekier, Hawkins and Martin stating that:*
- A. *Star had received more requests from China UnionPay for details regarding transactions processed under the NAB Merchant Agreement;*
- B. *'We have had this in the past. We gave high level answers and it blew over. The requests we are getting now however are seeking more detail.';*
- C. *'The requests come from [China UnionPay] through NAB to us. We go back to NAB and they pass it through.';*
- D. *'When we last got focused questions we reduced our limits and it seemed to assist'; and*
- E. *'[G]iven the current focus I have asked the team to reduce the current limit to \$50k per transaction and a maximum of two transactions per customer per day whilst we get more clarity on how [China UnionPay] will respond.' (STA.3006.0003.0358).*

- xxiii. On 6 November 2019, Arthur emailed Scopel advising Star that China UnionPay had notified NAB that it was considering issuing a directive that NAB cease providing access to the UnionPay card scheme under the NAB Merchant Agreement, on the basis that the People's Bank of China had "observed individual cardholder spending by more than \$20 million at the Star" and that they were "struggling to see how this level of expenditure could be made on non-gambling entertainment" (**6 November 2019 NAB Enquiry**) (STA.3401.0005.1453).
- xxiv. On 7 November 2019, Scopel sent Arthur a response to the 6 November 2019 NAB Enquiry in a form that had been dictated by Theodore and White and reviewed by Martin and Power in draft before being sent:
- A. stating that:
- I. the balance of a customer's hotel account could be used to access external goods and services, including travel expenses, premium wines, jewellery and cars;
 - II. the terminals were located in a hotel outside of gaming-related areas;
 - III. gaming transactions were not conducted in the hotel; and
 - IV. to provide comfort about the nature of the transactions being non-gaming related, Star could restrict the maximum amount for transactions in connection with the NAB Merchant Agreement;
- B. providing copies of sample invoices/statements of the kind referred to in particular (xxiv)(A)(I) (STA.3401.0005.1453; STA.3105.0011.5300).
- xxv. On 7 November 2019, Arthur emailed Scopel and stated that China UnionPay had asked Star for copies of any terms or conditions that communicate to its customers that they could not use a China UnionPay card for gambling expenses (STA.3105.0011.6203).
- xxvi. On 26 November 2019, Arthur emailed Scopel and stated that China UnionPay had asked Star for supporting information concerning 156 transactions it had identified as suspicious (**26 November 2019 NAB Enquiry**) (STA.3401.0003.2247).
- xxvii. On 9 December 2019, Dudek responded to the 26 November 2019 NAB Enquiry stating the purchases for the transactions in question were for hotel accommodation services, in substantially the same form as the response to the 19 June 2019 NAB Enquiry (STA.3401.0003.2247).
- xxviii. On 11 December 2019, Arthur emailed Dudek and stated that China UnionPay had asked Star for supporting information concerning approximately 200 transactions it had identified as suspicious, including details on length of stay, number of people

and room rates (11 December 2019 NAB Enquiry) (STA.3002.0010.0389).

xxix. 16 December 2019, Dudek responded to the 11 December 2019 NAB Enquiry (which had been approved by White and Scovel) in a manner that conveyed that China UnionPay cards were used for expenses kind referred to in particular (xxiv)(A)(I) (STA.3401.0003.2247).

xxx. Further particulars may be provided following discovery.

135. At all material times:

- (a) the NAB CUP Process Representation was:
 - (i) not true, as it concealed or omitted to state that the true purpose of the funds transferred to the Star Group via the CUP Process; and/or
 - (ii) misleading, because in fact the transactions via the CUP Process were not valid and acceptable (including under the card scheme rules); and
- (b) from at least October 2015, Star was aware of the matters pleaded in sub-paragraph (a) above.

Particulars

- i. The Plaintiff refers to and repeats paragraphs 129, 131 and 134 above and the particulars subjoined thereto.*
- ii. Further particulars may be provided following discovery.*

136. By reason of the matters alleged in paragraphs 126 to 131, 134 and 135 above, from at least October 2015, Star was aware that its conduct had created a material risk of:

- (a) acting in breach of the NAB Merchant Agreement; and
- (b) being liable to pay material amounts to NAB in contractual liabilities arising from the NAB Merchant Agreement, by reason of the NAB Warranties and the NAB Indemnities.

Particulars

- i. The Plaintiff refers and relies upon paragraphs 126 to 131, 134 and 1(a) above and the particulars subjoined thereto.*
- ii. Further particulars may be provided following discovery and expert evidence.*

G.1.4. ML/TF Risk of CUP Process

137. In the Relevant Period, a substantial amount of funds were transacted using the CUP Process.

Particulars

- i. Between June 2013 and 10 March 2020, approximately \$908 million in funds were accessed by 1,307 customers of Star Sydney using the CUP Process across 8,912 transactions.*
- ii. Between 2017 and 2020, approximately \$55 million in funds were accessed by customers of Star Gold Coast and Treasury Brisbane using the CUP Process across 1,168 transactions.*

138. In the Relevant Period, the Star Group did not have adequate compliance and risk processes and controls in place to effectively identify, assess, monitor and/or mitigate ML/TF Risk in respect of transactions taking place using the CUP Process.

Particulars

- i. In 2013, Mr David Kelley of Star completed an AML/CTF risk assessment for the CUP Process, which rated the ML/TF risk for the CUP Process as 'low' (STA.3401.0007.1049).*
- ii. This risk assessment was deficient, including because:*
 - A. it was minimal in form and content;*
 - B. it lacked detail regarding the manner that transactions would take place and/or the ML typologies to which the Star Group may have been exposed in adopting the process;*
 - C. it failed to articulate the ML/TF Risk controls that were in place and/or necessary;*
 - D. it identified the application of standard AML/CTF reporting as a control, in circumstances where the Star Group formed the view that it was not required to, and it did not, submit IFTIs to AUSTRAC;*
 - E. it failed to address the ML/TF Risk of financial institutions and/or law enforcement agencies being unable to understand the true nature of the transactions processed using the process; and*
 - F. the only risks it identified were risks to the Star Group in the form of 'financial loss due to fines from AUSTRAC' and 'ILGA repercussions'.*
- iii. At no time was a further AML/CTF risk assessment for the CUP Process undertaken following this risk assessment, despite:*
 - A. the CUP Process continuing to be used by the Star Group for a further seven years between 2013 and 2020;*

- B. *the increase in funds transacted using the CUP Process between 2013 and 2020; and*
- C. *the introduction of the Temporary CUP CCF Workaround.*
- iv. *At no time in the Relevant Period did Star undertake source of wealth checks on customers who made transactions using the CUP Process when opening a Front Money account.*
- v. *The Plaintiff refers to the case study considered in Chapter 12 of the Bell Inquiry Report (Volume 1) in respect of Mr Phillip Lee (Lee), and says further that:*
 - A. *between 17 November 2014 and 21 January 2017, Lee used the CUP Process to undertake transactions in excess of \$100 million at Star Sydney, including \$22 million over a three-day period in early April 2015;*
 - B. *the Star Group failed to comply with its Cage Operations SOP insofar as it permitted Lee to conduct transactions using the CUP Process, in circumstances where he was ineligible by reason of being an ordinary resident of New South Wales;*
 - C. *Lee was permitted to use the CUP Process to withdraw non-winnings cheques worth nearly \$32 million;*
 - D. *Lee's use of the CUP Process was not supported by 'rated' (or tracked) gaming play at Star Sydney;*
 - E. *on or around 4 January 2015, Hornsby was made aware that Lee had requested and been issued with a non-winnings cheque for \$2.1 million following his use of the CUP Process to transfer \$9.78 million in funds in the preceding three to four days (STA.3014.0006.2471);*
 - F. *on 4 April 2015, Bekier approved on behalf of Star an increase to the temporary CCF operated by Lee to enable him to transfer \$11.8 million in funds using the CUP Process without considering whether the increase was necessary to support rated play, and solely on the basis that there was no credit risk (T3065.1-27; T3065.29-3066.9);*
 - G. *on 6 April 2015:*
 - I. *Hornsby approved Lee's use of the CUP Process to transfer a further \$11 million in funds, despite being aware that Lee's rated play had been no higher than approximately \$2 million at that time (STA.3014.0006.2591); and*
 - II. *Bekier and Martin approved the limit of Lee's temporary CCF to \$23.3 million (STA.3014.0002.1932) without making any inquiries to satisfy themselves that the funds would be used for gaming (T3068.20-3069.15; T2157.34-46);*

- H. on 11 April 2015, Aloï became aware that:
 - I. Lee had been issued \$5.15 million in winnings cheques despite only winning \$3.48 million in rated play;
 - II. Lee was potentially in possession of approximately \$25.78 million gaming plaques and chips; and
 - III. Lee's conduct was indicative of ML (STA.3014.0006.2604; T871.8-872.5).
- I. on 13 April 2015:
 - I. Star issued a two week ban to three players from using the CUP Process, including Lee; and
 - II. subsequently, Hornsby approved a separate customer's use of the CUP Process to process a \$5 million transaction, despite being suspicious that the customer was acting on the instruction of Lee in order to circumvent the ban (STA.3014.0006.2483; STA.3014.0006.2483);
- J. in or around April 2015, Aloï informed Ms Christine Bletsas (the then-Chief Financial Officer of Star) of the transactions that Lee had undertaken using the CUP Process;
- K. on 8 May 2015, Arnott sent a briefing note regarding Lee's use of the CUP Process to Houlihan and Power, which stated that:
 - I. Lee had been the subject of monitoring by Star's investigations team since he had withdrawn \$22.8 million using the CUP Process in early April 2015;
 - II. Star believed that Lee held approximately \$20 million in gaming plaques; and
 - III. Lee had provided another patron two \$500,000 plaques, who had subsequently cashed in or played using the plaques and then had the funds transferred into an account in her name (STA.3008.0014.0203);
- L. on 26 May 2015, Quayle approved a request by Lee to exchange \$25,000 worth of chips for cash on the basis that Lee was 'a \$20 million player' and he didn't 'want to jeopardise The Star's relationship with him', despite being aware that Hornsby and other cage employees suspected that Lee was attempting to use other persons as proxies to mask the fact that he was attempting to redeem chips that had not been played (STA.3014.0006.2584; T877.30-40); and
- M. Star failed to implement any risk management measures regarding Lee's use of the CUP Process, despite the fact that:

- I. *Power emailed Hawkins and Quayle on 20 April 2016 regarding Lee and the introduction of guidelines for the purposes of making decisions as to whether to permit Lee to draw down further funds from his CUP card (STA.3412.0151.0097);*
 - II. *Power emailed Quayle on 10 May 2016 a proposed draft of guidelines for Lee's use of the CUP Process (STA.3008.008.0070); and*
 - III. *Power presented an advice to Bekier and Martin during a meeting on 11 May 2016 regarding Lee's use of the CUP Process (STA.3009.0009.0058).*
- vi. *Further particulars may be provided following discovery and expert evidence.*

139. By reason of the matters alleged in paragraphs 33 to 37 and 126 to 138 above, there was a real risk that Star's conduct in respect of the CUP Process could have, or did, enable or facilitate ML or TF (**China UnionPay Information**).

Particulars

- i. *The Plaintiff refers to paragraphs 33 to 37 above and says further that:*
 - A. *in providing misleading or deceptive information to NAB and/or China UnionPay about the CUP Process, it could cause them to fail to adequately identify, assess, monitor and/or mitigate ML/TF risk; and*
 - B. *NAB was a reporting entity, provided designated services (each within the meaning of the AML/CTF Act) and was subject to the AML/CTF Obligations in its own right.*
- ii. *Further particulars may be provided following discovery and expert evidence.*

140. In the Relevant Period, the CUP Process was not properly brought to the attention of, or investigated by, Star's Board or the BRCC, for the purposes of identifying, assessing, monitoring and managing any risk of the Star Group failing to comply with its Casino Regulatory Obligations or AML/CTF Obligations.

Particulars

- i. *At no time prior to March 2020 was Star's Board (other than Bekier) made aware of the CUP Process.*
- ii. *Between 12 September 2021 and 1 October 2021, Star's Board was briefed with papers regarding the CUP Process titled 'Project Zurich – Review Paper 3: China Union Pay' (STA.3002.0009.0292) and 'Management response to CUP issue' (STA.3411.0002.1796), which relevantly stated that:*

- A. *the CUP Process did not involve any regulatory contraventions or otherwise breach Australian law;*
 - B. *legal advice had been received in relation to the CUP Process and compliance with the NSW CC Act in 2013;*
 - C. *the CUP Process was a breach of the CUP Card Scheme Rules, of which Star was aware but not directly contractually bound;*
 - D. *ILGA had not been misled about the CUP Process, but rather had been advised about its proposed introduction and had approved an amendment to Star's internal control manual allowing for its use;*
 - E. *NAB initially condoned the CUP Process;*
 - F. *the CUP Process was not adverse to Star's compliance with its AML/CTF obligations;*
 - G. *an AML/CTF risk assessment had been performed on the CUP Process; and*
 - H. *the risk profile of the CUP Process had increased, but Star's management had failed to consider or inform Star's Board about those changes.*
- iii. *Those board papers did not disclose:*
- A. *the Temporary CUP CCF Workaround; or*
 - B. *the matters set out in paragraphs 133 to 135 above and the particular subjoined thereto.*
- iv. *Further particulars may be provided following discovery and expert evidence.*

G.2. Dealings with the Suncity and the lek junket

G.2.1. Background

141. As at the start of the Relevant Period, Suncity Group Holdings Limited (**Suncity**):

- (a) was a publicly listed company on the Hong Kong stock exchange;
- (b) had business operations which included acting as a junket operator; and
- (c) was the operator of the **lek junket**, of which Mr Kit Lon lek (an employee of Suncity) was the Junket Promoter.

142. Mr Cheek Wa Chau (also known as **Alvin Chau**):

- (a) was the founder of Suncity; and
- (b) was the Junket Funder for the lek junket between:

- (i) 2011 and 2016; and
- (ii) 2017 and October 2020.

Particulars

- i. Alvin Chau held the CCF for the lek junket in the dates referred to in sub-paragraph (b) above.*
- ii. The CCF held by Alvin Chau for the lek junket was subject to a limit of:*
 - A. \$50 million, from a date presently unknown to the plaintiff until 16 February 2018; and*
 - B. \$80 million on and from 16 February 2018.*

143. At all times in the Relevant Period, the lek junket was one of the largest junkets (in terms of turnover) with which the Star Group dealt.

Particulars

- i. In FY17, FY18 and FY19, the lek junket turned over approximately \$1.29 billion, \$2.29 billion and \$1.27 billion (respectively) in non-negotiable chips at Star Sydney.*
- ii. Further particulars may be provided following discovery and expert evidence.*

144. By no later than September 2017, Suncity was the Star Group's largest junket customer.

Particulars

- i. The Plaintiff refers to the evidence given by Hawkins during the Bell Inquiry at T2538.11.*

G.2.2. Rebate Agreements, Salon 95 and Salon 82

145. On 30 June 2017, TSPL and Mr lek (in his capacity as the Junket Promoter of the lek junket) entered into an agreement titled 'Win/Loss Rebate & Exclusive Access Agreement' (**2017 Suncity Rebate Agreement**) which:

- (a) required TSPL to provide Mr lek (as Junket Promoter) with exclusive access to a private gaming salon known as **Salon 95**, which was located on the 'Rivers' level of the Darling Hotel at Star Sydney;

- (b) required Mr lek (as Junket Promoter) to meet a minimum 'non-negotiable' turnover of \$50 million per month with Star Sydney, failing which TSPL could withdraw exclusive access to Salon 95; and
- (c) stated that TSPL would retain sole operational and management control of Salon 95, including 'the operation of the Cage'.

Particulars

- i. The 2017 Suncity Rebate Agreement (STA.0006.0002.0405) was in writing and signed by Barton for and on behalf of TSPL.*

146. On 21 June 2018, the 2017 Suncity Rebate Agreement was renewed by way of a further "Win/loss Rebate & Exclusive Access Agreement" entered into between TSPL, TSEQL and Mr lek (as Junket Promoter) (**2018 Suncity Rebate Agreement**).

Particulars

- i. The 2018 Suncity Rebate Agreement (STA.0006.0001.0531) was:*
 - A. in writing and signed by Barton for and on behalf of TSPL and TSEQL; and*
 - B. in substantially the same terms as the 2017 Suncity Rebate Agreement, save that the minimum 'non-negotiable' turnover was increased from \$50 million per month to \$100 million per month.*

147. Between 12 April 2018 and around 1 September 2019, Salon 95:

- (a) operated as a private gambling salon for the lek junket and was exclusively used by Junket Participants;
- (b) was branded with Suncity signage;
- (c) contained Suncity-branded merchandise and accessories, including bottled water, ashtrays and lighters; and
- (d) was staffed by employees of Suncity, who wore Suncity-branded uniforms.

Particulars

- i. As to the date that Salon 95 commenced operating, the Plaintiff refers to and relies upon:*
 - A. the emails exchanged between Mr Saro Mugnaini, (General Manager – VIP International) (**Mugnaini**) and*

Lim on 9 April 2018, in which Lim directed that Salon 95 be open by 12 April 2018; and

B. an email from Ms Leoni Augustus to Arnott on 5 May 2018 regarding CCTV footage from Salon 95 from “14th April – 21st April” and the comment “[t]he earlier days unfortunately we do not have footage for” (STA.3008.0006.4452), which the Plaintiff says infers that Salon 95 was in fact operating for at least two days prior to 14 April 2018.

ii. Further particulars may be provided following discovery.

148. On or around 1 September 2019, Suncity and the Iek Junket:

- (a) ceased using Salon 95; and
- (b) were moved to a private gaming salon known as **Salon 82**, which was located in the ‘Sovereign Lakes VIP area’ of level 17 of The Star Grand at Star Sydney.

149. Between around 1 September 2019 and March 2020, Salon 82:

- (a) operated as a private gambling salon for the Iek junket and was exclusively used by Junket Participants; and
- (b) was branded with Suncity signage.

G.2.3. Salon 95 Service Desk

150. At all relevant times, Salon 95 included a small office intended to operate as a service desk for Junket Participants and staffed by Suncity employees (**Salon 95 Service Desk**).

151. At all relevant times:

- (a) Suncity used the Salon 95 Service Desk as a cage in order to exchange cash for chips and/or chips for cash with Junket Participants and other persons;
- (b) there was a real risk that such conduct could amount to a serious contravention by the Star Group of its Casino Regulatory Obligations, its AML/CTF Obligations and/or the *Unlawful Gambling Act 1998* (NSW); and
- (c) from May 2018, Star was aware of the matters pleaded at sub-paragraphs (a) and (b).

Particulars

i. As to the matters in sub-paragraphs (a) above, and Star’s knowledge of them, the Plaintiff refers to and relies upon:

A. an email from a representative of Suncity to Whytcross on 9 August 2017, which relevantly stated “Please kindly

continue progressing to setup a cage with 2 windows and a service counter with 2 seaters.” (STA.3008.0004.0697);

- B. *by no later than August 2017, Stevens was aware of the matters in sub-paragraph (a);*
- C. *an email from Mr Wallace Liu (Assistant Vice President – VIP International Operations) to Aloï on 12 March 2018, which relevantly stated ‘[a Suncity manager has inquired] what amount of cash limit from patrons can they deposit into Suncity Cage without any AML requirement?’ (STA.3412.0053.6455), which was subsequently forwarded by Aloï to White (STA.3412.0053.6455) and then by White to Power and Stevens (STA.3009.0004.0067);*
- D. *an email from Mugnaini to White on 28 March 2018, which stated that Suncity had ‘asked us to ... see if we allow them to operate as in Crown which is ... Suncity Reps accept cash from their players [and] Suncity makes a deposit to Star Cage each 24 hrs with a breakdown of all transaction copies of ID’s in a list format’ (STA.3412.0019.5757);*
- E. *CCTV footage taken by the Star Group from cameras within Salon 95 on 18 April 2018, which recorded two separate instances of a man collecting a black bag from the balcony, bringing it to the Salon 95 Service Desk, opening it and removing from very large amounts of cash, which was then counted using a money counter and later placed in a drawer within the Salon 95 Service Desk;*
- F. *the fact that by no later than 4 May 2018, Arnott was aware (and had communicated by email to Brodie and Houlihan) that Suncity employees had brought cardboard boxes containing cash from an unknown source to the Salon 95 Service Desk on a number of occasions (STA.3427.0037.5057; STA.3428.0061.3767; INQ.002.004.0241; STA.3428.0061.3767);*
- G. *the fact that by no later than 6 May 2018, Arnott was aware that that the Star Group surveillance staff had identified CCTV footage of a number of other events between 14 April to 21 April 2018 and 1 May to 4 May 2018, where:*
 - I. *bags (and, in one case, a red suitcase) with large sums of cash had been brought into the Salon 95 Service Desk (STA.3008.0006.4452); and*
 - II. *Suncity employees had brought cardboard boxes containing cash from an unknown source to the Salon 95 Service Desk on a number of occasions (STA.3427.0037.5057; STA.3428.0061.3767; INQ.002.004.0241; STA.3428.0061.3767);*
- H. *CCTV footage taken by the Star Group from cameras within Salon 95 on 8 May 2018, which recorded chips or gaming plaques being exchanged for cash at the Salon 95 Service Desk;*

- I. *an email sent on 8 May 2018 by Mr Josh Koon of the Star Group to gaming managers, which relevantly stated that 'In simple terms, [the Salon 95 Service Desk] cannot do 'cash for chips' exchanges or vice versa in the same transaction... Should you see any transactions that are not compliant, please report to your TGM immediately' (STA.3411.0024.7383);*
- J. *emails sent on 8 May 2018 from gaming staff to Mr Hugh Fraser and Mr Chum Mo of the Star Group which relevantly stated that:*
 - I. *'FYI Last night in Salon 95, the guest had finished play and took his chips (unknown amount) to the Suncity desk. The [Suncity] reps then took the chips and gave the guest cash (unknown amount)' (STA.3411.0024.7383); and*
 - II. *'This morning at 09:32 we had similar incident. The guest walked in the Salon 95 and did transaction on the Suncity desk. Soon after this he left the salon. Looks like \$100K plaque has been exchanged for \$100K cash' (STA.3411.0024.7383);*
- K. *emails exchanged between Mugnaini, Lui, Whytcross, Hawkins and Lim between 8 May to 10 May 2018 regarding reported exchanges of chips for cash at the Salon 95 Service Desk (STA.3411.0024.7383; STA.3411.0025.5203);*
- L. *the fact that on 9 May 2018, representatives of the Star Group met with Suncity staff to remind them that transactions involving exchanges of chips for cash at the Salon 95 Service Desk were prohibited;*
- M. *the First Suncity Warning Letter and the Second Suncity Warning Letter (defined in paragraph 152 and 153 below);*
- N. *emails exchanged between Power and Houlihan on 12 May and 14 May 2018 regarding a cash transaction occurring in Salon 95 (STA.3427.0009.2741);*
- O. *a memorandum prepared by Mr Andrew McGregor, (Senior Investigator (until July 2018); Investigations Manager - Financial Crime and Investigations (from July 2018)) (**McGregor**) on or about 16 May 2018 titled 'Operation Money Bags' in respect of investigations concerning cash transactions in Salon 95 (STA.3412.0018.7211), including:*
 - I. *an incident on 12 May 2018, where a person who was not a Junket Participant walked away from the Salon 95 Service Desk with \$45,000 in cash; and*
 - II. *a number of incidents on 15 and 16 May 2018, where substantial sums of cash were brought to the Salon 95 Service Desk in and removed from bags (or, in two instances, suitcases or eskis), counted*

by Suncity staff, bundled and often placed back in the bag it was brought in.

- ii. *As to the matters in sub-paragraph (b), the Plaintiff:*
 - A. *refers to and repeats paragraph 166 below and the particulars subjoined thereto;*
 - B. *says that the Salon 95 Service Desk was functionally operating as a cage or cashier's desk;*
 - C. *says that there was a real risk that Star contravened ss 12, 31 and 32 of the Unlawful Gambling Act 1998 (NSW) by reason of the exception to unlawful gambling by reason of the Star Sydney Casino Licence not applying to Salon 95;*
 - D. *says that the operation of the Salon 95 Service Desk was contrary to:*
 - I. *ICM 5 – Casino Cage Operations (STA.3412.0019.7695) and/or ICM 11 – Casino Cage Operations (STA.3001.0001.1277); and*
 - II. *the terms of the Star Sydney Casino Licence, by reason of s 124(2) of the NSW CC Act;*
 - E. *says that Star was required, and failed, to consent to any transactions at the Salon 95 Service Desk involving an exchange or redemption of chips, in accordance with s 70(1)(c) of the NSW CC Act.*
- iii. *As to Star's knowledge of the matters in sub-paragraphs (b), the Plaintiff refers to and relies upon:*
 - A. *the Salon 95 AML/CTF risk assessment completed by Arnott and approved by McWilliams on 27 April 2018, which relevantly identified 'the accidental provision of a designated service by Sun City without appropriate AUSTRAC registration or structures in place' and 'that operations of the casino could be (or be perceived to be) conducted by a person other than the casino operator which is prohibited under the Casino Control Act' as risks relating to the operation of the Salon 95 Service Desk (STA.3419.0003.6802);*
 - B. *the meeting on 11 May 2018 between Power, Hawkins, McWilliams and Brodie to discuss the Salon 95 Service Desk and whether the Star Group was complying with its AML/CTF Obligations and its Casino Regulatory Obligations (STA.3412.0004.6632);*
 - C. *an email on 14 May 2018 from McGregor to Power and Houlihan, which relevantly stated 'Today's activities with SunCity have been very strange, we have an entity within our four walls which is totally non-compliant to reasonable requests for basic information. I'm going to call it out early, SunCity is operating a business model under our noses which is problematic for the SEG with regards to AML/CTF Laws' (STA.3427.0018.3096); and*

D. *an email on 15 May 2018 from Power to Hawkins, which relevantly stated that the lek junket's conduct in Salon 95 had 'exposed The Star to an unacceptable level of risk and constitutes a breach of ... applicable laws or otherwise amounts to casino operations' (STA.3411.0010.3560), which Hawkins forwarded to Bekier on 16 May 2018 (STA.3411.0010.3560).*

iv. *Further particulars may be provided following discovery and expert evidence.*

152. On 10 May 2018, the Star Group sent a letter to Mr lek regarding restrictions on the operation of the Salon 95 Service Desk (**First Suncity Warning Letter**), which relevantly stated that:

- (a) the Salon 95 Service Desk 'must not operate a cash float';
- (b) any cash received at the Salon 95 Service Desk was to be deposited at, and any payments made to Junket Participant was to be drawn from, a cage operated by TSPL;
- (c) transactions for exchange of cash for chips (or vice versa) were not to take place at the Salon 95 Service Desk; and
- (d) the Salon 95 Service Desk was for the exclusive use of Junket Participants of the lek junket.

Particulars

i. *The First Suncity Warning Letter was in writing (STA.3411.0025.5205) and signed by Hawkins for and on behalf of the Star Group.*

153. On 8 June 2018, the Star Group sent a further letter to Mr lek regarding the operation of the Salon 95 Service Desk (**Second Suncity Warning Letter**), which relevantly stated that:

- (a) there had been 'further noncompliance' in Salon 95;
- (b) on 23 May 2018, Mugnaini provided Suncity Junket Representatives with written processes to be complied with in Salon 95 and across Star Sydney;
- (c) on 29 May 2018, certain unspecified material aspects of those processes were not followed;
- (d) the Star Group viewed that matter very seriously; and
- (e) any further breaches would result in the Star Group terminating the use of the Salon 95 Service Desk, and may result in a review of the lek junket's access to Salon 95.

Particulars

- i. *The First Suncity Warning Letter was in writing (STA.3008.0004.0199) and was signed by Hawkins for and on behalf of the Star Group.*

G.2.4. Suncity's links to organised crime

154. By no later than 28 November 2018, Star was aware that:

- (a) New South Wales Police had conducted an investigation into several people associated with Suncity and Salon 95; and
- (b) The outcome of that investigation was that a list of people would be subject to an exclusion order under s 81 of the *NSW CC Act*, including a Suncity Junket Representative and other Suncity employees.

Particulars

- i. *On 28 November 2018, McGregor provided a memorandum to Houlihan titled 'Salon 95/Sun City & Related matters' which disclosed the matters referred to in the above paragraph (STA.3008.0004.0617).*
- ii. *Further particulars may be provided following discovery.*

155. On or about April 2018, the Hong Kong Jockey Club (**HKJC**) prepared a due diligence report concerning Suncity (**HKJC Report**).

Particulars

- i. *The HKJC Report in writing and accompanied by a memorandum from the HKJC Director of Security and Integrity (STA.3427.0037.3870; STA.3427.0037.3882; STA.3427.0037.3896; STA.3427.0037.3910).*
- ii. *The stated purpose of the HKJC Report was to 'provide both an update and overview of Suncity Group's business operations, key personalities and links to organised crime both in Hong Kong and overseas'.*
- iii. *Buchanan was a participating author of the HKJC Report.*

156. The HKJC Report relevantly stated that:

- (a) the HKJC had:
 - (i) monitored Suncity since 2012; and
 - (ii) excluded a number of Suncity associates from its membership in that time;

- (b) Suncity 'clearly involve[d]' a number of criminal enterprises;
- (c) triad societies:
 - (i) were sophisticated criminal networks that facilitated (and benefitted from) the proceeds of crime; and
 - (ii) typically operated in businesses that generated large volumes of cash for a number of reasons, primarily to engage in ML of proceeds of crime;
- (d) the main principals and key personalities of Suncity demonstrated numerous links to triad societies and organised crime figures, including:
 - (i) Alvin Chau, who was suspected to:
 - (A) be a member of the Macau faction of the 14K triad society;
 - (B) be a follower of former 14K leader Wan Kuok Koi (known as Broken Tooth Koi);
 - (C) have associations with Cheung Chi Tai, Lin Cheuk Chiu and Herbert Liu Kee Chan, all of whom are known to have triad related associations;
 - (D) be the representative at the Grand Neptune VIP Club for Cheung Chi Tai, who was reported to be a leader of the Wo Hop To triad society and an investor in the Neptune Group; and
 - (E) have been the recipient of an estimated US\$18 million obtained from a cyber-attack against the Federal Reserve Bank of New York, which resulted in US\$101 million being stolen from the accounts of the Bangladesh Bank;
 - (ii) Cheng Ting Kong, who:
 - (A) was the Chairman and Executive Director of Sun International Resources Ltd);
 - (B) was suspected to be a member of the 14K triad society in Hong Kong;
 - (C) was reported to be a follower of 14K triad member Li Wai Ki (known as 'Ko Lo Ki', who was serving a prison sentence in Dongguan City);
 - (D) intelligence suggested was involved in a number of criminal activities, including ML and illegal bookmaking in Shilong City and Dongguan City, which was allegedly managed by a local triad member known as 'Lo Keung';

- (E) was reported to hold an interest in triad-controlled casino vessels through 14K triad member, Shing Sai Wing (known as 'Dau Fi Wing'), whom Cheng was reported to have provided financial support; and
 - (F) reliable intelligence indicated was an Australian law enforcement person of interest, due to ML and drug trafficking activity, which he reportedly orchestrated from Hong Kong;
- (e) Suncity's controlling entities, Alvin Chau and Cheng Ting Kong, were assessed to pose tangible criminal and reputational risks to the HKJC and racing integrity in Hong Kong, in the event that they, or their associates, became members of the HKJC or horse owners; and
 - (f) it was recommended that Suncity be monitored in order to identify and exclude any of its associates from membership, horse ownership and race sponsorship.

157. By no later than 12 June 2019, Star was aware of the contents of the HKJC Report.

Particulars

- i. On 12 June 2019, Buchanan sent a copy of the HKJC Report by email to Martin, White and Houlihan (STA.3427.0037.3869; STA.3427.0037.3870; STA.3427.0037.3882; STA.3427.0037.3896; STA.3427.0037.3910) and the Plaintiff refers to the evidence to the Bell Inquiry by Martin (T2237.20-24); White (T1756.40-1757.8), Houlihan (T1157.30-1159.10).*
- ii. In 2019, Arnott had received a hard copy version of the HKJC Report and read it carefully at or around that time (T1459.10-14; T1459.40-47).*
- iii. Further particulars may be provided following discovery.*

158. By no later than 22 July 2019, Star was aware that the New South Wales Police Commissioner had decided to exclude six individuals associated with Suncity from Star Sydney.

Particulars

- i. On 22 July 2019, the matters referred to in the above paragraph were notified to Hawkins and Martin by Brodie (STA.3427.0037.3741).*
- ii. Further particulars may be provided following discovery.*

G.2.5. Misleading representations made to ILGA

159. Between October and November 2017, the Star Group made representations to ILGA regarding the purpose of and services intended to be provided at the Salon 95 Service Desk, including that:

- (a) the purpose of the Salon 95 Service Desk was to create a 'more customer friendly environment'; and
- (b) the Salon 95 Service Desk would be used to issue Junket Participants with non-negotiable gaming chips issued to the Junket Organiser,

(ILGA Salon 95 Service Desk Representations).

Particulars

- i. The ILGA Salon 95 Service Desk Representations were made to ILGA in:*
 - A. a submission to vary the terms of the Casino Operations Agreement Lease, which was prepared by Stevens and sent by email on 12 October 2017 (STA.3417.0078.6717); and*
 - B. telephone call(s) and emails exchanged between Stevens and L&GNSW on 21 November 2017 (STA.3418.0014.8070).*
- ii. Further particulars may be provided following discovery.*

160. The ILGA Salon 95 Service Desk Representations:

- (a) did not disclose, and were misleading in a material respect insofar as they concealed that:
 - (i) it was intended that cash would be exchanged for chips (and vice versa) by customers at the Salon 95 Service Desk; and
 - (i) the Salon 95 Service Desk would operate as a cage staffed by persons who were not employees of the Star Group;
- (b) were made by the Star Group with the purpose of misleading ILGA as to the true purpose of, and services intended to be provided at, the Salon 95 Service Desk.

Particulars

- i. In the communications described in the particulars to paragraph 159, the Star Group:*

- A. *initially stated that the purpose of installation works for the Salon 95 Service Desk was to allow for 'better service' to Junket Participants by Junket Organisers;*
- B. *when asked to clarify what was meant by 'better services':*
 - I. *stated that the Salon 95 Service Desk would be used by Junket Organisers to provide and receive non-negotiable chips (or rebate chips) to Junket Participants, as well as receiving requests for food, airfares, accommodation and tours from Junket Participants; and*
 - II. *stated that it was the Junket Organisers (and not the Junket Participants) who would 'buy in' for and on behalf of the junket and draw down on funds.*

ii. *Further particulars may be provided following discovery.*

161. Between July and September 2019, the Star Group made representations to ILGA regarding its ongoing association with and risk assessment practices concerning junkets, Junket Organisers and Junket Participants, including that:

- (a) it was comfortable that its processes in respect of detecting criminal activity of key business partners were robust;
- (b) Suncity was not a Junket Operator with the Star Group, but that it did have a relationship with Mr lek; and
- (c) Alvin Chau was not a Junket Promoter or a Junket Representative, but that he did hold a CCF used to fund Mr lek's junkets,

(ILGA Junket Representations).

Particulars

- i. *The ILGA Junket Representations were made to ILGA in:*
 - A. *an email from Power to ILGA on 31 July 2019 (STA.3008.0004.0667) in response to a letter from ILGA dated 29 July 2019 (STA.5002.0005.2241) concerning the suitability and conduct of some junkets and their Junket Organisers, following publication of the 2019 60 Minutes Report; and*
 - B. *a letter from the Star Group (signed by Power) dated 10 September 2019 (STA.5002.0005.2241) in response to a letter from a further letter from ILGA dated 8 August 2019 (STA.3002.0009.0298).*
- ii. *Further particulars may be provided following discovery.*

162. The ILGA Junket Representations:

- (a) did not disclose, and were misleading in a material respect insofar as they concealed:
- (i) that Salon 95 and Salon 82 were each marketed as Suncity gaming salons, as alleged in paragraphs 147 and 149 above;
 - (ii) that the Salon 95 Service Desk had operated as a cage staffed by Suncity employees and allowed customers to exchange cash for chips (and vice versa), as alleged in paragraph 151 above;
 - (iii) the fact that the manner in which the Salon 95 Service Desk had operated had caused the Star Group to issue the First Suncity Warning Letter and the Second Suncity Warning Letter, as alleged in paragraphs 152 and 153 above; and
 - (iv) the fact that New South Wales Police had investigated and excluded from Star Sydney several individuals associated with Suncity, as alleged in paragraphs 154 and iii above;
- (b) were made by the Star Group with the purpose of misleading ILGA as to its ongoing association with and risk assessment practices concerning junkets, Junket Organisers and Junket Participants.

Particulars

- i. In the communication described in the particular (i)(A) to paragraph 161, the Star Group did not disclose the matters alleged above, despite the communication specifically asking the Star Group to:

 - A. detail the steps it took to ensure that only Junket Organisers operated junkets in Star Casino Properties; and*
 - B. review current associations or arrangements with junket operators or related individuals to ensure the suitability of any existing relationships.**
- ii. In the communication described in the particular (i)(B) to paragraph 161, the Star Group did not disclose the matters alleged above, despite the communication specifically asking the Star Group to respond to several queries raised in respect of Suncity and Alvin Chau.*
- iii. Further particulars may be provided following discovery.*

163. At no time in the Relevant Period did the Star Group withdraw or correct the ILGA Salon 95 Service Desk Representations or the ILGA Junket Representations.
164. In making the ILGA Salon 95 Service Desk Representations and the ILGA Junket Representations, the Star Group caused TSPL to breach the ILGA Information Warranty.

G.2.6. ML/TF Risk of Suncity and the lek junket

165. In the Relevant Period, a substantial amount of cash was transacted in Salon 95 and/or Salon 82.

Particulars

- i. The Plaintiff:*
 - A. refers to and repeats paragraph 151 and the particulars subjoined thereto; and*
 - B. says further that it can be inferred from the lek junket's total turnover in the Relevant Period, as set out in the particulars subjoined to paragraph 143 above, that that a substantial amount of cash was transacted at Salon 95 and/or Salon 82.*

166. In the Relevant Period,

- (a) the Star Group did not have adequate compliance and risk processes and controls in place to effectively identify, assess, monitor and/or mitigate ML/TF Risk in respect of transactions taking place in Salon 95 and/or Salon 82, including because:
 - (i) Salon 95 commenced operating prior to any AML/CTF risk assessment being conducted;
 - (ii) the controls identified the AML/CTF risk assessment that was eventually conducted in respect of Salon 95:
 - (A) were deficient; and
 - (B) in any event, were not adequately implemented or operated;
 - (iii) Star did not adequately implement or operate the applicable customer identification procedure, transaction monitoring program and/or ECDD program in the Star AML/CTF Program;
- (b) Star was aware of the matters pleaded in sub-paragraph (a) above.

Particulars

- i. As to the matters alleged in sub-paragraph (a)(i):*
 - A. in early April, Brodie requested that Arnott perform an AML/CTF risk assessment in respect of Salon 95 (**Salon 95 AML/CTF Risk Assessment**);*

- B. *the Salon 95 AML/CTF Risk Assessment was completed by Arnott and approved by McWilliams on 27 April 2018 (STA.3419.0003.6802); and*
 - C. *between 12 April and 27 April 2018, Salon 95 operated without the Salon 95 AML/CTF Risk Assessment having been completed.*
- ii. *As to the matters alleged in sub-paragraph (a)(ii):*
- A. *the Salon 95 AML/CTF Risk Assessment identified the following risks to the Star Group complying with its Casino Regulatory Obligations and its AML/CTF Obligations in respect of the operation of Salon 95:*
 - I. *the accidental unlawful provision by Suncity of a designated service under the AML/CTF Act;*
 - II. *that the operation of Star Sydney could be (or be perceived to be) being unlawfully conducted by a person other than the Star Group through TSPL; and*
 - III. *the operation of 'super junkets', where unrelated parties to the junket were added and removed from a Junket Agreement as Junket Participants;*
 - B. *the Salon 95 AML/CTF Risk Assessment proposed controls for the operation of Salon 95 to mitigate the risks identified, which relevantly included:*
 - I. *not retaining any cash accepted from, or providing any cash to, players at the Salon 95 Service Desk;*
 - II. *depositing any cash received from Junket Participants into the Front Money account for Suncity (or exchanging it for a chip purchase voucher) at a cage operated by TSPL as soon as practicable after it has been received;*
 - III. *not exchanging cash for chips from customers in the same transaction; and*
 - IV. *not providing chips to players that had been received at a cage operated by TSPL (or as a result of drawing down on a CCF);*
 - C. *on 23 May 2018, the Star Group finalised a standard operating protocol for Salon 95 Service Desk (**Salon 95 Service Desk SOP**) (STA.3415.0033.0872);*
 - D. *the controls and procedures identified by the Salon 95 AML/CTF Risk Assessment and/or the Salon 95 Service Desk SOP were deficient as:*
 - I. *they did not prevent cash from being accepted from Junket Participants or paid to by junket staff at the Salon 95 Service Desk, but in fact expressly contemplated that this would occur;*

- II. *they did not prevent the risk of Suncity performing (accidentally or otherwise) a designated service under the AML/CTF Act; and*
 - III. *they did not prevent the risk of 'super junkets' operating;*
- E. *at all material times, Salon 95 did not operate consistently with the controls identified by the Salon 95 AML/CTF Risk Assessment and/or the Salon 95 Service Desk SOP, including because:*
- I. *between 12 April and 23 May 2018, Salon 95 operated without the Salon 95 Service Desk SOP having been completed;*
 - II. *by no later than 7 May 2018, Brodie and Arnott were aware that Suncity had provided cash at the Salon 95 Service Desk to a person only presently known to the Plaintiff as 'LIU', who had not been a Junket Participant at Star Sydney and had no known connection to Suncity (STA.3008.0006.4461);*
 - III. *by no later than 18 June 2018, McGregor, Power and Houlihan were each aware that the CCTV surveillance in Salon 95 was deficient insofar as a 'blind spot' existed on the balcony which was knowingly used by Suncity staff to avoid detection while in possession of bags containing large sums of cash (STA.3412.0001.3771); and*
 - IV. *of the matters referred to in paragraph 151 and the particulars subjoined thereto;*
- iii. *As to the matters alleged in sub-paragraph (a)(iii):*
- A. *until March 2020, the Star Group had failed to identify that Alvin Chau had been deemed as a PEP since 2013, despite that information being publicly available and ascertainable from Google and World Check since that time; and*
 - B. *as at November 2020:*
 - I. *despite suspicious ML activity occurring on and from Salon 95 commencing operations:*
 - 1. *no additional ECDD had been conducted on Alvin Chau, Mr lek or any Suncity Junket Representatives; and*
 - 2. *the 'AML risk ratings' for Alvin Chau and Mr lek had not been altered;*
 - II. *the Star Group's existing ECDD methodology did not take account of the fact that the majority of Junket Promoters, Junket Representatives, Junket Funders and Junket Participants with whom the*

Star Group dealt came from China, Hong Kong and Macau;

III. the Star Group did not utilise Chinese language databases as part of its ECDD processes; and

*IV. there was no entry in the **Protecht** system (which was used by the Star Group as its AML/CTF database and risk register), made reference to the fact that the First Suncity Warning Letter and the Second Suncity Warning Letter had been sent to Suncity.*

iv. As to the matters alleged in sub-paragraphs (b):

A. the Plaintiff refers to particulars (i)–(ii) above and says that Star Officers had actual knowledge of the matters in referred to in sub-paragraphs (a)(i) and (a)(ii); and

B. Star knew or ought to have known the matters referred to in sub-paragraph (a)(iii) by reason of the fact that the Salon 95 Service Desk was operating as a cage staffed by Suncity employees (and not Star Group employees) and did not operate in accordance with the Star AML/CTF Program.

v. The Plaintiff refers to and repeats paragraph 151 and the particulars subjoined thereto.

vi. Further particulars may be provided following discovery and expert evidence.

167. In the Relevant Period, the risk assessments and/or reviews performed by the Star Group into Salon 95, 82 and/or its relationship with Suncity, the lek junket and/or Alvin Chau were deficient.

Particulars

i. Between March 2019 and May 2019, Stevens performed a review into Suncity's adherence to the agreed procedures for the operation of the Salon 95 Service Desk, which was completed on 23 May 2019 (STA.3009.0004.0005).

ii. Stevens' report concluded that:

A. there was no evidence of practices resembling those alleged in sub-paragraph 151(a) above continuing;

B. the Star Group had an effective level of oversight of the operation Salon 95; and

C. an overall rating of 'Satisfactory' was appropriate.

iii. The conclusion in the Stevens' report was reached despite:

A. the fact that Stevens requested, but did not receive, copies of logs required to be maintained by Suncity

- employees in accordance with the Salon 95 Service Desk SOP; and
- B. CCTV footage taken by the Star Group from cameras within Salon 95 on 8, 20 and 22 May 2019, which recorded:
- I. money being stored in a computer cupboard and in envelopes at the Salon 95 Service Desk; and
 - II. envelopes appearing to be full of money being provided by Suncity employees to other persons.
- iv. The Stevens' report was not withdrawn or corrected despite:
- A. CCTV footage taken by the Star Group from cameras within Salon 95 on 25, 30 and 31 May 2019, which recorded similar events to those referred to in particular (iii)(B) above; and
 - B. a memorandum by McGregor dated 5 June 2019 regarding events in May 2019 concluding that:
 - I. Suncity associates continued to bring cash into Salon 95 in a concealed manner that had 'thwarted' surveillance staff's efforts to track its source and arrival time; and
 - II. the Salon 95 balcony was being used a storage area for luggage, which had been indicative of covert cash movements in the past.
- v. Between April 2018 and October 2020, no updated risk assessment was performed by Star in respect of its relationship with Suncity and Alvin Chau, despite Arnott being instructed to perform one in or around August 2019.
- vi. On 2 September 2020, Buchanan was instructed by Houlihan to provide an updated due diligence assessment of Alvin Chau.
- vii. On 1 October 2020, Buchanan completed a due diligence report titled 'Updated Assessment – Alvin Chau Cheok Wa (Suncity Group Ltd)' (**Buchanan Memorandum**) (STA.3002.0005.0001), which relevantly:
- A. stated that Alvin Chau was assessed to be a member of the 14K triad group in his youth, although contemporary information suggested that he was no longer an active member;
 - B. stated that Alvin Chau and/or his subordinates were suspected of retaining close links with triad entities who assisted with certain aspects of his VIP junket business, including collection of gaming debts in China;
 - C. stated that in respect of the 2018 Suncity Rebate Agreement:

- I. *the Star Group's decision to enter into a further agreement with Suncity was questionable from a probity standpoint;*
 - II. *it was surprising that an official audit or review of Suncity's operations did not take place in light of the serious nature of Suncity's non-compliant behaviour; and*
 - III. *the risk mitigation measures undertaken by the Star Group were minimal, somewhat weak and not proportionate to the risk, given Suncity's continued non-compliance;*
- D. *recommended that the Star Group undertake a holistic review as to the appropriateness of continuing to maintain a business relationship Alvin Chau and/or Suncity;*
- E. *stated that given the widespread media coverage of allegations concerning Alvin Chau and/or Suncity and subsequent negative commentary pertaining to Alvin Chau during the Bergin Inquiry, any decision by the Star Group to continue to engage with Alvin Chau may be construed as the Star Group being willing to 'turn a blind eye' to his triad antecedents and purported links to organised crime; and*
- F. *attached a detailed chronology in respect of the Star Group's relationship with Suncity between 2011 and September 2019, including previous incidents in respect of Salon 95 and the Salon 95 Service Desk (STA.3002.0005.0015) (**Buchanan Chronology**).*
- viii. *Between October 2020 and January 2021, Buchanan produced three further versions of the Buchanan Memorandum (STA.3002.0005.0001; STA.3009.0003.0493; STA.3412.0054.3083) after receiving feedback from Power and Houlihan on the initial draft, which was sanitised to remove many (if not most) of the criticisms in respect of the Star Group's processes for assessing the ML/TF Risk of, and dealing with, Suncity, Alvin Chau and Salon 95, including:*
- A. *replacing the recommendation to undertake a holistic review with reasons for and against the Star Group continuing its relationship with Suncity; and*
 - B. *removing the Buchanan Chronology as an annexure.*
- ix. *The Star Group continued to assess a maintained relationship with Alvin Chau as appropriate until 14 December 2021, despite:*
- A. *publication of the 2021 Star Channel 9 Reports (as defined in paragraph 206 below); and*
 - B. *publication of media reports stating that Alvin Chau had been arrested in November 2021 on suspicion of operating a cross-border criminal gambling syndicate and facilitating cross-border capital transfers.*

- x. *The Plaintiff otherwise refers to and repeats paragraph 166 and the particulars subjoined thereto.*
- xi. *Further particulars may be provided following discovery and expert evidence.*

168. In the Relevant Period, the Star Group did not undertake adequate monitoring of transactions occurring in Salon 95 and/or Salon 82 for the purpose of complying with its AML/CTF Obligations.

Particulars

- i. *The Plaintiff refers to and repeats paragraphs 151 and 166 and the particulars subjoined thereto.*
- ii. *Further particulars may be provided following discovery and expert evidence.*

169. By reason of the matters alleged in paragraphs 33 to 37 and 141 to 168 above, there was a real risk that Star's conduct in respect of:

- (a) the operation of Salon 95 and/or Salon 82; and/or
 - (b) the Star Group's relationship with Suncity and/or the Iek junket,
- could have, or did, enable or facilitate ML or TF (**Suncity Information**).

170. In the Relevant Period:

- (a) the manner in which Salon 95 and/or Salon 82 were operating; and/or
- (b) the Star Group's relationship with Suncity and/or the Iek junket,

was not properly brought to the attention of, or investigated by, Star's Board or the BRCC, for the purposes of identifying, assessing, monitoring and managing any risk of the Star Group failing to comply with its Casino Regulatory Obligations or AML/CTF Obligations.

Particulars

- i. *On 26 July 2018, a meeting of Star's Board took place at which a report titled 'Managing Director & CEO Report – May 2018' (STA.5002.0004.1047) was taken to be read.*
- ii. *That board report stated, in respect of Salon 95, that:*
 - A. *concerns had emerged around certain activities undertaken at the Salon 95 Service Desk;*

- B. *functions at the Salon 95 Service Desk were presently limited, pending the roll out of detailed processes for the junket representatives; and*
 - C. *it was expected that training would be completed by 8 June 2018, and that regular ongoing compliance monitoring following resumption of services at Salon 95 Service Desk would occur.*
- iii. *That board report did not disclose:*
- A. *that the concerns were in respect of conduct by Suncity and/or the lek junket;*
 - B. *that there had been a significant number of cash transactions in Salon 95, including exchanges of cash for chips (and vice versa); and/or*
 - C. *that such conduct could amount to the Star Group engaging in serious contraventions of its AML/CTF Obligations and/or its Casino Regulatory Obligations, and in that respect the Plaintiff refers to and repeats paragraph 151 and the particulars subjoined thereto.*
- iv. *On 15 August 2019, a meeting of Star's Board took place at which a board paper was tabled concerning the allegations made in the 2019 60 Minutes Report (STA.5002.0005.1428).*
- v. *That board report stated that:*
- A. *all persons against whom allegations were made were the subject of a risk rating review by Star for the purpose of the Star AML/CTF Program;*
 - B. *Star had identified action areas as part of a risk mitigation plan associated with recent amendments to the Star AML/CTF Program, which included enhanced procedures for reviewing and approving new Junket Operators/Junket Representatives and an updated AML/CTF risk assessment of Suncity;*
 - C. *Star had detailed cease to trade policies incorporated within the Star AML/CTF Program, which resulted in Star considering banning people on a monthly basis; and*
 - D. *Star's approval process for Junket Operators included criminal history and other background checks.*
- vi. *That board report did not disclose:*
- A. *the use of the Salon 95 Service Desk as a cage by Suncity, the multiple incidents of concerning cash transactions in Salon 95 until at least in or around June 2019 and/or the fact that such conduct created a real risk of Star having seriously contravened its obligations as a casino operator, as alleged in paragraph 151 above;*
 - B. *the fact that Suncity's conduct was contrary to directions and controls that had been given by Star, including by way of the First Suncity Warning Letter or the Second Suncity*

Warning Letter, as alleged in paragraphs 151 to 153 above and the particulars subjoined thereto;

- C. the existence of the HKJC Report, despite it being in the possession of several Star Officers, as alleged in paragraph 157 above;*
 - D. the fact that the HKJC Report contained serious adverse information about Alvin Chau and Suncity, as alleged in paragraph 156 above;*
 - E. that fact that the AFP had confirmed that Suncity and Alvin Chau were of continuing interest to it during a meeting with Houlihan and Buchanan in Hong Kong in July 2019;*
 - F. the fact that the NSW Commissioner had excluded six people associated with Suncity from the casino in July 2019, as alleged in paragraph iii above;*
 - G. the fact that the Star Group had misled ILGA in making the ILGA Salon 95 Service Desk Representations, as alleged in paragraphs 159 and 160 above;*
 - H. the absence of adequate AML/CTF compliance and risk processes and controls in respect of transactions taking place in Salon 95 and/or Salon 82, as alleged in paragraph 166; or*
 - I. the deficiencies in Star's AML/CTF risk assessments and/or reviews in respect of Salon 95, 82 and/or its relationship with Suncity, the lek junket and/or Alvin Chau were deficient, as alleged in paragraph 167, including the fact that Star had failed to prepare an updated risk assessment of Suncity and/ or Alvin Chau following the 2019 60 Minutes Report.*
- vii. On 24 September 2019, Arnott provided a report to the BRCC titled 'Anti-Money Laundering/Counter Terrorism Financing Program Update' (STA.5003.0004.1529; STA.5003.0004.0784), which stated that Star had 'reviewed the junket operators and customers referred in [2019 60 Minutes Report] for relevance' and that '[a]ction [had] been taken where necessary to manage risk associated with individual customers.'*
- viii. The AML/CTF program update failed to disclose that:*
- A. Arnott believed at that time that the transactions that had taken place in Salon 95 were indicative of ML (T1600.40-43); and*
 - B. Star continued to maintain a relationship with Suncity, including through its exclusive use of Salon 82.*
- ix. Further particulars may be provided following discovery.*

G.3. Dealings with junkets and high value customers

171. In the Relevant Period, Star continued to associate with certain high value customers, Junket Organisers, Junket Participants and/or Junket Funders, despite:

- (a) being aware of credible information, including from Australian intelligence and/or law enforcement agencies, that those persons:
 - (i) were associated with and/or implicated in criminal activity; and
 - (ii) were not of good repute, having regard to their character, honesty or integrity, including because of undesirable or unsatisfactory financial sources;
- (b) those persons otherwise being of high ML/TF Risk, including because of unknown source of wealth and/or source of funds.

Particulars

- i. The Plaintiff:*
 - A. refers to the allegations made in the 2021 Channel 9 Reports (referred to at paragraph 206 below) and the case studies considered in Chapter 21 of the Bell Inquiry Report (Volume 3);*
 - B. says that, prior to discovery, the high value customers included Lee, Mende Trajkoski, John Khoury, James Mussillon, Simon Pan, Tom Zhou, Huangmo Xiangmo and Zu Neng (Scott) Shi;*
 - C. refers to and repeats paragraphs 39, 76, 92, 154 to iii and 167 above and the particulars subjoined thereto; and*
 - D. says further that Star would not cease to deal with a person alleged to have been associated with and/or implicated in criminal activity unless it could be substantiated by a 'charge' or 'definitive evidence'.*
- ii. Further particulars may be provided after discovery and expert evidence.*

172. In the Relevant Period, Star failed to, alternatively did not adequately, conduct its operations in accordance with ICMs approved by ILGA and/or the OLGR in respect of junkets and certain high value customers.

Particulars

- i. The Plaintiff refers to and repeats paragraph 151(b) and the particulars subjoined thereto.*
- ii. Star's approved ICMs (including 'ICM 8: Rebate Play') required it to use the 'World-Check' database to conduct due diligence for*

the purpose of identifying, assessing, monitoring and/or mitigating its ML/TF Risk.

- iii. Approximately 65% of the information on the 'World-Check' database is data derived from unofficial sources (primarily media reports, including 'negative media' containing allegations or suspected illegal conduct). The remaining 35% of data is derived from official sources (including verified criminal convictions).*
- iv. The Plaintiff refers to and repeats paragraph 171 and the particulars subjoined thereto and says that Star failed to properly use the 'World-Check' database for identifying, assessing, monitoring and/or mitigating ML/TF Risk.*
- v. Further particulars may be provided after discovery.*

173. In the Relevant Period, Star relied on Australian government agencies (including Australian Border Force and its predecessors) to ascertain whether its International VIP Business customers (including Junket Operators, Junket Representatives, Junket Funders and/or Junket Participants) were of a suitable character to be granted a visa to enter Australia, rather than undertaking adequate due diligence of its own.

Particulars

- i. The Plaintiff refers to and repeats paragraph 92(b) above.*
- ii. On 14 July 2017, AUSTRAC published an information report entitled 'Casino junkets campaign', which noted (pp 6-7) that casino operators "placed a heavily reliance on the probity undertaken by [the Department of Immigration and Border Protection] when granting junket participants their visas" and such reliance was "unlikely to be sufficient to effectively identify high risk junket participants" and "constitute[d] an ML/TF vulnerability".*
- iii. Further particulars may be provided after discovery and expert evidence.*

174. In the Relevant Period, Star failed to, alternatively did not adequately, identify, assess, monitor and/or mitigate the level of ML/TF Risk associated with certain high value customers, Junket Organisers, Junket Participants and/or Junket Funders.

Particulars

- i. The Plaintiff refers to and repeats paragraphs 171 to 173 above and the particulars subjoined thereto.*
- ii. Further particulars may be provided following discovery and expert evidence.*

175. By reason of the matters alleged in paragraphs 33 to 37 and 171 to 174 above, there was a real risk that Star's conduct could have, or did, enable or facilitate ML or TF (**Junket and High Value Customer Information**).
176. In the Relevant Period, the ML/TF Risk that existed, and Star's conduct, in respect of junkets and certain high value customers, was not properly brought to the attention of, or investigated by, Star's Board or the BRCC, for the purposes of identifying, assessing, monitoring and managing any risk of the Star Group failing to comply with its Casino Regulatory Obligations or AML/CTF Obligations.

Particulars

- i. The Plaintiff refers to and repeats paragraphs 171 to 174 above and the particulars subjoined thereto.*
- ii. Further particulars may be provided following discovery and expert evidence.*

G.4. Use of overseas payment channels

G.4.1. Bank of China – Macau

177. Between 22 November 2013 and 31 December 2017, the Star Group maintained Star Customer Bank Accounts with the Bank of China – Macau branch (**BOC Macau**) for the purpose of accepting cash deposits from customers to:
- (a) repay a CCF established by Star Casino Entities; and/or
 - (b) advance Front Money to Star Casino Entities,
- (**Star BOC Macau Bank Accounts**).

Particulars

- i. So much as the Plaintiff can say prior to discovery, the Star BOC Macau Bank Accounts included:
 - A. two foreign currency (HKD and multi-currency) accounts opened on 22 November 2013;*
 - B. two accounts opened on 27 February 2015; and*
 - C. an account opened on 23 June 2016.**
- ii. On 25 January 2018, the Star BOC Macau Bank Accounts were closed by the Bank of China (**BOC**) for compliance reasons.*
- iii. Further particulars may be provided following discovery.*

178. Between 2013 and 31 December 2017, the Star Group adopted a practice whereby it caused certain cash deposits by patrons into the Star BOC Macau Bank Accounts to be accompanied by documentation created by the Star Group, which:

- (a) falsely identified the source of those funds; and
- (b) was intended to be relied upon by, and mislead, BOC Macau as to the source of those funds, for the purposes of satisfying BOC Macau's internal requirements regarding verification of source of funds prior to accepting certain cash deposits,

(BOC Macau False Documentation Process).

Particulars

- i. The BOC Macau False Documentation Process:*
 - A. involved the Star Group falsely representing to BOC Macau that the relevant cash deposits represented funds which had been:*
 - I. previously deposited by the patron at a cage operated by the Star Group in Macau; and/or*
 - II. delivered to an office of the Star Group in Hong Kong or Macau,*

in circumstances where the Star Group:

 - III. did not operate a cage in Macau; and*
 - IV. had not ever accepted cash at offices in Hong Kong or Macau;*
 - B. was overseen and facilitated employees of the Star Group located in Macau and/or Hong Kong, including Ms Gabriela Soares (Assistant Vice President – VIP Credit and Collections) (**Soares**), who reported to Mr Jacker Chou (Vice President of VIP Credit and Collections, Hong Kong Branch) (**Chou**), who reported to Hornsby.*
- ii. The BOC Macau False Documentation Process involved issuing one or more of the following types of documentation:*
 - A. a letter from the Star Group purporting to provide 'proof' on the 'source of funds' to be deposited, which inferred that the funds were being transferred internally within the Star Group by stating that the funds:*
 - I. were from the Star Group's 'Macau branch office safe-keeping'; and*
 - II. were intended to be deposited into the BOC Macau account and/or returned to the Star Group's 'Macau Cage Safekeep';*

- B. *a letter from the Star Group purporting to inform a Junket Representative:

 - I. *the due date for a payment from the junket to the Star Group in accordance with a Junket Agreement; and*
 - II. *that the payment could be made by cash deposit to the Star Group's offices in Hong Kong or Macau;**
 - C. *a letter from the Star Group purporting to inform a patron that payment to the Star Group was owing and due by them.*
- iii. *Further particulars may be provided following discovery.*

179. At all material times, Star was aware, or ought to have been aware, that the BOC Macau False Documentation Process was being used and that it had the intended purpose alleged in paragraph 178 above.

Particulars

- i. *The Plaintiff says that at all material times, Hornsby, Soares and Chou were aware of the matters alleged above, and refers to:

 - A. *the investigation conducted by White in or around November 2021 (STA.3008.0002.2830; STA.3008.0002.2850; STA.3008.0002.2825), including the statements that:

 - I. *all of the Star Group's credit and collections staff based in Macau (including Soares and Chou) were aware of and involved in the BOC Macau False Documentation Process;*
 - II. *the signatory on letters purporting to prove the source of funds to be deposited was Chou; and*
 - III. *Chou reported to Hornsby, who was 'across everything' that Chou did;**
 - B. *the interviews conducted with Chou and Soares by Houlihan in February 2022, including the statement by Chou that at the time, he sought approval from Hornsby to issue letters purporting to prove the source of funds to be deposited, but that Hornsby was not comfortable with their use (STA.3038.0001.0001); and*
 - C. *the email exchange between Whytcross and Soares on or about 3 October 2021 (STA.3004.0014.0008).**
- ii. *Further particulars may be provided following discovery.*

G.4.2. EEIS

180. In the Relevant Period, EEIS operated Star Customer Bank Accounts, including:

- (a) five bank accounts with BOC Macau, which operated between 26 February 2014 and 27 April 2017 (**EEIS BOC Macau Bank Accounts**);
- (b) four bank accounts with the Bank of China – Hong Kong branch, which operated between February 2015 and June 2022 (**EEIS BOC HK Bank Accounts**);
- (c) five bank accounts with NAB, which operated between 26 April 2018 and November 2021 (**EEIS NAB Bank Accounts**).

Particulars

- i. The EEIS BOC Macau Bank Accounts were closed by BOC for compliance reasons.*
- ii. In the Relevant Period until approximately March 2022, Bekier and Theodore were the signatories to the EEIS BOC HK Bank Accounts.*
- iii. In the Relevant Period, the signatories to the EEIS NAB Bank Accounts included Bekier, Theodore and Martin.*
- iv. Further particulars may be provided following discovery.*

181. In the Relevant Period, the Star Group's long-term plan for EEIS was for it to operate as a 'corporate' (or internal) junket, whereby:

- (a) EEIS would enter into rebate agreements with Star Casino Entities;
- (b) EEIS would enter into subordinated (or 'back-to-back') rebate agreements with all junkets and Premium Players;
- (c) all existing Junket Promoters and Junket Representatives would become Junket Representatives of EEIS; and
- (d) EEIS would hold two CCFs with Star Casino Entities through which it would offer customers credit facilities; and
- (e) Star would provide a solvency guarantee to EEIS to ensure that EEIS had access to funding to clear its CCFs with the Star Casino Entities,

(EEIS Plan).

Particulars

- i. So far as the Plaintiff can say before discovery, the Star Group applied for EEIS to be recognised as a Close Associate of TSPL in April 2014 in anticipation of the EEIS Plan coming to fruition (STA.3023.0001.0142).*
- ii. Further particulars may be provided following discovery.*

182. In the Relevant Period, Star was aware:

- (a) by no later than 25 May 2017 that:
 - (i) banks in Macau had been increasing their compliance activity as a result of recent changes to AML legislation and increased regulation in Macau;
 - (ii) the bank accounts of another casino in Macau had been closed; and
 - (iii) if the Star BOC Macau Bank Accounts or the EEIS BOC Macau Bank Accounts were closed, it would present a significant issue for Star in receiving funds from overseas customers;
- (b) by no later than 26 September 2017 that:
 - (i) there was a material risk that the Star BOC Macau Bank Accounts and the EEIS BOC Macau Bank Accounts would either be closed by BOC or alternatively subject to enhanced due diligence; and
 - (ii) alternative methods for transacting with overseas customers were being explored, including 'activating' the EEIS Plan.

Particulars

- i. As to the matters in sub-paragraph (a), the Plaintiff refers to the paper presented to Star's Board on or about 25 May 2017 regarding the 'International VIP Business' (STA.5002.0003.3846; STA.5002.0003.2520).*
- ii. As to the matters in sub-paragraph (b), the Plaintiff refers to the paper presented to Star's Board on or about 26 September 2017 titled 'IRB Strategy Update' (STA.5002.0003.1476).*
- iii. Further particulars may be provided following discovery.*

183. In January 2018, the Star Group instigated an internal project in order to advance the EEIS Plan **(EEIS Project)**.

Particulars

- i. *The Plaintiff refers to a PowerPoint presentation for a 'kick-off' meeting of the EEIS Project dated 24 January 2018 (STA.3402.0001.1078).*
- ii. *Mr Richard Booth (Senior Project Manager between December 2017 and December 2018) (**Booth**), Whytcross and White were principally responsible for the EEIS Project.*
- iii. *The Star Officers who were members of the steering committee for the EEIS Project included Bekier, Barton, Martin, McWilliams, Chong, Whytcross, White and Theodore (**EEIS Steering Committee**).*

184. In the Relevant Period,

- (a) the Star Group further intended that EEIS be used, and did use EEIS, as a means for customers, particularly those in North Asia, to make payments to the Star Group through an entity (EEIS) that did not appear to be related to the Star Casino Properties, and were therefore disguised; and
- (b) from at least March 2018, Star was aware of the matters pleaded at sub-paragraph (a) above.

Particulars

- i. *The Plaintiff refers to a PowerPoint presentation for a 'kick-off' meeting of the EEIS Project dated 24 January 2018 (STA.3402.0001.1078), which stated that in between January 2017 and November 2017, approximately \$200 million was transferred to the EEIS BOC Macau Bank Accounts in part because customers were 'reluctant to transfer to a bank account which is in the name of a casino'.*
- ii. *On 28 June 2018, Booth sent an email to members of the EEIS Steering Committee (STA.3403.0003.2985):*
 - A. *stating that:*
 - I. *\$24 million had been received into the EEIS NAB Bank Accounts since it was 'made available for repaying CCF to casinos' and that '[t]his illustrates the benefit of holding bank accounts not in the name of the casino'; and*
 - II. *management had directed that the Star Group was to only offer 'an EEIS loan' where a customer could 'clearly not use the existing CCF mechanism with the casino directly';*
 - B. *attaching a PowerPoint presentation that included two slides that were part of a presentation delivered at a sales conference' for the International VIP Business on 29-20 June 2018, which stated that EEIS was a 'payment*

solution for customers' who [had] difficulty making payments to The Star' or 'not like [sic] receiving winnings from The Star' (STA.3403.0003.2987).

- iii. *As to the knowledge of the matters alleged in the above paragraph by Star, the Plaintiff refers to:*
 - A. *a presentation delivered to Star's Board in March 2018 by Chong, which relevantly stated that the activation of EEIS would [change] the nature of the payments from customers to being a repayment of loans in Hong Kong from repayment of gambling debts in Australia' (STA.5002.0004.0764); and*
 - B. *a presentation delivered to Star's Board by Barton on 24 May 2018, which stated that the activation of EEIS 'provides customers the opportunity to repay their loan in Hong Kong to a Star group bank account rather than to the casino operations bank account in Australia' (STA.5002.0004.1233).*
- iv. *Further particulars may be provided following discovery.*

185. Between June 2019 and July 2020, EEIS issued six loans to Junket Operators and/or Junket Funders with a total value of \$213 million.

Particulars

- i. *The Plaintiff refers to the 'EEIS Receivable Control Sheet Master' spreadsheet maintained by the Star Group (STA.3008.0002.0616) and says further that the loan funds were ultimately distributed to 38 individual Front Money accounts (INQ.018.002.0001).*
- ii. *Further particulars may be provided following discovery.*

G.4.3. Koi Arrangements and use of third-party remittance service providers

186. By no later than November 2017, Star commenced identifying an alternative method for overseas customers to deposit funds with the Star Group.

Particulars

- i. *The Plaintiff refers to and repeats paragraph 182 and the particulars subjoined thereto, says further that Star sought an alternative method due the risk that BOC would close the Star BOC Macau Bank Accounts and/or the EEIS BOC Macau Bank Accounts.*

187. Between January 2018 and September 2019, the Star Group was party to various arrangements with Mr Kuan Koi (**Koi**) to facilitate the transfer of large amounts of money from patrons to the Star Group, including:

- (a) the **Initial Koi Arrangement**, which was in place between January 2018 and April 2018, whereby:
- (i) customers would transfer funds to Koi in Macau;
 - (ii) an equal sum would be transferred from Koi's Front Money account to settle the outstanding amount owed to the Star Group by that customer;
 - (iii) the balance of Koi's Front Money account would be replenished to a balance of HKD\$90 million at the end of each month; and
 - (iv) the Star Group would pay Koi a service fee of HKD\$2.7 million each month as consideration;
- (b) the **Modified Koi Arrangement**, which was in place between April 2018 and September 2019, whereby:
- (i) third-party remittance service providers were used to facilitate the transfer of funds from overseas customers to the Star Group; and
 - (ii) the Star Group would reimburse customers for any service fees incurred via separate payments to Koi.

Particulars

- i. As to the matters in sub-paragraph (a):*
 - A. the Initial Koi Arrangement was in writing and in the form of:*
 - I. a Client Management Agreement executed by Barton on 15 January 2018 between Star Entertainment International Pty Ltd and Koi (STA.0012.0001.0001); and*
 - II. a Client Management Supplementary Agreement entered into with Koi on 9 February 2018 (STA.3414.0006.2807);*
 - B. so far as the Plaintiff can say before discovery, the manner in which Koi's Front Money account (also known as 'junket number 5') was to be replenished each month relied on the provision of money from a number of Koi's associates, whose identity and source of funds were unknown to the Star Group, and was designed to avoid detection by banks and authorities in Macau;*
 - C. the Initial Koi Arrangement was originally intended to only involve facilitating transfer of funds intended for the repayment of CCFs by customers; and*

D. *in or around February 2018, the Initial Koi Arrangement was extended to facilitate the transfer of funds intended for advancing funds to customer Front Money accounts.*

ii. *As to the matters in sub-paragraph (b) the third-party remittance service providers used included ONEPIP HK and ONEPIP Singapore (from May 2018 to July 2018), Currenxie (from June 2018 to July 2018), Silver Express (from November 2018 to September 2019) and Regal Crown.*

iii. *Further particulars may be provided following discovery.*

188. Following the conclusion of the Modified Koi Arrangement until March 2020, the Star Group continued to use third-party remittance service providers to facilitate the transfer of funds from overseas customers to the Star Group (**Standalone Use of Third-Party Remitters**).

Particulars

i. *The third-party remittance service providers used included Silver Express (from September 2018 to March 2020) and Regal Crown.*

ii. *Further particulars may be provided following discovery.*

189. At all material times, the majority of funds transferred to the Star Group via the Modified Koi Arrangement and the Standalone Use of Third-Party Remitters were to the EEIS NAB Bank Accounts.

Particulars

i. *So far as the Plaintiff can say before discovery, some of the funds transferred using third-party remittance service providers were to bank accounts operated by the Star Casino Entities.*

G.4.4. ML/TF risk of Overseas Payment Channels

190. In the Relevant Period, a substantial amount of funds were transacted via:

- (a) the Star BOC Macau Bank Accounts;
- (b) the EEIS BOC Macau Bank Accounts;
- (c) the EEIS BOC HK Bank Accounts;
- (d) the EEIS NAB Bank Accounts;
- (e) the Initial Koi Arrangement;
- (f) the Modified Koi Arrangement; and/or

- (g) the Standalone Use of Third-Party Remitters,
(together, **Overseas Payment Channels**).

Particulars

- i. *In respect of transactions to and from the Star BOC Macau Bank Accounts:*
 - A. *between January and November 2017, the BOC Macau Bank Accounts accepted HKD\$1.2 billion (approximately \$204m) in cash deposits (STA.3402.0001.1078);*
 - B. *by no later than May 2017, BOC Macau was imposing additional fees on the Star Group as a result of the large sums of cash that were deposited each month (STA.3302.0001.0274); and*
 - C. *during an interview of Soares conducted by Houlihan in or about February 2022, Soares stated that cash deposits facilitated by the BOC Macau False Documentation Process were made daily (STA.3025.0002.0001).*
- ii. *In respect of transactions to and from the EEIS BOC HK Bank Accounts:*
 - A. *between 2015 and 2017, a total of \$30 million in deposits were received from 19 transactions to those accounts, of which:*
 - I. *many were for CCF redemptions; and*
 - II. *at least one or two were for customer Front Money accounts;*
 - B. *between 31 January 2018 and 31 December 2020, a further 50 transactions took place through those accounts.*
- iii. *In respect of the Initial Koi Arrangement and the Modified Koi Arrangement, between January 2018 and September 2019, at least \$150 million in funds were transferred to the Star Group.*
- iv. *In respect of the Standalone Use of Third-Party Remitters, between May 2018 to March 2020, approximately 60 deposits were made by third-party remittance service providers to a NAB bank account operated by TSPL.*
- v. *In respect of transactions to and from the EEIS NAB Bank Accounts (including via the Modified Koi Arrangement and/or the Standalone Use of Third-Party Remitters):*
 - A. *between 10 May 2018 to 5 November 2021, a total of \$227 million in deposits and \$227 in withdrawals occurred across 752 transactions on those accounts; and*
 - B. *between 1 January 2018 and 5 November 2021, a total of:*

- I. *\$34 million in deposits was received from third-party depositors (whose identity differed from the customer to whom the funds were being credited); and*
- II. *\$104 million in deposits was received from third-party remittance service providers;*
- C. *between May 2018 and March 2020, approximately 135 deposits were made by third-party remittance service providers into those accounts.*
- vi. *Further particulars may be provided following discovery.*

191. In the Relevant Period, the Star Group did not have adequate compliance and risk processes and controls in place to effectively identify, assess, monitor and/or mitigate ML/TF Risk in respect of transactions taking place via the Overseas Payment Channels.

Particulars

- i. *As to the Star BOC Macau Bank Accounts, the Plaintiff refers to and repeats paragraphs 177 and 178 above and says further that:*
 - A. *providing misleading or deceptive information to BOC Macau as to the source of wealth or source of funds of deposits:*
 - I. *caused BOC Macau to not obtain or verify KYC information (including source of wealth) from customers in circumstances where it believed the funds were being transferred within the Star Group; and*
 - II. *could otherwise cause BOC Macau to fail to adequately identify, assess, monitor and/or mitigate ML/TF risk.*
- ii. *In respect of the EEIS BOC HK Bank Accounts, the EEIS BOC Macau Bank Accounts and/or the EEIS NAB Bank Accounts:*
 - A. *Whytcross, who was one of the AML/CTF Compliance Officers under the EEIS AML/CTF Program in the Relevant Period:*
 - I. *did not know what the role of AML/CTF Compliance Officer was;*
 - II. *did not know what was involved in transaction monitoring;*
 - III. *did not undertake any transaction monitoring and/or ensure that transaction monitoring was undertaken by the Star Group in respect of those accounts; and*

- IV. *was unaware that transactions to the EEIS NAB Bank Accounts included remittances made by third-party remittance service providers.*
- iii. *In respect of the EEIS BOC HK Bank Accounts:*
 - A. *so much can be inferred from the fact that:*
 - I. *between 2015 and 2017, the Star Group allowed overseas customers to transfer funds to those accounts, and refers to and repeats particular iiA subjoined to paragraph 191 above; and*
 - II. *Star's Board and/or senior management did not become aware of those transactions until some time in 2021;*
 - B. *between 2018 and approximately June 2019, the Star Group did not undertake any transaction monitoring in respect of those accounts; and*
 - C. *Arnott, who was one of the AML/CTF Compliance Officers under the EEIS AML/CTF Program in the Relevant Period, was not aware that customers were making deposits into those accounts until March 2022;*
 - iv. *In respect of the EEIS NAB Bank Accounts:*
 - A. *no KYC information was obtained from, or due diligence conducted on, customers who made payments to those accounts by way of a third-party remittance service provider; and*
 - B. *at no time prior to September 2019 did Star's AML Administrators have access to those accounts to, and did not, undertake transaction monitoring.*
 - v. *In respect of the Initial Koi Arrangements:*
 - D. *the terms of the Initial Koi Arrangements did not require Koi to conduct KYC checks on the patrons he dealt with, nor required him to verify their source of funds;*
 - E. *by no later than 8 February 2018, Arnott had undertaken an ML/TF assessment of the Initial Koi Arrangement **(Initial Koi Arrangement ML/TF Risk Assessment)**;*
 - F. *the Initial Koi Arrangement ML/TF Risk Assessment identified controls that relevantly included:*
 - I. *relying on the fact that customers transacting funds via the arrangement would already hold CCFs with the Star Group and would therefore already have had ECDD and KYC checks undertaken;*
 - II. *the use of an 'International Depositor Identity Form' identifying the depositor, the beneficial owner and any third parties involved in each transaction;*

- III. *the lodging of IFTIs with AUSTRAC for each transaction that occurred using the arrangement;*
 - IV. *inviting Star's International VIP Business team to participate in a review of the transaction monitoring program to include transactions conducted under the arrangement;*
 - V. *relying on the fact that the arrangement would only involve 'one point of deposit' (being Koi), which meant the ability to obscure funds coming to the Star Group via multiple sources would be limited; and*
 - VI. *requiring additional training to be conducted on what to do if multiple depositors each made contributions to a single customer Front Money account or CCF;*
- G. *the Initial Koi Arrangement ML/TF Risk Assessment assessed the ML/TF Risk of the arrangement as low;*
- H. *the Initial Koi Arrangement ML/TF Risk Assessment was deficient insofar as:*
- I. *it did not involve any due diligence of Koi other than to assess his credit risk, in circumstances where Star knew that Koi wished to obscure the nature of the transactions, including by using third parties to draw cheques and to deposit funds in order to avoid detection by banks or regulators in Macau;*
 - II. *at no time prior to September 2019 did the Star Group submit IFTIs to AUSTRAC for transactions that occurred using the arrangement;*
 - III. *it failed to consider the ML/TF Risk associated with transactions to customer Front Money accounts, including the fact that source of wealth due diligence performed in connection such with transactions was more limited than that undertaken on a customer redeeming a CCF;*
 - IV. *it failed to consider whether the ML/TF Risk associated with source of funds was sufficiently managed by way of collecting an International Depositor Identity Form from each customer;*
 - V. *the arrangement involved Koi's associates, whose identities were unknown to Star, accepting funds from customers and/or transferring funds to the Star Group, in addition to Koi;*
 - VI. *Star's International Depositor Identity Forms sought no information about the source of the customer's wealth and/or the source of funds that were being deposited, notwithstanding that funds for transactions occurring using the arrangement were predominantly provided to Koi in cash;*

- VII. *by March 2018, Star's AML team ceased to receive completed International Depositor Identity Forms;*
 - VIII. *the Star Group did not properly ensure that an International Depositor Identity Form was completed by each customer; and*
 - IX. *no steps were taken to facilitate a review of the transaction monitoring program by Star's International VIP Business team.*
- vi. *In respect of the Modified Koi Arrangements and/or the Use of Third-Party Remitters:*
- A. *nobody within Star's AML team, including Arnott, was aware of the transition from the Initial Koi Arrangement to those arrangements;*
 - B. *at no time prior to September 2019 did the Star Group submit IFTIs to AUSTRAC for transactions that occurred using the arrangement;*
 - C. *there was no ML/TF risk assessment undertaken by the Star Group in relation to these arrangements, despite the Initial Koi Arrangement ML/TF Risk Assessment having been undertaken for the Initial Koi Arrangement;*
 - D. *the Star Group did not undertake adequate, if any, due diligence on the third-party remittance service providers used in connection with the arrangements, including in respect of:*
 - I. *the legality of their operations;*
 - II. *the identity of their directors and/or beneficial owners (or those of any of their controlling entities);*
 - III. *the source of their funds; and*
 - IV. *the procedures or controls they had in (if any) place to identify, monitor, manage and/or mitigate ML/TF Risk, including to perform KYC on their customers, in circumstances where it did not receive information from those service providers as to, and was reliant on them to confirm:*
 - V. *the identity of the payor; and*
 - VI. *the source of funds of the payor;*
 - E. *International Depositor Identity Forms were not completed by customer using those arrangements;*
 - F. *on or around 20 August 2019, Hawkins and Martin each received a memorandum prepared by Oliver (STA.3415.0001.9442), which stated that:*

- I. *Star had not been able to verify the lawfulness of the [AML/CTF] process used by Regal Crown in Macau”;*
 - II. *it was recommended that Star cease using Regal Crown as a third-party remittance service provider;*
 - III. *neither of Star’s Legal or Compliance teams had undertaken a risk management review of either the Modified Koi Arrangement or the Standalone Use of Third-Party Remitters;*
 - IV. *Star’s legal team had not had any contact with Silver Express to understand their business process in Macau;*
 - V. *the Modified Koi Arrangement and the Standalone Use of Third-Party Remitters each carried a higher ML/TF Risk as funds used to repay amounts owing to the Star Group were originating from its customers as cash;*
 - VI. *there was increased reputational and operational risk associated with the Star Group’s active participation in arrangements between its customers, Regal Crown and/or Silver Express; and*
 - VII. *if the Standalone Use of Third-Party Remitters was to continue, it was recommended that an AML/CTF risk assessment take place and suitable controls be implemented.*
- vii. *Further particulars may be provided following discovery and expert evidence.*

192. In the Relevant Period, the Star Group did not undertake adequate monitoring of transactions taking place via the Overseas Payment Channels for the purpose of complying with its AML/CTF Obligations.

Particulars

- i. *The Plaintiff refers to and repeats paragraph 191 above and the particulars subjoined thereto.*
- ii. *In respect of the Star BOC Macau Bank Accounts, at no time in the Relevant Period did the Star Group obtain or verify adequate (if any) KYC information (including source of funds) from customers who transferred funds using those accounts.*
- iii. *In respect of the EEIS NAB Bank Accounts:*
 - A. *until 26 September 2019, no transaction monitoring was occurring on those accounts, as none of the AML/CTF compliance staff members had access to monitor and review payments to them; and*

- B. *alternatively, to the extent there was any transaction monitoring occurring on those accounts, it was inadequate insofar as it was not conducted by Star's AML team (or anybody trained or in or experienced with AML), but instead by cage employees in an unsophisticated manner, including by looking for 'unusual amounts' and 'anything that looks odd' (T895.10-38);*
 - iv. *Further particulars may be provided following discovery and expert evidence.*
193. By reason of the matters alleged in paragraphs 33 to 37 and 177 to 192 above, there was a real risk that Star's conduct in respect of the Overseas Payment Channels could have, or did, enable or facilitate ML or TF (**Overseas Payment Channels Information**).

Particulars

- i. *In respect of the Modified Koi Arrangement and the Standalone Use of Third-Party Remitters, the Plaintiff says that there was a higher ML/TF Risk associated with the Star Group's use of third-party remittance service providers, including because:*
 - A. *remitters only provide remittance or currency exchange services, which means their knowledge of, and interaction with, their customers is less than other financial institutions that provide designated services;*
 - B. *remittance transactions lack clarity about the identity of the beneficial owner of the funds and/or the source of their funds;*
 - C. *remitters themselves could have been involved in money laundering by:*
 - I. *unwittingly accepting funds without knowledge of their source; or*
 - II. *by direct involvement in criminal organisation;*
 - D. *the fact that remitters act as an intermediary between the payor (who causes funds to be sent) and the beneficiary (who receives funds) means that remittance transactions are particularly vulnerable to common methods of ML, including:*
 - I. *'cuckoo transactions' – where the legitimate funds of a customer (who instructs an offshore third-party remittance service provider to facilitate the remitter to a Star Customer Bank Account) are replaced with illegitimate funds by the remitter's onshore associate before they are deposited without the customer being aware of the swap; and*
 - II. *'cuckoo smurfing transactions' – where multiple people (knowingly or unknowingly) are involved in collecting and depositing illicit funds (often cash below reportable limits) in order for them to be*

swapped in to replace a legitimate transfer in a cuckoo transaction;

E. remitters may be unlicensed, alternatively, licensed but not subject to a regulatory regime capable of ensuring the legality of their activities; and

F. it is difficult for any authority or bank reviewing transactions undertaken by remitters to ascertain the origin of funds transacted in remittance transactions.

ii. Further particulars may be provided following discovery and expert evidence.

194. In the Relevant Period, the manner in which transactions were taking place via the Overseas Payment Channels was not properly:

- (a) brought to the attention of Star's Board or the BRCC; and/or
- (b) investigated by Star's Board or the BRCC.

Particulars

i. On 8 February 2018, Star's Board received a circular resolution and board papers regarding an amendment to the Star AML/CTF Program to facilitate, and to approve, the Initial Koi Arrangement (STA.3403.0002.7306; STA.3403.0002.7307; STA.3403.0002.7256).

ii. Those board papers relevantly stated that:

A. the arrangement was 'interim' and expected to only be in place until June 2018;

B. the ML/TF risk associated with the arrangement had been assessed and determined to be 'low';

C. KYC identification for customers utilising the Initial Koi Arrangement would be recorded in IFTIs;

D. original customer photo ID would be required to be sighted for the purposes of KYC identification; and

E. the arrangement would constitute a designated service.

iii. Despite approving the Initial Koi Arrangement, at no time did Star's Board take steps to oversee its implementation and operation, including its compliance with Star's AML/CTF Programs.

iv. At no time was Star's Board informed:

A. of the Modified Koi Arrangement;

B. of the Standalone Use of Third-party Remitters;

- C. *that the Initial Koi Arrangement ML/TF Risk Assessment, including its assessment of 'low', was deficient; and*
- D. *that save for a limited number of reports made in September 2019, IFTIs were not submitted for transactions made using the Initial Koi Arrangement, the Modified Koi Arrangement and/or the Standalone Use of Third-party Remitters.*
- v. *Sheppard approved the circular resolution on the assumption, but without investigating or confirming, that the Initial Koi Arrangement had been the subject of full consultation with ILGA and AUSTRAC.*
- vi. *In May 2018, Star's Board approved the commencement of EEIS operating as a lender in Hong Kong, despite having received no external legal advice as to whether the proposed operation of EEIS complied with the NSW CC Act.*
- vii. *Further particulars may be provided following discovery and expert evidence.*

G.5. Deficiencies in Star's AML/CTF Programs

195. In the Relevant Period, the Star Group failed to develop, provide or require Star's Directors, senior management and gaming staff to undertake and complete adequate training in respect of ML/TF risk and/or the AML/CTF Act as required.

Particulars

- i. *As to the training requirements required, the Plaintiff refers to and repeats paragraph 63(f) above.*
- ii. *The training provided to members of Star's Board consisted only of a 'pack' of documents and a half an hour training session on generic issues concerning ML/TF risk.*
- iii. *The extract of the KPMG Reports broadcast during the 2021 Star Channel 9 Reports stated that Star's ML/TF Risk Awareness Program:*
 - A. *did not state any timeframe for training to be completed;*
 - B. *did not provide any follow-up procedures for non-complication;*
 - C. *was not completed by 25% of sampled staff within a reasonable timeframe or at all;*
 - D. *did not include information on SMR obligations; and*
 - E. *did not refer to the 'tipping off' offence specified in s 123 of the AML/CTF Act.*
- iv. *In relation to the absence of adequate training of gaming floor staff, the Plaintiff refers to:*

- A. *the following statements in the KPMG Reports:*
 - I. *that training was not completed by 25% of sampled staff within a reasonable timeframe or at all; and*
 - II. *that compared to the number of matters referred to the AML Administrators by the Cashier Services team, few are referred from the main gaming floor which may indicate the current training program could be improved;*
 - B. *the recommendation in the BDO independent review of the Star AML/CTF Program dated 1 June 2020 (BDO Phase 1 Report) that a review should be undertaken to ensure outstanding awareness training is undertaken by all staff who are registered as not having completed AML/CTF training.*
- v. *The absence of adequate training for senior management can be inferred from:*
- A. *the statement in the KPMG Reports attributed to the 'GM Compliance' that Star did not need to refer to TF risk in its AML/CTF Program because Star did not consider it 'applicable to the casino context';*
 - B. *the fact that Dudek regarded her level of understanding of Australia's AML/CTF regime as being 'very basic' (T32.38);*
 - C. *the fact that Arnott:*
 - I. *was responsible for preparing AML/CTF training materials for Star Group employees, including senior management;*
 - II. *did not consider herself to have a strong understanding of the legal requirements in respect of the Suitable Person Test (T1380.9); and*
 - III. *had not undertaken any specific training or formal qualifications in respect of AML/CTF for most or all of the Relevant Period;*
 - D. *the fact that Star Group employees received limited AML/CTF-related training, being:*
 - I. *in the case of Hawkins, Scopel, Dudek, Stevens, Whytcross and White, a standard online training module that Star Group employees were expected to complete on an annual or bi-annual basis, which Whytcross estimated took approximately half an hour to complete;*
 - II. *in the case of Dudek and Whytcross, one training session by Star's AML team;*

- III. *in the case of Aloj, a specific 'refresher' module that Star Group cage employees were expected to complete annually from 2020;*
 - vi. *As to the EEIS AML/CTF Program, the Plaintiff refers to and repeats paragraphs 191 and 192 above.*
 - vii. *The Plaintiff refers to the extracts of the KPMG Reports and BDO Phase 1 Report it has available to it and says that further particulars may be provided following discovery and expert evidence.*
196. In the Relevant Period, the Star Group did not adequately resource, staff or structure its AML/CTF compliance team, such that it could comply with the requirements under Star's AML/CTF Programs and/or its AML/CTF Obligations generally.

Particulars

- i. *The KPMG Reports:*
 - A. *found that the Star AML/CTF Program, could not be properly operated due to 'inadequate resourcing', and that given 'the significant reliance on the two AML Administrators ... key resource and key person' risks existed especially given the limited oversight to which they were subject; and*
 - B. *noted that 'agreed management action(s)' included increasing 'AML related resources' by 1 FTE in FY19.*
- ii. *Between August 2019 and August 2022, the number of staff employed in the AML team increased from approximately six to approximately 20.*
- iii. *The BDO Phase 1 Report identified risks to Star's ability to comply with its AML/CTF obligations on an ongoing basis, including:*
 - A. *the adequacy of its AML/CTF resourcing, including the absence of a secondary AML/CTF Compliance Officer, and key person and succession risk associated with relying on a small number of long serving AML administrators;*
 - B. *insufficient identification of the roles and responsibilities of AML team members, including those of the AML Compliance Officer, the AML Administrator and the AML Program Manager; and*
 - C. *the absence of any industry certification and/or training for AML specialist staff.*
- iv. *The Plaintiff refers to Star's Appendix 4D and 2022 Half-Year Financial Report (released to the ASX on 17 February 2022) (p 5) and says that an inference can be drawn that Star's resourcing, staffing and/or structure of its regulatory compliance functions was deficient during the Relevant Period, by reason of:*

- A. *Star's operating expenses increasing by \$19.6 million in 1H22 (compared to 1H21); and*
- B. *Star justifying its operating expenses increasing, in part, due to Star's additional investment in its regulatory, compliance and responsible gambling functions.*
- v. *As to the EEIS AML/CTF Program, the Plaintiff refers to and repeats paragraphs 191 and 192 above.*
- vi. *The Plaintiff refers to the extracts of the KPMG Reports and BDO Phase 1 Report it has available to it and says that further particulars may be provided following discovery and expert evidence.*

197. In the Relevant Period, the Star AML/CTF Program did not allow the Star Group to appropriately identify, assess, mitigate and/or manage ML/TF Risk, including because it:

- (a) did not include an agreed or adequately documented risk assessment methodology, including in relation to junkets, thereby preventing Star from justifying the ratings applied by its ML/TF risk assessment;
- (b) failed to adequately assess jurisdictional risk;
- (c) did not consider TF risk at all;
- (d) applied a default customer ML/TF risk rating of low that was not adequately explained or documented;
- (e) did not consider in sufficient detail the ML/TF Risk associated with junkets, high net worth customers and/or other parts of Star's business where the ML/TF risk may be higher; and/or
- (f) understated the level of ML/TF Risk associated with certain customer profiles.

Particulars

- i. *Star did not assess customers for ML/TF risk based on the amount of money brought into Star Casino Properties, nor was this documented as a potential ML/TF risk factor.*
- ii. *Star's due diligence on Junket Participants was limited, particularly in respect of Star Gold Coast and/or Treasury.*
- iii. *Star did not make inquiries regarding Junket Participants' source of wealth or funds.*
- iv. *Star did not undertake ECDD on Junket Participants in a timely manner (in respect of Star Sydney) or at all (in respect of Star Gold Coast and/or Treasury).*

- v. *The Plaintiff refers to the extracts of the KPMG Reports and BDO Phase 1 Report it has available to it and says that further particulars may be provided following discovery and expert evidence.*

198. In the Relevant Period, the Star Group did not adequately or consistently implement or undertake KYC, OCDD and/or ECDD as required by Star's AML/CTF Programs, including because:

- (a) Star did not assess customers with large sums of money as being of higher ML/TF Risk by default;
- (b) Star did not adequately identify the customer in relation to junkets and/or other designated services that Star provided;
- (c) Star's AML/CTF Programs did not refer to or include any procedural documents which set out how and what ECDD must be conducted and recorded; and
- (d) Star only obtained limited information on source of funds and/or source of wealth of customers and Junket Organisers.

Particulars

- i. *AUSTRAC's compliance assessments for 2017 and 2018 had identified shortcomings in the Star AML/CTF Program, including in respect of transaction monitoring and ECDD.*
- ii. *By no later than September 2019, AUSTRAC had commenced a compliance assessment in relation to the Star Group's management of high-risk patrons and PEPs.*
- iii. *The Star Group maintained a practice whereby third party due diligence reports were not stored in Protecht or TrackVia, but were stored by White, Houlihan and Buchanan.*
- iv. *During the Bell Inquiry Hearings, Aloï stated that (T786.42–787.21):*
 - A. *between 2012 and 2019, cage staff did not perform a source of wealth check on customers seeking to open a Front Money account; and*
 - B. *cage staff only commenced undertaking source of funds checks on customers from about May 2021.*
- v. *Where Star did collect source of wealth information, it was in the context of assessing the credit risk of a particular customer, and any analysis of that information for the purposes of ML/TF Risk was cursory.*
- vi. *As to the EEIS AML/CTF Program, the Plaintiff refers to and repeats paragraphs 191 and 192 above.*

- vii. *The Plaintiff refers to the extracts of the KPMG Reports and the BDO Phase 1 Report it has available to it and says that further particulars may be provided following discovery and expert evidence.*

199. In the Relevant Period, the Star Group did not adequately or consistently implement or operate the transaction monitoring program in Star's AML/CTF Programs, including because:

- (a) the Star Group largely undertook transaction monitoring manually, rather than using a substantially automated process;
- (b) the Star AML/CTF Program provided insufficient information on how the Star Group was to comply with its AML/CTF Obligations relating to conducting ECDD and to the making of SMRs and IFTIs, causing inconsistencies between the Star Casino Properties;
- (c) save for the EEIS NAB Bank Accounts, the Star Group's AML/CTF compliance staff did not have the capability to conduct transaction monitoring on Star Customer Bank Accounts, and were reliant upon cage employees reviewing activity on those accounts and informing them if they had any concerns about certain transactions;
- (d) until 5 November 2021, the Cage Operations SOP did not provide sufficient controls for the monitoring of transactions on Star Customer Bank Accounts; and/or
- (e) no quality assurance was conducted on SMRs.

Particulars

- i. *Between December 2017 and December 2020, approximately 80% of Star's transaction monitoring was conducted manually, and approximately 20% was conducted using automated transaction monitoring via the 'TransWatch' platform).*
- ii. *Between November 2016 to April 2021, the Star Group's manual transaction monitoring substantially relied upon relied upon two AML/CTF compliance staff generating reports on an ad hoc basis to identify triggers in customer activity.*
- iii. *Between April 2021, the Star Group used the 'TrackVia' platform, which:*
 - A. *could not generate reports of due diligence information previously stored in the legacy Protecht system, meaning that data was incomplete or lacked integrity; and*
 - B. *did not automatically monitor transactions to Star Customer Bank Accounts.*
- iv. *At no time until 26 September 2019 did the Star Group's AML/CTF compliance staff have the capability to undertake transaction monitoring on the EEIS NAB Bank Accounts.*

- v. *The Star AML/CTF Program failed to adequately identify the relevant SOPs and/or risk management frameworks that existed as separate documents.*
- vi. *Prior to 5 November 2021, the Cage Operations SOP did not require that deposits from persons who differed from the customer to whom the deposited funds were to be credited be identified and prevented unless authorised by the customer.*

200. By reason of the matters alleged in paragraphs 33 to 37 and 195 to 199 above, there was a real risk that Star's conduct in respect of implementing and undertaking its AML/CTF Obligations in accordance with Star's AML/CTF Programs could have, or did, enable or facilitate ML or TF **(AML/CTF Program Deficiency Information)**.

201. The deficiencies in implementing and undertaking its AML/CTF Obligations in accordance with the Star AML/CTF Program alleged in paragraphs 195 to 199 (save for sub-paragraphs 199(c) and 199(d)):

- (a) were identified by the KPMG Reports;
- (b) were known by Star by no later than 24 May 2018; and
- (c) on or after 24 May 2018, were not properly investigated by Star's Board or the BRCC, for the purposes of identifying, assessing, monitoring and managing any risk of the Star Group failing to comply with its Casino Regulatory Obligations or AML/CTF Obligations.

Particulars

- i. *As to the matters in sub-paragraph (a) and (b) above, so much as the Plaintiff can say before discovery:*
 - A. *copies of the KPMG Reports and an executive summary of the KPMG Reports were provided to members of the BAC on or around 16 May 2018 and 23 May 2018 respectively; and*
 - B. *the KPMG Reports were the subject of discussion by members of the BAC at a meeting on 23 May 2018, which was additionally attended by Bekier and O'Neill.*
- ii. *As to the matters in sub-paragraph (c) above, the Plaintiff refers to Star's conduct on and from 24 May 2018 in respect of the China UnionPay Information, the Suncity Information, the Junket and High Value Customer Information and the Overseas Payment Channels Information.*
- iii. *Further particulars may be provided following discovery and expert evidence.*

G.6. Corporate governance deficiencies

202. In the Relevant Period, Star's corporate governance systems, controls and processes in respect of risk management were deficient, such that Star's Board, BAC, BRCC and/or senior management:

- (a) were not informed about issues that were material to whether Star was complying with its Casino Regulatory Obligations or its AML/CTF Obligations; and/or
- (b) did, or could, not adequately identify, assess, monitor and manage risks that had the potential to cause the Star Group to engage in a material breach of its Casino Regulatory Obligations or its AML/CTF Obligations.

Particulars

- i. The Plaintiff refers to paragraphs 29 to 31 above and says further that:*
 - A. so far as the Plaintiff can say before discovery, at no point in the Relevant Period prior to July 2019 did the MRCC meet at regular intervals, if it met at all.*
 - B. In the Relevant Period prior to March 2020, Star's Board and/or the BRCC was not able to identify and manage risks to the Star Group as:*
 - I. the Star Group's risk register was not provided to Star's Board and/or the BRCC; and*
 - II. the Star Board and/or the BRCC instead relied upon a written assurance from the Chief Risk Officer or Chief Legal and Risk Officer that the Star Group was acting within the parameters set by the Risk Appetite Statement.*
- ii. The Plaintiff otherwise refers to paragraph 133, 139, 159 to 164, 176, 193 and 201 above and the particulars subjoined thereto.*
- iii. Further particulars may be provided following discovery.*

203. In the Relevant Period, Star failed to properly disclose material information or circumstances concerning the adequacy of compliance with its Casino Regulatory Obligations and/or its AML/CTF Obligations to ILGA, the QLD Regulators and/or AUSTRAC, including:

- (a) in respect of the CUP Process, as alleged in paragraph 133 above;
- (b) by making the ILGA Salon 95 Service Desk Representations and the ILGA Junket Representations; and

- (c) by failing to comply with AUSTRAC's requests to provide it with a copy of the KPMG Reports, including because of the maintenance of improper claims for legal professional privilege,

(paragraphs 202 and 203 together, **Corporate Governance Deficiency Information**).

Particulars

- i. *As for the matters alleged in sub-paragraph (a) above, the Plaintiff refers to paragraphs 133 and 159 to 164 above and the particulars subjoined thereto.*
- ii. *As for the matters alleged in sub-paragraph (b) above:*
 - A. *between September 2018 and January 2020, Star refused to provide AUSTRAC with a copy of the KPMG Reports in response to its requests made on 14 September 2018, 12 September 2019, 5 December 2019 and 9 January 2020, on the basis of a claim for legal professional privilege (STA.3012.0001.1855; STA.3009.0009.0073; STA.3402.0002.2699; STA.3402.0002.2700; STA.3402.0002.1704; STA.3402.0002.3488; STA.3412.0004.7476);*
 - B. *the KPMG Reports were not prepared for the dominant purpose of the Star Group being provided with legal advice or legal services relating to an actual or anticipated proceeding that would provide a proper basis for Star to claim legal professional privilege over them, including because:*
 - I. *the terms of the retainer between KPMG and Star for the preparation of the KPMG Reports expressly disavowed provision of any legal advice (STA.5001.0003.0818);*
 - II. *neither of the two senior KPMG personnel who provided services pursuant to the retainer were lawyers; and*
 - III. *KPMG was not engaged by Star's legal department, but instead by Ms O'Neil, who was not a lawyer.*
- iii. *Further particulars may be provided following discovery and expert evidence.*

G.7. Regulatory Enforcement Action Consequences

204. In the Relevant Period, by reason of the matters set out in paragraphs 126 to 203, separately or together in any combination:

- (a) there was a real risk that the Star Group's conduct could amount to serious contraventions of its Casino Regulatory Obligations;

- (b) there was a real risk that ILGA would take NSW Casino Regulatory Enforcement Action and/or the QLD Regulators would take QLD Casino Regulatory Enforcement Action against TSPL and/or TSEQL respectively; and
- (c) there was a real risk of the Regulatory Enforcement Action Consequences eventuating, (together, **Casino Regulatory Enforcement Risk Information**).

205. In the Relevant Period, by reason of the matters set out in paragraphs 126 to 203, separately or together in any combination:

- (a) Star's conduct could amount to serious contraventions of its AML/CTF Obligations;
- (b) there was a real risk that AUSTRAC would take AUSTRAC Enforcement Action against TSPL and/or TSEQL; and
- (c) there was a real risk of the Regulatory Enforcement Action Consequences eventuating, (together, **AUSTRAC Enforcement Action Risk Information**).

H. 2021 STAR CHANNEL 9 REPORTS, SUBSEQUENT EVENTS AND SHARE PRICE REACTIONS

H.1. 2021 Star Channel 9 Reports

206. On 10 October 2021, Channel 9 published investigative reports on television and in print concerning Star (**2021 Star Channel 9 Reports**), which stated that:

- (a) between 2014 and 2021, Star cultivated high-roller players who were allegedly associated with criminal or foreign-influence operations;
- (b) AUSTRAC was building a strong case against Star, which would face significant penalties;
- (c) in 2018, the KPMG Reports were provided to the BRCC concerning Star's AML/CTF compliance, which:
- (d) stated that Star's ML/TF risk assessment system:
 - (i) did not have an 'agreed and documented Risk Assessment Methodology', meaning that Star was unable to 'justify the ratings applied by its ML/TF Risk assessment';
 - (ii) '[did] not consider terrorism financing as required by the [AML/CTF Act]';
 - (iii) '[did] not consider, in sufficient detail, the ML/TF risk posed by specific parts of the business where the ML/TF risk may be higher, e.g. Junkets';

- (iv) did not adequately assess jurisdictional risk;
 - (v) appeared to 'understate the level of ML/TF risk' of some players;
- (e) found that Part A of the Star AML/CTF Program:
- (i) did not have 'documentation that defined the customer in relation to the designated service provided', which could lead 'to an inconsistent application of the Program to its customers';
 - (ii) did not 'provide sufficient information on how to comply with [SMRs] and [TTRs]', and noted that the number of and variations between the standard operating procedures across Star's three properties meant that 'it was difficult to identify what specific procedures [were] applied by the different operational areas of the business';
 - (iii) could not be properly operated due to 'inadequate resourcing', and that given 'the significant reliance on the two AML Administrators ... key resource and key person' risks existed especially given the limited oversight to which they were subject; and
 - (iv) Star may have been inconsistently complying with the program between its 'two reporting entities';
- (f) recommended that Star:
- (i) 'document an adequate and robust ML/TF Risk Assessment Methodology, taking into account domestic and international guidance'; and
 - (ii) update Part A of the Star AML/CTF Program 'to include [TF], jurisdictional risk, and specific areas that have been identified by regulatory authorities as potentially High Risk, such as junkets, high net worth customers and specific gaming services';
- (g) noted that the 'agreed management action(s) included to:
- (i) 'review and expand risk assessment methodology' in its 2018 annual program review;
 - (ii) 'evaluate and further review' the risk assessment methodology in its 2019 annual program review;
 - (iii) increasing 'AML related resources' by 1 FTE in FY19; and
 - (iv) 'review references to [TF]' and customers in its 2018 annual program review.
- (h) until 2018, Star allowed high-rollers to use the CUP Process;

- (i) Lee, who was then being pursued by the ATO, allegedly used the CUP Process to move millions of dollars from China to Australia in 2014 and 2015;
- (j) alleged corporate fraudster Mr Zu Neng 'Scott' Shi was accused by the ATO in the Federal Court in 2020 of withdrawing nearly \$2 million from ATMs at Star Sydney over five years using the CUP Process;
- (k) the gaming accounts of both Mr Lee and Mr Shi had been frozen by Australian authorities amid accusations of suspicious money movements via Star Sydney;
- (l) in 2019, the Australian Security Intelligence Organisation met with state policing officials to help gather intelligence on the possible use of Star by suspected foreign interference agents;
- (m) federal and state authorities tracked at least six high-rollers or junket operators linked to Star and the Chinese government's overseas influence operations;
- (n) in respect of Mr Mende Trajkoski:
 - (i) between 2007 and 2021, Mr Trajkoski, who was mostly unemployed, was one of Star Sydney's highest grossing slot machine players, turning over \$175 million in that period;
 - (ii) Mr Trajkoski only stopped gambling at the casino when NSW Police's organised crime squad arrested him in June 2021 in connection with three tonnes of cocaine that he allegedly imported in 2020 and 2021;
 - (iii) rather than act on the red flags, Star wooed Mr Trajkoski with lavish gifts for him, his friends and his relatives, including penthouse accommodation, luxury watches and handbags;
 - (iv) Mr Trajkoski was made a member of Star's invitation-only 'Diamond Club', and given all-hours access to a Star employee, who 'was told to accommodate his every need', including late-night limousines and accommodation requests;
 - (v) even though a basic internet search of one of Mr Trajkoski's close associates would have revealed him as a convicted drug trafficker recently released from jail, Star permitted him to access its high-roller area and Mr Trajkoski's Diamond Club privileges;
 - (vi) Mr Trajkoski falsely told Star staff that he was a car salesman, which was never checked or verified;

- (vii) Mr Trajkoski was able to use slot machines for stretches of up to nine hours at a time without intervention by Star, despite being an indicator of problem gambling and, in some situations, ML; and
- (viii) according to a Star insider, despite suspicions about Mr Trajkoski's gambling habits and source of income, Star decided to keep taking his money 'until this all blows up';
- (o) Mr John Khoury, a long-term business partner of alleged underworld identity Mr Mick Gatto:
 - (i) has been banned from gambling at Star Sydney since 2012, due to his organised crime associations;
 - (ii) despite the ban, Star allowed Mr Khoury to play at Star Gold Coast and enticed him to do so by offering luxury gifts, flights and accommodation;
 - (iii) an Australian Criminal Intelligence Commission and Victoria Police intelligence probe in 2017, codenamed 'Northern', identified \$39 million that was moved through Mr Khoury's Star Gold Coast account between 2010 and 2017; and
 - (iv) in respect of Star's failure to ban Mr Khoury from Star Gold Coast, a Star insider said "Senior management pushed back when we pointed this out because he was such a big gambler";
- (p) Canberra restaurateur Mr James Mussillon:
 - (i) was Star Sydney's most prolific ACT patron until he was banned from the property by the NSW Police Commissioner;
 - (ii) was charged by the AFP in August 2021 and accused of ML activity dating back to 2016;
 - (iii) was not subject to any oversight by Star over several years, despite red flags being raised about his activities in the casino, including his erratic behaviour; and
 - (iv) despite being identified by its staff as a 'suspicious' player, Star continued to provide incentives for him to not only keep gambling, but also recruit others from his network;
- (q) Star had ties to high-roller tour operatives with Chinese organised-crime links dating back several years, including brothel owner Mr Simon Pan and Chinese organised-crime boss Mr Tom Zhou, whose dealings with Crown led to that casino facing the potential loss of its licence in three states;

- (r) in 2017, AUSTRAC identified and reported Mr Pan as a junket representative at Star and warned of his suspicious casino activities;
- (s) in 2016, when federal authorities searched a private jet on the Gold Coast chartered by Mr Zhou as part of a money-laundering check, they found receipts detailing \$15 million of transactions at Star's casinos;
- (t) had Star conducted basic online due diligence, it would have discovered Mr Pan and Mr Zhou's extensive alleged criminal past, including Mr Zhou's extensive links to the Chinese government's overseas influence group, the United Front Work Department, and his past political donor activity; and
- (u) political donor, billionaire property developer and 'most infamous alleged foreign-interference agent' Mr Huang Xiangmo:
 - (i) was a high-roller at Star for several years, together with at least two other members of his Australian-based Chinese Communist Party lobbying organisation; and
 - (ii) was the subject of an AUSTRAC investigation that uncovered suspicious transactions involving close associates of Mr Huang at Star's casinos as recently as 2018, just prior to Mr Huang's expulsion from Australia.

Particulars

- i. *The 2021 Star Channel 9 Reports comprised:*
 - A. *the episode of the Nine Network's '60 Minutes' program broadcast on 10 October 2021 titled 'Falling Star' (2021 Star 60 Minutes Report); and*
 - B. *the article published in the Sydney Morning Herald newspaper on 11 October 2021 titled 'The fallen Star: Sydney's cleanskin casino caught in 'dirty' company'.*

H.2. Bell Inquiry

207. After market close on 19 October 2021, Star released an ASX announcement entitled 'Update on the regular review of the Star Sydney' (**Bell Inquiry Announcement**) which stated that:
- (a) a regular review into whether Star was complying with its statutory obligations and whether it remained suitable to hold the Star Sydney Casino Licence had commenced in September 2021, after Mr Adam Bell SC was appointed by ILGA to conduct the review (**Bell Inquiry**);
 - (b) Mr Bell had advised ILGA that he considered it in the public's interest to hold public hearings on matters including, but not limited to, Star Sydney's maintenance and

administration of systems to counter money laundering and infiltration by organised crime;

- (c) the components of the review involving The Star's maintenance and administration of systems to counter money laundering and infiltration by organised crime will now be heard publicly;
 - (d) ILGA was fully supportive of Mr Bell's decision;
 - (e) the public hearings were expected to be held in March 2022; and
 - (f) Mr Bell was expected to provide his report to ILGA by 30 June 2022.
208. Between 17 March 2022 and 16 June 2022, the public hearings in the Bell Inquiry (**Bell Inquiry Hearings**) occurred.
209. The evidence given and/or submissions made to the Bell Inquiry during the Bell Inquiry Hearings was likely to come the attention of the Star Shares Market.

Particulars

- i. The Bell Inquiry Hearings could be, and were, observed by members of the public from ILGA's website.*
- ii. The Bell Inquiry Hearings were the subject of prominent media reporting by national news media organisations, including the Sydney Morning Herald, the AFR, The Australian, The Guardian and News.com.au.*

H.3. Gotterson Inquiry

210. On 14 June 2022, the Queensland Attorney-General, the Honourable Shannon Fentiman MP, made public comments:
- (a) that were likely to come the attention of the Star Shares Market;
 - (b) in which the Attorney-General relevantly stated that:
 - (i) the OGLR had been undertaking investigations into the Star Group, following the allegations that had been made public during the Bell Inquiry Hearings;
 - (ii) the OLGR was at a point in its investigation where it considered it necessary for an independent expert review to consider the ongoing suitability of the Star Group to hold a casino licence in Queensland;
 - (iii) the Queensland government would initiate an independent expert review into the suitability of the Star Group to hold a casino licence in Queensland (**Gotterson Inquiry**);

- (iv) the terms of reference for the Gotterson Inquiry would be released in the future;
 - (v) the Queensland government took the allegations of ML and integrity issues made against the Star Group very seriously; and
 - (vi) the Queensland government would accept the findings of the Bell Inquiry in the course of considering the Star Group's ongoing suitability to hold a casino licence in Queensland,
- (together, **Gotterson Inquiry Announcement**).

Particulars

- i. *The public comments identified in sub-paragraphs (b)(i) to (vi) above:*
 - A. *were the subject of reporting by national news media organisations, including The Guardian, The Australian and the ABC; and*
 - B. *were made during a forum hosted by the Queensland Media Club. A video of the forum where the Attorney-General made the public comments was publicly uploaded to YouTube by the Queensland Media Club on or about 15 June 2022.*
- ii. *On 14 June 2022 at approximately 3:13pm, Star released an announcement to the ASX titled 'Proposed Independent Review of The Star in Queensland', which made express reference to 'comments today by the Queensland Attorney General, The Hon. Shannon Fentiman MP' regarding the fact that the Gotterson Inquiry had been foreshadowed.*

H.4. Admissions by Star during Bell Inquiry Hearings

211. On 14 June 2022, the Star Group, through its counsel, made admissions to the Bell Inquiry about its conduct as the operator of the Star Sydney Casino Licence that:
- (a) relevantly included that:
 - (i) it was open to the Bell Inquiry to find that, as at 17 March 2022:
 - (A) TSPL did not meet the Suitable Person Test; and
 - (B) Star was not suitable to be a Close Associate of TSPL;
 - (ii) it was open to the Bell Review to find that the TSPL had breached the ILGA Information Warrantly in respect of the matters alleged in paragraphs 159 to 164 above; and

- (iii) Star had inappropriately and unacceptably claimed legal professional privilege over the KPMG Reports and that a copy should have been provided to AUSTRAC immediately,

(together, **Star Bell Inquiry Admissions**);

- (b) were likely to come to the attention of the Star Shares Market.

Particulars

- i. As to the matters in sub-paragraph (b) above, the Plaintiff refers to and repeats the particulars subjoined to paragraph 209 above.*

H.5. Subsequent events

212. On 31 August 2022, the Bell Inquiry Report was delivered to ILGA and determined that Star, TSPL and EEIS were each unsuitable to be concerned in, or associated with, the management and operation of a casino in New South Wales.

213. On 13 September 2022, the New South Wales Independent Casino Commission (**NICC**) issued TSPL with a notice pursuant to s 23(2) of the *NSW CC Act*, which stated that the NICC was considering taking disciplinary action against TSPL in respect of the findings made by the Bell Inquiry Report.

Particulars

- i. Star, ASX Announcement, 'Review of The Star Sydney – Final Report', 13 September 2022.*

214. On 30 September 2022, the report of the Gotterson Inquiry was delivered to the Queensland Attorney-General (**Gotterson Inquiry Report**).

215. On 17 October 2022, the NICC issued TSPL with notices pursuant to ss 23(4)(a) and 28 of the *NSW CC Act* that:

- (a) the Star Sydney Casino Licence would, from 9.00am on 21 October 2022, be suspended indefinitely;
- (b) it was required to pay a pecuniary penalty of \$100 million, on a timetable to be agreed; and
- (c) an external manager would be appointed to Star Sydney for a period of 90 days on and from 9.00am on 21 October 2022.

Particulars

- i. *Star, ASX Announcement, 'Disciplinary Action and Appointment of Casino Manager by NSW Independent Casino Commission', 17 October 2022.*

216. On 25 October 2022, in response to the Gotterson Inquiry Report, the Queensland Attorney-General formally determined that Star and other entities within the Star Group were each unsuitable to be associated or connected with the management and operations of a hotel-casino complex or casino, by reason of it not being a person of good repute.

Particulars

- i. *Star, ASX Announcement, 'Queensland Casino Operations – Determinations by Attorney-General', 25 October 2022.*
- ii. *The other entities within the Star Group found to be unsuitable were TSEQL, TSEQCPL, The Star Entertainment Brisbane Operations Pty Ltd, The Star Entertainment DBC Holdings Pty Ltd and Destination Brisbane Consortium Integrated Resort Operations Pty Ltd.*

217. On 4 November 2022, TSEQL and TSEQCPL received show cause notices pursuant to s 31 of the QLD CC Act, stating that the Minister administering the QLD CC Act believed that grounds have arisen for taking disciplinary action against them.

Particulars

- i. *Star, ASX Announcement, 'Queensland Casino Operations – Determinations by Attorney-General', 4 November 2022.*

218. On 30 November 2022, AUSTRAC issued a proceeding in the Federal Court of Australia applying for a civil penalty order against, and payment of a pecuniary penalty by, TSPL and TSEQL, pursuant to ss 176 and 178 of the AML/CTF Act.

Particulars

- i. *Federal Court of Australia proceeding number NSD1025/2022.*

219. On 9 December 2022, the Governor of Queensland in Council determined to take disciplinary action against TSEQL and TSEQCPL, pursuant to s 31(12) of the QLD CC Act, including:

- (a) requiring them to pay pecuniary penalties totalling \$100 million, to be paid over 12 months;

- (b) the appointment of a special manager to monitor the Star Group's operations in Queensland, with the cost to be recouped from Star Gold Coast and/or Treasury Brisbane; and
- (c) the suspension of the Star Gold Coast Casino Licence and the Treasury Casino Licence for a period of 90 days, on and from 1 December 2023.

Particulars

- i. Queensland Government, media statement, 'Disciplinary action taken against The Star', 9 December 2022.*

H.6. Information and Star Share price reactions

220. In response to the 2021 Star Channel 9 Reports, the price of Star Shares declined materially.

Particulars

- i. The price declined from \$4.58 per share at the close of trading on 6 October 2021 (the day before promotions of the 2021 Star Channel 9 Reports began to air on Channel 9), to \$3.21 at close of trading on 12 October 2021, a total decline of \$1.37 or 29.9%.*

221. The information contained in, and the subject of the 2021 Star Channel 9 Reports was to market participants:

- (a) information which a reasonable person would expect to have a material effect on the price or value of Star Shares;
- (b) related to the subject matter of:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations; and/or
 - (iv) the Corporate Governance Representations;
- (c) operated to correct or partly correct:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations; and/or
 - (iv) the Corporate Governance Representations;

- (d) related to the subject matter of:
 - (i) the China UnionPay Information;
 - (ii) the Suncity Information;
 - (iii) the Junket and High Value Customer Information;
 - (iv) the Overseas Payment Channel Information;
 - (v) the AML/CTF Program Deficiency Information;
 - (vi) the Corporate Governance Deficiency Information;
 - (vii) the Casino Regulatory Enforcement Risk Information; and/or
 - (viii) the AUSTRAC Regulatory Enforcement Risk Information;
- (e) influenced persons who commonly invest in securities, by partly disclosing the matters relating to the information referred to in sub-paragraph (d) above by causing:
 - (i) persons who held Star Shares to reduce the price at which that were willing to dispose of those shares; and
 - (ii) persons who were considering acquiring Star Shares to reduce the price at which they were willing to purchase those shares;
- (f) caused the price at which Star Shares traded on the ASX (**Traded Price**) to adjust downward partially toward the price at which would have existed if the Contraventions, or any one or combination of them, had not occurred;
- (g) caused the market to adjust the Traded Price downward to partially correct the effects of the Contraventions, or any one or combination of them; and
- (h) by reason of the matters alleged in sub-paragraphs (e)-(g), had a material adverse effect on the Traded Price of Star Securities.

Particulars

- i. The said effect is to be inferred from the character of the market for Star shares as alleged in paragraph 235 and the Star share price decline alleged in paragraph 220 and the particulars thereto.*

222. Following the release of the IGLA Review Announcement, the price of Star Shares declined materially.

Particulars

- i. The price declined from \$3.69 per share at the close of trading on 19 October 2021, to \$3.41 at close of trading on 21 October 2021, a total decline of \$0.24 or 6.5%.*

223. The information contained in, and the subject of the IGLA Review Announcement was to market participants:

- (a) information which a reasonable person would expect to have a material effect on the price or value of Star Shares;
- (b) related to the subject matter of:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (c) operated to correct or partly correct the:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (d) related to the subject matter of:
 - (i) the China UnionPay Information;
 - (ii) the Suncity Information;
 - (iii) the Junket and High Value Customer Information;
 - (iv) the Overseas Payment Channel Information;
 - (v) the AML/CTF Program Deficiency Information;
 - (vi) the Corporate Governance Deficiency Information;

- (vii) the Casino Regulatory Enforcement Risk Information; and/or
- (viii) the AUSTRAC Regulatory Enforcement Risk Information;
- (e) influenced persons who commonly invest in securities, by partly disclosing the matters relating to the information referred to in sub-paragraph (d) above by causing:
 - (i) persons to hold Star Shares to reduce the price at which they were willing to dispose of those shares; and
 - (ii) persons who were considering acquiring Star Shares to reduce the price at which they were willing to purchase those shares;
- (f) caused the Traded Price to adjust downward partially toward the price at which would have existed if the Contraventions, or any one or combination of them, had not occurred;
- (g) caused the market to adjust the Traded Price downward to partially correct the effects of the Contraventions, or any one or combination of them; and
- (h) by reason of the matters alleged in sub-paragraphs (e)-(g), had a material adverse effect on the Traded Price of Star Securities.

Particulars

- i. The said effect is to be inferred from the character of the market for Star shares as alleged in paragraph 235 and the Star share price decline alleged in paragraph 222 and the particulars thereto.*
- ii. As to sub-paragraphs (b)–(d), the said effect is to be further inferred from:*
 - A. the information conveyed by the 2021 Star Channel 9 Reports;*
 - B. the fact that the Chairman of ILGA, Mr Philip Crawford, was interviewed during the 2021 Star 60 Minutes Report and stated that:*
 - I. the information contained in the KPMG Reports had not been disclosed to ILGA; and*
 - II. ILGA was going through a thorough and serious process of review and inquiry of Star and that it would deal with any malfeasance.*
 - C. the fact that the Bell Inquiry Announcement was made 9 days after the 2021 Star Channel 9 Reports were broadcast.*

224. During the Bell Inquiry Hearings, the share price of Star declined materially.

Particulars

- i. The price declined from \$3.37 per share at the close of trading on 16 March 2022, to \$2.55 at close of trading on 16 June 2022, a total decline of \$0.82 or 27.06%.*

225. The information contained in, and the subject of, the Bell Inquiry Hearings was to market participants:

- (a) information which a reasonable person would expect to have a material effect on the price or value of Star Shares;
- (b) related to the subject matter of:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (c) operated to correct or partly correct the:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (d) related to the subject matter of:
 - (i) the China UnionPay Information;
 - (ii) the Suncity Information;
 - (iii) the Junket and High Value Customer Information;
 - (iv) the Overseas Payment Channel Information;
 - (v) the AML/CTF Program Deficiency Information;
 - (vi) the Corporate Governance Deficiency Information;

- (vii) the Casino Regulatory Enforcement Risk Information; and/or
 - (viii) the AUSTRAC Regulatory Enforcement Risk Information;
- (e) influenced persons who commonly invest in securities, by partly disclosing the matters relating to the information referred to in sub-paragraph (d) above by causing:
- (i) persons to hold Star Shares to reduce the price at which they were willing to dispose of those shares; and
 - (ii) persons who were considering acquiring Star Shares to reduce the price at which they were willing to purchase those shares;
- (f) caused the Traded Price to adjust downward partially toward the price at which would have existed if the Contraventions, or any one or combination of them, had not occurred;
- (g) caused the market to adjust the Traded Price downward to partially correct the effects of the Contraventions, or any one or combination of them; and
- (h) by reason of the matters alleged in sub-paragraphs (e)-(g), had a material adverse effect on the Traded Price of Star Securities.

Particulars

- i. The said effect is to be inferred from the character of the market for Star shares as alleged in paragraph 235 and the Star share price decline alleged in paragraph 224 and the particulars thereto.*
- ii. As to sub-paragraphs (b)–(d), the said effect is to be further inferred from the information conveyed during the Bell Inquiry Hearings.*

226. In response to:

- (a) the Gotterson Inquiry Announcement; and
- (b) the Star Bell Inquiry Admissions,

the share price of Star declined materially.

Particulars

- i. The price declined from \$2.79 per share at the close of trading on 10 June 2022, to \$2.55 at close of trading on 16 June 2022, a total decline of \$0.24 or 8.60%.*

227. The information contained in, and the subject of:

- (a) the Gotterson Inquiry Announcement; and
- (b) the Star Bell Inquiry Admissions,

was to market participants:

- (c) information which a reasonable person would expect to have a material effect on the price or value of Star Shares;
- (d) related to the subject matter of:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (e) operated to correct or partly correct the:
 - (i) the Model Casino Operator Representations;
 - (ii) the Regulatory Compliance Representations;
 - (iii) the Compliance and Risk Systems Representations;
 - (iv) the Corporate Governance Representations; and/or
 - (v) the False Media Reports Representations;
- (f) related to the subject matter of:
 - (i) the China UnionPay Information;
 - (ii) the Suncity Information;
 - (iii) the Junket and High Value Customer Information;
 - (iv) the Overseas Payment Channel Information;
 - (v) the AML/CTF Program Deficiency Information;
 - (vi) the Corporate Governance Deficiency Information;
 - (vii) the Casino Regulatory Enforcement Risk Information; and/or
 - (viii) the AUSTRAC Regulatory Enforcement Risk Information;

- (g) influenced persons who commonly invest in securities, by partly disclosing the matters relating to the information referred to in sub-paragraph (f) above by causing:
 - (i) persons to hold Star Shares to reduce the price at which they were willing to dispose of those shares; and
 - (ii) persons who were considering acquiring Star Shares to reduce the price at which they were willing to purchase those shares;
- (h) caused the Traded Price to adjust downward partially toward the price at which would have existed if the Contraventions, or any one or combination of them, had not occurred;
- (i) caused the market to adjust the Traded Price downward to partially correct the effects of the Contraventions, or any one or combination of them; and
- (j) by reason of the matters alleged in sub-paragraphs (g)-(j), had a material adverse effect on the Traded Price of Star Securities.

Particulars

- i. The said effect is to be inferred from the character of the market for Star shares as alleged in paragraph 235 and the Star share price decline alleged in paragraph 226 and the particulars thereto.*
- ii. As to sub-paragraphs (d)–(f), the said effect is to be further inferred from:*
 - A. in the case of sub-paragraph (a), the fact that the Gotterson Inquiry would be initiated as a direct consequence of the information conveyed during the Bell Inquiry Hearings; and*
 - B. in the case of sub-paragraph (d), the fact that the information was in the form of admissions made by Star, in circumstances where Star had previously made and maintained, but failed to correct or qualify at any time, the False Media Reports Representations.*
- iii. Further particulars may be provided following discovery and expert evidence.*

I. STAR'S MISLEADING OR DECEPTIVE CONDUCT

228. The conduct pleaded in paragraphs 119 to 125 was conduct engaged in by Star:

- (a) in relation to financial products (being Star Shares), within the meaning of ss 763A(1)(a) and 764A(1)(a) of the *Corporations Act*,
- (b) in trade or commerce, in relation to financial services within the meaning of ss 12AB(1)(a) and 12BA(5) of the *ASIC Act*, and

(c) in trade or commerce, within the meaning of s 18 of the *ACL*.

229. By reason of the matters set out in paragraphs 126 to 205, from the start of the Relevant Period:

(a) in making, maintaining and/or failing to correct or qualify the:

- (i) the Model Casino Operator Representations;
- (ii) the Regulatory Compliance Representations;
- (iii) the Compliance and Risk Systems Representations;
- (iv) the Corporate Governance Representations; and/or
- (v) the False Media Reports Representations;

(b) Star engaged in conduct which was misleading or deceptive, or likely to mislead or deceive; and

(c) Star contravened s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the *ACL*,

(together, **Star's Misleading or Deceptive Conduct Contravention**).

Particulars

- i. As to the matter in sub-paragraph (c), in making, maintaining and/or failing to correct or qualify one or more of the Model Casino Operator Representations, the Regulatory Compliance Representations, the Compliance and Risk Systems Representations, the Corporate Governance Representations and/or the False Media Reports Representations, by reason of the awareness of the Material Information by one or more of the Star Officers, it is to be inferred that Star:*
 - A. was aware of a substantial risk that it would mislead or deceive the Star Shares Market; and*
 - B. ought reasonably to have known or by the exercise of reasonable care would have known that the representations should not have been made, maintained and/or corrected or qualified;*
- ii. Further particulars will be provided after discovery and the filing of expert reports.*

J. STAR'S CONTINUOUS DISCLOSURE CONTRAVENTIONS

230. Further or alternatively, Star was aware of, for the purposes of Rules 3.1 and 19.2 of the ASX Listing Rules, and had, for the purposes of s 674(2)(b) and/or s 674A(2)(b) of the *Corporations Act*.

- (a) the China UnionPay Information;
 - (b) the Suncity Information;
 - (c) the Junket and High Value Customer Information;
 - (d) the Overseas Payment Channel Information;
 - (e) the AML/CTF Program Deficiency Information;
 - (f) the Corporate Governance Deficiency Information;
 - (g) the Casino Regulatory Enforcement Risk Information; and/or
 - (h) the AUSTRAC Enforcement Action Risk Information,
- (separately or together in any combination, **Material Information**).

231. On and from the start of the Relevant Period, the Material Information was information that:

- (a) was not generally available within the meaning of s 674(2)(b) and/or s 674A(2)(b) and s 676 of the *Corporations Act*;
- (b) a reasonable person would expect to have a material effect on the price or value of Star Shares within the meaning of ASX Listing Rule 3.1, s 674(2)(c)(ii) and/or s 674A(2)(c)(ii) of the *Corporations Act*; and
- (c) between:
 - (i) 23 May 2020 and 22 March 2021; and
 - (ii) 14 August 2021 to the end of the Relevant Period,

Star was aware, or was alternatively reckless or negligent as to whether, it would have a material effect on the price or value of its shares.

Particulars

- i. As to the matter in sub-paragraph (c), by reason of:*
 - A. the awareness of the Material Information by one or more of the Star Officers;*
 - B. the materiality of the Material Information;*
 - C. the fact that following the publication of the 2019 60 Minutes Report:*
 - I. Crown's share price declined by \$1.52 (or 12.00%);*

II. *Star's share price declined by \$0.66 (or 15.57%); and*

III. *Bekier made the statements and/or representations at sub-paragraphs 93(a)(iv) and 96(a)(i) above;*

D. *the incremental disclosure of information related to the subject matter of the Material Information by each of the 2021 Star Channel 9 Reports, the Bell Inquiry announcement, the Bell Inquiry Hearings, the Gotterson Inquiry Announcement and the Star Bell Inquiry Admissions;*

E. *the price impact on Star Shares of the 2021 Star Channel 9 Reports, the Bell Inquiry Announcement, the Bell Inquiry Hearings, the Gotterson Inquiry Announcement and the Star Bell Inquiry Admissions, as pleaded in paragraphs 206 to 225 above; and*

F. *the fact that in response to the 12 October 2021 ASX Announcement, which conveyed the False Media Reports Representations, Star's share price increased by \$0.49 (or 15.26%) between 13 and 18 October 2021,*

it is to be inferred that Star:

G. *was aware of a substantial risk that, if it were generally available, the Material Information would or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of Star Shares;*

H. *was aware of a substantial risk that, if it were generally available, the information would have a material effect on the price or value of Star Shares;*

I. *ought reasonably to have known or by the exercise of reasonable care would have known that the information would or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of Star Shares;*

J. *ought reasonably to have known or by the exercise of reasonable care would have known that the information would have a material effect on the price or value of Star Shares.*

ii. *As to the allegations of recklessness in sub-paragraph (c), and having regard to the circumstances and substantial risks known to Star referred to in particular (i) above, it was unjustifiable for Star not to disclose the information and in so doing to take the risk that, if generally available, the Material Information:*

A. *would or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of Star Shares; and/or*

B. *would have a material effect on the price or value of Star Shares.*

iii. *Further particulars will be provided after discovery and the filing of expert reports.*

232. By reason of Star's Continuous Disclosure Obligations, and the matters set out in paragraphs 230 to 231 above, Star became obliged to inform the ASX of the Material Information from the start of the Relevant Period.
233. Star did not inform the ASX of the Material Information at the start of the Relevant Period immediately or at all.
234. By reason of the matters pleaded in paragraphs 230 to 233 above, Star contravened Star's Continuous Disclosure Obligations (**Star's Continuous Disclosure Contravention**).

K. LOSS AND DAMAGE

K.1. Market-based causation

235. During the Relevant Period, the Star Shares Market was a market:
- (a) regulated by s 674(2) and/or s 674A(2) and s 1041H of the *Corporations Act*, Rule 3.1 of the Listing Rules and s 12DA of the *ASIC Act*; and
 - (b) in which the price at which Star Shares traded on the ASX was, or was reasonably expected to have been, influenced by the material information concerning Star that was published on the ASX or that otherwise became publicly available.
236. During the Relevant Period, each of:
- (a) Star's Misleading or Deceptive Conduct Contravention; and
 - (b) Star's Continuous Disclosure Contravention,
- (together, the **Contraventions**),
- separately or together caused the Traded Price to be higher than the true value of Star Shares and/or the market price for Star Shares that would have prevailed but for the Contraventions (or any of them).

Particulars

- i. *Particulars of the extent to which the Contraventions caused the price at which Star Shares traded on the ASX to be higher than their true value and/or the market price that would have prevailed but for the Contraventions (or any of them) will be provided after the filing of expert reports.*

237. By reason of the matters alleged in paragraphs 235 and 236 above, at the times during the Relevant Period when the Plaintiff and all of the Group Members entered into a contract to acquire interests in Star Shares, the price of the shares they acquired had been inflated by one or more of the Contraventions.

Particulars

- i. Particulars of the Plaintiff's shareholdings are in the particulars to paragraph 2.*
- ii. Particulars of the shareholdings of the Group Members in the Relevant Period will be provided after the trial of the common questions.*

238. Further and in the alternative to the matters alleged in paragraphs 235 and 236 above, the Plaintiff and some of the Group Members entered into a contract to acquire interests in Star Shares during the Relevant Period as a result of holding and acting upon the assumption, being an assumption generally made in the Star Share Market and on which they were entitled to act that the Traded Price represented the market price in a market:

- (a) that had been informed of all material information concerning Star that was required to be disclosed by it in accordance with the ASX Listing Rules and s 674(2) and/or s 674A(2) of the *Corporations Act*; and
- (b) in which Star had not made any statements or representations that were misleading or deceptive or likely to mislead or deceive.

Particulars

- i. Investors and potential investors in shares on the ASX, including Star Shares, are generally aware that there is a complex and comprehensive regulatory regime including, inter alia, the ASX Listing Rules and s 674(2) and/or s 674A(2) and s 1041H of the Corporations Act, which has, as one of its purposes ensuring that the market is promptly informed of all information which is relevant to the price at which securities are traded and that representations made to the market are not misleading or deceptive.*
- ii. Particulars of the Plaintiff's holding and reliance upon the alleged assumption will be provided prior to trial.*
- iii. Particulars with respect to the assumptions held by some of the Group Members will be provided following the determination of the common questions to the extent that they are relevant to question of whether they have suffered loss and damage.*

K.2. Reliance

239. Further or alternatively, some Group Members entered into a contract to acquire an interest in the Star Shares directly in reliance upon the Representations, or one or more of them.

Particulars

- i. Particulars of the identified of Group Members who relied upon any of the Representations will be provided following the determination of the common questions to the extent that they are relevant to the question of whether they have suffered loss and damage.*

K.3. Loss and damage

240. If Star had not engaged in the Contraventions (or any one or combination of the Contraventions):

- (a) the Plaintiff and some of the Group Members would have acquired their interests in Star Shares at the lower market price that would have prevailed; and/or
- (b) some of the Group Members would not have acquired an interest in the Star Shares.

241. By reason of the matters alleged in paragraph 239, above, the Plaintiff and the Group Members suffered loss and/or damage in relation to their interests in Star Shares by and resulting from the Contraventions (or any one or combination of the Contraventions).

Particulars

- i. The loss alleged in sub-paragraph 240(a), above, will be calculated by reference to the difference between the price at which the Plaintiff and some Group Members acquired an interest in Star Shares during the Relevant Period and the price at which the Star Shares would have traded at that time had the Contraventions (or any one or combination of the Contraventions) not occurred.*
- ii. The loss alleged in subparagraph 240(b), above, will be calculated by reference to:*
 - A. the price at which some Group Members acquired an interest in Star Shares during the Relevant Period, adjusted to deduct the true value of that interest at the time of the transaction; or*
 - B. for those Group Members who would have, but for the Contraventions (or any one or combination of the Contraventions) retained or acquired an alternative investment, the difference between the actual position as a result of having acquired an interest in Star Shares during the Relevant Period and the position they would have been in had they made that alternative investment.*
- iii. Particulars of the Plaintiff's losses will be provided after the filing of expert reports.*

- iv. *The losses suffered by Group Members who acquired an interest in Star Shares during the Relevant Period are not particularised in this statement of claim. Particulars in relation to Group Members' losses will be obtained and provided following opt out, the determination of the Plaintiff's claims and identified common issues at an initial trial and if, and when, it is necessary for a determination to be made of the individual claims of those Group Members.*

K.4. Entitlement to relief

- 242. By reason of the matters alleged in paragraphs 235 to 241 above, the Plaintiff and each of the Group Members are entitled to recover the amount of the loss and damage suffered by them from Star as a result of the conduct alleged in this statement of claim pursuant to s 1041I of the *Corporations Act* and/or s 12GF of the *ASIC Act*, and/or s 236 of the *ACL*.
- 243. Further or alternatively, Star is obliged pursuant to s 1317HA of the *Corporations Act* to compensate the Plaintiff and Group Members for the damage that resulted from its contravention of s 674(2) and/or s 674A(2) of the *Corporations Act*.

L. STAR'S CONDUCT CONTRARY TO THE INTERESTS OF ITS MEMBERS

- 244. Further, by reason of:

- (a) the China UnionPay Information;
- (b) the Suncity Information;
- (c) the Junket and High Value Customer Information;
- (d) the Overseas Payment Channels Information;
- (e) the AML/CTF Program Deficiency Information; and/or
- (f) the Corporate Governance Deficiency Information,

the conduct of the affairs of, and/or the actual acts or omissions by or on behalf of, Star during the Relevant Period has been contrary to the interests of its members as a whole, within the meaning of s 232 of the *Corporations Act*.

Particulars

- i. *As to the matters in sub-paragraph (a) above, the Plaintiff refers to:*
 - A. *Star's use of the CUP Process (including the Temporary CUP CCF Workaround) in circumstances where it knew, or ought to have known, that:*

- I. *it was contrary to the terms of the NAB Merchant Agreement and/or the CUP Card Scheme Rules, as alleged in paragraph 131 above;*
 - II. *there was a real risk that it caused Star, through TSPL, to unlawfully extend credit to its customers, as alleged in paragraph 132 above; and*
 - III. *there was a real risk that it caused, and/or did cause, Star to enable or facilitate ML or TF, as alleged in paragraph 139 above;*
 - B. *the fact that Star misled ILGA (and, in so doing, breached the ILGA Information Warranty) as to the purpose of the CUP Process and/or the manner in which it would be or was being implemented, as alleged in paragraph 133 above; and*
 - C. *the fact that Star misled NAB and/or China UnionPay regarding the intended use of funds transferred via CUP Process and/or the manner in which the services provided pursuant to the NAB Merchant Agreement, as alleged in paragraphs 134 to 135 above.*
- ii. *As to the matters in sub-paragraph (b) above, the Plaintiff refers to:*
- A. *Star's conduct in respect of:*
 - I. *its continued relationship with Suncity and/or the lek junket; and*
 - II. *the operation of Salon 95 and/or Salon 82,*

in circumstances where it knew, or ought to have known, that:

 - III. *the Salon 95 Service Desk was operating as a cage and, in so doing, created a real risk that Star would contravene its Casino Regulatory Obligations, its AML/CTF Obligations and/or the Unlawful Gambling Act 1998 (NSW), as alleged in paragraph 151 above;*
 - IV. *there was a real risk that its continued relationship with Suncity and/or the lek junket would cause Star, through TSPL, to fail the Suitable Person Test, given that credible information existed which demonstrated Suncity's links to organised crime, as alleged in paragraphs 154 to iii above; and*
 - V. *there was a real risk that it caused, and/or did cause, Star to enable or facilitate ML or TF, as alleged in paragraph ii above;*
 - B. *the fact that Star misled ILGA (and, in so doing, breached the ILGA Information Warranty) as to:*
 - I. *the purpose of and services intended to be provided at the Salon 95 Service Desk; and*

- II. its ongoing association with and risk assessment practices concerning junkets, Junket Organisers and Junket Participants,*
- as alleged in paragraphs 159 to 164 above.*
- iii. As to the matters in sub-paragraph (c) above, the Plaintiff refers to Star's conduct in respect of junkets and certain high value customers, in circumstances where it knew, or ought to have known, that there was a real risk that it caused, and/or did cause, Star to enable or facilitate ML or TF, as alleged in paragraph 175 above.*
- iv. As to the matters in sub-paragraph (d) above, the Plaintiff refers to Star's use of the Overseas Payment Channels in circumstances where it knew, or ought to have known, that there was a real risk that it caused, and/or did cause, Star to enable or facilitate ML or TF, as alleged in paragraph 193 above.*
- v. As to the matters in sub-paragraph (e) above, the Plaintiff refers to the fact that Star knew, or ought to have known:*
- A. of the deficiencies in its compliance with its AML/CTF Obligations (as alleged in paragraphs 195 to 199 above); and*
- B. that there was a real risk of it, and/or it did, enable or facilitate ML or TF, as alleged in paragraphs 200 and 201 above.*
- vi. As to the matters in sub-paragraph (e) above, the Plaintiff refers to:*
- A. Star's failure to ensure that Star's Board:*
- I. were informed about issues that were material to whether Star was complying with its Casino Regulatory Obligations or its AML/CTF Obligations; and*
- II. could adequately identify, assess, monitor and manage risks that had the potential to cause the Star Group to engage in a material breach of its Casino Regulatory Obligations or its AML/CTF Obligations,*
- as alleged in paragraph 202 above; and*
- B. Star's failure to properly disclose material information or circumstances concerning the adequacy of compliance with its Casino Regulatory Obligations and/or its AML/CTF Obligations to ILGA, the QLD Regulators and/or AUSTRAC, as alleged in paragraph 203 above.*
- vii. Star's conduct was and continues to be contrary to the interests of its members as a whole because:*
- A. it caused Star to be subject to the NSW Casino Regulatory Enforcement Action and the QLD Casino Regulatory*

Enforcement Action, thereby exposing itself to both actual and potential Casino Regulatory Enforcement Action Consequences;

B. it has exposed Star to a real risk of AUSTRAC Enforcement Action and AUSTRAC Enforcement Action Consequences occurring; and

C. accordingly, the value of Star Shares held by Star's members in the Relevant Period has, and is likely to continue to, decline.

viii. Further particulars may be provided following discovery.

245. Further, by reason of Contraventions (or any one or combination of the Contraventions), the conduct of Star's affairs during the Relevant Period has been contrary to the interests of the members of Star as a whole, within the meaning of s 232 of the *Corporations Act*.

Particulars

i. The Contraventions were contrary to the interests of Star's members as a whole because, but for them:

A. the conduct alleged in paragraph 244 above would have become known at an earlier point in time;

B. the Casino Regulatory Enforcement Action Consequences and/or AUSTRAC Enforcement Action Consequences that have actually occurred and/or may occur, by reason of the conduct alleged in paragraph 244 above, may not have occurred to the same extent, if at all; and

C. accordingly, the decline in value of Star Shares held by Star's members in the Relevant Period to date and/or in the future would have likely been less than is and/or likely will be the case.

ii. Further particulars may be provided following discovery.

246. By reason of the matters alleged in paragraphs 244 and 245 above, the Plaintiff and Group Members (including Acquisition Shareholders and Retained Shareholders) who:

(a) remain members of Star; or

(b) ceased to be members of Star because they sold their Star Shares following the matters alleged in paragraphs 244 and 245 above known to the Affected Market,

have suffered loss or damage.

Particulars

- i. *The Plaintiff refers to paragraphs 244 and 245 above and the particulars subjoined thereto.*
- ii. *Further particulars will be provided following expert evidence.*

M. COMMON QUESTIONS OF LAW OR FACT

247. The questions of law or fact common to the claims of the Plaintiff and the Group Members are:

- (a) During the Relevant Period, did Star make the:
 - (i) Model Casino Operator Representations;
 - (ii) Regulatory Compliance Representations;
 - (iii) Compliance and Risk Systems Representations;
 - (iv) Corporate Governance Representations; and/or
 - (v) False Media Reports Representations,and, if so:
 - (vi) when during the Relevant Period was that representation or those representations made; and
 - (vii) did Star fail to withdraw or qualify that, or those, representation(s)?
- (b) In failing to withdraw or qualify the relevant representation(s) that Star was found to have made, and failed to withdraw or qualify, did Star contravene s 1041H of the *Corporations Act*, s 12DA(1) of the *ASIC Act* and/or s 18 of the *ACL*?
- (c) At what date did Star become aware, within the meaning of Rule 19.12 of the ASX Listing Rules, of any or all of the Material Information?
- (d) Throughout all or some of the Relevant Period, was any or all of the Material Information information:
 - (i) that was not generally available within the meaning of s 676 of the *Corporations Act*, and
 - (ii) that a reasonable person would expect to have a material effect on the price or value of Star Shares within the meaning of Rule 3.1 of the ASX Listing Rules and s 674(2)(c)(ii) and/or s 674A(2)(c)(ii),

and, if so, throughout which part or parts of the Relevant Period?

- (e) During the Relevant Period, did one or more of the Star Officers know, or ought to have known, any or all of the Material Information, and, if so:
 - (i) which Star Officer(s); and
 - (ii) throughout which part or parts of the Relevant Period?
- (f) Throughout all or part of the Relevant Period, did Star contravene s 674(2) and/or s 674A(2) of the *Corporations Act* by not immediately notifying the ASX of any or all of the Material Information?
- (g) Did the Contraventions (or one or any combination of them) have the effect that prices for Star Shares were, during the Relevant Period, higher than their respective true value and/or the market price that would have prevailed but for the Contraventions (or any of them) and, if so, by how much?
- (h) If the Contraventions (or one or any combination of them) had any of the effect referred to at sub-paragraph 247(g), directly above:
 - (i) is compensation is recoverable by the Plaintiff and Group Members; and
 - (ii) if so, what is the correct measure of any compensation recoverable by the Plaintiff and Group Members?
- (i) Do the matters alleged in paragraphs 244 and/or 245 above constitute conduct by Star that was contrary to the interests of its members of Star as a whole, within the meaning of s 232 of the *Corporations Act*?

AND THE PLAINTIFF CLAIMS on its own behalf and on behalf of the Group Members:

- A. A declaration that Star contravened ASX Listing Rule 3.1 and sections 674(2) and/or 674A(2) of the *Corporations Act* by not informing the ASX immediately of the Material Information.
- B. An order pursuant to section 1317HA(1) of the *Corporations Act* that Star pay compensation to the Plaintiff and Group Members for damage caused by its contraventions of ss 674(2) and/or 674A(2) of the *Corporations Act*.
- C. A declaration that Star engaged in conduct in contravention of:
 - (a) section 1041H(1) of the *Corporations Act*;
 - (b) section 12DA(1) of the *ASIC Act*;
 - (c) section 18 of the *ACL*; and/or
 - (d) section 232 of the *Corporations Act*.

- D. An order pursuant to:
- (a) section 1041I of the *Corporations Act* that Star pay compensation to the Plaintiff and Group Members for damage caused by the conduct of Star in contravention of section 1041H of the *Corporations Act*; and
 - (b) section 12GF of the *ASIC Act* that Star pay compensation to the Plaintiff and Group Members for damage caused by the conduct of Star in contravention of section 12DA(1) of the *ASIC Act*;
 - (b) s 236 of the *ACL* that Star pay compensation to the Plaintiff and Group Members for damage caused by the conduct of Star in contravention of section 18 of the *ACL*; and/or
 - (c) s 233(1) of the *Corporations Act* that Star pay compensation to the Plaintiff and Group Members in respect of:
 - (i) the difference between the fair value which Star Shares would have traded at, and the value obtainable for those shares having regard to the conduct alleged at paragraphs 244 and/or 245 above; and/or
 - (ii) the difference between the fair value which Star Shares would have traded at, were it not for conduct alleged at paragraphs 244 and/or 245 above, and the price at which those Group Members sold their shares.
- E. Interest pursuant to statute.
- F. Costs.
- G. Such further order as the Court determines is appropriate.

Dated: 9 December 2022

K E FOLEY

F L SHAND

SLATER AND GORDON

Solicitors for the Plaintiff

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1. Place of trial—Melbourne
2. Mode of trial—Judge alone
3. This writ was filed—for the plaintiff by Slater & Gordon, solicitors, of 485 La Trobe Street, Melbourne, Victoria 3000.
4. The address of the plaintiff is—15 Sophia Street, Crows Nest, New South Wales 2065.
5. The address for service of the plaintiff is—c/ Slater & Gordon, 485 La Trobe Street, Melbourne, Victoria 3000.
6. The email address for service of the plaintiff is—emma.pc@slatertgordon.com.au
7. The address of the defendant is—Level 3, 159 William Street, Brisbane, Queensland 4000.